

**SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS**

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
(*ORIGINALLY ISSUED IN TURKISH*)**

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**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITORS REPORT

To the Board of Directors and General Assembly
SDT Uzay ve Savunma Teknolojileri Anonim Şirketi
Ankara, Türkiye

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi (referred as "Parent Company" and/or "the Company"), its subsidiaries and joint operations ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2023 and the consolidated statements of profit or loss, the consolidated statements other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, its subsidiaries and joint operations as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board ("CMB") and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><i>Recoverability Of Trade Receivables</i></p> <p>As of 31 December 2023, trade receivables constitute a significant portion of total assets with the amount of TRY 488.683.507.</p> <p>However, the impairment provisions calculated for commercial receivables are accounted for as a result of estimates made taking into account collateral from customers, customers' past payment performance and creditworthiness information, and maturity analyses of credit balances. These estimates are highly sensitive to future market conditions. For these reasons, the recoverability of such receivables is an important issue in terms of our independent audit.</p> <p>Explanations about the Group's accounting policies and amounts related to trade receivables are found in Note 2.c, 8 and 32.</p>	<p>During our independent audit process, the following audit procedures regarding the recoverability of trade receivables have been implemented;</p> <ul style="list-style-type: none"> - Understanding the process related to collection follow-up of the Group's trade receivables, evaluating the operational efficiency of the internal controls included in the process, - Analytical review of the aging work and comparison of the collection turnover rate with the previous year, - To investigate whether there is any dispute or litigation situation regarding the collection and to get information about the follow-up receivables from legal advisors, - Testing trade receivable balances by sending confirmation letters by sampling method and/or using alternative verification methods. - Testing the collections made in the following period by sampling method, - Evaluation of the adequacy of the disclosures in the financial statements for the recoverability of trade receivables. <p>As a result of the studies which are stated as above, on the recoverability of trade receivables, we have not found any significant findings.</p>

Key audit matter	How the matter was addressed in our audit
<p data-bbox="145 488 576 521"><i>Capitalization of Development Costs</i></p> <p data-bbox="145 589 842 815">In the Group's consolidated financial statements dated 31 December 2023, there are development costs that are accounted for in the intangible assets account item and whose net book value is TRY 49,581.049. The Group takes into consideration TAS 38 "Intangible Assets" standard when capitalizing the costs incurred in relation to development costs.</p> <p data-bbox="145 920 842 1111">For projects for which feasibility studies have been completed and which it thinks will provide cash flow in the future, the Group capitalizes the costs of its personnel, generally related to software development processes, and the costs of external consultancy received in this context, within the scope of development activities.</p> <p data-bbox="145 1182 842 1346">Capitalization is made by calculating the rates determined within the framework of the estimates and assumptions regarding future income expectations made by the management and project managers and the time spent by the personnel on development activities.</p> <p data-bbox="145 1417 842 1541">Capitalization calculations were determined as a key audit matter because they are significant in terms of consolidated financial statements and include management's estimates on this subject.</p> <p data-bbox="145 1612 842 1693">Explanations regarding the Group's accounting policies and amounts regarding development costs are included in Notes 2.c and 17.</p>	<p data-bbox="847 555 1450 618">Our audit procedures in this area include the following:</p> <ul style="list-style-type: none"> <li data-bbox="847 656 1450 882">- Understanding how the criteria in the TAS 38 "Intangible Assets" standard are met by meeting with the senior managers of the Group and the details of the projects and the feasibility studies carried out regarding the economic benefits that the projects will provide in the future by meeting with the project managers, <li data-bbox="847 920 1450 1014">-Controlling intangible assets with the movement table by obtaining project-based expense details regarding capitalized costs, <li data-bbox="847 1052 1450 1176">-To test the personnel costs associated with the projects, analytically testing each project by taking its breakdown on the basis of personnel and capitalized costs, <li data-bbox="847 1214 1450 1377">-Selecting the personnel subject to activation by sampling method, conducting interviews with them and understanding the development activities they carry out within the scope of the projects they are involved in, <li data-bbox="847 1415 1450 1476">-Conducting analytical investigations to detect the existence of unusual transactions. <p data-bbox="847 1541 1450 1635">We did not have any significant findings as a result of these studies we carried out regarding the capitalization of development costs.</p>

Key audit matter	How the matter was addressed in our audit
<p>Recording of Revenue</p> <p>The main revenue elements of the Group are generally; It consists of sales of defense electronics and software products and services.</p> <p>Revenue is recognized in the financial statements on an accrual basis, based on the fair value of the amount received or to be received, upon delivery, probability of determining the amount of income reliably and the economic benefits associated with the transaction. Net sales are offered by deducting returns, discounts and commissions from sales of goods.</p> <p>Recognition of the revenue and profit amount for the accounting period in which the product and service is sold depends on appropriate evaluation of whether the product and service are linked to the sales contract. Due to the nature of the Group's activities, there may be situations where the product and service are completed and invoiced to the customer, but the risks and returns are not transferred to the customer because the obligation regarding the commercial delivery method has not yet been fulfilled. In accordance with the principle of periodicity of sales, evaluations must be made about recording the revenue of such products in the correct period. Due to the complexity of commercial contracts, revenue recognition has been determined as a key audit matter, as selecting the accounting basis for each case and reflecting the revenue in the correct period in the consolidated financial statements requires significant judgment.</p> <p>For the accounting of revenue, see Note 2 Revenue for details of the accounting policies used and the significant accounting estimates and assumptions used.</p>	<p>Our audit procedures in this area includes the followings;</p> <ul style="list-style-type: none"> -Evaluating the effectiveness of key internal controls for revenue recognition in consolidated financial statements, - Evaluating the compliance of the revenue with the accounting policies and its inclusion in the consolidated financial statements in the appropriate financial reporting period by examining the risk and return transfers through the sales documents received for the sales transactions selected by the sampling method, -By examining the provisions regarding commercial terms in contracts made with customers; Evaluating the timing of recognition of commercial goods and software revenues in the financial statements in terms of different regulations, -Sending reconciliation for trade receivables selected by sampling method and checking their compatibility with the consolidated financial statements, -Performing analytical examinations in order to detect the existence of unusual transactions, <p>As a result of the studies which are stated as above, regarding the accounting of the revenue, we have not found any significant findings on the subject.</p>

Key audit matter	How the matter was addressed in our audit
<p>TAS 29 “Financial Reporting in High Inflation Economies” Reporting Application</p> <p>Since the Group's functional currency (Turkish Lira) is considered to be the currency of the high-inflation economy as of December 31, 2023, the Group has started to apply the "TAS 29 Financial Reporting in High-Inflation Economies" ("TAS 29") standard (Note 2).</p> <p>TAS 29 requires that current and prior period financial statements be rearranged according to the current purchasing power at the end of the reporting period. For this reason, transactions in 2023 and non-monetary balances at the end of the period have been rearranged to reflect the current price index as of 31 December 2023 statement of financial position date. The Group has also rearranged the financial position statements dated 31 December 2022 and the profit or loss statements, other comprehensive income statements, changes in equity and cash flow statements for the accounting period ending 31 December 2022, which it presents as comparative information, within the framework of TAS 29.</p> <p>In accordance with the guidelines of TAS 29, the Group used Turkish consumer price indices to prepare inflation-sensitive financial statements. The principles applied for inflation adjustment are explained in Note 2.</p> <p>Considering that TAS 29 has a widespread and significant impact on the financial statements and includes various management estimates, the implementation of TAS 29 was considered a key audit matter.</p> <p>Explanations regarding the Group's accounting policies regarding "TAS 29 Financial Reporting in Economies with High Inflation" stated above are included in Note 2.a.</p>	<p>Our audit procedures in this area include the following:</p> <ul style="list-style-type: none"> -Understanding the process regarding the TAS 29 application designed and implemented by the group management, examining and evaluating the controls, -Checking whether the distinction between monetary and non-monetary items made by the group management is made in accordance with TAS / IFRS, -Providing detailed lists of non-monetary items and testing the original cost and purchase dates by comparing them with supporting documents, -Evaluating the appropriateness of the judgments used by group management by comparing them with valid practices and checking whether they are used consistently in each period., -By checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Türkiye published by the Turkish Statistical Institute; By checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Türkiye published by the Turkish Statistical Institute; testing the preparation of non-monetary items, consolidated profit or loss statement and consolidated cash flow statement in terms of inflation effects and mathematical accuracy, -Evaluation of the adequacy of the disclosures in the footnotes of the financial statements regarding the application of TAS 29 in accordance with TFRS, <p>We did not have any significant findings as a result of these studies we carried out regarding the application of TAS 29 "Financial Reporting in High Inflation Economies".</p>

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management of the Group is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with standards on auditing issued by Capital Markets Board (“CMB”) and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards /TAS published by the Public Oversight Accounting and Auditing Standards Authority (“POA”), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

5. Independent Auditor's Responsibilities for the Independent Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Türkiye and IAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing as issued by the Capital Markets Board of Türkiye and IAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. In cases where the legislation does not allow the disclosure of the matter to the public, or in exceptional cases where the negative consequences of public disclosure are reasonably expected to exceed the public interest arising from the disclosure, we may decide not to disclose the relevant matter in our independent auditor's report.

B. Report on Other Legal and Regulatory Requirements

- 1- In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2- In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.
- 3- Auditors' report on Risk Management and Risk Committee prepared in accordance with paragraph 4 of Article 398 of TCC is submitted to the Board of Directors of the Company on 06 May 2024.

The engagement partner who conducted and concluded this independent audit is Ömer Çekiç.

Ram Bağımsız Denetim ve Danışmanlık Anonim Şirketi
Member firm of ShineWing International

Ömer Çekiç
Managing Partner



06 May 2024
Istanbul, Türkiye

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

BALANCE SHEETS AS OF 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

		Current Period	Prior Period
		Audited	Audited
	Footnote References	31.12.2023	31.12.2022
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalent	5	251.038.004	361.284.003
Financial Investments	6	380.993.576	135.278.281
Trade Receivables	8	488.683.507	147.754.224
- Trade receivables from related parties		3.886.408	-
- Trade receivables from other parties		484.797.099	147.754.224
Other Receivables	9	18.435.425	5.069.885
- Other receivables from related parties		-	-
- Other receivables from other parties		18.435.425	5.069.885
Inventories	11	723.260.653	294.887.128
Prepaid Expenses	13	95.265.330	77.407.140
- Prepaid expenses from related parties		4.286.110	-
- Prepaid expenses from other parties		90.979.220	77.407.140
Other Current Assets	12	27.847.285	3.913.319
TOTAL CURRENT ASSETS		1.985.523.780	1.025.593.980
NON-CURRENT ASSETS			
Other Receivables	9	545.583	875.259
- Other receivables from related parties		-	-
- Other receivables from other parties		545.583	875.259
Financial Investments	6	14.742.377	14.622.906
Investments Valued by Equity Pick-up Method	18	1.935.886	-
Right of Use Assets	15	10.612.937	415.900
Tangible Fixed Assets	16	35.920.620	27.975.207
Intangible Fixed Assets	17	52.585.128	52.344.051
Prepaid Expenses	13	60.888.526	42.654.602
Deferred Tax Assets	30	49.823.605	-
TOTAL NON-CURRENT ASSETS		227.054.662	138.887.925
TOTAL ASSETS		2.212.578.442	1.164.481.905

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

BALANCE SHEETS AS OF 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Current Period Audited 31.12.2023	Prior Period Audited 31.12.2022
LIABILITIES			
CURRENT LIABILITIES			
Financial Borrowings	7	101.417	136.467
Current Installment of Long Term Financial Borrowings	7	11.305.425	5.912.380
Trade Payables	8	147.452.929	39.327.381
- Trade payables to related parties		156.712	385.699
- Trade payables to other parties		147.296.217	38.941.682
Employee Benefit Liabilities	10	24.152.921	15.448.842
Other Payables	9	5.817.932	8.241.076
- Other payables to related parties		-	-
- Other payables to other parties		5.817.932	8.241.076
Deferred Income	14	482.943.759	197.058.022
Current Tax Liabilities	30	21.745.622	6.140.563
Short Term Provisions		39.072.608	39.611.126
- Provision for employee benefits	21	30.114.049	32.617.699
- Other Short Term Provisions	20	8.958.559	6.993.427
TOTAL CURRENT LIABILITIES		732.592.613	311.875.857
NON-CURRENT LIABILITIES			
Financial Borrowings	7	301.024	2.366.126
Deferred Income	14	89.337.627	50.867.797
Long Term Provisions		14.238.971	18.682.937
- Provision for employee benefits	21	10.822.341	13.806.997
- Other Long Term Provisions	20	3.416.630	4.875.940
Deferred Tax Liabilities	30	-	407.361
TOTAL NON-CURRENT LIABILITIES		103.877.622	72.324.221
TOTAL LIABILITIES		836.470.235	384.200.078
SHAREHOLDERS' EQUITY			
Parent Company's Equity		1.376.108.207	780.281.827
Paid In Capital	23.1	58.000.000	50.000.000
Adjustment to Share Capital	23.1	99.640.179	95.280.156
Premiums/Discounts Related to Shares	23.5	357.153.673	-
Other Comprehensive Income or Loss			
Not to Be Reclassified Under Profit or Loss		173.968	(68.958)
Remeasurement Gains (Loss)		173.968	(68.958)
- Actuarial gains/losses on defined benefit plans	23.4	173.968	(68.958)
Restricted Reserves	23.2	19.607.952	6.401.248
Retained Earnings or Losses	23.3	519.156.870	515.437.108
Net Profit or Loss for the Period	31	322.375.565	113.232.273
Minority Interests		-	-
TOTAL SHAREHOLDERS' EQUITY		1.376.108.207	780.281.827
TOTAL LIABILITIES AND EQUITY		2.212.578.442	1.164.481.905

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS ENDED AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Current Period Audited 01.01.- 31.12.2023	Prior Period Audited 01.01.- 31.12.2022
PROFIT OR LOSS			
Revenue	24.1	1.140.348.009	913.600.638
Cost of Sales	24.2	(664.058.316)	(542.839.885)
GROSS PROFIT / (LOSS)		476.289.693	370.760.753
General Administrative Expenses	26.1	(108.413.877)	(84.645.715)
Marketing Expenses	26.2	(29.554.396)	(30.762.797)
Research and Development Expenses	26.3	(16.215.605)	(16.198.760)
Other Income from Operation Activities	27.1	37.836.454	68.230.981
Other Expense from Operation Activities	27.2	(72.363.094)	(122.529.805)
PROFIT/ (LOSS) FROM OPERATING ACTIVITIES		287.579.175	184.854.657
Income From Investment Activities	28.1	277.653.403	49.473.545
Expense From Investment Activities	28.2	(293.560)	(73.367)
Income / (Loss) From Investments Accounted By Equity Method	18	(1.589.114)	-
OPERATING INCOME BEFORE FINANCIAL INCOME/ (EXPENSE)		563.349.904	234.254.835
Financial Income	29.1	133.509.504	86.861.275
Financial Expenses	29.2	(102.634.022)	(42.588.534)
Monetary Gain / (Loss)		(255.591.289)	(151.946.967)
PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		338.634.097	126.580.609
Operating Activity Tax Income/ (Expense)		(16.258.532)	(13.348.336)
Current Tax (Expense) / Income	30	(65.631.233)	(22.008.285)
Deferred Tax (Expense) / Income	30	49.372.701	8.659.949
NET PROFIT / (LOSS) FOR THE YEAR	31	322.375.565	113.232.273
Profit / (Loss) Distribution			
Minortiy Interests		-	-
Parent Company's Share	31	322.375.565	113.232.273
Earnings Per Share	31	5,61	2,65

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Current Period Audited 01.01.- 31.12.2023	Prior Period Audited 01.01.- 31.12.2022
NET PROFIT / (LOSS) FOR THE YEAR		322.375.565	113.232.273
<i>OTHER COMPREHENSIVE INCOME / (LOSS)</i>			
Not To Be Reclassified Under Profit or Loss		242.926	(68.958)
Gains / (Losses) on Remeasurement on Defined Benefit Plans	21	315.488	(86.198)
Taxes in Other Comprehensive Income Not to Be Reclassified to Profit or Loss		(72.562)	17.240
- Deferred Tax Expense / Income	30	(72.562)	17.240
OTHER COMPREHENSIVE INCOME /(EXPENSE)		242.926	(68.958)
TOTAL COMPREHENSIVE INCOME /(EXPENSE)		322.618.491	113.163.315
<i>Distribution of Total Comprehensive Income /(Expense)</i>			
Minortiy Interests		-	-
Parent Company Shares		322.618.491	113.163.315

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Paid in Share Capital	Capital Adjustment Differences	Premiums Related to Shares	Other Comprehensive Income Not to be Reclassified Under Profit and Loss	Retained Earnings			Parent Company's Equity	Minority Interests	Total Shareholder's Equity
					Gain/(Losses) on Remeasurement on Defined Benefit Plans	Restricted Reserves	Retained Earnings or Losses	Retained Earnings or Losses			
Prior Period											
Balances at 01 January 2022 (Beginning of the period)											
		10.000.000	47.120.278	-	-	2.990.572	607.007.662	-	667.118.512	-	667.118.512
Transfer	23.2	-	-	-	-	3.410.676	(3.410.676)	-	-	-	-
Capital Increase											
- Transfer	23.1	40.000.000	48.159.878	-	-	-	(88.159.878)	-	-	-	-
Total Comprehensive Income (Expense)		-	-	-	(68.958)	-	-	113.232.273	113.163.315	-	113.163.315
- Profit (Loss) for the Period	31	-	-	-	-	-	-	113.232.273	113.232.273	-	113.232.273
- Other Comprehensive Income (Loss)	23.4	-	-	-	(68.958)	-	-	-	(68.958)	-	(68.958)
Balances at 31 December 2022 (End of the period)											
		50.000.000	95.280.156	-	(68.958)	6.401.248	515.437.108	113.232.273	780.281.827	-	780.281.827
Current Period											
Balances at 31 December 2022 (Beginning of the period)											
		50.000.000	95.280.156	-	(68.958)	6.401.248	515.437.108	113.232.273	780.281.827	-	780.281.827
Capital increase											
- Cash	23.1	8.000.000	4.360.023	-	-	-	-	-	12.360.023	-	12.360.023
Transfer	23.2 – 23.3	-	-	-	-	13.206.704	100.025.569	(113.232.273)	-	-	-
Premiums/Discounts Related to Shares	23.5	-	-	357.153.673	-	-	-	-	357.153.673	-	357.153.673
Dividends	23.3	-	-	-	-	-	(96.305.807)	-	(96.305.807)	-	(96.305.807)
Total Comprehensive Income (Expense)		-	-	-	242.926	-	-	322.375.565	322.618.491	-	322.618.491
- Profit (Loss) for the Period	31	-	-	-	-	-	-	322.375.565	322.375.565	-	322.375.565
- Other Comprehensive Income (Loss)	23.4	-	-	-	242.926	-	-	-	242.926	-	242.926
Balances at 31 December 2023 (End of the period)											
		58.000.000	99.640.179	357.153.673	173.968	19.607.952	519.156.870	322.375.565	1.376.108.207	-	1.376.108.207

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Current Period Audited 01.01.- 31.12.2023	Prior Period Audited 01.01.- 31.12.2022
CASH FLOW FROM OPERATING ACTIVITIES		(79.824.569)	348.961.501
Net Profit (Loss) For the Period	31	322.375.565	113.232.273
- Operating Activity Profit (Loss) For the Period		322.375.565	113.232.273
- Discontinued Operations Profit (Loss) For the Period		-	-
Adjustments Related to Reconciliation of Profit / (Loss)			
Adjustments to Depreciation and Amortization Expenses	15 - 16 - 17	34.172.307	40.823.444
Adjustments to Impairment (Cancellation)		4.453.787	21.839.695
- Adjustments to Impairment (Cancellation) in Receivables	27.2	4.453.787	264.988
- Corrections Regarding Stock Impairment (Cancellation)	27.2	-	21.574.707
Adjustments to Provisions		(2.163.346)	496.524
- Adjustments to Employee Benefit Provisions (Cancellation)	21	(2.669.168)	2.808.830
- Corrections Regarding Warranty Provisions (Cancellation)	20	505.822	(2.312.306)
Adjustments to Interest (Income) and Expense	29	(1.857.143)	(8.253.916)
- Adjustments to Interest Income		(10.339.752)	(8.013.769)
- Adjustments to Interest Expense		8.482.609	(240.147)
- Adjustments of discount on trade payables	27.2	12.626.812	2.662.931
- Adjustments of discount on trade receivables	27.1	(4.144.203)	(2.903.078)
Adjustments to Tax (Income) and Expense	30	(49.372.701)	(8.659.949)
Adjustments for Monetary Gain/(Loss)		266.292.734	209.192.335
Changes in Operating Capital			
Decrease (Increase) in Financial Investments	6	(245.834.766)	(133.946.074)
Changes in Trade Receivables	8	(341.238.867)	54.091.706
- Changes in Trade Receivables From Related Parties		(3.886.408)	-
- Changes in Trade Receivables From Other Parties		(337.352.459)	54.091.706
Changes in Other Receivables Related to Operating Activities	9	(13.035.864)	1.981.421
- Changes in Other Receivables From Related Parties		-	-
- Changes in Other Receivables From Other Parties		(13.035.864)	1.981.421
Adjustments for Decreases (Increases) in Stocks	11	(428.373.525)	112.671.312
Changes in Prepaid Expenses	13	(36.092.114)	(27.535.997)
Changes in Other Assets Related Activities	12 - 22	(23.933.966)	13.841.673
Increase (Decrease) in Other Liabilities Related to Activities	20	(1.459.310)	(913.551)
Changes in Trade Payables	8	95.498.736	(15.977.512)
- Changes in Trade Payables to Related Parties		(228.987)	385.699
- Changes in Trade Payables to Other Parties		95.727.723	(16.363.211)
Changes in Employee Benefit Payables	10	8.704.079	3.018.017
Changes in Other Payables Related the Operating Activities	9	7.684.258	(47.917.732)
- Changes in Other Payables Related the Operating Activities to Related Parties		-	(61.321.600)
- Changes in Other Payables Related the Operating Activities to Other Parties		7.684.258	13.403.868
Changes in Deferred Income	14	324.355.567	20.977.832

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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(Amounts expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

	Footnote References	Current Period Audited 01.01.- 31.12.2023	Prior Period Audited 01.01.- 31.12.2022
CASH FLOW FROM INVESTING ACTIVITIES		(26.097.946)	(13.730.794)
Cash Outflow from Purchases of Tangible and Intangible Asset		(26.117.427)	(13.818.170)
- <i>Cash Outflow from Purchases of Tangible Asset</i>	16	(17.604.890)	(10.049.030)
- <i>Cash Outflow from Purchases of Intangible Asset</i>	17	(8.512.537)	(3.769.140)
Cash Inflows from the Sale of Tangible and Intangible Assets		19.481	87.376
- <i>Cash Inflows from the Sale of Tangible and Intangible Assets</i>	16	19.481	87.376
CASH FLOW FROM FINANCING ACTIVITIES		261.796.210	(27.233.497)
Dividends Paid	23.3	(96.305.807)	-
Capital increase	23.1	8.000.000	-
Cash Inflows from Share Issuance	23.5	357.153.673	-
Cash Outflows Related to Debt Payments		(17.391.408)	(35.247.266)
- <i>Cash Outflows Related to Loan Repayments</i>	7	(17.391.408)	(35.247.266)
Interest Paid	29.2	(735.658)	(837.742)
Interest Received	29.1	11.075.410	8.851.511
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		155.873.695	307.997.210
INFLATION EFFECT ON CASH		(266.119.694)	(212.118.488)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS		(110.245.999)	95.878.722
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	361.284.003	265.405.281
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	251.038.004	361.284.003

The accompanying notes are an integral part of these financial statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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NOTE 1 – GROUP’S ORGANIZATION AND NATURE OF THE OPERATIONS

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, its subsidiaries and joint operations will be referred to as "Group" in the footnotes of the consolidated financial statements. Information regarding the activities of the Company and joint operations included in the consolidation is as follows;

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi (Referred as “Company” and/or “SDT Uzay”)

The company, SDT Uzay ve Savunma Teknolojileri Bilişim Üretim Danışmanlık Ticaret Anonim Şirketi was established in Ankara / Türkiye on February 11, 2005, and started to use its current title by changing its title as of July 13, 2017.

The main activity of the company is the production, import and export of all kinds of electrotechnical, electronic, electromechanical and mechatronic products related to space and defense technologies.

Shares of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi started to be traded on Borsa Istanbul Star Market as of 4 January 2023, with the code of " SDTTR " and the continuous transaction method.

As of 31 December 2023, the ongoing research, development and production phase projects are as follows;

Project Name	Project Description
ACMI DL	Datalink Prototype Development Project for Air Combat Maneuvering Instrumentation Pod
AGAMA GOREVSAYAR 12P (AGS12)	Manufacturing of a Mission Computer System for Land Vehicle
AKÜ KB SERİ ÜRETİM	Production of Control Unit for the Fire Control Unit of the Medium-Range Anti-Tank Weapon System
ANKA_S GVKS	ANKA UAV Data Recording System
ARTUK	Product on Detection, Reporting, Scanning and Application Catalogue Development
ASELSAN FASON ÜRETİM	Contracted Production: Fibre Optic, LCD, Card, and Mission Computer
ASELSAN HGK-3	Entire Supply of Guidance Electronics for ASELSAN Precision Guidance Kit Type-3 (HGK-3)
ASFAT HGK	Entire Supply of Guidance Electronics for ASFAT- Precision Guidance Kit Type-3 (HGK-3)
ATAK -VKS	ATAK Helicopter Data Recording System Project
ATRYAS Elektronik Kart Üretimi	Atlas Kart (Inertial Measurement Unit) Manufacturing
AVCI	Integrated Mini/Micro UAV Detection and Interception System Project
Aselpod VKS	Aselpod Data Recorder
CBUGS	Cloud Based User Ground Segment Project
Çanta Tipi Sinyal Karıştırıcı Sistem	Handbag Type RF Jammer
Çekirge	Ground Station Integration
EMI/EMC	EMI/EMC Test Services
ETR	Electronic Scanning Radar (ESR) Development Project
F16_MEP	Serial Production of ACMI System
FESİM	Missile Training Simulator Project
Flutter Excitation System (FES)	Flutter Excitation System Project for Aerial Platform
GIGS_U	Booster Contract Productions
GÖKÇE KART	National Precision Guidance Kit Production
GKB	Image Coding Unit
GKT-1 Bakım	Göktürk-1 Satellite System Maintenance and Operation Service Contract
Görgüç Ürünleştirme	Image Evaluation and Target Detection (Görgüç) Product

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Project Name (in continuation)	Project Description (in continuation)
GÖRÜ	Competition for Detection and Identification of Naval Targets on Synthetic Aperture Radar Imagery Project
GVKS	Mission Data Recording System Production
GK-Y	Göktürk-Y Ground System Development Project
Görevsayar	Mission Computer Production
HAKBD	Anka UAV Ground Control Computer Hardware Product
HBB	Air Unit Computer Product
HETS	Helicopter Obstacle Detection System Project
HÜRKUŞ-B DVKS	HÜRKUŞ-B Digital Data Recording System
HGK-84	Production of Precision Guidance Kit Electronics
ILK	Infrared Launcher Kit Production
KAŞIF-FASON	Production of Precision Guidance Kit (HGK-82)
Kaşif Kartları	Electronic Card Production for Kaşif Project
Kaşif Hibrit	Production of Global Positioning Devices
KI2S	Production of Bone-Conduction Headsets
KLAVYE	Production of Ruggedized Keyboards
KONSOL	Production of Consoles
KÖ-ATESİM	Small Scale Infantry Shooting Training Simulator Development
LAB Kartları	Production of Electronic Cards for Laser Seeker
Lañer Yönetim Bilgisayarı-Lyb	Launcher Management Computer Project
Lcd/Fo/Görevsayar/Konsol (Lfgk)	Production of LCDs, Fibre Optics, Anti-Mission Systems, and Consoles
LSS	Life Support System Project for KAAAN Aircraft
LTO-7	Upgrade of Göktürk Ground Station Offline Storage Unit
LNA Kartı	Production of Antenna Cards
MCT ARAYUZ BİRİMİ_KONSOL	Production of Consoles
MHYS - SAKARYA	Geospatial Map Management System Project
MİLLİ HGK	Entire Supply of National Precision Guidance Kit (Type-1) Guidance Electronics
miniCOMINT	MiniCOMINT System Development Project
MMU: IBCF & SAR/ISAR GIF	KAAAN Aircraft's SAR/ISAR Image Based Classification Function Set Project
MSTTS UKB	Production of Remote Command Units for Identification Friend or Foe Systems
MUHAREBESİM	Naval Combat Training Simulator Project
Nijerya Sırt Tipi Jammer Temini	Production of ManpackType RF Jammers forNigerian Armed Forces Gunner Interface Unit for KAPLAN-10, New Generation Armoured Combat Fighting Vehicle (STA) Project
NİŞANCI ARAYÜZÜ BİRİMİ	Medium Range Anti-Tank System Task Mission System Project
OMTAS GÖREV BİRİMİ	Production of ÖZGÜR(F-16) Data Recording Systems
ÖZGÜR VKS	Production of ÖZGÜR(F-16) Data Recording Systems
PAF_ACMİ	Air Combat Maneuvering System for Pakistan Air Force (PAF) Project
PSFE	Payload Stream Frontend Development
RF Jammer and Detection (RFJD)	RF Jammer and Detection (RFJD) Production
SGS Faz-2	Synthetic Aperture Radar (SAR) Ground Station Imaging System Project
SİGMA	Seismic Processing Visualization Module Infrastructure Development Project
Sırt Tipi Mobil Jammer Projesi	Production of Manpack Jammer

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

Project Name (in continuation)	Project Description (in continuation)
SSS	Ruggedized servo production
TKY InSAR	Interferometric SAR Development Project
TÜFEK TİPİ JAMMER	Rifle type RF Jammer
UAEK	Remote sensing licence distribution
UDS	Aircraft arresting systems
UKGA	Remote command transmit/receive
YTDA	New type submarine subsystem
32 ADET LCD (TUŞSUZ)	LCD production

The average personnel number of the Company for the period ended at 31 December 2023 is 244 (31 December 2022: 218).

The capital structure of the Company as of December 31, 2023 and 2022 is presented in Note 23.1.

The company's headquarters and branch addresses are as follows:

Centre: Üniversiteler Mahallesi İhsan Doğramacı Bulvarı No:37/1 Çankaya / Ankara / Türkiye
Met 2 Şubesi: Mustafa Kemal Mahallesi 2082 Caddesi No: 54 A Çankaya / Ankara / Türkiye
SDT - ASO Teknopark Şubesi: Ahi Evran OSB Mahallesi Erkunt Caddesi No:3/16 Sincan / Ankara / Türkiye

Tamgör – SDT Business Partnerships (“Joint operations”)

Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi with SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, established business partnerships for the production of vehicle and backpack type frequency mixers.

A new business partnership has been established for each project and/or tender, and there are a total of 12 business partnerships as of December 31, 2023. (31 December 2022: 15 piece).

As of 31 December 2023, summary information about joint operations is as follows;

Title	Year of Establishment	Project Name	Capital Amount	Partnership rate
TAMGÖR - SDT İş Ortaklığı (ST 01) (a)	2018	Manpack RF Jammer Project	5,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 02)	2018	2.Generation Manpack RF jammer Project	5,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 03) (c)	2018	Vehicle type RF Jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 04) (b)	2018	TSA-2A BMC Vehicle type RF Jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 05)	2018	TSS-3A Projesi Manpack RF Jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 06)	2018	528 Unit Manpack RF Jammer For Turkish Army Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 07)	2019	148 Unit Vehicle Type RF Jammer project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 08)	2019	91 Unit Vehicle Type RF Jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 09)	2019	Vehicle Type RF Jammer for Mini / Micro UAVs Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 10) (d)	2019	Anti mine vehicle type jammer project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 11)	2020	Wheeled armoured vehicle RF jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 12)	2020	Wheeled armoured vehicle RF jammer Project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 13)	2020	Jammer JBO283AT Project	400,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 14)	2021	6985 TTA-2 KKS 2021 12 Unit Vehicle Type RF Jammer project	2,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 15)	2022	Maintenance contract for Turkish Land Forces jammer systems	400,000	50%
TAMGÖR - SDT İş Ortaklığı (ST 16)	2023	Gendarmariere maintenance project	300,000	50%

(a) The relevant business partnership was closed on May 16, 2023.

(b) The relevant business partnership was closed on June 20, 2023.

(c) The relevant business partnership was closed on November 02, 2023.

(d) The relevant business partnership was closed on December 20, 2023.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2023, unless otherwise indicated.)

As of December 31, 2023 and 2022, the personnel numbers of joint operations are as follows;

Title	31 December 2023	31 December 2022
TAMGÖR - SDT İş Ortaklığı (ST 01)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 02)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 03)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 04)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 05)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 06)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 07)	1	1
TAMGÖR - SDT İş Ortaklığı (ST 08)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 09)	1	2
TAMGÖR - SDT İş Ortaklığı (ST 10)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 11)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 12)	1	1
TAMGÖR - SDT İş Ortaklığı (ST 13)	-	3
TAMGÖR - SDT İş Ortaklığı (ST 14)	-	-
TAMGÖR - SDT İş Ortaklığı (ST 15)	2	5
TAMGÖR - SDT İş Ortaklığı (ST 16)	3	-
Total	8	12

Thales – SDT Business Partnerships (“Joint operations”)

Thales Italy SpA with SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, A business partnership agreement was signed on 14 December 2016 for the purpose of performing and completing the "8 ILS/DME System Supply and Installation" work, which was put out to tender by the General Directorate of State Airports Authority.

Title	Year of Establishment	Project Name	Capital Amount	Partnership rate
Thales – SDT Business Partnership	2016	8 Adet ILS/DME Sistemi Temin ve Tesisi	5.000	19%

As of December 31, 2023 and 2022, the joint operation has no personnel.

SDT Azerbaijan MMC (“Subsidiary” and/or “SDT Azerbaijan”)

SDT Azerbaijan LLC was established on January 11, 2023, in Baku, Azerbaijan. The main activity of the company is to engage in new business activities in the region where it was established, in line with the activities of its main shareholder, SDT Uzay ve Savunma Teknolojileri Anonim Şirketi. As of December 31, 2023, SDT Azerbaijan does not have any personnel. As of December 31, 2023, the main shareholder of SDT Azerbaijan is SDT Uzay ve Savunma Teknolojileri Anonim Şirketi.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi ("Subsidiary" and/or "Cey Savunma")

Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi ("Company"), was established on January 26, 2016 in Ankara / Türkiye.

Cey Savunma's main field of activity is; To establish and operate the electronic, electromechanical and mechanical manufacturing industry for military and civilian needs, and to design and manufacture related to its subject. In addition, it includes software design and manufacturing and trading in all these subjects.

During the accounting period ending on December 31, 2023, the average number of personnel of Cey Savunma is 18.

The shareholder structure of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi as of December 31, 2023 is as follows;

Shareholders	31 December 2023	
	Share Ratio	Share amount
SDT Uzay ve Savunma Teknolojileri Anonim Şirketi	100.00%	11.670.000
Total	100.00%	11.670.000

On July 4, 2023, SDT Uzay ve Savunma Teknolojileri Anonim Şirketi acquired all shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from an unrelated party for TRY 4.000.000 (TRY 5.025.895 based on purchasing power as of December 31, 2023).

Cey Savunma's headquarters address is as follows:

Üniversiteler Mahallesi
1596 Caddesi Hacettepe Teknokent Sitesi
No:6 A/30
Çankaya/Ankara

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
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The information regarding the activities of the Company included in the consolidation under the equity method is as follows;

Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi ("Affiliates" and/or "Sirius")

Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi ("Company"), was established on September 14, 2023 with the title of " Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi".

The company's scope of activity includes the production and commercial activities of all kinds of electronic, electromechanical, and mechanical equipment, as well as their spare parts, related to aviation, defense, and space technologies. Additionally, it engages in trading activities related to all types of systems, hardware, algorithms, modeling, technical support, and software development within its scope of activity.

During the accounting period ending on December 31, 2023, Sirius's average number of personnel is 5.

The partnership structure of Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi as of December 31, 2023 is as follows;

Shareholders	31 December 2023	
	Share Ratio	Share amount
SDT Uzay ve Savunma Teknolojileri Anonim Şirketi	40.00%	500.000
Mehmet Dora	20.00%	250.000
Osman Başoğlu	10.00%	125.000
Önder Yazlık	9.00%	106.500
Görkem Kandemir	9.00%	106.500
Furkan Koltuk	6.00%	81.000
Kenan Bozdaş	6.00%	81.000
Total	100.00%	1.250.000

The head office address of the Company is as follows:

İvedikosb Mahallesi
2224 Caddesi
No:1 İç Kapı No:116
Yenimahalle/Ankara

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NOTE 2 – BASIS OF THE CONSOLIDATED FINANCIAL STATEMENT

2.a Basis of Presentation

Compatibility Statement

The Parent Company prepares its statutory financial statements in accordance with the principles of CMB, Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and presents in Turkish Liras ("TRY"). A subsidiary operating abroad prepares its accounting records and legal books in accordance with the laws and regulations of the country in which it operates.

The financial statements of Group have been prepared in accordance with the communiqué numbered II-14, 1 "Communiqué on the Principles of Financial Reporting In Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") (here in after will be referred to as "the CMB Reporting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676 and required adjustments and reclassifications are reflected. In addition, it is presented in accordance with the formats determined in the "Announcement on TMS Taxonomy" published by the POA on 04 October 2022 and the Financial Statement Samples and User Guide published by the CMB.

The attached consolidated financial statements of the Group have been prepared in accordance with the CMB's "Announcement on Financial Statement and Footnote Formats" dated 07 June 2013 and its decision numbered 14/382 dated 07 March 2024. In addition, the attached consolidated financial statements are presented in accordance with the 2016 TAS Taxonomy, which was developed by the POA based on paragraph (b) of Article 9 of the Decree Law No. 660 ("Decree Law") and approved by the Board decision No. 30 dated 02 June 2016.

Based on the announcement made and published by the KGK on 23 November 2023 with the decision of the CMB dated 28 December 2023 and numbered 81/1820 and the "Implementation Guide on Financial Reporting in High Inflation Economies", issuers and capital companies subject to financial reporting regulations applying TAS / UFRS It has been decided that market institutions will apply inflation accounting by applying the provisions of TMS 29, starting from their annual financial reports for the accounting periods ending as of December 31, 2023.

The consolidated financial statements are based on the group's legal records and expressed in TRY and have been prepared by subjecting the Company to a number of corrections and classification changes in order to properly present the company's situation according to the Turkish Accounting Standards published by the POA.

Translation of Financial Statements of Subsidiary Who Operate in Foreign Country

The financial statements of subsidiary who operates in foreign country are prepared by the regulations of residing country and organized by reflection of required adjustments and reclassifications in order to be convenient to the accounting policy of consolidated financial statements of the Group. The assets and liabilities of foreign subsidiary are converted to Turkish Lira with the balance sheet date foreign exchange rate. The incomes and expenses of foreign subsidiary are converted to Turkish Lira with average foreign exchange rate. The foreign exchange differences occurred after the re-conversion of beginning net asset and using average foreign exchange rate; pursued under foreign currency conversion account.

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Consolidated Financial Statements Correction in High Inflation Period

Businesses applying TAS / TFRS began implementing inflation accounting as of the financial statements for the annual reporting period ending on or after 31 December 2023. This transition was initiated in accordance with "TAS 29 Financial Reporting Standard in Economies with High Inflation," as per the decision of the Capital Markets Board (SPK) dated 28 December 2023, with reference number 81/1820, and the announcement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on 23 November 2023. TAS 29 is applicable to entities whose functional currency is that of a high-inflation economy, encompassing their financial statements, including consolidated financial statements.

The attached consolidated financial statements are prepared on a historical cost basis. All comparative amounts for previous periods in these consolidated financial statements have been adjusted in accordance with TAS 29 to reflect changes in the general purchasing power of the Turkish Lira and ultimately expressed in terms of the purchasing power of the Turkish Lira as of 31 December 2023.

In applying TAS 29, the Group utilized adjustment coefficients obtained from the Consumer Price Index (CPI) published by the Turkish Statistical Institute, as directed by the Public Oversight Accounting and Auditing Standards Authority (KGK). Since the discontinuation of the definition of the Turkish Lira as the currency of a high-inflation economy as of 1 January 2005, the adjustment coefficients corresponding to the current and past periods based on the CPI are as follows:

<u>Year-end</u>	<u>Index</u>	<u>Index%</u>	<u>Correction Factor</u>
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1.128,45	64,27	1,64773
2023	1.859,38	64,77	1,00000

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In accordance with TAS 29, assets and liabilities were initially segregated into monetary and non-monetary categories to facilitate necessary adjustments in the consolidated financial statements. Non-monetary assets and liabilities were further segregated into those measured at current value and those measured at cost value. Monetary items (excluding those linked to an index) along with non-monetary items measured at their current values at the end of the reporting period were not subjected to inflation adjustment as they were already expressed in terms of the current measurement unit as of 31 December 2023. However, non-monetary items not expressed in terms of the measurement unit as of 31 December 2023 were subjected to inflation adjustment using the respective coefficients. Where the recoverable amount or net realizable value of non-monetary items adjusted for inflation exceeded, the relevant TAS/IFRS was applied, resulting in a reduction in book value. Additionally, inflation adjustments were made to all items in the equity statement, income statement, and other comprehensive income statement. All items in the income statement and other comprehensive income statement except for cost of sales, depreciation and amortization, gain or loss on asset sales, and fair value adjustments were adjusted using the respective correction factors. Cost of sales, depreciation and amortization, gain or loss on asset sales, and fair value adjustments were recalculated based on adjusted consolidated financial position statement items using the respective correction factors. All items in the cash flow statement are expressed in the measurement unit prevailing at the end of the reporting period.

Non-monetary items acquired or assumed before January 1, 2005, when the Turkish Lira ceased to be defined as the currency of a high-inflation economy, as well as equity items put into operation or formed before this date, have been adjusted based on the changes in the Consumer Price Index (CPI) from January 1, 2005, to December 31, 2023.

The implementation of TAS 29 necessitated adjustments, presented in the income statement's gain or loss section, due to the decrease in purchasing power of the Turkish Lira. Unless the value of monetary assets or liabilities is dependent on changes in an index, during inflationary periods, businesses holding a higher amount of monetary assets experience a decrease in purchasing power, while those holding a higher amount of monetary liabilities experience an increase in purchasing power. Net monetary position gains or losses were derived from differences in adjustments of non-monetary items, equity items, items in the income statement, and other comprehensive income statements, and indexed monetary assets and liabilities.

Additionally, in the reporting period when TAS 29 was initially applied, the standard provisions were applied assuming persistent high inflation in the relevant economy. Therefore, for subsequent reporting periods, the consolidated financial position statement dated 1 January 2022, was adjusted for inflation to serve as the basis for comparison with the earliest comparative period. The inflation-adjusted amount of profits/losses from previous years in the consolidated financial position statement dated 1 January 2022, was derived from the balance sheet's equity after adjusting other items in the statement for inflation.

Amounts relating to the previous reporting period were reclassified by applying the general price index to ensure presentation in the measurement unit prevailing at the end of the reporting period. Information disclosed for prior periods is also presented in terms of the measurement unit prevailing at the end of the reporting period.

"Equity-accounted investees not reporting in currencies of high-inflation economies are subject to TAS 21 provisions. In this context, TAS 29 was applied only to equity-accounted investees resident in Türkiye, while other equity-accounted investees were assessed and accounted for under TAS 21."

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Rounding Degree of Amounts Offered in Currency and Financial Statements

The functional and reporting currency of the Parent Company, subsidiary (located in Turkey) and joint operations is TRY for comparative periods. The functional currency of the subsidiary (located in Azerbaijan) is Azerbaijani New Manat ("AZN") and its reporting currency is also TRY.

Financial information presented in TRY has been rounded to the nearest full TRY value.

Approval of Consolidated Financial Statements

Consolidated financial statements of the Group are approved by the Board of Directors at 06 May 2024. Consolidated financial statements will be finalized upon approval at the General Assembly of the Parent Company. The Board of Directors and some regulative agencies have the right to change the financial statements that were prepared according to legal regulations after they have been published.

The Preparation of Consolidated Financial Statements

The attached consolidated financial statements have been prepared in accordance with the provisions of the "Principles Regarding Financial Reporting in the Capital Markets," Serial II, No. 14.1, published in the Official Gazette dated 13 June 2013, and numbered 28676, as well as with reference to the International Financial Reporting Standards (IFRS) and related interpretations and amendments issued by the Accounting Standards Board (ASB) under the fifth article of the relevant regulation. Additionally, the Group's consolidated financial statements and accompanying notes are presented in accordance with the formats specified in the CMB Announcement dated 7 June 2013, regarding "Financial Statements and Notes Formats," including the required disclosures. Furthermore, in compliance with the CMB's decision dated 15 July 2016, and the ASB's decision dated 2 June 2016, approved by the Board under Decision No. 30, the most recent version of the 2016 IFRS Taxonomy, which is in line with the 2022 Turkish Financial Reporting Standard (TFRS) Taxonomy, has been utilized for presentation purposes.

Basis of Consolidation

The companies are subject to "Complete Consolidation Method" if direct TRY or indirect TRY 50% or more than 50% of their shares or over 50% of their voting rights or the controlling rights regarding to companies' operations are belonging to the Parent Company. Parent Company has controlling rights if it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The companies which have continuous relationship on management and power to govern Parent Company's policies and/or which have direct or indirect capital and management relationship or which have voting share of Parent Company between the rates 20-50% are accounted by using equity pick-up method.

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Principles of Complete Consolidation

The principles of consolidation followed in the preparation of the accompanying financial statements are as follows:

- The financial statements of the consolidated subsidiaries have been equipped according to the accounting principles of the Parent Company.
- The share of the Parent Company in the shareholders equity of subsidiaries is eliminated from the financial of subsidiaries these are adjusted according to the accounting principles of financials of the Parent Company.
- All significant intercompany transactions and balances between the Parent Company and the subsidiaries have been comparatively eliminated.
- The minority part of shareholders' equity including paid capital of the companies subject to consolidation is classified as "Non-controlling Interests" in accompanying financial statement.
- Shares of the Parent Company owned by the subsidiaries within the scope of consolidation, if any, have been mutually eliminated with the capital of the Parent Company.
- The income statements of the Parent Company and the subsidiaries are consolidated a line by line basis and the transaction between companies are eliminated mutually. Consolidation of income statements of subsidiaries held in an audit period are based on the investment date and the items after the holding date are included.
- The portion of the third parties other than consolidated companies in the net income or losses of the subsidiaries are classified as "Non-controlling Interests" in the income statements.

As of 31 December 2023, the Parent Company has applied the "full consolidation method" to the following companies in which it directly or indirectly owns 50% or more of the shares, holds more than 50% of the voting rights, or has control over their operations:

Subsidiaries	Ownership of the Parent through the Equity Affiliates		Non-controlling Interests
	(Direct)	(Direct+ Indirect)	Ratio
SDT Azerbaijan (a)	% 100.00	% 100.00	-
Cey Savunma (b)	% 100.00	% 100.00	-

(a) The Parent Company acquired 100% shares of the Company titled SDT Azerbaijan MMC, which was established in Azerbaijan on January 11, 2023, as a founding partner on January 11, 2023.

(b) The Parent Company acquired the entire shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from a non-related party on 04 July 2023, with the amount of TRY 4.000.000 (TRY 5.025.895 on a purchasing power basis as of 31 December 2023).

Detailed information about the Group's subsidiaries is presented in Note 1 and Note 3.

As of December 31, 2022, SDT Uzay ve Savunma Teknolojileri Anonim Şirketi has no subsidiaries.

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Equity Method

The acquisition cost of the Parent Company's shares in the capital of the subsidiary subject to the equity method is brought to the value represented in the equity capital of the financial position statement of these subsidiaries adapted to the Parent Company's accounting policies, and the difference in the previous years is called "Prior Years Loss or Past Years" The difference in "Profits" in the current period is shown in the "Shares of Profits and Losses of Investments Valued by Equity Method" account.

If the Parent Company's share of the subsidiary's losses is equal to or greater than the balance sheet value of the subsidiary, it continues to be accounted in the records with the subsidiary trace price.

As of December 31, 2023, the Parent Company maintains a continuous connection in terms of participating in management and determination of business policies, or has a direct or indirect capital and management relationship, with companies where it holds twenty percent or more but less than fifty percent of their capital or has the right to participate in management at this percentage. These companies are as follows:

Investment	Ownership of the Parent through the Equity Affiliates		Non-controlling Interests
	(Direct)	(Direct+ Indirect)	Ratio
Sirius	%40	%40	%60

Detailed information about the Group's subsidiaries is presented in Note 1 and Note 3.

As of December 31, 2022, the Group has no subsidiaries.

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Partnerships Within the Scope of Joint Operations

Partnerships within the scope of joint operations refer to partnerships formed within the scope of a contract to undertake an economic activity, to be jointly managed by the Group and one or more entrepreneurial partners. A joint operation is a joint arrangement in which the parties having joint control of the arrangement have rights to the assets and obligations regarding the debts related to the arrangement. The Group provides these joint operations by benefiting from the shares and/or contracts it owns directly or indirectly. The accounting policies applied by joint operations are aligned with the accounting policies of the Group. The financial statements of partnerships within the scope of joint operations are included in the financial statements of the Group, taking into account the share ratios of the Group. Assets, liabilities, equity, income and expenses included in the financial statements of partnerships within the scope of joint operations are processed with the effective partnership rates owned by the Group. Liabilities and expenses arising from jointly controlled assets are accounted for on an accrual basis. The Group's share of the income obtained from the use of assets of jointly controlled partnerships or the sale of such assets is recorded if it is probable that the relevant economic benefits will flow to the Group and their amounts can be measured reliably. Balances and unrealized profits and losses arising from transactions between the Group and its jointly controlled enterprises are eliminated in proportion to the Group's share in the jointly controlled enterprise.

As of December 31, 2023, the Group's joint operations are as follows;

Joint Operation	Group's Share Ratio in Joint Operation		Non-Owned Share Ratio
	(Direct)	(Direct+ Indirect)	Ratio
TAMGÖR - SDT İş Ortaklığı (ST 01) (a)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 02)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 03) (c)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 04) (b)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 05)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 06)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 07)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 08)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 09)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 10) (d)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 11)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 12)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 13)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 14)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 15)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 16)	%50.00	%50.00	%50.00
Thales - SDT İş Ortaklığı	%19.00	%19.00	%81.00

(a) The relevant business partnership was closed on May 16, 2023.

(b) The relevant business partnership was closed on June 20, 2023.

(c) The relevant business partnership was closed on November 02, 2023.

(d) The relevant business partnership was closed on December 20, 2023.

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As of December 31, 2022, the Group's joint operations are as follows:

Joint Operation	The Group's Share In Joint Operations		Non-Owned Share Ratio
	(Direct)	(Direct+ Indirect)	Ratio
TAMGÖR - SDT İş Ortaklığı (ST 01)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 02)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 03)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 04)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 05)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 06)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 07)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 08)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 09)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 10)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 11)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 12)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 13)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 14)	%50.00	%50.00	%50.00
TAMGÖR - SDT İş Ortaklığı (ST 15)	%50.00	%50.00	%50.00
Thales - SDT İş Ortaklığı	%19.00	%19.00	%81.00

Detailed information about the Group's joint operations is presented in Note 1 and Note 3.

Standard Accounting Policy

Consolidated financial statements are prepared by adopting consistent accounting policies for similar transactions and other events under similar conditions. If the financial statements of any entity included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events under similar conditions, necessary adjustments are made to the financial statements of that entity during the preparation of the consolidated financial statements.

The investor's financial statements are prepared using consistent accounting policies for similar transactions and other events under similar conditions. If an investee uses accounting policies different from those of the investor for similar transactions and other events under similar conditions, necessary adjustments are made to align the investee's accounting policies with those of the investor for applying the equity method in the investor's financial statements.

Assumption of Continuity of Business

The consolidated financial statements presented herein have been prepared on the assumption of the continuity of business, under which it is assumed that the Group will derive benefits from its assets and fulfill its obligations in the natural course of its activities in the coming year.

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Offsetting

Financial assets and liabilities are presented on a net basis when there is a legal right to offset, an intention to settle the asset and liability on a net basis, or when the asset is realized and the liability is settled simultaneously.

Comparative Information and Correction of Previous Period Financial Statements

To allow for the assessment of consolidated financial position and performance, the Group's financial statements are prepared on a comparative basis with the previous period. Accordingly, the Group has prepared the consolidated financial statements as of December 31, 2023, in comparison with the financial statements as of December 31, 2022, and has also prepared the consolidated statement of income or loss, consolidated statement of comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity for the period from January 1 to December 31, 2023, on a comparative basis with the period from January 1 to December 31, 2022. When deemed necessary to ensure the appropriateness of presenting the current period's consolidated financial statements, comparative information is reclassified and significant differences are explained.

Aside from the adjustments made due to the application of the TAS 29 standard as detailed in the section "Correction of Consolidated Financial Statements in High Inflationary Periods," there were no corrections made to the financial statements as of December 31, 2022.

2.b Changes in Accounting Policies

A company can only change its accounting policies under the following circumstances:

- If required by a standard or interpretation, or
- If the effects of transactions and events on the company's financial position, performance, or cash flows need to be presented in the financial statements in a more appropriate and reliable manner.

Users of consolidated financial statements should have the ability to compare the company's financial position, performance, and cash flows over time. Therefore, unless a change in accounting policy meets one of the conditions stated above, the same accounting policies should be applied consistently in each interim period and fiscal year.

Changes and Errors in Accounting Estimates

The preparation of the consolidated financial statements in compliance with TAS/IFRS requires certain estimates to be made by Management regarding the carrying values of certain assets and liabilities, potential liabilities disclosed, and the amounts of income and expenses reported. Actual amounts may differ from these estimates. These estimates are reviewed periodically and any differences are reported in the income statement as of the periods known.

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The assumptions and assessments made, taking into account significant interpretations that could significantly impact the amounts reflected in the consolidated financial statements, as well as important assumptions and evaluations based on the main sources of estimates existing at the date of the financial position statement or that may occur in the future, are as follows:

Provisions for doubtful receivables

However, it reflects the amounts it believes to cover future losses from receivables at risk of non-collection under the current economic conditions. While evaluating whether the receivables are impaired or not, the past performances of borrowers other than the related institution and permanent customers, their credibility in the market and the performance of the consolidated financial statements until the approval date of the consolidated financial statements are also taken into consideration. As of the statement of financial position, the provisions for doubtful receivables are reflected in Note 8.

Provision for stock impairment

Regarding stock impairment, the physical and past history of stocks are examined, their usability is determined in line with the opinions of technical personnel, and provisions are made for items that are estimated to be unusable (Note 11).

Deferred finance income/expense

In calculating the effective interest rate for the amortized cost of trade receivables and payables, expected collection and payment dates based on current information related to receivables and payables are taken into account.

Useful lives of tangible and intangible fixed assets

The Group depreciates its tangible and intangible fixed assets based on the useful lives and residual values stated in Note 2.c. Explanations regarding the useful lives are provided in Note 2.c.

Development costs

Research findings or other information applied to a plan prepared to produce new, unique, and significantly improved products, processes, systems, or services are defined as development, and the costs incurred for these activities are capitalized by the Group. In capitalizing the salaries of personnel directly involved in creating the asset, the Group management considers the amount of time each person spends on research and development activities. Personnel costs related to research activities are recognized as an expense when incurred.

Provision for litigation

While reserving provisions for litigation, the probability of losing related lawsuits and the results to be incurred in case of loss are evaluated in line with the opinions of the Group's legal counsel. Explanations regarding the provisions that the Group Management deems necessary in accordance with the best estimations made by using the available data are included in Note 20.

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Warranty expense provision

Warranty provisions generally include expenses related to labor, spare parts, and similar costs incurred without charging the customer for products and services sold. For sales recorded as revenue in the current period, the Group accounts for future service costs that may arise in subsequent years based on estimates derived from management's experience, distinguishing between short-term and long-term provisions for warranty expenses in the relevant period (Note 20).

Retirement pay provision

The severance pay liability is determined by actuarial calculations based on a number of assumptions, including discount rates, future salary increases and employee turnover rates. As these plans are long term, these assumptions contain significant uncertainties. Details on provisions for employee benefits are included in Note 21.

Deferred tax

The Group accounts for deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based legal financial statements and financial statements prepared in accordance with TAS/IFRS. These differences arise from the fact that some income and expense items are included in different periods in the financial statements prepared in accordance with TAS/IFRS and financial statements. The Group has deferred tax assets consisting of deductible temporary differences that may occur in the future. Partially or fully recoverable amount of deferred tax assets are estimated under current conditions. During the evaluation, future profit projections, losses in current periods, unused losses and other tax assets can be used. As a result of the evaluations, as of 31 December 2023 and 2022, temporary differences arising from tax deductions can be foreseen and deferred tax assets will be deemed to be deemed to be available within the framework of tax laws within the period that the tax reduction right can continue. Details on deferred tax calculations as of the relevant statement of financial position are provided in Note 30.

The New International Financial Reporting Standards, Amendments

As of 31 December 2023, adopted in the preparation of financial statements for the end of the accounting period of the accounting policies summarized below as of 1 January 2023 applies to new and changed Türkiye Accounting Standards ("TAS") / IFRS and IAS / IFRS review except as consistent with those used in the previous year It was applied. The effects of these standards and interpretations on the financial position and performance of the Group are explained in the related paragraphs.

New and amended IFRS Standards that are effective for the current year:

IFRS 12 deals with changes related to deferred tax arising from a single transaction regarding assets and liabilities.

This is valid for annual reporting periods beginning on or after January 1, 2023. These changes require deferred tax accounting when transactions causing taxable and deductible temporary differences to arise in equal amounts are initially recognized in the financial statements by companies.

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Narrow-scope amendments to IFRS 1, IFRS Practice Statement 2, and IFRS 8:

These changes are effective for annual reporting periods starting on or after January 1, 2023. The amendments aim to enhance the disclosure of accounting policies and assist financial statement users in distinguishing between changes in accounting estimates and changes in accounting policies.

TFRS 17 Insurance Contracts:

Effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces IFRS 4, which currently allows for a wide range of practices. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and optional participation features in investment contracts.

Amendment to TFRS 12, International Tax Reform - Pillar Two Model Rules:

Deferred Tax Exception and Disclosure of Application have come into effect. Other disclosure requirements are applicable for annual reporting periods beginning on or after January 1, 2023. These changes provide a temporary exemption for companies from accounting for deferred taxes arising from international tax reform by the Organisation for Economic Co-operation and Development. The amendments also include targeted disclosure requirements for affected companies.

Standards and amendments published as of 31 December 2023, but not yet effective as of that date.

TFRS 16 - Sale and Leaseback Transactions:

Effective for annual reporting periods beginning on or after January 1, 2024. These amendments include the sale and leaseback provisions that explain how an entity accounts for a sale and leaseback transaction in TFRS 16 after the transaction date. It is likely that sale and leaseback transactions comprising variable lease payments not dependent on an index or rate will be affected.

TAS 1, Long-Term Obligations with Changes in Contractual Terms amendments:

Effective for annual reporting periods beginning on or after January 1, 2024. These changes clarify how an obligation's classification is affected by conditions that the entity must meet within twelve months after the reporting period.

Changes related to supplier finance arrangements in TAS 7 and IFRS 7:

Effective for annual reporting periods beginning on or after January 1, 2024. These amendments require enhanced disclosure to provide transparency about the impacts of supplier finance arrangements on an entity's obligations, cash flows, and liquidity risks. The disclosure requirements are a response to concerns raised by the IASB (International Accounting Standards Board) that some companies' supplier finance arrangements were not sufficiently transparent, hindering investors' analysis.

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TAS 21 Lack of Exchangeability:

Effective for annual reporting periods beginning on or after January 1, 2025. These changes impact a business when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose. A currency is exchangeable when there is the ability to obtain another currency (with normal administrative delay), and the exchange occurs through a market or exchange mechanism that creates enforceable rights and obligations.

TSRS 1 General Provisions on Disclosure of Financial Information Related to Sustainability.:

Effective for annual reporting periods beginning on or after January 1, 2024. This is subject to the standards being endorsed by local laws or regulations. This standard encompasses the fundamental framework for disclosing all significant risks and opportunities related to sustainability that a company faces within its value chain.

TSRS 2 "Climate-related Disclosures":

Effective for annual reporting periods beginning on or after January 1, 2024. This is subject to the standards being endorsed by local laws or regulations. This standard is the first to establish disclosure requirements for companies regarding climate-related risks and opportunities.

The said changes do not have a significant impact on the Group's financial position and performance.

2.c Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value. The carrying amount of these assets approximates their fair value.

Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The last version of IFRS 9 includes a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements and also includes guidance issued in previous versions of IFRS 9. IFRS 9 is effective for periods beginning on or after 1 January 2018.

Classification of financial assets and liabilities

IFRS 9 largely retains the existing requirements in TAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous TAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

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The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and,
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost and contract assets, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under IFRS 9, loss allowances will be measured on either the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date and,
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Financial liabilities

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument. An equity instrument is ant contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities.

Financial liabilities at fair value reflected as profit or loss classified as financial liabilities or other financial liabilities.

Financial liabilities at fair value through other comprehensive income

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Financial assets carried at fair value through profit or loss include "derivative instruments" items in the statement of financial position. Derivative instruments are recognized as assets when their fair value is positive, and as liabilities when it is negative. Although the Group uses derivative instruments during the relevant reporting periods, there are no derivative instruments held by the Group at the end of the periods.

Other financial liabilities

Other financial liabilities, including financial liabilities, are initially recognized at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade Receivables

Trade receivables arising from the provision of products or services to the buyer are recognized from the amortized value of the receivables recorded from the original invoice value in the subsequent periods with the effective interest method. Short-term receivables with no determined interest rates are shown in the invoice amount if the effect of the original effective interest rate is not very large.

The "simplified approach" is applied within the scope of impairment calculations of trade receivables that are recognized at amortized cost in the financial statements and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where trade receivables are not impaired for certain reasons (except for the impairment losses incurred), the provisions for losses related to trade receivables are measured at an amount equal to "lifelong expected credit losses".

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In the event that all or some of the amount of the receivable that is impaired is collected following the provision for impairment, the amount collected is deducted from the provision for impairment and recorded in other income from the main activities.

Maturity difference income / expenses related to commercial transactions and exchange rate profit / loss are recognized in the statement of "Other Income / Expense from Main Operations" in the profit or loss statement.

Financial Liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of the related financial liability are also added to the fair value.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

Trade payables

Trade payables are the payments to be made in relation to the goods and services provided from the suppliers within the ordinary activities. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Income/expenses related to term differences in commercial transactions and foreign exchange gains/losses are accounted for within the "Other Income/Expenses from Core Operations" account in the income statement.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes all costs of purchase, costs of conversion (direct labour and production overhead) and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated by weighted average cost formula for trade goods. The cost of software programs made to order is calculated according to the real lot cost method. In cases where the revenue related to the service provided (order software projects) is not reflected as income in the financial statements, the related expenses are reflected to the inventory account. The cost of inventories of project-style software programs mainly includes the labor and other costs of personnel directly involved in the delivery of the service, including the personnel performing the control operations, and the overheads that may be associated with them. Labor fees and other related expenses of sales and general management personnel are not included in the cost of the service, that is, in the inventory. These expenses are recognized as expense in the period in which they are incurred.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory impairment provision amounts that reduce inventories to their net realizable value and losses related to inventories are recognized as expense in the period in which the reduction and losses occur. The amount of the inventory impairment loss canceled due to the increase in the net realizable value is accounted for in a way that reduces the accrued selling cost of the period in which the cancellation occurred. Net realizable value is reviewed for each financial statement period. In cases where the conditions that previously caused the inventories to be reduced to net realizable value no longer apply or an increase in net realizable value is proven due to changing economic conditions, the reserve for impairment is reversed (the amount canceled is limited to the amount of impairment previously allocated).

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Tangible Fixed Assets

Tangible fixed assets are shown by deducting accumulated depreciation from the acquisition cost, if any, after deducting the scrap value. Assets subject to depreciation are subject to pro-rata depreciation based on their estimated economic lives over their cost amounts, using the straight-line method of depreciation, taking into account the date they are active. The economic life and depreciation method are regularly reviewed, and accordingly, it is checked whether the method and the depreciation period are in line with the economic benefits to be obtained from the relevant asset, and adjustments are made when necessary. The land is not subject to depreciation as its useful life is considered indefinite.

The cost value of the property, plant and equipment; The purchase price, import duties and non-refundable taxes consist of expenses incurred to prepare the property, plant and equipment for use. Expenses such as repair and maintenance that occur after the use of tangible fixed assets are recognized in the profit or loss statement in the period in which they are incurred. If the expenditures provide an economic value increase in the future use of the related property, plant and equipment, these expenditures are added to the cost of the asset.

Leasehold improvements include the expenses incurred for the leased property and are depreciated over the useful life of the leased property where the useful life is longer than the lease term, and over the useful life if it is short.

The depreciation rates for property, plant and equipment, which approximate the useful economic lives of these assets, are as follows:

	<u>Useful life</u>
Machinery, plant and equipment	3-10 years
Vehicles	4-10 years
Office equipment	3-10 years
Leasehold improvements	Rent period

Maintenance and repair expenses are recorded in the income statement in the period in which they are incurred. Costs related to the primary renewals are added to this cost of assets in the expected condition that providing economical profit with the better performance than the situation before renewals. Expenses which were made after the activation added to the cost of assets are put to amortization pursuant to economical lifetime of related assets. Group, value of the part that was changed in the range of expenses which was made after activation removes from income statement regardless to put the amortization independently to the other part.

Right of Use Assets

The Group accounts for its use right assets on the date of the financial lease contract (for example, as of the date when the related asset is suitable for use). The right of use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value.

The cost of the right of use asset includes:

- (a) the first measurement of the lease obligation,
- (b) the amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received, and
- (c) All initial costs incurred by the Group.

Unless the transfer of the ownership of the underlying asset to the Group is reasonably finalized at the end of the lease term, the Group is subject to depreciation of the right to use until the end of the useful life of the underlying asset. Right of use assets are subject to impairment assessment.

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The depreciation rates for right of use assets, which approximate the useful economic lives of these assets, are as follows:

	<u>Useful life</u>
Buildings	3-5 years
Motor vehicles	1-3 years

Lease Obligations

The Group measures the lease obligation based on the present value of the lease payments that were not paid on the date the lease actually began.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
- (c) Amounts expected to be paid by the Group within the scope of residual value commitments
- (d) the price of use of this option if the Group is reasonably sure that it will use the purchase option; and
- (e) if the rental period indicates that the Group will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred. If the Group can easily determine the revised discount rate for the remainder of the lease term and the implied interest rate on the lease; In case it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Group's re-evaluation.

The Group measures the lease obligation after the lease actually starts as follows:

- (a) Increases the carrying amount to reflect the interest on the lease obligation, and
- (b) Reduces the carrying value to reflect the rent payments made.

In addition, in the event of a change in lease duration, a change in substance of fixed lease payments, or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

Extension and early termination options

A lease obligation is determined by considering the extension of the contracts and early termination options. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Group and the lessor. However, if such extension and early termination options are at the Group's discretion in accordance with the contract and the use of the options is reasonably certain, the lease term shall be determined by taking this issue into account. If there is a significant change in the conditions, the evaluation is reviewed by the Group.

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Facilitating Practices

The Group applies the short-term lease registration exemption to short-term machinery and equipment and low-value real estate lease agreements (i.e., assets with a rental period of 12 months or less starting from the start date and which do not have a purchase option). At the same time, it applies the exemption for the recognition of lower-value assets to the fixed assets, which are considered to be of low value. Short-term lease agreements and leases of lower-value assets are accounted for as expense on a straight-line basis over the term of the lease.

A single discount rate is applied to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar asset class in a similar economic environment).

Intangible Assets

Intangible Assets Acquired

Intangible assets acquired include acquired usage rights, information systems and other identifiable rights. Intangible assets with finite lives are presented at cost less their residual value, if any, less accumulated amortization and accumulated impairment losses. These assets are amortized using the straight-line method over their expected useful lives (useful lives not exceeding 10 years). The expected useful life and depreciation method are reviewed annually to determine the possible effects of changes in estimates and changes in estimates are accounted for prospectively.

Computer Software

Purchased computer software is capitalized over the costs incurred during its purchase and during the period from purchase until it is ready for use.

Research and Development Costs

Planned activities to obtain new technological information or findings are defined as research and research expenses incurred at this stage are recorded as expense when incurred.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is recognized as intangible assets resulting from development if all of the following conditions are met.

Internally generated intangible assets resulting from development activities (or the development phase of an internal project) are recognized only when all the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- Its intention to complete the intangible asset and use or sell it,
- Its ability to use or sell the intangible asset. How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

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The amount of intangible assets created internally is the total amount of expenses incurred since the intangible asset meets the above-mentioned recognition conditions. When internally generated intangible assets cannot be recognized, development expenditures are recorded as expense in the period in which they are incurred. After initial recognition, internally generated intangible assets, like separately purchased intangible assets, are carried at cost less accumulated depreciation and accumulated impairment losses. The useful lives of development costs are evaluated on a case-by-case basis and range from 2 to 12 years.

Sale of Intangible Assets

An intangible asset is derecognised when it is disposed of or when future economic benefits are not expected from its use or sale. The profit or loss resulting from the derecognition of an intangible asset is calculated as the difference between the net proceeds from the disposal of the assets and their carrying amount, if any. This difference is recognized in profit or loss when the related asset is taken out of the balance sheet.

Impairment of Assets

At each reporting date, Group assesses whether there is an impairment indication for the assets, except for the deferred income tax asset that are stated at revalued amounts as of reporting date. When an indication of impairment exists, Group estimates the recoverable amounts of such assets. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash generating unit of that asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. All impairment losses are accounted for in the statement of comprehensive income.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider,
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets.

Mergers and Goodwill

Business merger and acquisition is combining of two separate legal entities or organizations into an entity that makes reporting. Business merger is accounted based on acquisition method within the context of IFRS 3.

Acquisition cost contains the fair value of assets given in purchase date; issued capital instruments, assumed and realized payables due to change, the costs that can be associated with additional acquisition. If the business merger agreement includes articles that foresees that cost can be adjusted according to the future actions, this adjustment is probable, and this adjustment is include into merger cost that formed on the day of acquisition when the value is detected. Purchase-related costs are expensed in the period in which they are incurred. Goodwill arising from the acquisition of subsidiaries, acquisitions of associates and establishment of joint ventures is the portion of the consideration paid in excess of the fair value of the Group's net identifiable assets, liabilities and contingent liabilities in the acquiree and its non-controlling interest in the acquiree.

The difference between the acquisition cost coming from purchase of an organization and fair value of identifiable asset, liability and conditioned liabilities is accounted as goodwill in consolidated financial statements. If real value of acquired assets, liability and contingency liabilities exceeds the business merger cost, then the difference is accounted in the consolidated income statements as goodwill.

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For impairment testing, goodwill is allocated to cash-generating units. Distribution is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. Each unit or group of units to which the goodwill is distributed is the smallest asset group of the entity in which the goodwill is monitored for internal managerial purposes. Goodwill is monitored on the basis of operating segments. Impairment reviews of goodwill are performed annually or more frequently when events or changes in circumstances indicate the possibility of impairment. The higher of the carrying amount of the goodwill, its value in use and its fair value less costs to sell, is compared with its recoverable value. In case of any impairment, the loss is recognized immediately and is not reversed in the following period.

Legal mergers between entities controlled by the Group are not considered within the scope of TFRS 3. Therefore, goodwill is not calculated in such mergers. In addition, transactions between parties in legal mergers are subject to adjustments during the preparation of the consolidated financial statements.

Partial share purchase and sale transactions with minority interests

The Group considers the purchase and sale transactions of the shares of minority interests and the partnerships that it currently controls as transactions between the equity holders of the Group. Accordingly, in the purchase of additional shares from minority interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for under equity. In the sale of shares to minority interests, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are also accounted for under equity.

Fair Value Measurement

Determination of fair values, fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: Other than quoted prices in level 1 and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (no observable data).

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. There are no capitalized borrowing costs for the periods ended at 31 December 2023 and 2022.

Taxation

Taxes on income for the period comprise current tax and the change in the deferred taxes.

Current tax provision

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. Taxable profit differs from profit as reported in the income statement because it excludes terms of income or expense that taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases use in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arisen from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit not the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences. It associates with investments in subsidiaries and associates and interests in joint ventures, except where the company is able to control the reversal of the temporary differences. It is probable that the temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amounts of deferred tax assets is reviewed at each balance sheet date and reduce to extent that is no longer probable that sufficient taxable profits will be available to allow all part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and the tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax affect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets liabilities and contingent liabilities over cost.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions are recognized when an enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities and Assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

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Related Parties

In the presence of one of the following criteria, parties are considered as related to Group:

- (a) Directly, or indirectly through one or more intermediaries, the party,
 - (i) Controls, is controlled by, or is under common control with, Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in Group that gives it significant influence over the Company; or
 - (iii) Has joint control over Group;
- (b) The party is an associate of Group,
- (c) The party is a joint venture, in which Group is a venture,
- (d) The party is member of the key management personnel of Group or its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e)
- (g) The party has a defined benefit plan for the employees of the Group or a related party of the Group.

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Group, interacts with its related parties within the frame of ordinary business activities (Note 4).

Foreign Currency Assets and Liabilities

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange profit and loss are reflected to the income statements. The Group carried out the measurements in accordance with the announcement of the Public Oversight, Accounting and Auditing Standards Authority, dated 15 March 2021, "About the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards".

The exchange rates used for the amounts classified in the assets section of the financial position statement at the end of the periods are as follows:

	31.12.2023	31.12.2022
USD	29,4382	18,6983
EURO	32,5739	19,9349
GBP	37,4417	22,4892

The exchange rates used for the amounts classified in the liabilities section of the financial position statement at the end of the periods are as follows:

	31.12.2023	31.12.2022
USD	29,4913	18,7320
EURO	32,6326	19,9708
GBP	37,6369	22,6065

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Reporting Consolidated Financial Information by Segment

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A reportable segment is business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the result of all segments in profit or the result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

The Group operates its activities in the same geographical region and industry sector. Therefore, reporting by segments has not been performed.

Employee Benefits / Severance Pay Provision

Severance Pay

Under Turkish Labor Law, Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 December 2023 payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 23.490 (31 December 2022: TRY 15.371) per year of employment at the rate of pay applicable at the date of retirement.

Group calculates provisions for severance pay in the attached consolidated financial statements in consideration of previous year's experiences on deserving severance pay and also, discount rate generated from effective interest rate and inflation on balance sheet period was included in calculations. All of profits and losses except calculated actuarial profit / (loss) were shown in statements of income, actuarial profit / (loss) was shown in statements of changes in equity.

The rates of basic assumptions used at balance sheet date are as follows:

	31.12.2023	31.12.2022
Real discount rate	2.30%	1.97%

Social Insurance Premium

Group pays social security contribution to social security organization compulsorily. As long as group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

Dividends

Dividends receivable are recognized as income in the period when they are declared and dividends payables are recognized as an appropriation of profit in the period in which they are declared.

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Paid in Capital

Common stocks are classified to equity. Costs related to new shares and option issued, are shown in equity by deducting the collected amounts whose tax effect was deducted.

Government Incentive and Grants

It is a procedure to assist the companies that are unable to achieve certain businesses. It is to stimulate the businesses with the incentives. Government incentives, including those followed at their fair values will be included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

Events After Reporting Period

Although post balance sheet events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet.

Group adjusts the amounts in the combined financial statements if there exists any events necessitates adjustment. Subsequent events are stated in the combined notes to financial statements, if they do not need adjustments.

Earnings / (Loss) Per Share

Earnings / (loss) per share in the combined income statements are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year. In Türkiye, companies can increase their share capital by making distribution of "bonus shares" to existing shareholders from inflation adjustment difference in shareholder's equity. For the purpose of the earnings / (loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "bonus shares" issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Revenue

The Company has started to use the following five-step model in accounting for revenue in line with TFRS 15 "Revenue from Customer Contracts Standard", which entered into force as of 01 January 2018.

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of transaction value in contracts
- Distribution of transaction costs to performance obligations
- Accounting of revenue

According to this model, firstly, the committed goods or services are evaluated in each contract with customers and each commitment made to transfer the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether performance obligations will be fulfilled over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfills its performance obligations related to the sales, it takes the revenue to the financial statements over time by measuring the progress towards the fulfillment of the performance obligations in question.

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The Group generates revenue as a result of sales of defense electronics and software products and services. Revenue related to performance obligations in the nature of a commitment to transfer goods or services; It is recognized when control of goods or services comes to customers.

When evaluating the transfer of control of the goods or services sold to the customer,

- a) the Company has the right to collect goods related to the goods or services,
- b) the ownership of the legal property of the goods or services,
- c) the transfer of the possession of the goods or services,
- d) the ownership of the customer's goods or services. ownership of significant risks and returns arising from ownership,
- e) takes into account the conditions for the customer to accept the goods or services.

The Company does not make any adjustments to the effect of a significant financing component in the promised price at the beginning of the contract, if the period between the transfer date of the goods or service it promises to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, if there is an important financing element in the revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income and foreign exchange income from commercial transactions are recognized as other income from operating activities.

Dividend income from stock investments is reflected in the financial statements when shareholders have the right to receive dividends. Dividend debts are reflected in the financial statements as a liability after the approval of the general assembly as an element of profit distribution.

Cash Flow Statement

The Group prepares statement of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of Group's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the group. Cash flows related to financing activities comprise of funds used in financing activities of the Group and their repayments. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value.

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NOTE 3 – SHARES IN OTHER COMPANIES AND BUSINESS COMBINATIONS

Shares in Other Companies

As of 31 December 2023, the summary information regarding the equity interests of the Parent Company in other entities and the relevant Company to which the interests are held is as follows:

Subsidiaries

Subsidiaries	Ownership of the Parent through the Equity Affiliates		Non-controlling Interests
	(Direct)	(Direct+ Indirect)	Ratio
SDT Azerbaijan MMC	% 100,00	% 100,00	-
Cey Savunma	% 100,00	% 100,00	-

As of 31 December 2023, the summarized financial information of the Parent Company's subsidiaries is as follows:

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
SDT Azerbaijan MMC (a)	Defense industry	20	20	-	-
Cey Savunma (b)	Defense industry	14.299.516	6.542.463	8.015.155	(3.429.073)

(a) Currency of relevant amounts is AZN.

(b) Currency of relevant amounts is TRY. The net amount of profit / (loss) for the period consists of the amounts for the period after the acquisition date of Cey Savunma.

As of 31 December 2022, the Parent Company has no subsidiaries or affiliates.

Affiliates

Affiliates	Ownership of the Parent through the Equity Affiliates		Non-controlling Interests
	(Direct)	(Direct+ Indirect)	Ratio
Sirius	%40	%40	%60

As of 31 December 2023, the summarized financial information of the Parent Company's participation is as follows:

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
Sirius	Defense industry	8.343.203	4.839.714	-	(997.559)

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Joint operations

As of 31 December 2023, the Parent Company's shares in its joint operations and summary information about the relevant joint operations in which it has shares are as follows;

Title	Year of Establishment	Project Name	Partnership Rate
TAMGÖR - SDT İş Ortaklığı (ST 01) (a)	2018	Manpack RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 02)	2018	2.Generation Manpack RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 03) (c)	2018	Vehicle type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 04) (b)	2018	TSA-2A BMC Vehicle type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 05)	2018	TSS-3A Projesi Manpack RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 06)	2018	528 Unit Manpack RF Jammer For Turkish Army Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 07)	2019	148 Unit Vehicle Type RF Jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 08)	2019	91 Unit Vehicle Type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 09)	2019	Vehicle Type RF Jammer for Mini / Micro UAVs Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 10)(d)	2019	Anti mine vehicle type jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 11)	2020	Wheeled armoured vehicle RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 12)	2020	Wheeled armoured vehicle RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 13)	2020	Jammer JBO283AT Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 14)	2021	6985 TTA-2 KKS 2021 12 Unit Vehicle Type RF Jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 15)	2022	Maintenance contract for Turkish Land Forces jammer systems	50%
TAMGÖR - SDT İş Ortaklığı (ST 16)	2023	Gendarmariere maintenance project	50%
Thales – SDT İş Ortaklığı (Thales – SDT)	2016	8 Unit ILS/DME Project	19%

(a) The relevant business partnership was closed on May 16, 2023.

(b) The relevant business partnership was closed on June 20, 2023.

(c) The relevant business partnership was closed on November 02, 2023.

(d) The relevant business partnership was closed on December 20, 2023.

As of 31 December 2022, the Group's shares in joint operations and summary information about the relevant joint operations in which it has shares are as follows;

Title	Year of Establishment	Project Name	Partnership Rate
TAMGÖR - SDT İş Ortaklığı (ST 01)	2018	Manpack RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 02)	2018	2.Generation Manpack RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 03)	2018	Vehicle type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 04)	2018	TSA-2A BMC Vehicle type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 05)	2018	TSS-3A Projesi Manpack RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 06)	2018	528 Unit Manpack RF Jammer For Turkish Army Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 07)	2019	148 Unit Vehicle Type RF Jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 08)	2019	91 Unit Vehicle Type RF Jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 09)	2019	Vehicle Type RF Jammer for Mini / Micro UAVs Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 10)	2019	Anti mine vehicle type jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 11)	2020	Wheeled armoured vehicle RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 12)	2020	Wheeled armoured vehicle RF jammer Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 13)	2020	Jammer JBO283AT Project	50%
TAMGÖR - SDT İş Ortaklığı (ST 14)	2021	6985 TTA-2 KKS 2021 12 Unit Vehicle Type RF Jammer project	50%
TAMGÖR - SDT İş Ortaklığı (ST 15)	2022	Maintenance contract for Turkish Land Forces jammer systems	50%
Thales – SDT İş Ortaklığı (Thales – SDT)	2016	8 Unit ILS/DME Project	19%

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Summary solo financial information of the Group's joint operations, as of 31 December 2023, is as follows;

Joint operations	Activity area	Assets	Equity	Reevenue	Profit / Loss for the period
ST 01 (a)	Frequency mixer system production	-	-	-	83.414
ST 02	Frequency mixer system production	84.966	(49.336)	28.209	10.814
ST 03 (c)	Frequency mixer system production	155.987	128.882	677.454	498.802
ST 04 (b)	Frequency mixer system production	-	-	107.924	(13.912)
ST 05	Frequency mixer system production	109.419	(89.449)	-	30.450
ST 06	Frequency mixer system production	2.905.384	31.858	351.831	1.020.410
ST 07	Frequency mixer system production	12.368.996	12.021.943	17.120.684	12.448.438
ST 08	Frequency mixer system production	1.645.647	372.375	10.746	298.145
ST 09	Frequency mixer system production	1.997.826	(944.283)	233.467	525.036
ST 10 (d)	Frequency mixer system production	352.703	297.493	464.135	328.849
ST 11	Frequency mixer system production	2.262.727	631.697	120.988	567.637
ST 12	Frequency mixer system production	5.245.405	(18.879)	5.550.285	690.789
ST 13	Frequency mixer system production	2.715.337	681.595	305.964	(431.200)
ST 14	Frequency mixer system production	2.931.123	420.199	52.117	163.202
ST 15	Frequency mixer system production	13.607.845	6.890.971	8.741.406	5.695.601
ST 16	Frequency mixer system production	6.385.668	5.732.807	7.944.429	4.875.029
Thales - SDT	ILS/DME System	220.848	(45.514)	-	63.101

(a) The relevant business partnership was closed on May 16, 2023.

(b) The relevant business partnership was closed on June 20, 2023.

(c) The relevant business partnership was closed on November 02, 2023.

(d) The relevant business partnership was closed on December 20, 2023.

Summary solo financial information of the Group's joint operations, as of 31 December 2022, is as follows;

Joint operations	Activity area	Assets	Equity	Reevenue	Profit / Loss for the period
ST 01	Frequency mixer system production	863.343	534.815	690.471	582.259
ST 02	Frequency mixer system production	110.146	(48.532)	57.015	50.281
ST 03	Frequency mixer system production	1.029.335	(147.387)	71.279	174.417
ST 04	Frequency mixer system production	490.713	(69.490)	10.100	28.425
ST 05	Frequency mixer system production	127.018	(79.211)	-	59.198
ST 06	Frequency mixer system production	2.270.334	(564.265)	281.903	743.989
ST 07	Frequency mixer system production	1.936.306	(678.105)	39.481	(3.501.005)
ST 08	Frequency mixer system production	2.241.045	2.214.740	65.665	2.150.498
ST 09	Frequency mixer system production	2.115.814	194.494	2.911.682	(2.117.983)
ST 10	Frequency mixer system production	1.236.850	309.330	526	525.427
ST 11	Frequency mixer system production	1.584.757	15.908	84.727	(2.678.115)
ST 12	Frequency mixer system production	11.519.435	8.301.683	20.398.529	8.753.132
ST 13	Frequency mixer system production	5.662.729	4.220.831	5.462.085	3.432.741
ST 14	Frequency mixer system production	2.753.806	(1.037.055)	130.560	(1.427.153)
ST 15	Frequency mixer system production	6.563.280	6.351.717	7.988.561	5.867.280
Thales - SDT	ILS/DME System	642.617	(65.917)	2.918.220	1.964.346

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The above-mentioned solo financial statements of the partnerships within the scope of joint operations are included in the attached financial statements of the Parent Company, taking into account the share ratios of the Parent Company. Other information regarding joint operations is presented in Footnote 1.

Business Combinations

Details of the business combinations occurred during the fiscal year ending on 31 December 2023, are as follows:

Acquisition of SDT Azerbaijan Shares

The Parent Company acquired 100% shares of the Company titled SDT Azerbaijan MMC, which was established in Azerbaijan on 11 January 2023, as a founding partner on 11 January 2023.

Acquisition of Cey Savunma Shares

The Parent Company acquired the entire shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from a non-related party on 04 July 2023, for TRY 4.000.000 (TRY 5.025.895 on a purchasing power basis as of 31 December 2023). In this transaction, which was accounted for within the scope of "IFRS 3 Business Combinations", since the net assets acquired due to the acquisition transaction were TRY 1.702.750 more than the acquisition price, the relevant amount was reported as "Profit as a result of bargain purchase" in the attached consolidated profit or loss statement (Note 28.1). The reconciliation of the relevant amount is as follows;

	Pre-merger book values	Fair value adjustments	Fair value
Current assets	1.354.392	(47.805)	1.306.587
Non - current assets	9.807.361	(2.301.859)	7.505.502
Total Assets	11.161.753	(2.349.664)	8.812.089
Short-term liabilities	924.427	779.928	1.704.355
Long-term liabilities	-	379.089	379.089
Total Liabilities	924.427	1.159.017	2.083.444
Equity			6.728.645
Acquisition rate			100,00%
Equity amount of the Parent Company (a)			6.728.645
Acquisition amount (b)			5.025.895
Profit resulting from bargain purchases (a - b)			1.702.750

The revenue amount of Cey Savunma, which is included in the consolidated profit or loss statement for the accounting period ending on 31 December 2023, for the accounting period until the business combination date (01 January - 04 July 2023) is TRY 3.996.098.

No business combinations have occurred in the accounting period ending on 31 December 2022.

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NOTE 4 - RELATED PARTY DISCLOSURES

i) Receivables and payables from related parties

a) The details of receivables from related parties classified under other short-term receivables are as follows (Note 8):

	31.12.2023	31.12.2022
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	3.886.408	-
	3.886.408	-

b) The details of advances given to related parties classified under the prepaid expenses account item are as follows (Note 13):

	31.12.2023	31.12.2022
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	3.000.000	-
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	1.286.110	-
	4.286.110	-

c) The details of payables to related parties classified under the short-term trade payables account item are as follows (Note 8):

	31.12.2023	31.12.2022
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	93.513	84.710
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	63.199	-
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	-	300.989
	156.712	385.699

d) Details of deposits and guarantees received from related parties classified under other short-term payables account item are as follows (Note 9):

	31.12.2023	31.12.2022
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	21.564	-
	21.564	-

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ii) Sales, purchases and transactions to related parties:

a) The details of sales to related parties classified in the revenue are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	11.737.027	2.300.176
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	3.391.651	-
	15.128.678	2.300.176

b) The details of purchases from related parties classified within the cost of sales account are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	111.904.982	1.623.161
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	14.251.630	4.162.940
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	1.442.811	1.659.012
	127.599.423	7.445.113

c) The details of other income obtained from related parties classified under the other income from main activities account item are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	714.142	10.204.923
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	4.731	927.478
	718.873	11.132.401

d) The details of other expenses obtained from related parties classified under the other expenses from main activities account item are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	293.030	4.329.756
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	-	180.997
	293.030	4.510.753

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e) The details of tangible fixed assets purchased from related parties classified under the tangible fixed assets account item are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	714.706	-
	714.706	-

f) The details of remuneration and similar benefits provided to senior manager are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Remuneration and similar benefits provided to senior manager	28.790.719	19.522.027
	28.790.719	19.522.027

The Group, has determined the members of the board of directors, the General Manager and assistant general managers as senior managers.

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NOTE 5 – CASH AND CASH EQUIVALENTS

As of 31 December 2023 and 2022, the details of cash and cash equivalents are listed below;

	31.12.2023	31.12.2022
Cash	37.078	85.097
Banks		
Time deposits	37.028.911	299.429.381
Demand deposits	35.229.465	61.769.525
Liquid funds	178.742.550	-
	251.038.004	361.284.003

As of 31 December 2023 and 2022 the Group's bank deposits consist of time and demand deposits. As of 31 December 2023 and 2022, there is no blockage over Group's deposits. Liquid funds consist of cash equivalents that can be converted into cash over their book values.

As of 31 December 2023, the details of the maturities of time deposits are presented below;

Currency Type	Foreign Currency Amount	Interest Rate	Due Date	TRY Amount
TRY	32.847.443	%40,00 - %45,00	3 - 35 days	32.847.443
USD	131.486	%0,01 - %4,00	2 - 35 days	3.870.698
EURO	9.540	%3,00 - %3,00	35 days	310.770
				37.028.911

As of 31 December 2022, the details of the maturities of time deposits are presented below;

Currency Type	Foreign Currency Amount	Interest Rate	Due Date	TRY Amount
TRY	219.117.750	%12.00 - %18.85	1 - 18 days	219.117.750
USD	2.604.445	%0.50 - %4.91	1 - 41 days	80.242.273
EURO	2.112	%0,50 - %0,50	1 - 1 day	69.358
				299.429.381

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NOTE 6 – FINANCIAL INVESTMENTS

As of 31 December 2023 and 2022, the details of financial investments are as follows:

Short term financial investments

	31.12.2023	31.12.2022
Exchange rate protected deposits	380.993.576	135.278.281
	380.993.576	135.278.281

As of December 31, 2023, detailed information about exchange rate protected deposits is as follows;

Currency Type	Foreign Currency Amount	Interest Rate	Due Date	TRY Amount
TRY	380.993.576	30,00% - 35,00%	11 - 50 days	380.993.576
				380.993.576

As of 31 December 2022, detailed information about exchange rate protected deposits is as follows;

Currency Type	Foreign Currency Amount	Interest Rate	Due Date	TRY Amount
TRY	135.278.281	17,00%	1 - 39 days	135.278.281
				135.278.281

Exchange rate protected deposits accounts was accounted in the "Financial Investments" account item, based on the "Announcement on the Accounting of Foreign Exchange / Gold Converted Exchange Rate / Price Protected TRY Deposit Accounts" of the Public Oversight Accounting and Auditing Standards Authority dated 01 March 2022. Income from the relevant deposits is accounted for in the "Income from Investing Activities" account item in the accompanying profit and loss statement (Note 28.1).

Long term financial investments

	31.12.2023	31.12.2022
Financial investments to fair value through profit or loss (a)	14.225.725	14.070.251
Other Financial Investments (b)	516.652	552.655
	14.742.377	14.622.906

(a) The relevant financial asset consists of Eurobond purchases and its maturity is 01 October 2026.

(b) Other financial investments arise from long-term fund purchases acquired by the Group within the scope of the "Regulation on Amendments to the Implementation and Audit Regulation on Support of Research, Development and Design Activities No. 5746".

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NOTE 7 – FINANCIAL BORROWINGS

As of 31 December 2023 and 2022 the details of financial borrowings are as follows:

	31.12.2023	31.12.2022
Liabilities from leases (*)	9.729.800	552.444
Short-term portion of long-term loans	1.575.625	5.359.936
Other financial liabilities (credit cards)	101.417	136.467
Total short term financial liabilities	11.406.842	6.048.847
Long-term bank loans	-	2.366.126
Liabilities from leases (*)	301.024	-
Total long term financial liabilities	301.024	2.366.126
Total financial liabilities	11.707.866	8.414.973

(*) As of 31 December 2023 and 2022, the related financial liabilities consist of the liabilities within the scope of "IFRS 16 Leases" standard.

As of 31 December 2023 and 2022, the partners of the Parent Company have personal guarantees in favor of financial institutions in order to guarantee all of the Group's bank loans.

As of 31 December 2023, the average effective interest rate of bank loans in TRY currency is 9,72% (31 December 2022: TRY: 9,44% - EURO: 4,66%).

The foreign exchange position of financial debts as of 31 December 2023 is presented below:

Currency Type	Foreign Exchange Amount	Exchange rate	TRY Amount
TRY	11.707.866	1,0000	11.707.866
Total			11.707.866

The foreign exchange position of financial debts as of 31 December 2022 is presented below:

Currency Type	Foreign Exchange Amount	Exchange rate	TRY Amount
TRY	7.075.646	1,0000	7.075.646
EURO	40,701	19,9708	1.339.327
Total			8.414.973

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As of 31 December 2023 and 2022, the maturity analysis of financial liabilities is as below:

	31.12.2023	31.12.2022
Due in 0 - 1 year	11.406.842	6.048.847
Due in 1 - 2 years	301.024	2.366.126
	11.707.866	8.414.973

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022 the details of trade receivables are as below:

Short term trade receivables

	31.12.2023	31.12.2022
Trade receivables	495.917.909	127.896.918
Notes receivables	-	21.350.074
Unearned interest on receivables (-)	(11.120.810)	(1.492.768)
Trade receivables from related parties (Note 4)	3.886.408	-
Doubtful trade receivables	5.055.478	1.251.233
Provision for doubtful trade receivables (-)	(5.055.478)	(1.251.233)
	488.683.507	147.754.224

As of 31 December 2023 and 2022, the details of receivable checks and notes on a maturity basis are as follows:

	31.12.2023	31.12.2022
0-30 days	-	21.350.074
	-	21.350.074

The movement schedule of provision for doubtful receivables is as below:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Opening balance	1.251.233	1.620.101
Reversal of unnecessary provision (Note 27.1)	(157.677)	-
Monetary gain / (loss), net	(491.865)	(633.856)
Provisions for the period (Note 27.2)	4.453.787	264.988
Closing balance	5.055.478	1.251.233

As of December 31, 2023, the Group has given letters of guarantee amounting to TRY 1.014.345.100 to customers, tender organizing institutions and other organizations (31 December 2022: TRY 499.552.598). In addition, the Group has given guarantee bonds amounting to 115.811.653 TRY to its customers as of 31 December 2023 (31 December 2022: 260.891.566 TRY) (Note 20).

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As of 31 December 2023, there is no guarantee received from customers for trade receivables (31 December 2022: None).

The maturity of the Group's trade receivables varies on a customer-by-customer basis, with an average of 60 - 90 days.

Long term trade receivables

None (31 December 2022: None).

The credit risk table of trade receivables is presented in Note 32.

As of 31 December 2023 and 2022 the details of trade payables is as follows:

Short term trade payables

	31.12.2023	31.12.2022
Trade payables	149.303.718	39.177.475
Trade payables to related parties (Note 4)	156.712	385.699
Expense accruals arising from contracts made	190.000	205.966
Discount on payables (-)	(2.197.501)	(441.759)
	<u>147.452.929</u>	<u>39.327.381</u>

Details of the Group's contingent assets arising from its trade payables are as follows;

As of 31 December 2023, the Group has received a letter of guarantee from its suppliers amounting to TRY 9.516.971 (31 December 2022: 770.506 TRY). As of 31 December 2023, the Group has received guarantee bonds amounting to TRY 81.781.165 from its suppliers (31 December 2022: 1.099.976 TRY) (Note 20).

Details of the Group's contingent liabilities arising from its trade payables are as follows;

As of 31 December 2023, the Group has given guarantee bonds amounting to TRY 3.150.228 to its suppliers (31 December 2022: TRY 2.236.414) (Note 20).

The maturity of the Group's commercial payables varies for each supplier, with an average of 30 - 60 days.

Long term trade payables

None (31 December 2022: None).

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022 the details of other receivables is as follows:

Other short-term receivables

	31.12.2023	31.12.2022
VAT receivables from the tax office	18.435.425	5.069.885
	18.435.425	5.069.885

Other long-term receivables

	31.12.2023	31.12.2022
Deposits and guarantees given	545.583	875.259
	545.583	875.259

As of 31 December 2023 and 2022 the details of other payables are as follows:

Other short-term payables

	31.12.2023	31.12.2022
Taxes and funds payable	5.283.706	7.322.616
Deposits and guarantees received (a)	534.226	918.460
	5.817.932	8.241.076

(a) As of 31 December 2023, TRY 21.564 of the relevant amount consists of deposits and guarantees received from related parties (Note 4).

Other long-term payables

None (31 December 2022: None).

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NOTE 10 – EMPLOYEE BENEFITS OBLIGATIONS

As of 31 December 2023 and 2022, the details of employee benefits liabilities are as follows;

	31.12.2023	31.12.2022
Payables to employees	13.126.181	11.260.657
Social security premiums payable	11.026.740	4.188.185
	24.152.921	15.448.842

NOTE 11 – INVENTORIES

As of 31 December 2023 and 2022, the details of the inventories are as follows:

	31.12.2023	31.12.2022
Raw materials	524.462.531	210.736.776
Semi-finished goods	210.245.252	126.588.635
Finished goods	14.795.387	7.212.645
Provision for stock impairment (-) (a)	(26.242.517)	(49.650.928)
	723.260.653	294.887.128

(a) The Group calculates impairment provisions within the scope of the precautionary principle for stocks that have not been active for a long time and that are not certain to be used in current and/or future production projects.

The movement table of stock impairment provision is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Balance at the beginning of the period	49.650.928	48.091.243
Reversal of unnecessary provision (-)	(3.890.425)	(1.199.581)
Monetary gain /(loss), net	(19.517.986)	(18.815.441)
Provision allocated during the period (Note 27.2)	-	21.574.707
	26.242.517	49.650.928

The details of the stock impairment provision on a stock basis are as follows:

	31.12.2023	31.12.2022
Raw materials	4.930.190	14.533.985
Semi-finished goods	21.312.327	35.116.943
	26.242.517	49.650.928

As of 31 December, 2023, there is insurance coverage of TRY 349.905.067 on the stocks.

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NOTE 12 – OTHER CURRENT ASSETS

As of 31 December 2023 and 2022, the detail of other current assets are as follows;

	31.12.2023	31.12.2022
VAT carried forward	27.847.285	3.913.319
	27.847.285	3.913.319

NOTE 13 – PREPAID EXPENSES

As of 31 December 2023 and 2022, the details of prepaid expenses are as follows;

Short-term prepaid expenses

	31.12.2023	31.12.2022
Order advances given	81.744.800	65.001.771
Order advances given to related parties (Note 4)	4.286.110	-
Prepaid expenses	9.210.000	12.343.166
Advances given to personnel	24.420	58.420
Advances given	-	3.783
	95.265.330	77.407.140

Long term prepaid expenses

	31.12.2023	31.12.2022
Advances given for purchases of tangible fixed assets (*)	60.821.702	42.516.903
Prepaid expenses	66.824	137.699
	60.888.526	42.654.602

(*) As of 31 December 2023, TRY 42.516.903 of the relevant amount consists of the advance given within the scope of the "Land Allocation Agreement" made with Ankara Space and Aviation Specialized Organized Industrial Zone Directorate (31 December 2022: TRY 42.516.903).

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NOTE 14 – DEFERRED INCOME

As of 31 December 2023 and 2022, the details of deferred income are as follows:

Short-term deferred income

	31.12.2023	31.12.2022
Advances received (*)	433.634.335	148.584.174
Deferred income	49.309.424	48.473.848
	482.943.759	197.058.022

(*) As of December 31, 2023, TRY 25.812.997 of the order advances received consists of cash advances received from foreign customers (31 December 2022: TRY 74.322.318).

Long-term deferred income

	31.12.2023	31.12.2022
Advances received (**)	85.174.745	50.042.186
Deferred income	4.162.882	825.611
	89.337.627	50.867.797

(**) As of December 31, 2023 and 2022, all order advances received consist of cash advances received from domestic customers.

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NOTE 15 – RIGHT OF USE ASSETS

As of 31 December 2023 and 2022, the details and movement schedule of the right of use assets are as follows;

Cost	31 December 2021	Addition	31 December 2022	Addition	31 December 2023
Buildings	27.710.029	-	27.710.029	18.032.580	45.742.609
Vehicles	4.770.019	-	4.770.019	2.478.681	7.248.700
Total	32.480.048	-	32.480.048	20.511.261	52.991.309
Accumulated Depreciation (-)					
Buildings	20.508.755	7.197.334	27.706.089	9.601.241	37.307.330
Vehicles	3.503.555	854.504	4.358.059	712.983	5.071.042
Total	24.012.310	8.051.838	32.064.148	10.314.224	42.378.372
Net Book Value	8.467.738		415.900		10.612.937

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NOTE 16 – TANGIBLE FIXED ASSETS

31 December 2023 and 2022, the details and movement schedule of the tangible fixed assets are as following;

Cost	31 December 2021	Addition	Disposal	31 December 2022	Addition	Disposal	Business combination effects (a)	31 December 2023
Machinery, plant and equipment	45.663.198	3.020.845	-	48.684.043	5.468.811	(599.637)	-	53.553.217
Vehicles	-	2.151.107	-	2.151.107	2.380.946	-	-	4.532.053
Furnitures and fittings	28.171.958	4.317.471	(383.323)	32.106.106	4.933.912	(434.231)	1.896.116	38.501.903
Leasehold improvements	23.329.960	67.794	-	23.397.754	20.275	-	213.667	23.631.696
Construction in progress	304.370	491.813	-	796.183	4.800.946	-	-	5.597.129
Total	97.469.486	10.049.030	(383.323)	107.135.193	17.604.890	(1.033.868)	2.109.783	125.815.998
Accumulated Depreciation(-)								
Machinery, plant and equipment	25.298.501	6.274.063	-	31.572.564	5.993.642	(597.344)	-	36.968.862
Vehicles	-	89.630	-	89.630	363.902	-	-	453.532
Furnitures and fittings	22.064.313	3.012.588	(295.947)	24.780.954	3.441.033	(417.043)	1.146.398	28.951.342
Leasehold improvements	20.297.161	2.419.677	-	22.716.838	637.138	-	167.666	23.521.642
Total	67.659.975	11.795.958	(295.947)	79.159.986	10.435.715	(1.014.387)	1.314.064	89.895.378
Net Book Value	29.809.511			27.975.207				35.920.620

As of 31 December 2023 and 2022, tangible fixed assets are presented in the accompanying consolidated financial statements by deducting accumulated depreciation (cost method), which is calculated from the acquisition cost by deducting the scrap value, if any. The Group has no tangible fixed assets acquired through financial leasing method. As of the report date, there are no restrictions on tangible assets.

As of 31 December, 2023, the total insurance amount for tangible fixed assets is TRY 136.624.009.

(a) Relevant amounts represent the inflows resulting from the acquisition of subsidiaries, the shares of which were acquired by the Parent Company during the period.

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NOTE 17 – INTANGIBLE FIXED ASSETS

As of 31 December 2023 and 2022, the details and movement schedule of intangible fixed assets are as following;

Cost	31 December 2021	Addition	Disposal	31 December 2022	Addition	Disposal	Business combination effects (b)	31 December 2023
Rights	24.015.481	640.282	-	24.655.763	552.446	-	258.473	25.466.682
Development costs (a)	87.538.885	3.128.858	-	90.667.743	7.960.091	-	23.903.277	122.531.111
Total	111.554.366	3.769.140	-	115.323.506	8.512.537	-	24.161.750	147.997.793
Accumulated Amortization (-)								
Rights	18.495.643	2.002.279	-	20.497.922	1.491.351	-	473.330	22.462.603
Development costs (a)	23.508.164	18.973.369	-	42.481.533	11.931.017	-	18.537.512	72.950.062
Total	42.003.807	20.975.648	-	62.979.455	13.422.368	-	19.010.842	95.412.665
Net Book Value	69.550.559			52.344.051				52.585.128

(a) Capitalized development costs consist of the costs of software projects that the Group does not carry out on an order basis. Relevant costs mainly consist of personnel costs working for the relevant project.

(b) Relevant amounts represent the inflows resulting from the acquisition of subsidiaries, the shares of which were acquired by the Parent Company during the period.

As of 31 December 2023, the net book value of capitalized development costs is TRY 45.664.439 (31 December 2022: TRY 48.186.210).

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NOTE 18 – INVESTMENTS VALUED BY EQUITY METHOD

As of 31 December 2023 and 2022, the details of investments valued by equity method are as follows:

	31.12.2023	31.12.2022
Sirius - Cost amount	3.525.000	-
Sirius - Adjustment according to equity method	(1.589.114)	-
	1.935.886	-

Shares of profit / (loss) of investments valued by the equity method for the accounting periods ending on 31 December 2023, 2022 and 2021 are as follows;

	01.01. - 31.12.2023	01.01. - 31.12.2022
Shares of Profits / (Loss) of Investments Valued by Equity Method	(1.589.114)	-
	(1.589.114)	-

Summary financial information for investments valued using the equity method as of December 31, 2023 and 2022 is as follows;

Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi ("Sirius" or "Company")

Summary Statement of Financial Position

	31.12.2013	31.12.2022
Current Assets	4.460.846	-
Non - Current Assets	3.882.357	-
Total Assets	8.343.203	-
Short-term liabilities	3.438.281	-
Long-term liabilities	65.208	-
Equity	4.839.714	-
Total Liabilities	8.343.203	-

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Summary Profit or Loss Statement

	01.01. - 31.12.2023	01.01. - 31.12.2022
Revenue	-	-
Cost of sales	-	-
Gross profit / (loss)	-	-
Operating expenses	(1.127.345)	-
Other income/(expense), net	129.786	-
Period profit / (loss), net	(997.559)	-

NOTE 19 – GOVERNMENT INCENTIVES AND GRANTS

The details of the incentives obtained by the Group are as follows;

a) The Group's software projects are approved by the relevant official institutions and the Group obtains some tax incentives after approval. The rights the Group has due to these incentives are as follows:

- Incentives within the scope of the Technology Development Zones Law (100% Corporate Tax exemption),
- Incentives within the scope of the research and development law (Social Security Institution incentives, etc.).

Within the scope of the temporary second article of the "Technology Development Zones Law No. 4691", the Group's profits earned by the management companies within the scope of this law and the profits of the income and corporate taxpayers operating in the zone, earned exclusively from software and R&D activities in this zone, as of 31 December In accordance with the article "It is exempt from income and corporate taxes until 2028", the income it will obtain as a result of research and development activities is within the scope of exemption from corporate tax.

In this context; The Group's income amount exempt from corporate tax for the accounting period ending on 31 December 2023 is TRY 281.990.501 (01 January - 31 December 2022: TRY 291.472.361).

Additionally, within the scope of the same law; The Group's personnel SSI premium, income and stamp tax incentive amount for the accounting period ending on 31 December 2023 is TRY 26.634.412 (01 January - 31 December 2022: TRY 7.590.451).

b) The Group benefits from incentives in line with the "Social Insurance and General Health Insurance Law No. 5510" of the Social Security Institution of the Republic of Türkiye ("SGK"). In this context; The incentive amount obtained by the Group in the accounting period ending on 31 December 2023 is TRY 11.820.287 (01 January - 31 December 2022: TRY 8.178.523).

c) Within the scope of the "Decision No. 2017/4 on Support of Fair Participations Abroad", the Group obtained incentive income of TRY 67,423 in the accounting period ending on 31 December 2023 (01 January - 31 December 2022: 105.341).

d) Since the Parent Company's shares are offered to the public for at least 20% to be traded on the Borsa Istanbul Stock Market for the first time, corporate tax is reduced by 2 points on corporate earnings for 5 accounting periods, starting from the accounting period in which the Parent Company's shares are first offered to the public is implemented.

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NOTE 20 – PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

As of 31 December 2023 and 2022, provisions, contingent assets and liabilities are as following;

Short-term liabilities provisions

	31.12.2023	31.12.2022
Warranty service expense provisions	8.958.559	6.993.427
Provision for lawsuits	-	-
	8.958.559	6.993.427

Long-term liabilities provisions

	31.12.2023	31.12.2022
Warranty service expense provisions	3.416.630	4.875.940
	3.416.630	4.875.940

Contingent Assets

The details of the contingent assets are as follows;

Letters of Guarantees - As of 31 December 2023, the Group has received a letter of guarantee from its suppliers in the amount of TRY 9.516.971 (USD 214.480 – EURO 102.330 – TRY 1.453.310) (31 December 2022: TRY 770.506 (USD 24.964)).

Guarantee bonds - As of 31 December 2023, the Group has received a guarantee bond amounting to TRY 81.781.165 (TRY 21.150.798 – USD 2.059.581) from its suppliers (31 December 2022: TRY 1.099.976 TRY (TRY 459.879 – EURO 19.452)).

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Contingent Liability

As of 31 December 2023 and 2022, guarantee / security / mortgage ("GSM") of the Group are as follows:

Given GSM (Guarantee-Security-Mortgage) by Group	31.12.2023	31.12.2022
A. Total Amount of Gsm Given on Behalf of Legal Entity	1.141.766.696	768.510.025
B. Total Amount of Gsm Given for Partnerships Which are Included in (a)	1.000.000	-
C. Total Amount of Gsm Given for the Purpose of Guaranteeing Third Party Loans to Carry The Regular Trade Activities	-	-
D. Total Amount of Other Gsm Given	-	-
i. Total Amount of Gsm Given or the Parent Company	-	-
ii. Total Amount of Gsm Given for Other Group Companies Not Included in B And C Clauses	-	-
iii. Total Amount of Gsm Given for Third Parties Not Included in C Clause	-	-
Total	1.142.766.696	768.510.025

(a) The Parent Company has a guarantee of TRY 1.000.000 in favor of financial institutions for its subsidiary.

The details of the Group's contingent liabilities are as follows:

Letters of Guarantees – As of 31 December 2023, the total amount of letters of guarantee that the Group has received from banks and given to customers, suppliers, institutions organizing tenders and other organizations is TRY 1.014.345.100 (TRY 27.964.676 – USD 32.199.783 – EURO 1.126.694) (31 December 2022: TRY 499.552.598 (TRY 14.801.212– USD 14.883.484 – EURO 770.935)).

Guarantee Bonds - As of 31 December 2023, the Group has given guarantee bonds amounting to TRY 118.961.881 to its customers and suppliers (TRY 52.387.109 – USD 2.257.438) (31 December 2022: TRY 263.127.980 (TRY 73.452.790 – USD 4.603.806)).

Venture capital fund – The Group has a fund purchase obligation of TRY 8.459.715 until December 31, 2024, within the scope of the "Regulation on Amendments to the Implementation and Audit Regulation on Support of Research, Development and Design Activities No. 5746".

Lawsuits – From time to time, lawsuits may be filed against the Group regarding its commercial activities. The feasibility of relevant risks is analyzed by the group management and legal consultancies. As a result of the analysis conducted, there is no issue that requires a provision to be set aside by the Group management.

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NOTE 21 – EMPLOYEE BENEFITS

As of 31 December 2023 and 2022 the provisions for short term and long term employee benefits are as follows:

Short-term provisions for employee benefits

	31.12.2023	31.12.2022
Provisions for unused annual leave	14.921.906	14.243.981
Provisions for personnel wage premium	15.192.143	18.373.718
	30.114.049	32.617.699

Long-term provisions for employee benefits

	31.12.2023	31.12.2022
Severance pay provisions	10.822.341	13.806.997
	10.822.341	13.806.997

The severance pay provision has been calculated as expressed in Note 2. As of 31 December 2023, the liability is calculated on a 30 day wage base with a maximum of TRY 23.490 for each year of service, utilizing the rates on date of retirement or departure (31 December 2022: TRY 15.371).

For the period ended at 31 December 2023 and 2022, based on mentioned principles above, Group reflected severance pay liabilities which were reduced to the date of balance sheet by the using expected inflation rate and real discount rate to financial statements.

The ratios of the basic assumptions used on the day of the statement of financial position are as follows:

	31.12.2023	31.12.2022
Interest rate	44.25%	14.00%
Inflation rate	41.00%	11.80%
Real discount rate	2.30%	1.97%
Rate that is used for the probability of retirement	88.28%	89.50%

The Group does not provide any benefit to its employees other than severance pay.

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As of 31 December 2023 and 2022, the movement schedule of provision for employment termination benefits is as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Balance at the beginning of the period	13.806.997	10.911.969
Service cost	11.169.254	8.068.513
Monetary gain / (loss), net	(5.427.587)	(4.269.249)
Interest cost	181.747	132.372
Payments in the period	(8.592.582)	(1.122.806)
Actuarial gain / (losses)	(315.488)	86.198
Closing balance	10.822.341	13.806.997

NOTE 22 – DERIVATIVE INSTRUMENTS

As of December 31, 2023, and December 31, 2022, there are no derivative instruments.

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NOTE 23 – CAPITAL, RESERVES, AND OTHER EQUITY ITEMS

23.1 Paid in Capital

As of December 31, 2023, the Parent Company's capital consists of 58.000.000 shares, each with a nominal value of 1 TRY.

The capital structure of the Parent Company as of December 31, 2023, and December 31, 2022, is as follows:

Shareholders	31 December 2023		31 December 2022	
	Share Ratio	Share Amount (TRY)	Share Ratio	Share Amount (TRY)
Mehmet Dora	73,11%	42.402.500	95,00%	47.500.000
Mustafa Fatih Ünal	2,32%	1.347.500	5,00%	2.500.000
Publicly Held Portion	21,12%	12.250.000	-	-
Others (a)	3,45%	2.000.000	-	-
Total	100,00%	58.000.000	100,00%	50.000.000
Capital adjustment differences		99.640.179		95.280.156
Paid In Capital		157.640.179		145.280.156

(a) Mehmet Dora transferred 1.060.000 shares, and Mustafa Fatih Ünal transferred 940.000 non-tradable B-group shares, on September 5, 2023, under the Wholesale Purchase and Sale Transactions Procedure.

The Parent Company's capital was increased from TRY 10.000.000 to TRY 50.000.000 on March 8, 2022, with the entire amount of the increase transferred from retained earnings.

Based on approvals from the Capital Markets Board of Türkiye and Borsa İstanbul Anonim Şirketi, SDT Uzay ve Savunma Teknolojileri Anonim Şirketi's issued capital, originally TRY 50.000.000, was increased to TRY 58.000.000 within the authorized capital ceiling of TRY 750.000.000. This increase was achieved by fully restricting the preemptive rights of existing shareholders. The shares representing the additional nominal capital of TRY 8.000.000, along with shares totaling a nominal value of TRY 4.250.000 for secondary offerings, resulted in a total nominal value of TRY 12.250.000, which were offered to the public at a price of TRY 32 on December 28 - 29, 2022. The shares of the Parent Company, with the ticker symbol "SDTTR," began trading on Borsa İstanbul's Yıldız Market using the continuous trading method as of January 4, 2023.

According to the Parent Company's articles of association, registered on September 14, 2022, the Parent Company's shares are divided into A and B groups. Of the total 58.000.000 shares of the Parent Company, 7.500.000 shares belong to Group A, and all these shares are owned by Mehmet Dora.

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Capital Adjustment Differences

As of December 31, 2023, capital adjustment differences amounted to TRY 99.640.179 (December 31, 2022: TRY 95.280.156). Capital adjustment differences represent the discrepancy between the total cash and cash-equivalent contributions to paid-in capital, adjusted for inflation, and the amounts prior to inflation adjustments.

Effective from September 14, 2022, the privileges granted to Group A shares are as follows:

Election of board members

According to Article 9 of the Articles of Association titled "Board of Directors and Its Term"; It is stated that the board of directors can consist of at least 5 members, half of the members of the board of directors can be elected from among the candidates nominated by group A shareholders, and if half of the number of board members is a fractional number, the fraction should be rounded down to the nearest whole number.

Voting right

According to Article 12 of the Articles of Association titled "General Assembly"; In ordinary and extraordinary general assembly meetings, each A group share has 5 voting rights and each B group share has 1 voting right.

Effective as of September 14, 2022, there is no privilege granted to Group B shares.

The Group's explanation regarding equity accounts adjusted according to TAS 29, based on the Capital Markets Board Bulletin published on March 7, 2024, is as follows:

	Financial statements according to TPL(VUK)	Financial statements according to TAS / UFRS	Differences to be Followed in Previous Years' Profits / (Loss)
Capital Adjustment Differences	124.211.417	99.640.179	(24.571.238)
Legal Reserves	20.142.409	19.607.952	(534.457)

The Group's statement on prior year profits adjusted in accordance with TAS 29, based on the Capital Markets Board Bulletin published on March 7, 2024, is as follows:

Previous Year Profit / (Loss)	Amount before TAS 29	Amount after TAS 29
01 January 2021	199.348.690	607.007.662

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23.2 Legal Reserves

Under the Turkish Commercial Code, a legal reserve is appropriated at 5% of annual profits until the reserve reaches 20% of the company's paid-in capital. An additional legal reserve is appropriated at a rate of 10% of the total amount distributed to individuals entitled to a share of the profit, after paying a 5% dividend to shareholders. According to the Turkish Commercial Code, the legal reserve may only be used to offset losses, ensure business continuity during adverse times, or take measures to prevent unemployment and mitigate its effects, provided the legal reserve does not exceed half of the capital or issued capital.

As of December 31, 2023, and December 31, 2022, the account for legal reserves appropriated from profits is as follows:

	31.12.2023	31.12.2022
Legal reserves appropriated from profits	19.607.952	6.401.248
	19.607.952	6.401.248

23.3 Retained Earnings / (Accumulated Losses)

As of December 31, 2023, and December 31, 2022, retained earnings / (accumulated losses) are as follows:

	31.12.2023	31.12.2022
Retained earnings / (accumulated losses)	519.156.870	515.437.108
	519.156.870	515.437.108

At the general assembly held on May 30, 2023, the Parent Company approved a dividend payment of TRY 67.362.637 gross (TRY 96.305.807 at constant purchasing power as of December 31, 2023). The dividends were paid in three installments on June 16, 2023, October 27, 2023, and November 24, 2023, respectively.

The movement schedule for retained earnings / (accumulated losses) as of December 31, 2023, and December 31, 2022, is presented in the accompanying statement of changes in equity.

23.4 Remeasurement Gains / (Losses) on Defined Benefit Plans

The Group reflected the calculated severance pay liability, discounted to the financial position statement date using the expected inflation rate and the real discount rate, in its financial statements for the accounting periods ending on December 31, 2023, and December 31, 2022, based on the principles outlined in Note 2. All gains and losses except for actuarial gains / (losses) are presented in the profit or loss statement, while actuarial gains / (losses) are shown in the statement of changes in equity.

	31.12.2023	31.12.2022
Remeasurement gains / (losses) on defined benefit plans	173.968	(68.958)
	173.968	(68.958)

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23.5 Share Premiums

Share premiums consist of cash inflows obtained from the sale of the Parent Company's shares at market prices on Borsa Istanbul's Yıldız Market, along with the costs associated with the public offering process. Share premiums are reported under equity.

A total fund of TRY 256.000.000 was generated from the sale of 8.000.000 shares of the Parent Company, each with a nominal value of TRY 1, at a unit share price of TRY 32 through a capital increase on Borsa Istanbul A.Ş. Of this total, TRY 8.000.000 is reported in the capital account, while the remaining TRY 248.000.000 (TRY 383.160.701 at constant purchasing power as of December 31, 2023) is reported in the share premiums account. The total cost of the public offering for the Parent Company, amounting to TRY 16.832.997 (TRY 26.007.028 at constant purchasing power as of December 31, 2023), has been deducted from the share premiums account.

As of December 31, 2023 and 2022, the details of the premium account for shares are as follows;

	31.12.2023	31.12.2022
Premiums from the sale of shares on Borsa Istanbul A.Ş.	383.160.701	-
Costs associated with the public offering process	(26.007.028)	-
	357.153.673	-

NOTE 24 – REVENUE AND COST OF SALES

24.1 Revenue, net

Details of revenue for the periods ended at 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Domestic Sales	695.389.418	779.024.115
Exports	449.373.589	134.690.923
	1.144.763.007	913.715.038
Sales returns	(4.414.998)	(114.400)
Sales Revenues (net)	1.140.348.009	913.600.638

The concentration risk analysis for the accounting periods ending on December 31, 2023, and December 31, 2022, is presented in Note 32.

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24.2 Cost of Sales

Details of cost of sales for the periods ended at 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Direct raw material costs	462.670.796	272.043.030
Direct labor costs	131.586.452	94.073.035
General production expenses	90.002.653	145.248.196
Depreciation and amortization	23.144.137	27.507.437
<u>Change in work-in-progress inventory</u>		
1. Work-in-progress at the beginning of the period (+)	126.588.635	64.438.785
2. Work-in-progress at the end of the period (-)	(210.245.252)	(126.588.635)
Cost of goods produced	623.747.421	476.721.848
<u>Change in finished goods inventory</u>		
1. Finished goods at the beginning of the period (+)	7.212.645	624.905
2. Finished goods at the end of the period (-)	(14.795.387)	(7.212.645)
Cost of finished goods sold	616.164.679	470.134.108
<u>Cost of merchandise</u>		
1. Merchandise inventory at the beginning of the period (+)	-	13.221
2. Purchases during the period (+)	9.890.812	527.550
3. Merchandise inventory at the end of the period (-)	-	-
Cost of goods sold	9.890.812	540.771
Cost of services rendered	37.930.574	71.917.509
Depreciation and amortization	72.251	247.497
Cost of sales, net	664.058.316	542.839.885

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NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

For the periods ended at 31 December 2023 and 2022, general administrative expenses, marketing expenses and research and development expenses are mentioned below;

	01.01. - 31.12.2023	01.01. - 31.12.2022
General administrative expenses	108.413.877	84.645.715
Marketing expenses	29.554.396	30.762.797
Research and development expenses	16.215.605	16.198.760
	154.183.878	131.607.272

NOTE 26 – EXPENSES BY NATURE

26.1 General Administrative Expenses

Details of general administrative expenses for the periods ended at 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	79.952.322	53.503.248
Consulting and licensing expenses	11.486.995	8.038.398
Office overheads	5.681.036	6.877.993
Representation and hospitality expenses	4.478.087	3.008.907
Depreciation and amortization	3.210.613	7.300.945
Travel and accommodation expenses	1.451.914	796.035
Communication expenses	658.373	423.505
Stationery and printing expenses	582.156	425.939
Other expenses	912.381	4.270.745
	108.413.877	84.645.715

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26.2 Marketing expenses

For the periods ended at 31 December 2023 and 2022, the details of marketing expenses are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	16.636.443	16.330.529
Education, seminar, and fair expenses	5.457.665	5.810.973
Travel and accommodation expenses	3.323.210	3.920.129
Advertising and announcement expenses	1.738.737	1.056.567
Service procurement expenses	1.223.042	2.755.630
Depreciation and amortization	432.498	43.879
Other expenses	742.801	845.090
	29.554.396	30.762.797

26.3 Research and development expenses

For the periods ended at 31 December 2023 and 2022, the details of research and development expenses are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	8.801.982	9.313.378
Depreciation and amortization	7.312.808	5.723.686
Other expenses	100.815	1.161.696
	16.215.605	16.198.760

NOTE 27 - OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES

27.1 Other income from operating activities

The details of other income from operating activities for the periods ended at 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange gains from commercial activities	27.552.158	61.042.265
Rediscount income	4.144.203	2.903.078
Reversal of unnecessary provisions (Note 8)	157.677	-
Other income	5.982.416	4.285.638
	37.836.454	68.230.981

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27.2 Other expenses from operating activities

The details of other expenses from operating activities for the periods ended at 31 December 2023 and 2022 are as follows;

	01.01. - 31.12.2023	01.01. - 31.12.2022
Rediscount expense	12.626.812	2.662.931
Foreign exchange losses from commercial activities	50.824.300	96.546.922
Provision for doubtful receivables (Note 8)	4.453.787	264.988
Provision for inventory impairment	-	21.574.707
Other expenses (a)	4.458.195	1.480.257
	72.363.094	122.529.805

(a) For the period ended at 31 December 2023, 3.104.746 TL of the relevant amount consists of donation expenses (January 1 - December 31, 2022: None).

NOTE 28 - INCOME / (EXPENSES) FROM INVESTMENT ACTIVITIES

28.1 Income from investment activities

The details of income from investment activities for the periods ended at 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Currency-protected deposit income	180.912.236	46.473.305
Gains from the sale and valuation of financial investments	94.907.116	3.000.240
Bargain purchase gain (Note 3)	1.702.750	-
Profit on sale of fixed assets	131.301	-
	277.653.403	49.473.545

28.2 Expense from investment activities

Expenses from investment activities for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Loss on sales of financial investments	277.868	-
Loss on sale of fixed assets	15.692	73.367
	293.560	73.367

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NOTE 29 – FINANCIAL INCOME / (EXPENSES)

29.1 Financial incomes

The details of financial income for the periods ended at 31 December 2023 and 2022 are as following;

	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange gains	110.549.667	78.009.764
Derivative instruments income	11.884.427	-
Interest income	11.075.410	8.851.511
	133.509.504	86.861.275

29.2 Financial expenses

The details of financial expenses for the periods ended at 31 December 2023 and 2022 are as following;

	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange loses	95.021.306	35.324.806
Letter of guarantee, bank commission and other expenses	6.877.058	6.425.986
Loan interest expenses	735.658	837.742
	102.634.022	42.588.534

NOTE 30 – TAX ASSETS AND LIABILITIES

Deferred Tax

The Group's deferred tax assets and liabilities are derived from temporary differences between the financial statements prepared under TAS / TFRS and the Group's statutory books. These differences arise due to income and expenses being recognized in different reporting periods under TAS / TFRS and for tax purposes.

On 5 December 2017, Law No. 7061, titled "Amendment of Some Tax Laws and Some Other Laws," was published in the Official Gazette and entered into force, raising the corporate tax rate from 20% to 22% for the years 2018, 2019, and 2020. On 22 April 2021, Law No. 5520, titled "Corporate Tax Law," was published in the Official Gazette, and as of 1 July 2021, corporate profits for the year 2021 were taxed at a rate of 25%, while corporate profits for the year 2022 were taxed at a rate of 23%. Deferred tax assets and liabilities for the years ending 31 December 2022, 2021, and 2020 were calculated using a tax rate of 25% for the portion of temporary differences affecting tax in 2021 and a rate of 23% for the portion affecting tax in 2022, as per the regulations under these laws. Deferred tax assets and liabilities expected to have long-term effects were calculated using a tax rate of 20%. As of the reporting date, the corporate tax rate for the year 2023 will be applied at 25%. As of 31 December 2023, in the calculation of deferred taxes, the provision of "TAS 12 Income Taxes" standard under the measurement heading, which states that deferred tax assets or liabilities are calculated using tax rates (and tax laws) in effect at the end of the reporting period or those that are expected to be enacted when assets are realized or liabilities are settled, was considered, and thus, a rate of 25% (23% for the Parent Company) was taken into account.

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As of the consolidated statement of financial position dates, the breakdown of accumulated temporary differences and deferred tax assets and liabilities using the applicable tax rates is as follows:

	31 December 2023		31 December 2022	
	Total temporary differences	Deferred tax assets / (liabilities)	Total temporary differences	Deferred tax assets / (liabilities)
<u>Deferred tax Assets:</u>				
Severance pay provision	10.822.341	2.496.533	13.806.997	2.761.400
Receivables discount	11.120.810	2.557.144	1.492.768	268.698
Provision for doubtful receivables	5.055.478	1.162.855	1.251.233	225.222
Accrued loan interest	10.777	2.479	48.138	8.665
Unused vacation provision	14.921.906	3.443.987	14.243.981	2.563.916
Provision for inventory impairment	26.242.517	6.035.779	14.533.985	2.616.118
Indexation and depreciation differences in tangible and intangible fixed assets	133.510.292	30.911.155	-	-
Expense accrual	15.684.708	3.607.483	20.701.183	3.726.213
Provision for warranty service expenses	12.375.189	2.845.931	11.869.368	2.136.487
Deferred revenue classification	29.899.681	6.876.927	23.404.282	4.212.771
Currency difference expenses	2.750.439	632.601	4.203.416	756.614
Other	10.765.960	2.476.462	9.796	1.763
Deferred tax assets		63.049.336		19.277.867
<u>Deferred tax liabilities:</u>				
Adjustments related to inventories	(11.437.389)	(2.601.830)	(70.947.281)	(12.770.511)
Indexation and depreciation differences in tangible and intangible fixed assets	(84.318)	(16.864)	(21.665.457)	(4.333.092)
Payables discount	(2.197.501)	(505.250)	(441.759)	(79.513)
Foreign exchange income	(1.838.178)	(420.990)	(3.758.783)	(676.589)
Deferred revenue classification	(39.945.592)	(9.187.406)	-	-
Prepaid expenses adjustment	(2.145.526)	(493.391)	(10.141.745)	(1.825.523)
Deferred tax liabilities		(13.225.731)		(19.685.228)
Deferred tax assets / (liabilities), net		49.823.605		(407.361)

For the periods ended at 31 December 2023 and 2022 tax income / (expense) on income statement are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Corporate Tax Income / (Expense)	(65.631.233)	(22.008.285)
Deferred Tax Income / (Expense)	49.372.701	8.659.949
Tax income / (expense), net	(16.258.532)	(13.348.336)

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For the periods ended at 31 December 2023 and 2022, the movement schedule of corporate tax expense are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Unaudited profit / (loss) before tax	570.998.963	415.521.103
Total additions / deductions to the tax base	(416.599.354)	(332.942.409)
Unaudited taxable profit / (loss)	154.399.609	82.578.694
Effective tax rate	23%	23%
Calculated tax	35.511.910	18.993.100
Monetary gain / (loss), net	4.321.941	3.015.185
Other tax (b)	25.797.382	-
Corporate tax provision in the profit or loss statement	65.631.233	22.008.285

(b) Under Law No. 7440, dated 12 March 2023, titled "Restructuring of Some Receivables and Amendments to Some Laws," it was announced that an additional tax of 10% would be levied on the amount of tax credits and exemptions utilized under the Corporate Tax Law and other laws for the year 2022, as well as on the reduced corporate tax base according to Article 32/A of the Corporate Tax Law. Accordingly, an additional provision of TRY 17.616.746 (TRY 25.797.382 in terms of purchasing power as of 31 December 2023) was calculated based on the tax credits and exemptions utilized, and it was reflected in the consolidated financial statements as of 31 December 2022.

The movement schedule for deferred tax income / (expense) during the accounting periods ending on December 31, 2023, and December 31, 2022, is as follows:

	01.01. – 31.12.2023	01.01. - 31.12.2022
Opening balance at the beginning of the period	407.361	9.084.550
Deferred tax recognized in equity	72.562	(17.240)
Effect of business combination	(930.827)	-
Net deferred tax assets / (liabilities)	49.823.605	(407.361)
Deferred tax income / (expense), net	49.372.701	8.659.949

For the periods ended at 31 December 2023 and 2022, movements of current period income tax liability is as follows:

	31.12.2023	31.12.2022
Current period income tax liability	21.745.622	6.140.563
	21.745.622	6.140.563

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Corporation Tax

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Türkiye. Necessary provisions have been made in the accompanying consolidated financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income, the addition of non-deductible expenses from the tax base in the determination of business income, and the deduction of tax-exempt gains, non-taxable incomes and other deductions (past year losses, if any, and investment allowances used if preferred), calculated on. In 2022, the effective tax rate is 25% (2022: 23%).

In Türkiye, provisional tax is calculated and accrued quarterly. The provisional tax rate that must be changed on corporate earnings during the taxation of 2023 corporate earnings as of the provisional tax periods is 25% (2022: 23%). With the regulation in the Corporate Tax Law, corporations whose shares are offered to the public at a rate of at least 20% for the first time in the Borsa Istanbul Equity Market will be subject to a corporate tax of 2 points on their corporate earnings for 5 accounting periods, starting from the accounting period in which their shares are offered to the public for the first time. discount is applied.

There is no absolute and certain confirmation procedure related to tax evaluation in Türkiye. Companies prepare their tax return between 1-25 April coming after the related year's balancing period (for the companies having special account period, between 1st and 25th of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

Income Tax Withholding

In addition to Corporation tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Türkiye. As of 23 July 2006 income tax stoppage rate was altered to 15%. With the Presidential Decision dated 21 December 2021 and numbered 4936 published in the Official Gazette dated 22 December 2021, the dividend withholding tax rate was reduced from 15% to 10%. Dividends that are not distributed but added to the capital are not subject to income tax withholding.

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NOTE 31 – EARNINGS / (LOSS) PER SHARE

For the periods ended at 31 December 2023 and 2022 profit / (loss) per share whose nominal value is TRY 1 as follows:

	01.01. – 31.12.2023	01.01. - 31.12.2022
Net profit / (loss) for the period	322.375.565	113.232.273
Net profit / (loss) attributable to non-controlling interests	-	-
Net profit / (loss) attributable to the parent company	322.375.565	113.232.273
Total weighted average number of shares (*)	57.495.890	42.657.534
Basic and diluted earnings / (loss) per share (TRY).	5,61	2,65

(*) The number of shares has been calculated using the weighted average method, taking into account capital increase dates.

NOTE 32 – EXPOSURE TO FINANCIAL RISKS DUE TO FINANCIAL INSTRUMENT

Financial Instruments

Credit Risk

The risk that a financial loss will occur to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations, refer to credit risk. The Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

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As of 31 December 2023, the credit risk of Group in terms of financial instruments is as follows:

	Trade Receivables		Other Receivables		Bank	
	Related Party	Other Party	Related Party	Other Party	Deposits	Other
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)	3.886.408	484.797.099	-	18.981.008	453.251.952	178.742.550
Portion of the maximum risk secured with collateral, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3.886.408	484.797.099	-	18.981.008	453.251.952	178.742.550
B. Book value of renegotiated financial assets, which would otherwise be considered past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-	-
- Portion secured with collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	5.055.478	-	-	-	-
- Impairment (-)	-	(5.055.478)	-	-	-	-
Portion of the net value secured with collateral, etc..	-	-	-	-	-	-
-Not past due (gross book value)	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
- Portion of the net value secured with collateral, etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk exposure	-	-	-	-	-	-

(*) This line represents the total of the rows A, B, C, D and E. Factors mitigating credit risk such as guarantees received have not been taken into consideration.

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As of 31 December 2022, credit risk of Group in terms of financial instruments is as follows:

	Trade Receivables		Other Receivables		Bank	
	Related Party	Other Party	Related Party	Other Party	Deposits	Other
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)	-	147.754.224	-	5.945.144	361.198.906	-
Portion of the maximum risk secured with collateral, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	147.754.224	-	5.945.144	361.198.906	-
B. Book value of renegotiated financial assets, which would otherwise be considered past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-	-	-	-
- Portion secured with collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	1.251.233	-	-	-	-
- Impairment (-)	-	(1.251.233)	-	-	-	-
- Portion of the net value secured with collateral, etc..	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Portion of the net value secured with collateral, etc	-	-	-	-	-	-
E. Off-balance sheet items with credit risk exposure	-	-	-	-	-	-

(*) This line represents the total of the rows A, B, C, D and E. Factors mitigating credit risk such as guarantees received have not been taken into consideration.

Interest rate risk

Fluctuations may occur due to changes in market prices. These fluctuations may stem from price changes in securities, factors peculiar to security issuing firms or factors that affect all the market.

Although interest rates of financial borrowings with interest may change, financial assets with interest have fixed interest rate and cash flows in future do not change with the extent of these assets. Risk exposure to changing market interest rate of Group, is mostly based on the borrowing liabilities with variable interest rate of Group. The policy of Group is managing interest cost by using borrowings with fixed and variable interest. As of 31 December 2023 and 2022, the Group does not have any floating rate financial liabilities.

Liquidity Risk

Liquidity risk is the possibility of the Group meeting its net funding obligations. The occurrence of events that result in fund outflow, such as disruptions in the markets or lowering of the credit score, still provide the reason for the deterioration of liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

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As of 31 December 2023, liquidity risk table of the Group is as follows;

Contractual maturities in accordance with the agreement	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial Payables	11.707.866	11.751.848	3.140.668	8.310.156	301.024
	11.707.866	11.751.848	3.140.668	8.310.156	301.024
Expected maturities	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-Derivative Financial Liabilities					
Trade payables	147.452.929	149.650.430	149.650.430	-	-
Other payables	29.970.853	29.970.853	29.970.853	-	-
	177.423.782	179.621.283	179.621.283	-	-

As of 31 December 2022, liquidity risk table of the Group is as follows;

Contractual maturities in accordance with the agreement	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial Payables	8.414.973	8.885.503	2.799.434	3.416.159	2.669.910
	8.414.973	8.885.503	2.799.434	3.416.159	2.669.910
Expected maturities	Book Value	Cash outflow according to agreement (=I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-Derivative Financial Liabilities					
Trade payables	39.327.381	39.769.140	39.769.140	-	-
Other payables	23.689.918	23.689.918	23.689.918	-	-
	63.017.299	63.459.058	63.459.058	-	-

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Currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss.

As of 31 December 2023, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY equivalent functional currency	USD	EURO	CHF	GBP
1. Trade Receivables	449.234.957	15.217.672	38.500	-	-
2a. Monetary Financial Assets (including cash, banks)	75.773.532	1.565.591	898.380	12.057	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	525.008.489	16.783.263	936.880	12.057	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	525.008.489	16.783.263	936.880	12.057	-
10. Trade Payables	192.314.538	5.790.048	637.879	6.536	13.626
11. Financial Liabilities	-	-	-	-	-
12a. Other monetary liabilities	394.330.007	13.361.006	9.088	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	586.644.545	19.151.054	646.967	6.536	13.626
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	70.337.960	2.385.041	-	-	-
17. Non-Current Liabilities (14+15+16)	70.337.960	2.385.041	-	-	-
18. Total Liabilities	656.982.505	21.536.095	646.967	6.536	13.626
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	375.432.991	12.200.000	500.000	-	-
19a. Total Hedged Asset Amount	375.432.991	12.200.000	500.000	-	-
19b. Total Hedged Liabilities Amount	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	243.458.975	7.447.168	789.913	5.521	(13.626)
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(61.636.056)	(2.367.791)	289.913	5.521	(13.626)
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-
23. Export	387.010.205	14.491.204	204.699	-	-
24. Import	373.544.161	10.371.130	693.341	48.400	52.984

(*) The relevant amount represents the Group's foreign currency-denominated assets within the scope of exchange rate protected deposits.

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As of 31 December 2022, amounts of assets and liabilities of the Group in foreign currency are as follows:

	TRY equivalent functional currency	USD	EURO	CHF	GBP	AUD
1. Trade Receivables	165.187.578	5.340.638	19.604	-	-	-
2a. Monetary Financial Assets (including cash, banks)	164.183.313	4.127.919	1.043.257	32.978	44.167	30
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	-	-	-	-	-	-
4. Current Assets (1+2+3)	329.370.891	9.468.557	1.062.861	32.978	44.167	30
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	329.370.891	9.468.557	1.062.861	32.978	44.167	30
10. Trade Payables	28.361.135	798.445	107.790	-	4.562	-
11. Financial Liabilities	1.428.835	2.900	40.701	-	-	-
12a. Other monetary liabilities	161.637	725	4.232	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	29.951.607	802.070	152.723	-	4.562	-
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	157.853.023	4.902.698	198.440	-	-	-
17. Non-Current Liabilities (14+15+16)	157.853.023	4.902.698	198.440	-	-	-
18. Total Liabilities	187.804.630	5.704.768	351.163	-	4.562	-
19. Net asset / liability position of off- balance sheet derivative instruments (19a-19b)	130.941.374	4.250.000	-	-	-	-
19a. Total Hedged Asset Amount	130.941.374	4.250.000	-	-	-	-
19b. Total Hedged Liabilities Amount	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	272.507.635	8.013.789	711.698	32.978	39.605	30
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	299.419.284	8.666.487	910.138	32.978	39.605	30
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-	-	-
23. Export	129.402.929	3.171.841	1.063.230	-	-	-
24. Import	40.247.033	1.154.900	188.644	-	97.902	-

(*) The relevant amount represents the Group's foreign currency-denominated assets within the scope of exchange rate protected deposits.

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Currency Risk Sensitivity Analysis

As of 31 December 2023, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 24.345.898 more / less.

	Profit / (Loss)		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	In case of appreciation / depreciation of USD against TRY by 10%			
1-USD net asset / liability	(14.106.250)	14.106.250	(14.106.250)	14.106.250
2- Amount hedged for USD risk (-)	35.914.604	(35.914.604)	35.914.604	(35.914.604)
3-USD net effect (1+2)	21.808.354	(21.808.354)	21.808.354	(21.808.354)
	In case of appreciation / depreciation of EUR against TRY by 10%			
4- EUR net asset / liability	940.562	(940.562)	940.562	(940.562)
5- Amount hedged for EUR risk (-)	1.628.695	(1.628.695)	1.628.695	(1.628.695)
6- EUR net effect (4+5)	2.569.257	(2.569.257)	2.569.257	(2.569.257)
	In case of appreciation / depreciation of GBP against TRY by 10%			
7-GBP net asset / liability	(51.018)	51.018	(51.018)	51.018
8- Amount hedged for GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(51.018)	51.018	(51.018)	51.018
	In case of appreciation / depreciation of CHF against TRY by 10%			
10-CHF net asset / liability	19.305	(19.305)	19.305	(19.305)
11- Amount hedged for CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	19.305	(19.305)	19.305	(19.305)
TOTAL (3+6+9+12)	24.345.898	(24.345.898)	24.345.898	(24.345.898)

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As of 31 December 2022, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 27.250.763 more / less.

	Profit / (Loss)		Shareholders' equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of appreciation / depreciation of USD against TRY by 10%				
1-USD net asset / liability	11.564.457	(11.564.457)	11.564.457	(11.564.457)
2- Amount hedged for USD risk (-)	13.094.138	(13.094.138)	13.094.138	(13.094.138)
3-USD net effect (1+2)	24.658.595	(24.658.595)	24.658.595	(24.658.595)
In case of appreciation / depreciation of EUR against TRY by 10%				
4- EUR net asset / liability	2.335.585	(2.335.585)	2.335.585	(2.335.585)
5- Amount hedged for EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	2.335.585	(2.335.585)	2.335.585	(2.335.585)
In case of appreciation / depreciation of GBP against TRY by 10%				
7-GBP net asset / liability	146.760	(146.760)	146.760	(146.760)
8- Amount hedged for GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	146.760	(146.760)	146.760	(146.760)
In case of appreciation / depreciation of CHF against TRY by 10%				
10-CHF net asset / liability	109.775	(109.775)	109.775	(109.775)
11- Amount hedged for CHF risk (-)	-	-	-	-
12- CHF net effect (10+11)	109.775	(109.775)	109.775	(109.775)
In case of appreciation / depreciation of AUD against TRY by 10%				
13- CHF net asset / liabilityAUD	48	(48)	48	(48)
14- Amount hedged for AUD risk (-)	-	-	-	-
15- AUD net effect (13+14)	48	(48)	48	(48)
TOTAL (3+6+9+12+15)	27.250.763	(27.250.763)	27.250.763	(27.250.763)

Concentration risk related to sales

For the accounting periods ended at 31 December 2023 and 2022, the concentration risk of the Group's sales consists of sales, which is one of its main activities.

Considering the Group's sales and customers for the accounting periods ended at 31 December 2023 and 2022, it is seen that there is a concentration risk due to the high share of some customers in sales. According to TFRS 8 Operating Segments standard; If revenue from transactions with a single external customer is 10 percent or more of the business's revenue, the entity shall disclose that, the total amount of revenue from each such customer, and which segment or segments are reporting revenues. The entity need not disclose the identity of its major customers or the amount of revenue each segment reports from that customer.

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For the accounting periods ending on 31 December 2023 and 2022, customers and their rates that constitute 10% or more of the Group's revenue are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Company A	-	43%
Company B	12%	13%
Company C	6%	18%
Company D	9%	14%
Company E	41%	-

Capital risk management

In capital management, the Group's aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet total liabilities). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt. However, since the Group has no net debt, as 31 December 2022 total capital is shown the same as total equity capital.

As of 31 December 2023 and 2022, net debt / total equity ratio is as follow:

	31.12.2023	31.12.2022
Total debts	836.470.235	384.200.078
Less: Liquid assets	632.031.580	496.562.284
Net debt	204.438.655	(112.362.206)
Total shareholders equity	1.376.108.207	780.281.827
Total capital	1.580.546.862	780.281.827
Net Debt/ (Receivable), net / Total Capital ratio	13%	(14)%

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NOTE 33 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER FINANCIAL RISK HEDGING ACCOUNTING)

Fair value represents the price at which a financial instrument can be exchanged in a current transaction between willing parties, excluding situations such as forced sales or liquidations. If available, the quoted market price is the best indicator of a financial instrument's fair value. The Group has estimated the fair values of financial instruments to the extent that relevant and reliable information can be obtained from financial markets in Türkiye. The estimates presented here may not reflect the amounts the Group could obtain in a market transaction. The following methods and assumptions were used in estimating the fair values of the Group's financial instruments.

The following methods and assumptions were used to estimate the fair values of financial instruments for which practical estimation of fair value is possible:

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates.
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer settlements approximates its fair values.

Fair Value Measurement Hierarchy Table

The Group classifies fair value measurements for financial instruments presented in the financial statements using a three-level hierarchy based on the source of inputs for each class of financial instruments, as follows:

Level 1: Financial assets and liabilities are valued using quoted prices in active markets for identical assets and liabilities.

Level 2: Financial assets and liabilities are valued using inputs other than the quoted price for identical assets or liabilities in active markets, as indicated in first level. These inputs can include direct or indirect market-observable data used to determine the fair value of the relevant asset or liability.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable market data.

During the accounting periods ending on December 31, 2023, and December 31, 2022, the Group did not make any transfers between first level and second level, or to and from third level.

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As of 31 December 2023, classifications and fair values of financial assets as are follows;

	Financial asset / liabilities at amortized cost	Financial assets as at fair value through profit or loss	Book Value	Note
<u>Financial assets</u>				
Cash and cash equivalents	251.038.004	-	251.038.004	5
Trade receivables	488.683.507	-	488.683.507	8
Financial Investments	-	395.735.953	395.735.953	6
<u>Financial liabilities</u>				
Financial payables	11.707.866	-	11.707.866	7
Trade payables	147.452.929	-	147.452.929	8

As of 31 December 2022, classifications and fair values of financial assets as are follows;

	Financial asset / liabilities at amortized cost	Financial assets as at fair value through profit or loss	Book Value	Note
<u>Financial assets</u>				
Cash and cash equivalents	361.284.003	-	361.284.003	5
Trade receivables	147.754.224	-	147.754.224	8
Financial Investments	-	149.901.187	149.901.187	6
<u>Financial liabilities</u>				
Financial payables	8.414.973	-	8.414.973	7
Trade payables	39.327.381	-	39.327.381	8

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NOTE 34 - FEES FOR SERVICES PROVIDED BY INDEPENDENT AUDIT FIRMS

The Group's disclosure on fees related to services provided by independent audit firms, in accordance with relevant resolutions by the Public Oversight Authority (KGK), is as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
A - Fee for independent audit services for the reporting period	996.240	1.138.957
B - Fees for other services		
- Fees for other assurance services	-	-
- Fees for tax advisory services	-	-
- Fees for other non-audit services	-	-
	996.240	1.138.957

NOTE 35 – SUBSEQUENT EVENTS AFTER THE FINANCIAL POSITION STATEMENT DATE

Significant events occurring after the financial position statement date are as follows;

- The Parent Company's investment incentive certificate for the HAB facility, issued on July 4, 2022, was revised on February 12, 2024, increasing the fixed investment incentive amount from TRY 32.605.000 to TRY 96.459.044 .
- The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST 02)," was closed on January 31, 2024.
- The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST17)," commenced operations on April 3, 2024.