

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2024
(ORIGINALLY ISSUED IN TURKISH)

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi
Board of Directors and General Assembly
Ankara, Turkey

1. Introduction

We have reviewed the accompanying interim consolidated statement of financial position of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi ("the Parent Company" and/or "the Company"), its subsidiaries and its joint operations ("together the Group") as at 30 June 2024 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial information in accordance with Turkish Accounting Standard 34, Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

2. Scope of Limited Independent Audit

We conducted our review in accordance with the Standard on Review Engagements (SIA) 2410 "Review of Interim Financial Information by the Auditor who conducted the audit of the Company's Annual Financial Statements". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim consolidated financial information is substantially less in scope than an audit conducted in accordance with Standards on Auditing and whose objective is to express an opinion on the consolidated financial statements. Consequently, a review of the interim consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

3. Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, its subsidiaries and joint operations is not prepared, in all material respects, in accordance with TAS 34.

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

Ömer Çekiç



August 23, 2024
İstanbul, Türkiye

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2024 AND 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period
		Limited Reviewed	Audited
	Footnote References	30.06.2024	31.12.2023
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	422.330.964	313.131.222
Financial Investments	6	147.265.521	475.230.771
Trade Receivables	8	522.888.339	609.557.364
- Trade receivables from related parties		2.139.314	4.847.695
- Trade receivables from third parties		520.749.025	604.709.669
Other Receivables	9	20.502.995	22.995.352
- Other receivables from related parties		-	-
- Other receivables from third parties		20.502.995	22.995.352
Inventories	11	942.938.048	902.156.203
Prepaid Expenses	13	143.500.810	118.828.818
- Prepaid expenses to related parties		45.774.824	5.346.262
- Prepaid expenses to third parties		97.725.986	113.482.556
Current Period Tax Related Assets	30	2.920.156	-
Other Current Assets	12	14.972.664	34.735.196
TOTAL CURRENT ASSETS		2.217.319.497	2.476.634.926
NON-CURRENT ASSETS			
Other Receivables	9	545.583	680.531
- Other receivables from related parties		-	-
- Other receivables from third parties		545.583	680.531
Financial Investments	6	606.488	18.388.843
Investments Accounted through Equity Method	18	6.554.089	2.414.719
Right of Use Assets	15	6.850.710	13.238.003
Tangible Fixed Assets	16	75.440.408	44.805.438
Intangible Assets	17	58.162.536	65.591.843
Prepaid Expenses	13	93.451.751	75.949.053
Deferred Tax Asset	30	121.212.698	62.147.269
TOTAL NON-CURRENT ASSETS		362.824.263	283.215.699
TOTAL ASSETS		2.580.143.760	2.759.850.625

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2024 AND 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period
		Limited Reviewed	Audited
	Footnote References	30.06.2024	31.12.2023
LIABILITIES			
CURRENT LIABILITIES			
Financial Borrowings	7	212.236	126.502
Current Installment of Long Term Financial Borrowings	7	155.962.675	14.101.775
Trade Payables	8	77.943.618	183.924.805
- Trade payables to related parties		131.009	195.474
- Trade payables to third parties		77.812.609	183.729.331
Employee Benefit Payables	10	37.223.699	30.127.047
Other Payables	9	137.885.869	7.256.974
- Other payables to related parties		130.192.124	-
- Other payables to third parties		7.693.745	7.256.974
Deferred Income	14	483.280.378	602.397.913
Current Tax Liabilities	30	-	27.124.312
Short Term Provisions		40.202.257	48.737.057
- Provisions for employee benefits	21	32.850.569	37.562.635
- Other short term provisions	20	7.351.688	11.174.422
Derivative Instruments	22	389.356	-
TOTAL CURRENT LIABILITIES		933.100.088	913.796.385
NON-CURRENT LIABILITIES			
Financial Borrowings	7	-	375.481
Deferred Income	14	56.848.854	111.434.922
Long Term Provisions		18.971.332	17.760.922
- Provisions for employee benefits	21	16.088.030	13.499.203
- Other long term provisions	20	2.883.302	4.261.719
TOTAL NON-CURRENT LIABILITIES		75.820.186	129.571.325
TOTAL LIABILITIES		1.008.920.274	1.043.367.710
SHAREHOLDERS' EQUITY			
Parent Company's Equity		1.571.223.486	1.716.482.915
Paid-in Capital	23.1	58.000.000	58.000.000
Capital Adjustment Differences	23.1	138.631.829	138.631.829
Share Premiums/Discounts	23.5	445.494.166	445.494.166
Not to be Reclassified to Profit or Loss			
Accumulated Other Comprehensive Income or Expense		845.727	216.998
Gain (Loss) on Remeasurement		845.727	216.998
- Gain on remeasurement of defined benefit plans			
(Losses)	23.4	845.727	216.998
Restricted Reserves	23.2	24.457.898	24.457.898
Retained Earnings	23.3	917.353.742	647.568.188
Net Profit / Loss for the Period	31	(13.559.876)	402.113.836
Minority Interests		-	-
TOTAL SHAREHOLDERS' EQUITY		1.571.223.486	1.716.482.915
TOTAL LIABILITIES AND EQUITY		2.580.143.760	2.759.850.625

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIODS ENDED AT 30 JUNE 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period	Current period	Prior period
		Limited Reviewed	Limited Reviewed	Not Reviewed	Not Reviewed
	Footnote References	01.01.- 30.06.2024	01.01.- 30.06.2023	01.04.- 30.06.2024	01.04.- 30.06.2023
PROFIT OR LOSS PORTION					
Revenue	24.1	764.263.988	405.669.509	495.654.651	226.912.822
Cost of Sales	24.2	(584.012.968)	(284.407.295)	(380.026.249)	(165.466.849)
GROSS PROFIT / (LOSS)		180.251.020	121.262.214	115.628.402	61.445.973
General Administrative Expenses	26.1	(79.235.155)	(67.845.450)	(36.661.921)	(28.720.391)
Marketing Expenses	26.2	(24.519.349)	(14.889.271)	(13.379.733)	(3.675.705)
Research and Development Expenses	26.3	(11.144.130)	(3.785.522)	(7.450.087)	(3.785.522)
Other Income from Operation Activities	27.1	129.678.972	23.568.734	56.540.301	14.160.777
Other Expense from Operation Activities	27.2	(109.363.928)	(53.676.814)	(75.337.104)	(37.731.578)
PROFIT/ (LOSS) FROM OPERATING ACTIVITIES		85.667.430	4.633.891	39.339.858	1.693.554
Income from Investing Activities	28.1	61.494.157	245.911.189	19.471.486	182.534.248
Expenses from Investing Activities	28.2	(856.705)	(14.768)	(68.574)	(14.768)
Share of Profit/Loss of Investments Accounted Through Equity Method	18	4.139.370	-	2.555.114	-
OPERATING INCOME BEFORE FINANCIAL INCOME/ (EXPENSE)		150.444.252	250.530.312	61.297.884	184.213.034
Financing Income	29.1	74.695.844	38.769.608	33.505.349	27.124.474
Finance Expenses (-)	29.2	(64.541.493)	(25.215.751)	(10.050.994)	(8.960.397)
Monetary Gain / (Loss), net		(233.411.710)	(126.030.212)	(39.025.815)	(52.180.926)
PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(72.813.107)	138.053.957	45.726.424	150.196.185
Tax Income / (Expense) from Continuing Operations		59.253.231	(60.501.217)	48.232.327	(11.103.378)
Current Period Tax (Expense) / Income	30	-	(37.428.430)	2.140.475	2.792.171
Deferred Tax (Expense) / Income	30	59.253.231	(23.072.787)	46.091.852	(13.895.549)
PROFIT / (LOSS) FOR THE PERIOD	31	(13.559.876)	77.552.740	93.958.751	139.092.807
Distribution of Profit / (Loss) for the Period					
Minority Interests		-	-	-	-
Parent Company Shares	31	(13.559.876)	77.552.740	93.958.751	139.092.807
Earnings / (Loss) per Share	31	(0,23)	1,36	1,62	2,44

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED STATEMENTS OF OTHER COMPEREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED AT 30 JUNE 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period	Current period	Prior period
		Limited Reviewed	Limited Reviewed	Not Reviewed	Not Reviewed
	Footnote References	01.01.- 30.06.2024	01.01.- 30.06.2023	01.04.- 30.06.2024	01.04.- 30.06.2023
PROFIT / (LOSS) FOR THE PERIOD		(13.559.876)	77.552.740	93.958.751	139.092.807
OTHER COMPREHENSIVE INCOME / (EXPENSES)					
Not To Be Reclassified Under Profit or Loss		628.729	114.506	1.531.701	36.999
Gain (Loss) on Remeasurement of Defined Benefit Plans	21	816.531	143.134	1.701.419	65.103
Taxes on other comprehensive income not to be reclassified to profit or loss		(187.802)	(28.628)	(169.718)	(28.104)
- Deferred Tax Expense/Income	30	(187.802)	(28.628)	(169.718)	(28.104)
OTHER COMPREHENSIVE INCOME / (EXPENSES)		628.729	114.506	1.531.701	36.999
TOTAL COMPREHENSIVE INCOME / (EXPENSES)		(12.931.147)	77.667.246	95.490.452	139.129.806
Distribution of Total Comprehensive Income /(Expense)					
Minortiy Interests		-	-	-	-
Parent Company Shares		(12.931.147)	77.667.246	95.490.452	139.129.806

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED AT 30 JUNE 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

					Other comprehensive income or expenses not to be reclassified to profit or loss		Retained Earnings / (Losses)		Equity attributable to equity holders of the parent	Minority Interests	Total Equity
	Footnote References	Paid-in Capital	Capital Adjustment Differences	Premiums Related to Shares	Gain (Loss) on Remeasurement of Defined Benefit Plans	Restricted Reserves	Retained Earnings / (Losses)	Net Profit / (Loss) for the Period			
December 31, 2022 (Beginning of the period)		50.000.000	131.214.607	-	(86.013)	7.984.570	642.928.368	141.239.810	973.281.342	-	973.281.342
Transfer	23.3	-	-	-	-	-	141.239.810	(141.239.810)	-	-	-
Capital increase											
- Transfer	23.1	8.000.000	7.417.222	-	-	-	-	-	15.417.222	-	15.417.222
Share Premiums/Discounts	23.1	-	-	445.494.166	-	-	-	-	445.494.166	-	445.494.166
Dividends		-	-	-	-	-	(120.125.818)	-	(120.125.818)	-	(120.125.818)
Total Comprehensive Income / (Expense)		-	-	-	114.506	-	-	77.552.740	77.667.246	-	77.667.246
- Profit (Loss) for the Period	31	-	-	-	-	-	-	77.552.740	77.552.740	-	77.552.740
- Other Comprehensive Income (Expense)	23.4	-	-	-	114.506	-	-	-	114.506	-	114.506
Balances as of June 30, 2023 (End of the Period)		58.000.000	138.631.829	445.494.166	28.493	7.984.570	664.042.360	77.552.740	1.391.734.158	-	1.391.734.158
Balances as of December 31, 2023 (Beginning of period)		58.000.000	138.631.829	445.494.166	216.998	24.457.898	647.568.188	402.113.836	1.716.482.915	-	1.716.482.915
Transfer	23.3	-	-	-	-	-	402.113.836	(402.113.836)	-	-	-
Dividends	23.3	-	-	-	-	-	(132.328.282)	-	(132.328.282)	-	(132.328.282)
Total Comprehensive Income / (Expense)		-	-	-	628.729	-	-	(13.559.876)	(12.931.147)	-	(12.931.147)
- Profit (Loss) for the Period	31	-	-	-	-	-	-	(13.559.876)	(13.559.876)	-	(13.559.876)
- Other Comprehensive Income (Expense)	23.4	-	-	-	628.729	-	-	-	628.729	-	628.729
Balances as of June 30, 2024 (End of the Period)		58.000.000	138.631.829	445.494.166	845.727	24.457.898	917.353.742	(13.559.876)	1.571.223.486	-	1.571.223.486

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED AT 30 JUNE 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period
		Limited Reviewed	Limited Reviewed
	Footnote References	01.01.- 30.06.2024	01.01.- 30.06.2023
CASH FLOWS FROM OPERATING ACTIVITIES		236.759.590	69.605.050
Net Profit (Loss) For the Period	31	(13.559.876)	77.552.740
- Operating Activity Profit (Loss) For the Period		(13.559.876)	77.552.740
Adjustments Related to Reconciliation of Net Profit / (Loss) for the Period			
Adjustments Related to Depreciation and Amortization Expenses	15 - 16 - 17	21.832.052	17.508.676
Adjustments Related to Impairment (Reversal)		2.334.477	114.321
- Adjustments for Impairment (Reversal) of Receivables	27.2	2.334.477	114.321
Adjustments Related to Provisions		(1.795.793)	(9.477.797)
- Provision (Reversal) for Employee Benefits Adjustments	21	3.405.358	(1.697.513)
- Corrections Regarding Warranty Provisions (Cancellation)	20	(5.201.151)	(7.780.284)
Adjustments for Interest (Income) and Expenses	29	(5.177.023)	(10.272.233)
- Adjustments Related to Interest Income		(6.528.030)	(9.065.306)
- Adjustments Related to Interest Expense		1.351.007	(1.206.927)
- Deferred Finance Expense on Credit Purchases	27.2	18.415.297	2.584.629
- Unearned finance income from credit sales	27.1	(17.064.290)	(3.791.556)
Adjustments Related to Tax (Income) Expense	30	(59.253.231)	23.072.787
Adjustments Related to Monetary Gain / (Loss)		104.680.327	63.590.495
Changes in Working Capital			
Decrease (Increase) in Financial Investments	6	345.747.605	(401.462.683)
Adjustments for Decrease (Increase) in Trade Receivables	8	101.398.838	103.142.618
- Decrease (Increase) in Trade Receivables from Related Parties		2.708.381	-
- Decrease (Increase) in Trade Receivables from Third Parties		98.690.457	103.142.618
Adjustments for Decrease (Increase) in Other Receivables Related to Operations	9	2.627.305	2.454.342
- Decrease (Increase) in Other Receivables from Related Parties		-	-
- Decrease (Increase) in Other Receivables from Third Parties		2.627.305	2.454.342
Adjustments for Decrease (Increase) in Inventories	11	(40.781.845)	(162.692.252)
Decrease (Increase) in Prepaid Expenses	13	(42.174.690)	(114.047.586)
Decrease (Increase) in Other Assets Related to Operations	12	16.842.376	(20.691.708)
Increase (Decrease) in Other Operating Liabilities	20	(989.061)	(1.554.435)
Adjustments related to increase/decrease in trade payables	8	(124.396.484)	50.219.830
- Decrease (Increase) in Trade Payables to Related Parties		(64.465)	(227.021)
- Decrease (Increase) in Trade Payables to Third Parties		(124.332.019)	50.446.851
Increase (Decrease) in Employee Benefit Payables	10	7.096.652	6.980.763
Adjustments Related to Increase (Decrease) in Other Payables Related to Operations	9	96.031.564	77.103.310
- Increase (Decrease) in Other Payables to Related Parties		130.192.124	77.087.551
- Increase in Other Payables to Third Parties Related to Operations (Decrease)		(34.160.560)	15.759
Increase (Decrease) in Deferred Income	14	(173.703.603)	368.063.862

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED AT 30 JUNE 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

		Current period	Prior period
		Limited Reviewed	Limited Reviewed
	Footnote References	01.01.- 30.06.2024	01.01.- 30.06.2023
CASH FLOWS FROM INVESTING ACTIVITIES		(38.650.422)	(16.296.921)
Cash outflows from the acquisition of property, plant and equipment and intangible assets		(39.032.838)	(16.314.668)
- Cash outflows from purchase of property, plant and equipment	16	(37.481.674)	(15.257.050)
- Cash outflows from acquisition of intangible assets	17	(1.551.164)	(1.057.618)
Cash inflows from sale of property, plant and equipment and intangible assets		382.416	17.747
- Cash inflows from sale of property, plant and equipment	16	382.416	17.747
CASH FLOWS FROM FINANCING ACTIVITIES		4.617.593	338.635.860
Dividends	23.3	(132.328.282)	(120.125.818)
Capital Increase	23.1	-	15.417.224
Cash inflows from share issuance	23.5	-	445.494.165
Cash Inflows from Borrowing		244.138.371	-
- Cash inflows from loans	7	244.138.371	-
Cash Outflows Related to Debt Payments		(113.720.526)	(11.215.017)
- Cash outflows related to loan repayments	7	(113.720.526)	(11.215.017)
Interest Paid	29.2	(9.834.704)	(307.531)
Interest Received	29.1	16.362.734	9.372.837
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		202.726.761	391.943.989
INFLATION IMPACT		(93.527.019)	(63.293.992)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		109.199.742	328.649.997
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	313.131.222	450.646.115
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	422.330.964	779.296.112

The accompanying notes are an integral part of these statements.

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 June 2024, unless otherwise indicated.)

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 the "Group" in the notes to the consolidated financial statements. Information regarding the operations of the Company and joint operations included in the consolidation is as follows;

Information on the operations of the Company and joint operations included in full consolidation is as follows;

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi ("the Company" and/or "SDT Uzay")

The Company was established on February 11, 2005 in Ankara, Türkiye under the name SDT Uzay ve Savunma Teknolojileri Bilişim Üretim Danışmanlık Ticaret Anonim Şirketi and as of July 13, 2017, the Company changed its title and started to use its current title.

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.

The shares of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi were started to be traded on Borsa Istanbul Stars Market on January 04, 2023 with the code "SDTTR" and continuous trading method.

The Company's ongoing research, development and production projects as of June 30, 2024 are as follows;

Project Name	Project Description
ACMI DL	Development of Datalink Prototype for Mass Production Ammunition Training Pod (MEP)
AGAMA COMPUTER 12P (AGS12)	Mission Computer Production
BATTERY KB SERIAL PRODUCTION	Medium Range Anti-Tank Weapon System Fire Control Unit Control Unit Production
ANKA_S GVKs	Data Recording System
ARTUK	Detection, Reporting, Screening, Application Catalog Development Project
ASELSAN CONTRACT MANUFACTURING	Contract Fiber Optic, Contract Lcd, Contract Card, Contract Computer Production
ASELSAN HGK-3	ASELSAN Precision Guidance Kit Type-3 (HGK-3) Guidance Electronics Whole Procurement
ASFAT HGK	ASFAT - Precision Guidance Kit Type-3 (HGK-3) Guidance Electronics Whole Procurement
ATAK -VKS	ATAK Helicopter Data Recording System Project
ATLAS Electronic Card Production	Atlas Kart (Inertial Measurement Unit) Production
AVCI	Integrated Mini/Micro UAV Detection and Interception System Project
Aselpod VKS	Aselpod Solid State Recorder Production
CBUGS	Cloud Based User Ground Segment Project
Bag Type Signal Jammer System	Jammer Production
Grasshopper	Ground Station Integration
EMI/EMC	EMI/EMC Test Services
ETR	Electronic Scanning Radar (ESR) Development Project
F16_MEP	Live, Virtual and Simulated Integrated Training System Mass Production Project
FESIM	Missile Training Simulator Project
Flutter Excitation System (FES)	Flutter Excitation System Project
GIGS_U	Modular Computer GPS, LCD, Console, Servo Interface Unit, MissionComputer, Fiber Optic Booster, Contract Manufacturing
GÖKÇE KART	National Precision Guidance Kit Production
GKB	Image Coding Unit
GKT-1 Maintenance	Göktürk-1 Satellite System Maintenance and Operation Service Procurement
Görgüç Productization	Sar Imaging Image Generation Solution (Sar Görgüç) Project

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Project Name (Continued)	Project Description (Continued)
SIGHT	Competition Project on Detection and Identification of Naval Targets on Synthetic Aperture Radar Imagery
GVKS	Task Data Recording System Production
GK-Y	Göktürk-Y Ground Systems Development Project
Taskserver	Mission Computer Production
HAKBD	Aircraft Control Computer Hardware Production
HBB	Air Unit Computer Production
HETS	Helicopter Obstacle Detection System Project
HÜRKUŞ-B DVKS	HÜRKUŞ-B Digital Data Recording System Production
HGK-84	Precision Guidance Kit electronics production
ILK	Infrared Launcher Kit
CASIF-FASON	Precision Guidance Kit (HGK-82) Production
Explorer Cards	Electronic card production for the Explorer project
Explorer Hybrid	Global Positioning Device Production
KI2S	Bone Conduction Headset Production
KEYBOARD	Ruggedized Keyboard Production
CONSOLE	Console Production
MY DOG-ATHLET	Small Scale Shooting Training Simulator
LAB Cards	Laser seeker head electronic card production
Launcher Management Computer-Lyb	Launcher Management Computer Project
Lcd/Fo/Computer/Console (Lfgk)	LCD/Fiber Optics/Computer/Consoles Production
LSS	Life Support System Project
LTO-7	Gokturk Ground Station Offline Storage Unit Upgrade
LNA Card	Antenna Card Production
MCT INTERFACE UNIT_CONSOLE	Console Production
MHYS - SAKARYA	Spatial Map Management System Project
NATIONAL HGK	National Precision Guidance Kit (Type-1) Guidance Electronics Whole Procurement
miniCOMINT	MiniCOMINT System Development Project
MMU IBCF & SAR/ISAR GIF	National Combat Aircraft (MMU) Project Image Based Classification Function Set & SAR/ISAR and Ground Imaging Function Set Project
MSTTS UKB	Battlefield Recognition Identification System Remote Command Unit Production
MY FIGHTING	Combat Training Simulator Project
Nigeria Backpack Jammer Supply	Production of back type mixers (Foreign sales)
SHOOTER INTERFACE UNIT	Weapon Carrier Vehicles (STA) Project Gunner Interface Unit Project
OMTAS TASK UNIT	Medium Range Anti-Tank System Mission Unit Project
FREEDOM VKS	Free Data Recording System Production
PAF_ACMI	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 Phase-2	Synthetic Aperture Radar (SAR) Imaging System Project
SIGMA	Seismic Processing Visualization Module Infrastructure Development Project
Backpack Mobile Jammer Project	Production of backpack mixers

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Project Name (in continuation)	Project Description (in continuation)
SSS	Ruggedized Servo Drive Production
TKY InSAR	Technology Acquisition Obligation Interferometric Synthetic Aperture Radar Development Project
RIFLE TYPE JAMMER	Rifle Type Jammer (RF Jamming System) Production
IAEA	Remote Sensing Project License Sale
UDS	Aircraft Interceptor Systems (IIS) Procurement Project
UKGA	Remote Command Receive Send Unit
YTDA	New Type Submarine Project
32 PCS LCD (WITHOUT BUTTONS)	LCD Production
Spare Parts and Accessories Sales	Spare Parts and Accessories Sales
Airborne Radio - UKB	Airborne Radio - UKB

As at June 30, 2024, the average number of personnel of the Company is 246 (December 31, 2023: 244).

The capital structure of the Company as of June 30, 2024 and December 31, 2023 is presented in Note 23.1.

The Company's head office and branch addresses are as follows;

Centre: Üniversiteler Mahallesi İhsan Doğramacı Bulvarı No:37/1 Çankaya / Ankara / Türkiye

Met 2 Branch: Mustafa Kemal Mahallesi 2082 Caddesi No: 54 A Çankaya / Ankara / Türkiye

SDT - ASO Teknopark Branch: Ahi Evran OSB Mahallesi Erkunt Caddesi No:3/16 Sincan / Ankara / Türkiye

Tamgör - SDT Joint Ventures ("Joint Operations")

Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi and SDT Uzay ve Savunma Teknolojileri Anonim Şirketi have established a joint venture for the production of vehicle and backpack type frequency jammers.

A new joint venture has been established for each project and/or tender and as of June 30, 2024, there are 11 joint ventures (December 31, 2023: 15).

As at June 30, 2024 and December 31, 2023, summary information of joint operations is as follows:

Title	Year of Establishment	Project Name	Capital Amount	Shareholding rate
TAMGÖR - SDT Business Partnership (ST 01) (a)	2018	Back Type Mixer Project	5.000	50%
TAMGÖR - SDT Business Partnership (ST 02) (e)	2018	2nd Generation Back Type Jammer System Project	5.000	50%
TAMGÖR - SDT Business Partnership (ST 03) (c)	2018	Vehicle Type Mixer System Procurement Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 04) (b)	2018	TSA-2A BMC Vehicle Type Jammer System Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 05)	2018	TSS-3A Project (Tamgör SDT Ridge Type-3A)	2.000	50%
TAMGÖR - SDT Business Partnership (ST 06)	2018	K.K.K. 528 Back Type Cargo. Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 07)	2019	148 Vehicle Type Mixer System Procurement Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 08) (f)	2019	91 Vehicle Type Mixer / Blender System Procurement Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 09)	2019	Effective Countermeasures Against Vehicle-Borne Mini-Micro UAVs Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 10)(d)	2019	CRA Intermediary Scrambling System Procurement Project	2.000	50%
TAMGÖR - SDT Business Partnership (ST 11)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	2.000	50%
TAMGÖR - SDT Business Partnership (ST 12)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	2.000	50%
TAMGÖR - SDT Business Partnership (ST 13)	2020	JAMMER_JBO283AT	400.000	50%
TAMGÖR - SDT Business Partnership (ST 14)	2021	6985 TTA-2 Project KKS 2021 12 TSA-2A Vehicle Type Jammer	2.000	50%
TAMGÖR - SDT Business Partnership (ST 15)	2022	Maintenance-Repair-Service Project of Manufactured Mixing Blinding Systems	400.000	50%
TAMGÖR - SDT Business Partnership (ST 16)	2023	Gendarmerie Maintenance and Repair Project	300.000	50%
TAMGÖR - SDT Business Partnership (ST 17)	2024	6978_K.K.K.K. Jammer Supply (III. Package) Project	2.000	50%

(a) The relevant joint venture was closed on May 16, 2023.

(b) The relevant joint venture was closed on June 20, 2023.

(c) The relevant joint venture was closed on November 02, 2023.

(d) The related joint venture was closed on December 20, 2023.

(e) The related joint venture was closed on January 31, 2024.

(f) The related joint venture was closed on May 15, 2024.

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As at June 30, 2024 and December 31, 2023, the number of personnel of the joint operations are as follows;

Title	30 June 2024	31 December 2023
TAMGÖR - SDT Business Partnership (ST 01)	-	-
TAMGÖR - SDT Business Partnership (ST 02)	-	-
TAMGÖR - SDT Business Partnership (ST 03)	-	-
TAMGÖR - SDT Business Partnership (ST 04)	-	-
TAMGÖR - SDT Business Partnership (ST 05)	-	-
TAMGÖR - SDT Business Partnership (ST 06)	-	-
TAMGÖR - SDT Business Partnership (ST 07)	-	1
TAMGÖR - SDT Business Partnership (ST 08)	-	-
TAMGÖR - SDT Business Partnership (ST 09)	-	1
TAMGÖR - SDT Business Partnership (ST 10)	-	-
TAMGÖR - SDT Business Partnership (ST 11)	-	-
TAMGÖR - SDT Business Partnership (ST 12)	1	1
TAMGÖR - SDT Business Partnership (ST 13)	-	-
TAMGÖR - SDT Business Partnership (ST 14)	-	-
TAMGÖR - SDT Business Partnership (ST 15)	2	2
TAMGÖR - SDT Business Partnership (ST 16)	3	3
TAMGÖR - SDT Business Partnership (ST 17)	7	-
Total	13	8

Thales - SDT Joint Venture ("Joint Operations")

Thales Italy SpA and SDT Space and Defense Technologies Joint Stock Company signed a joint venture agreement on December 14, 2016 for the execution and completion of the "Supply and Installation of 8 ILS/DME Systems" tendered by the General Directorate of State Airports Authority.

Title	Year of Establishment	Project Name	Capital Amount	Shareholding rate
Thales - SDT Partnership	2016	Procurement and Installation of 8 ILS/DME Systems	5.000	19%

As at June 30, 2024 and December 31, 2023, the joint operation has no personnel.

SDT Azerbaijan MMC ("Subsidiary" and/or "SDT Azerbaijan")

SDT Azerbaijan MMC was established on January 11, 2023 in Baku / Azerbaijan. The main activity of the Company is to carry out new business activities in the region where it was established, in line with the activities of SDT Space and Defense Technologies Joint Stock Company, which is the main shareholder of the Company.

As of June 30, 2024 and December 31, 2023, SDT Azerbaijan has no personnel. As of June 30, 2024 and December 31, 2023, the sole shareholder of SDT Azerbaijan is SDT Uzay ve Savunma Teknolojileri Anonim Şirketi.

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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 ("the 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 products. In addition, to design and manufacture software within its field of activity and to trade in all these fields.

As at 30 June 2024, Cey Savunma's average number of personnel is 12 (31 December 2023: 18). (December 31, 2023: 18).

The shareholding structure of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi as of June 30, 2024 and December 31, 2023 is as follows;

Shareholders	30 June 2024		31 December 2023	
	Share Ratio	Share amount	Share Ratio	Share amount
SDT Space and Defense Technologies Joint Stock Company	100,00%	11.670.000	100,00%	11.670.000
Total	100,00%	11.670.000	100,00%	11.670.000

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi acquired all of the shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from a person who is not a related party in consideration of TRY 4.000.000 (TRY 6.269.029 based on the purchasing power as of 30 June 2024) on 04 July 2023.

Cey Savunma's headquarters address is as follows:

Kızılırmak Mahallesi
1443 Cad. Dış Kapı No: 25/A
No: 92
Çankaya/Ankara/Türkiye

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Information regarding the operations of the Company, which is included in the consolidation by equity method, is as follows;

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

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

The Company's field of activity is to manufacture and trade all kinds of electronic, electromechanical and mechanical tools and equipment and their spare parts for aviation, defense and space technologies. In addition, it is to prepare all kinds of systems, hardware, algorithms, modeling, technical support and software, and to trade in all these matters.

During the accounting period ending on June 30, 2024, Sirius's average number of personnel is 6 (31 December 2023:5).

The partnership structure of Sirius Tasarım Laboratuvarı Mühendislik Anonim Şirketi as of June 30,2024 and December 31, 2023 is as follows;

Shareholders	30 June 2024		31 December 2023	
	Share Ratio	Share amount	Share Ratio	Share amount
SDT Space and Defense Technologies Joint Stock Company	40.00%	500.000	40.00%	500.000
Mehmet Dora	20.00%	250.000	20.00%	250.000
Osman Basoglu	10.00%	125.000	10.00%	125.000
Önder Yazlık	9.00%	106.500	9.00%	106.500
Gorkem Kandemir	9.00%	106.500	9.00%	106.500
Furkan Koltuk	6.00%	81.000	6.00%	81.000
Kenan Bozdaz	6.00%	81.000	6.00%	81.000
Total	100.00%	1.250.000	100.00%	1.250.000

The Company's head office address is as follows;

Ivedikosb Neighborhood
2224 Street
No:1 Interior Door No:116
Yenimahalle/Ankara

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NOTE 2 - BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.a Basis of Presentation

Declaration of Conformity

The Parent Company, its subsidiaries and joint operations maintain their books of account and prepare their statutory financial statements in accordance with the Turkish Commercial Code numbered 6102 ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Republic of Türkiye Ministry of Treasury and Finance. The 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 accompanying consolidated financial statements have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" announced by the Capital Markets Board ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. In accordance with Article 5 of the Communiqué, Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and the related appendices and interpretations ("TAS / TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") are taken as basis. TAS consists of Turkish Accounting Standards and the related appendices and interpretations. TFRS are updated through communiqués in line with the changes in International Financial Reporting Standards ("IFRS"). In addition, the financial statements are presented in accordance with the formats specified in the "Announcement on TAS Taxonomy" published by POA on October 04, 2022 and the Financial Statement Examples and User Guide published by CMB.

The accompanying consolidated financial statements of the Group have been prepared in accordance with the CMB's "Announcement on Financial Statements and Footnote Formats" dated June 07, 2013, resolution 9/221 dated February 08, 2024 and resolution 14/382 dated March 07, 2024. In addition, the accompanying consolidated financial statements are presented in accordance with the 2016 TAS Taxonomy approved by the Board decision dated June 02, 2016 and numbered 30, which was developed by POA based on paragraph (b) of Article 9 of the Decree Law No. 660 ("Decree Law").

Based on the CMB's decision dated December 28, 2023 and numbered 81/1820 and the announcement made by POA on November 23, 2023 and the "Implementation Guide on Financial Reporting in Hyperinflationary Economies" published on November 23, 2023, it has been decided that issuers and capital market institutions subject to financial reporting regulations applying TAS / TFRS shall apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the accounting periods ending on December 31, 2023.

The consolidated financial statements are based on the statutory records of the Group and presented in TRY, with adjustments and reclassifications for the purpose of fair presentation in accordance with the TAS/TFRS issued by POA and the related communiqués of CMB.

Financial Statements of Subsidiary Operating in a Country Other Than Türkiye

The financial statements of the subsidiary operating in a country other than Türkiye have been prepared in accordance with the laws and regulations in force in the country in which the subsidiary operates, with adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS / TFRS issued by the Public Oversight Accounting and Auditing Standards Authority. The assets and liabilities of the subsidiary are translated into Turkish Lira at the exchange rate at the date of the consolidated statement of financial position and income and expenses are translated into Turkish Lira at the average exchange rate for the year then ended. Exchange differences arising as a result of the use of the average exchange rate and the exchange rate at the statement of financial position date are recognized in the accompanying consolidated statement of financial position under "Foreign Currency Translation Differences" in equity.

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Restatement of Financial Statements in Hyperinflationary Periods

With the decision of CMB dated December 28, 2023 and numbered 81/1820 and the announcement made by Public Oversight Accounting and Auditing Standards Authority ("POA") on November 23, 2023, companies applying TAS / TFRS have started to apply inflation accounting in accordance with "TAS 29 Financial Reporting in Hyperinflationary Economies" starting from their financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

The accompanying consolidated financial statements have been prepared under the historical cost convention, except for financial investments measured at fair value. These financial statements and all comparative figures for prior periods have been adjusted for the changes in the general purchasing power of the Turkish Lira in accordance with TAS 29 and finally expressed in terms of the purchasing power of the Turkish Lira at June 30, 2024.

In the application of TAS 29, the Group has used the adjustment factors derived from the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with the guidance of POA. The CPI and the corresponding adjustment factors for the current and prior periods since January 1, 2005, when the Turkish Lira ceased to be designated as the currency of a hyperinflationary economy, are as follows:

Period	Index	Index %	Correction coefficient
31.12.2005	122,65	7,72	18,90982
31.12.2006	134,49	9,65	17,24507
31.12.2007	145,77	8,39	15,91061
31.12.2008	160,44	10,06	14,45581
31.12.2009	170,91	6,53	13,57024
31.12.2010	181,85	6,40	12,75386
31.12.2011	200,85	10,45	11,54737
31.12.2012	213,23	6,16	10,87694
31.12.2013	229,01	7,40	10,12746
31.12.2014	247,72	8,17	9,36255
31.12.2015	269,54	8,81	8,60462
31.12.2016	292,54	8,53	7,92811
31.12.2017	327,41	11,92	7,08375
31.12.2018	393,88	20,30	5,88832
31.12.2019	440,5	11,84	5,26513
31.12.2020	504,81	14,60	4,59438
31.12.2021	686,95	36,08	3,37621
31.12.2022	1.128,45	64,27	2,05529
31.12.2023	1.859,38	64,77	1,24735
30.06.2024	2.319,29	24,73	1,00000

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In accordance with IAS 29, in order to make the necessary adjustments to the consolidated financial statements, assets and liabilities are first separated into monetary and non-monetary, and non-monetary assets and liabilities are further separated into those measured at current value and those measured at cost. Monetary items (except for those linked to an index) and non-monetary items measured at their current values at the end of the reporting period are not subject to inflation adjustment as they are currently expressed in terms of the measuring unit current at June 30, 2024. As of June 30, 2024, non-monetary items that are not expressed in terms of the measuring unit current at June 30, 2024 are subject to inflation adjustment using the relevant coefficient. Where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or net realizable value, the carrying amount is reduced by applying the relevant TAS / TFRS. In addition, inflation adjustments have been made to equity components and all items in the statement of profit or loss and other comprehensive income. All items in the statements of profit or loss and other comprehensive income, except cost of sales, depreciation and amortization, gain / (loss) on sale of assets and fair value adjustments, have been restated by applying the relevant adjustment factors. Cost of sales, depreciation and amortization, gain / (loss) on sale of assets and fair value adjustments are recalculated based on the adjusted consolidated statement of financial position items using the adjustment factors. All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Non-monetary items acquired or undertaken before January 1, 2005, the date on which the Turkish Lira ceased to be regarded as the currency of a hyperinflationary economy, and non-monetary items included in or arising from shareholders' equity before that date are restated for the change in the CPI from January 1, 2005 to June 30, 2024.

The application of IAS 29 required adjustments to be made to the Net Gains (Losses) on Monetary Positions in the profit or loss section of the statement of profit or loss and other comprehensive income arising from the decline in the purchasing power of the Turkish Lira. Unless the value of monetary assets or liabilities depends on changes in an index, during an inflationary period, the purchasing power of entities holding monetary assets in excess of monetary liabilities weakens, while the purchasing power of entities holding monetary liabilities in excess of monetary assets increases. The net gain or loss on monetary position is derived from the restatement differences of non-monetary items, equity, items in the statement of profit or loss and other comprehensive income, and index-linked monetary assets and liabilities.

In addition, in the reporting period in which TAS 29 is applied for the first time, the provisions of the standard are applied assuming that there will always be hyperinflation in the relevant economy. Therefore, the consolidated statement of financial position as at January 1, 2022, which is the beginning of the earliest comparative period, has been adjusted for inflation in order to provide a basis for subsequent reporting periods. As of January 01, 2022, the inflation adjusted amount of retained earnings/accumulated losses in the consolidated statement of financial position is derived from the balance sheet equivalence that should exist after the inflation adjustment of the other items of the said statement.

Relevant amounts for the previous reporting period are restated by applying the general price index so that the comparative consolidated financial statements are presented in the measuring unit current at the end of the reporting period. Information disclosed for prior periods is also presented in the measuring unit current at the end of the reporting period.

The financial statements of the subsidiary that does not report in the currencies of hyperinflationary economies are subject to the provisions of TAS 21. In this context, TAS 29 has been applied only to subsidiaries resident in Türkiye and other subsidiaries have been evaluated and accounted for within the scope of TAS 21.

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Rounding Degree of Amounts Offered in Currency and Financial Statements

The functional and presentation currency of the Parent Company, its subsidiaries and joint operations in Türkiye is TRY. The functional currency of the subsidiary SDT Azerbaijan MMC is Azerbaijan New Manat ("AZN") and the reporting currency is TRY.

Financial information presented in TRY is rounded to the nearest whole TRY.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's Board of Directors on 23 August 2024. The consolidated financial statements will be finalized upon the approval of the Parent Company's general shareholders' meeting. Although there is no intention to do so, the Parent Company's management and certain regulatory bodies have the authority to amend the statutory financial statements after they are published.

Basis of Consolidation

Companies in which the Parent Company owns, directly or indirectly, 50% or more of the voting rights or over 50% of the voting rights or over which the Parent Company has the right to control the activities are subject to "full consolidation method". Control exists when the Parent Company has the right to determine the financial and administrative policies for its own benefit. Companies in which the Parent Company has a continuing involvement and/or direct or indirect ownership interest and/or management relationship that gives it the right to participate in the management and determination of the Company's financial and operating policies, or in companies in which the Parent Company has a controlling interest of twenty percent or more, or less than fifty percent, or the right to participate in the management of such companies are accounted for using the equity method of accounting.

Principles of Complete Consolidation

The principles applied in full consolidation method are as follows:

- The accounting policies of the companies included in the consolidation have been harmonized with the accounting policies of the Parent Company.
- The cost of acquisition of the Parent Company's interest in the equity of the subsidiary within the scope of consolidation is deducted from the value of the shares represented in the equity of the subsidiary's balance sheet adjusted in accordance with the accounting policies of the Parent Company.
- The balance sheet items of the Parent Company and its subsidiaries other than paid-in capital and shareholders' equity at the date of acquisition are added together and the receivables and payables of the subsidiaries subject to the consolidation method are mutually deducted in the addition process.
- All equity items, including paid-in/issued capital, of subsidiaries included in the scope of consolidation are eliminated from equity attributable to equity holders other than the parent company and its subsidiaries and presented under "Non-controlling Interests" in the consolidated balance sheet.
- Shares of the Parent Company held by subsidiaries within the scope of consolidation, if any, are eliminated against the Parent Company's share capital.
- The profit or loss statement items of the Parent Company and its subsidiaries are aggregated separately and the income and expense items arising from their transactions with each other are offset against the related accounts. For the subsidiaries acquired during the accounting period, the income and expense items realized after the date of acquisition of the subsidiary are taken into consideration.
- The portion of the net profit or loss of subsidiaries included in the scope of consolidation that is attributable to interests other than those included in the consolidated financial statements is presented in the "Non-controlling Interests" account.

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As of 30 June 2024 and 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;

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

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

(b) The Parent Company acquired all of the shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from a non-related party on July 4, 2023 in consideration of TRY 4.000.000 (TRY 6.269.029 based on the purchasing power as of June 30, 2024).

Details of the Group's subsidiaries are presented in Note 1 and Note 3.

Equity method

The acquisition cost of the Parent Company's interest in the share capital of the associate subject to the equity method is adjusted to the value represented in the equity of these associates in the statement of financial position of the Parent Company adjusted in accordance with the accounting policies of the Parent Company and the difference arising in previous years is recognized in "Retained Earnings or Retained Earnings" and the difference arising in the current period is recognized in "Share of Profit or Loss of Investments Accounted Through Equity Method".

If the Parent Company's share of losses of the associate equals or exceeds the balance sheet value of the associate, the associate continues to be recognized at its trace value.

As at June 30, 2024 and December 31, 2023, the companies in which the Parent Company has a continuing involvement and/or direct or indirect ownership and management relationship in terms of participating in the management and determination of operating policies, or in which the Parent Company has a shareholding interest of twenty percent or more, or less than fifty percent or a right to participate in the management are as follows;

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

The details of the Group's associate are presented in Note 1 and Note 3.

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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 at June 30, 2024, the Group's joint operations are as follows;

Joint Operation	Group's Share Ratio in Joint Operation		Non-Owned Share Ratio
	(Direct)	(Direct+ Indirect)	Share
TAMGÖR - SDT Business Partnership (ST 02) (a)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 05)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 06)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 07)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 08) (b)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 09)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 11)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 12)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 13)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 14)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 15)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 16)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 17)	%50,00	%50,00	%50,00
Thales - SDT Partnership	%19,00	%19,00	%81,00

(a) The related joint venture was closed on January 31, 2024.

(b) The related joint venture was closed on May 15, 2024.

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

Joint Operation	The Group's Share In Joint Operations		Non-Owned Share Ratio
	(Direct)	(Direct+ Indirect)	Share
TAMGÖR - SDT Business Partnership (ST 01) (a)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 02)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 03) (c)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 04) (b)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 05)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 06)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 07)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 08)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 09)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 10)(d)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 11)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 12)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 13)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 14)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 15)	%50,00	%50,00	%50,00
TAMGÖR - SDT Business Partnership (ST 16)	%50,00	%50,00	%50,00
Thales - SDT Partnership	%19,00	%19,00	%81,00

(a) The relevant joint venture was closed on May 16, 2023.

(b) The relevant joint venture was closed on June 20, 2023.

(c) The relevant joint venture was closed on November 02, 2023.

(d) The related joint venture was closed on December 20, 2023.

Details of the Group's joint operations are presented in Note 1 and Note 3.

Standard Accounting Policy

Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. If the financial statements of any of the companies included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events in similar circumstances, the necessary adjustments are made to the financial statements of the related company during the preparation of the consolidated financial statements.

The financial statements of the investor entity are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. If an associate uses accounting policies other than those used by the investor for similar transactions and other events in similar circumstances, adjustments are made when the associate's financial statements are used by the investor in applying the equity method to conform the associate's accounting policies to those of the investor.

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Assumption of Continuity of Business

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will realize the benefits from its assets and settle its liabilities within the next year and in the normal course of business.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the prior periods in order to allow the determination of the consolidated financial position and performance evaluations. The Group has prepared the consolidated statement of financial position as of June 30, 2024 comparatively with the consolidated statement of financial position as of December 31, 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the period January 1 - June 30, 2024 comparatively with the period January 1 - June 30, 2023. In order to maintain consistency with the presentation of the current period consolidated financial statements, comparative information is reclassified and significant differences are explained if necessary.

The Group has not made any adjustments in its consolidated financial statements as of December 31, 2023 and June 30, 2023, except for the adjustments made due to the application of TAS 29 standard explained in the "Adjustment of Consolidated Financial Statements in Hyperinflationary Periods" section.

2.b Changes in Accounting Policies

An entity may change its accounting policies only in the following cases;

- Required by a standard or interpretation; or
- If the effects of transactions and events on the financial position, performance or cash flows of the entity are of a nature that will provide a more appropriate and reliable presentation in the financial statements.

Users of consolidated financial statements should have the ability to compare an entity's financial statements over time to identify trends in an entity's financial position, performance and cash flows. Therefore, the same accounting policies should be applied in each interim period and each accounting period, unless a change in accounting policy meets one of the conditions specified in the paragraph above.

Changes and Errors in Accounting Estimates

The preparation of the accompanying consolidated financial statements in conformity with TAS / TFRS requires management to make estimates and assumptions regarding the carrying amounts of certain assets and liabilities, disclosures about contingent liabilities and the reported amounts of revenues and expenses. Actual amounts may differ from the estimates. These estimates are reviewed periodically and reported in the statement of profit or loss in the periods in which they become known.

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Comments that may have a significant effect on the amounts reflected in the consolidated financial statements and significant assumptions and evaluations made by taking into account the main sources of estimates that existed at the statement of financial position date or that may be realized in the future are as follows:

Provision for doubtful receivables

The allowance for doubtful receivables reflects the amounts that the Group management believes will cover future losses on receivables that exist as of the statement of financial position date but that have a risk of not being collected under current economic conditions. In assessing whether receivables are impaired, the past performance of debtors other than related parties and repeat customers, their creditworthiness in the market and their performance from the statement of financial position date to the date of approval of the financial statements and the renegotiated terms are also taken into consideration. Provision for doubtful receivables as of the statement of financial position date is reflected in Note 8.

Provision for impairment of inventories

In relation to impairment of inventories, inventories are examined physically and how far back the inventories are, their usability is determined in line with the opinions of technical personnel and a provision is recognized for the items that are estimated to be unusable (Note 11).

Deferred financing income/expense

The calculation of the amortized cost of trade receivables and payables using the effective interest method takes into account the expected collection and payment terms according to the available data on receivables and payables.

Useful lives of tangible and intangible fixed assets

The Group depreciates its property, plant and equipment and intangible assets based on their useful lives and residual values as stated in Note 2.c. Useful lives are explained in Note 2.c.

Development costs

Development is the application of research findings or other knowledge to a plan to produce new, unique and significantly improved products, processes, systems and products. When capitalizing the salaries of personnel directly involved in the creation of the asset, the Group management considers how much time each personnel spends on research and development activities. Personnel costs related to research activities are recognized directly as an expense when incurred.

Litigation provision

When provisions for lawsuits are recognized, the probability of losing the related lawsuits and the consequences of losing the related lawsuits are evaluated in line with the opinions of the Group's legal advisors. Explanations regarding the provisions deemed necessary by the Group management based on its best estimates using the available data are disclosed in Note 20.

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Warranty expense provision

Provision for warranty expenses includes labor, spare parts and similar expenses incurred without charge to the customer for the products and services sold under warranty. Service costs that may be incurred in subsequent years in relation to sales recognized as revenue in the current period are recognized as warranty expense provisions in the related period by considering the short and long term distinction as a result of estimates based on the Group management's experience (Note 20).

Retirement pay provision

The liability is determined by actuarial calculations based on a number of assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties. Details of provisions for employee benefits are disclosed in Note 21.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS/TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS/IFRS and tax purposes. The Group has deferred tax assets resulting from deductible temporary differences. The partially or fully recoverable amount of deferred tax assets is estimated under current conditions. During the assessment, future profit projections, losses incurred in current periods, the expiration dates of unused losses and other tax assets were taken into consideration. As a result of the assessments made, as of June 30, 2024 and December 31, 2023, deferred tax assets have been estimated and recognized for the portion of temporary differences arising from tax deductions that are foreseeable and that can be utilized within the period in which the tax deduction right can be continued within the framework of tax laws. The details of deferred tax calculations as of the related consolidated statement of financial position date are disclosed in Note 30.

The New International Financial Reporting Standards, Amendments

As at June 30, 2024, the accounting policies adopted in preparation of the financial statements for the year ended June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TAS / TFRS and TAS / TFRS interpretations effective as of January 1, 2024.

As at June 30, 2024, the new standards, amendments and interpretations to existing standards are effective:

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

Effective for annual periods beginning on or after January 01, 2023. These amendments require companies to recognize deferred tax on transactions that, when recognized for the first time in the financial statements, give rise to equal amounts of taxable and deductible temporary differences.

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

Effective for annual periods beginning on or after January 1, 2023. These amendments are intended to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

TFRS 17, "Insurance Contracts";

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

Amendment to TFRS 12, International tax reform - Pillar two model rules;

Deferred tax exemption and disclosure of the application of the exemption has entered into force. Other disclosure requirements are effective for annual periods beginning on or after January 1, 2023. These amendments provide companies with a temporary exemption from accounting for deferred taxes arising from international tax reform by the Organization for Economic Cooperation and Development. The amendments also include targeted disclosure requirements for affected companies.

TFRS 16, Sale and leaseback transactions;

Effective for annual periods beginning on or after January 1, 2024. These amendments include the sale and leaseback provisions in IFRS 16 that clarify how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments are variable lease payments that are not linked to an index or rate are likely to be affected.

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

Effective for annual periods beginning on or after January 1, 2024. These amendments clarify how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability.

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

Effective for annual periods beginning on or after January 1, 2024. These amendments require disclosures to increase transparency about supplier financing arrangements and their impact on an entity's liabilities, cash flows and liquidity risks. The disclosure requirements are the IASB's response to investor concerns that some companies' supplier financing arrangements are not sufficiently clear and hinder investor analysis.

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

Effective for annual periods beginning on or after January 01, 2024. This is subject to the standards being approved by local laws or regulations. This standard provides a basic framework for disclosing all material sustainability-related risks and opportunities across a company's value chain.

TSRS 2, "Climate-related disclosures";

Effective for annual periods beginning on or after January 01, 2024. This is subject to the standards being approved by local laws or regulations. This is the first standard to specify disclosure requirements for companies about climate-related risks and opportunities.

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Standards, amendments and interpretations issued but not yet effective as at June 30, 2024

TAS 21 Lack of Interchangeability;

Effective for annual periods beginning on or after January 1, 2025. An entity is affected when it has a transaction or activity in a foreign currency that is not convertible into another currency at a particular measurement date for a particular purpose. A currency can be exchanged when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.

TFRS 18 Presentation and Disclosures in New Financial Statements;

In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for the presentation of profit or loss, including the presentation of specific totals and subtotals. IFRS 18 requires entities to present all income and expenses included in the statement of profit or loss in one of five categories: operating activities, investing activities, financing activities, income taxes and discontinued operations. The standard also requires disclosure of performance measures established by management and introduces new requirements for aggregating or disaggregating financial information in accordance with the roles defined for the primary financial statements and notes. The issuance of IFRS 18 also resulted in certain amendments to other financial reporting standards such as IAS 7, IAS 8 and IAS 34.

The amendments do not have a significant impact on the consolidated financial position and performance of the Group.

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 risk of changes in value. The carrying amounts of these assets approximate their fair values.

Financial Instruments

Under IFRS 9, on initial recognition, a financial asset is classified as either measured at amortized cost; fair value through other comprehensive income ("FVOCI") - debt instruments; FVOCI - equity instruments; or FVTPL - equity instruments. The classification of financial assets under IFRS 9 is generally based on the entity's business model for managing financial assets and the characteristics of the contractual cash flows of the financial asset. The standard eliminates the requirement to segregate embedded derivatives from financial assets and requires an entity to consider how to classify a hybrid contract as a whole.

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

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

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A debt instrument is measured at FVTOCI if both of the following conditions are met and the debt instrument is not classified as FVTPL:

- The financial asset is held within a business model whose objective is to collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset 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 investments in equity instruments that are not held for trading, an entity may make an irrevocable election to present subsequent changes in fair value through other comprehensive income. This election can be made on an investment-by-investment basis. All financial assets mentioned above that are not measured at amortized cost or at FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, a financial asset may be irrevocably designated as measured at FVTPL, provided that the designation eliminates or significantly reduces an accounting mismatch that would arise from measuring financial assets and recognizing gains or losses on them differently.

Financial assets other than those at fair value through profit or loss (other than trade receivables that are measured at transaction cost on initial recognition and do not have a significant financing component) are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Impairment of financial assets

With the adoption of IFRS 9, the "Expected Credit Loss" (ECL) model replaces the "Realized Loss" model in IAS 39. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt instruments measured at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Financial assets measured at amortized cost comprise trade receivables, cash and cash equivalents and private sector debt instruments.

Under IFRS 9, provisions for losses are measured on any of the following bases:

- 12-month ECLs are the portion of ECLs representing expected credit losses arising from possible default events related to the financial instrument within 12 months after the reporting date,
- Lifetime ECLs are expected credit losses arising from all possible default events over the expected life of the financial instrument.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating ECLs, the Group considers reasonable and supportable information that is relevant to the estimation of expected credit losses, including the effects of expected prepayments, and that is available without undue cost or effort. This information includes quantitative and qualitative information and analysis based on the Group's past experience of credit losses and forward-looking information.

Financial liabilities

A financial liability is measured at fair value on initial recognition. On initial recognition of financial liabilities at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial liability are added to the fair value. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized over the effective interest rate.

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

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and remeasured at each reporting date at fair value at the reporting date. Changes in fair value are recognized in the statement of profit or loss. The net gain or loss recognized in the statement of profit or loss includes any interest paid on the financial liability.

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, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, where appropriate, a shorter period to the net present value of the financial liability.

Trade Receivables

Trade receivables arising from the provision of goods or services to the buyer are recognized at original invoice amount and subsequently measured at amortized cost using the effective interest method. Short-term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

The "simplified approach" is applied in the impairment calculations of trade receivables that are recognized at amortized cost in the financial statements and do not contain a significant financing component (less than 1 year). Under the simplified approach, when trade receivables are not impaired for specific reasons (other than realized impairment losses), the allowance for impairment losses on trade receivables is measured at an amount equal to "lifetime expected credit losses".

Subsequent to the recognition of impairment loss, if all or part of the impaired receivable is collected, the amount collected is recognized in other operating income, net of any impairment loss recognized.

Credit finance income/expenses and foreign exchange gains/losses on trade transactions are recognized in "Other Operating Income/Expenses" in the statement of profit or loss.

Financial Liabilities

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the assumption of the financial liability are added to the fair value.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, where appropriate, a shorter period to the net present value of the financial liability.

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Trade Payables

Trade payables represent payments due from suppliers for goods and services provided in the ordinary course of business. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Credit finance income/expenses and foreign exchange gains/losses on trade transactions are recognized in "Other Operating Income/Expenses" in the statement of profit or loss.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost of inventories includes all costs of acquisition, costs of conversion and other costs incurred in bringing inventories to their present location and condition. Cost is calculated using the weighted average method for inventories. The cost of software programs made to order is calculated according to the actual batch cost method. In cases where the revenue related to the service provided (bespoke software projects) is not recognized as income in the financial statements, the related expenses are recognized in the inventory account. The cost of inventories of project software programs mainly includes the labor and other costs of personnel directly involved in the provision of the service, including the personnel carrying out the control procedures, and any overhead costs that may be associated with them. Labor wages and other related costs of sales and general administrative personnel are not included in the cost of the service, i.e. inventories. These expenses are recognized as an expense in the period in which they are incurred.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make a sale. Impairment losses and write-downs that reduce inventories to net realizable value are recognized as an expense in the period in which the write-down or loss occurs. Impairment losses reversed due to an increase in net realizable value are recognized as a reduction of the accrued cost of sales in the period in which the reversal occurs. Net realizable value is reviewed at each financial statement date. If the circumstances that previously caused inventories to be written down to net realizable value no longer exist or if there is evidence of an increase in net realizable value due to changing economic conditions, the provision for impairment is reversed (the amount reversed is limited to the amount of the previously recognized impairment loss).

Tangible Fixed Assets

Property, plant and equipment are carried at cost less residual value, if any, less accumulated depreciation. Depreciable assets are depreciated on a straight-line basis over their cost amounts at rates based on their estimated useful lives, with a prorata depreciation charge based on the date of acquisition. The useful life and depreciation method are reviewed regularly to ensure that the method and depreciation period are consistent with the economic benefits to be derived from the related asset and adjustments are made when necessary. Land is not depreciated as its useful life is considered to be indefinite.

The cost of property, plant and equipment consists of the purchase price, import duties and non-refundable taxes, and the costs of preparing the property, plant and equipment for its intended use. Expenditures incurred after the property, plant and equipment is put into use, such as repairs and maintenance, are recognized as an expense in the statement of profit or loss in the period in which they are incurred. If the expenditures result in an increase in the economic value of the tangible fixed asset in its future use, these expenditures are added to the cost of the asset.

Leasehold improvements comprise expenditure on leased property and are depreciated over the lease term, where the useful life is longer than the lease term, or over their useful lives where the useful life is shorter.

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The depreciation periods of property, plant and equipment, based on their estimated useful lives, are as follows:

	<u>Useful life</u>
Machinery, plant and equipment	3-10 years
Vehicles	4-10 years
Demirbaslar	3-10 years
Leasehold improvements	which are less than the lease term or useful life

Repair and maintenance costs are charged to the statement of profit or loss in the period in which they are incurred. Costs associated with major renovations are capitalized to the cost of an item of property, plant and equipment when it is probable that future economic benefits will flow to the asset in substantially better condition than before the renovation. Such post-capitalization expenditures added to the cost of the asset are depreciated over the useful lives of the related assets. The Group derecognizes the carrying amount of parts replaced as part of post-capitalization expenditure, regardless of whether they are depreciated independently of other parts.

Right of Use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the related asset is available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses.

The cost of the right-of-use asset includes the following:

- (a) the initial measurement amount of the lease liability,
- (b) all lease payments made on or before the commencement date, less any lease incentives received; and
- (c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

The depreciation periods of right-of-use assets, based on their estimated useful lives, are as follows:

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

Lease Obligations

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date.

At the commencement date, lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date,
- (c) Amounts expected to be paid by the Group under residual value commitments
- (d) if the Group is reasonably certain that it will exercise the put option, the exercise price of the put option and
- (e) Penalty payments related to the termination of the lease if the lease term indicates that the Group will exercise an option to terminate the lease.

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Variable lease payments that are not linked to an index or rate are recognized as an expense in the period in which the triggering event or circumstance occurs. The Group determines the revised discount rate for the remainder of the lease term as the interest rate implicit in the lease if it is readily determinable or, if not readily determinable, the Group's alternative borrowing rate at the date of the reassessment.

Subsequent to the commencement date, the Group measures the lease liability as follows:

- (a) increase the carrying amount to reflect interest on the lease liability; and
- (b) Reduce the carrying amount to reflect the lease payments made.

In addition, the value of the lease liabilities is remeasured if there is a change in the lease term, a change in the in substance fixed lease payments or a change in the assessment of the option to purchase the underlying asset.

Extension and early termination options

The lease liability is determined by taking into account the extension and early termination options in the contracts. Most of the extension and early termination options in the contracts consist of options that can be exercised jointly by the Group and the lessor. The Group determines the lease term by including such extension and early termination options in the lease term if they are at the Group's discretion and the exercise of the options is reasonably certain. The assessment is reviewed by the Group if there is a material change in circumstances.

Facilitating Practices

The Group applies the short-term lease recognition exemption to short-term leases of machinery and equipment (assets with a lease term of 12 months or less from the commencement date and without a purchase option).

The Group also applies the low-value asset recognition exemption to office equipment for which the lease value is considered to be low. Short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

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

Acquired intangible assets include acquired rights of use, information systems and other identifiable rights. Intangible assets with finite useful lives are carried at cost less residual values, if any, less accumulated amortization and accumulated impairment losses. These assets are amortized on a straight-line basis over their estimated useful lives (useful lives not exceeding 10 years). The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Computer Software

Purchased computer software is capitalized at the time of purchase and at the cost incurred from the time of purchase until the software is ready for use.

Research Expenses and Development Costs

Planned activities undertaken to obtain new technological knowledge or findings are defined as research and research expenses incurred in this phase are recognized as an expense in the statement of profit or loss when incurred.

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The application of research findings or other knowledge to a plan to produce new or significantly improved products, processes, systems or services is defined as development and recognized in the statement of financial position as an intangible asset resulting from development if all of the following conditions are met

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

- It is technically feasible to complete the intangible asset so that it is ready for its intended use or sale,
- Intention to complete, use or sell the intangible asset,
- The intangible asset can be used or sold, and it is clear how the asset will generate probable future economic benefits,
- It has adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell the asset; and
- The cost of developing the asset can be measured reliably during the development process.

The amount of internally generated intangible asset is the total amount of expenditure incurred from the time the intangible asset meets the recognition criteria described above. When internally generated intangible assets are not recognized, development expenditure is recognized as an expense in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets, like separately acquired intangible assets, are carried at cost less accumulated amortization and accumulated impairment losses. The useful lives of development costs are assessed on a project-by-project basis and range from 2 to 12 years.

Derecognition of Intangible Assets

An intangible asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset is calculated as the difference, if any, between the net proceeds from disposal and the carrying amount of the asset. This difference is recognized in profit or loss when the asset is derecognized.

Impairment of Assets

At each statement of financial position date, the Group assesses whether there is any indication that an asset, other than deferred tax assets and financial assets carried at fair value, may be impaired. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash-generating unit of the asset exceeds its recoverable amount, whether through use or sale. Impairment losses are recognized in the statement of profit or loss in the related period.

The Group considers the following criteria for impairment testing of all financial assets:

- Whether the borrower is in significant financial difficulty,
 - Failure by the debtor to comply with contractual provisions, such as non-payment or late payment of principal or interest,
 - Whether any concessions are granted to the debtor for economic or legal reasons,
 - The borrower is expected to or has gone through a financial restructuring,
- Using independent data, whether there will be significant reductions in the future cash flows of financial assets to the Group.

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Mergers and Goodwill

A business combination is a combination of separate legal entities or businesses into a single reporting entity. Business combinations are accounted for using the acquisition method under IFRS 3.

Acquisition cost includes the fair value of assets given at the acquisition date, equity instruments issued, liabilities assumed or incurred at the date of exchange, and any costs attributable to the acquisition. If the business combination contract contains provisions that provide that the cost may be adjusted based on future events, the acquirer includes such adjustments in the cost of the combination at the acquisition date, if it is probable that such adjustment is probable and its value can be determined. Acquisition costs are expensed in the period in which they are incurred. Goodwill arising on the acquisition of subsidiaries, associates and joint ventures is the excess of the consideration paid over the Group's proportionate share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and its non-controlling interest in the acquiree.

The difference between the cost of acquisition and the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill in the consolidated financial statements. If the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of the business combination, the difference ("bargain purchase gain") is recognized in profit or loss.

Goodwill is allocated to cash-generating units for impairment testing. The allocation 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 goodwill is allocated is the smallest group of assets of the entity to which goodwill is allocated for internal management purposes. Goodwill is monitored on an operating segment basis. Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate that an impairment may have occurred. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment loss is recognized immediately and is not reversed in the subsequent period.

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

Partial share purchase and sale transactions with non-controlling interests

The Group considers transactions with non-controlling interests in the purchase and sale of shares in entities that it already controls as transactions between equity holders of the Group. Accordingly, in the case of purchases of additional shares from non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the partnership in proportion to the interest acquired is recognized in equity. For the sale of shares to non-controlling interests, any gain or loss arising on the difference between the sales price and the carrying amount of the net assets of the Company attributable to the interest sold is also recognized in equity.

Determination of Fair Values

The Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values are determined for valuation and/or disclosure purposes using the following methods. Where applicable, the assumptions used in determining fair values are disclosed as additional information in the notes to the financial statements. Valuation methods by level are defined as follows:

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

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Data that are not based on observable market data for the asset or liability (unobservable data).

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Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are included in the cost of the asset until the asset is ready for its intended use or sale. Borrowing costs eligible for capitalization are offset against borrowing income from the temporary investment of the unspent portion of the loan related to the investment in financial investments. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. As at 30 June 2024 and 31 December 2023, there are no borrowing costs capitalized.

Taxation

In the accompanying financial statements, tax expense consists of current and deferred tax.

Current period tax provision

Provision is made for corporate tax liabilities arising from the results of operations for the period at the statutory tax rates enacted or substantively enacted at the statement of financial position date. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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 used in the computation of taxable profit, and is accounted for using the statement of financial position method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are 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 it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset 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 tax laws) that have been enacted or substantively enacted by the statement of financial position 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 statement of financial position date, to recover or settle the carrying amount of its assets and liabilities.

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

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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 business combinations, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the fair value of the acquiree's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are accrued when the Group has a present obligation (legal or constructive obligation) as a result of a past event, it is probable that an outflow of assets will be required to settle the obligation in the future and a reliable estimate of the amount of the obligation can be made. These accrued provisions are reviewed at each balance sheet date and revised to reflect current estimates.

Contingent Liabilities and Contingent Assets

Transactions that give rise to commitments and contingent liabilities are those that depend on the outcome of one or more future events. Accordingly, certain transactions are recognized as off-balance sheet items because they involve a risk of future loss, risk or uncertainty. In the event that an estimate is made for possible future obligations or losses to be incurred, these liabilities are recognized as expenses and liabilities for the Group. Only income and profits that can be measured reliably and that are virtually certain to occur in the future are recognized in the financial statements.

Related Parties

A party is related to the Group if one of the following criteria exists:

(a) Directly or indirectly through one or more intermediaries,

(i) controls, is controlled by, or is under common control with, the entity (including parents, subsidiaries and fellow subsidiaries);

(ii) has an interest in the Group that gives it significant influence over the Group; or

(iii) has joint control over the Group;

(b) The party is an associate of the Group,

(c) The party is a joint venture in which the Group is a venture partner,

(d) The party is a member of the key management personnel of the Group or its parent,

(e) the Party is an immediate family member 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); or

(g) The party has a post-employment benefit plan for the benefit of employees of the entity or of an entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, whether or not consideration is received. The Group enters into business relationships with related parties in the ordinary course of business (Note 4).

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Foreign Currency Assets and Liabilities

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are revalued at period-end exchange rates. Exchange differences arising on valuation are recognized in the statement of profit or loss as foreign exchange gains or losses. The Group has performed the measurements in accordance with the announcement of the Public Oversight Accounting and Auditing Standards Authority "POA" dated March 15, 2021 on "Subsequent Measurement of Foreign Currency Monetary Items in accordance with Turkish Accounting Standards".

At the period end, the exchange rates used for the amounts classified in the assets section of the consolidated statement of financial position are as follows;

	30.06.2024	31.12.2023
USD	32,8262	29,4382
EURO	35,1284	32,5739
GBP	41,4365	37,4417

At the end of the periods, the exchange rates used for the amounts classified in the liabilities section of the consolidated statement of financial position are as follows;

	30.06.2024	31.12.2023
USD	32,8853	29,4913
EURO	35,1917	32,6326
GBP	41,6525	37,6369

Segmental Reporting of Consolidated Financial Information

Industrial segments are those that provide a particular good or service or a group of related goods or services and that are different from other segments of the Group in terms of risks and benefits. Geographical segments are segments of the Group that provide goods or services within a particular economic environment and that are subject to risks and rewards that are different from those of other segments operating in another economic environment.

A reportable segment is a business segment or a geographical segment for which segment information is required to be disclosed. For a business or geographical segment to be identified as a reportable segment, it is necessary the majority of segment revenue is earned from sales to customers outside the Group and segment revenue from sales to customers outside the Group and from transactions with other segments represents at least 10% of the total revenue, internal and external, of all segments; or the segment result, whether profit or loss, is 10% or more of the greater of the aggregate result of the profit-making segments and the loss-making segments in absolute terms; or segment assets represent at least 10% of the total assets of all segments.

The Group operates in the same geographical area and in the same sector. Therefore, segment reporting has not been made.

Employee Benefits / Employment Termination Benefits

Severance Pay

In accordance with existing social legislation, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such severance payment is calculated on the basis of 30 days' gross salary and other benefits for each year of service as of June 30, 2024, maximum TRY 35.059 (December 31, 2023: TRY 23.490).

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The Group has calculated the provision for employment termination benefit in the accompanying consolidated financial statements using the "Projected Unit Credit Method" based on the Group's experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the effective interest rate at the balance sheet date. All gains and losses other than actuarial gains / (losses) are recognized in the statement of profit or loss and actuarial gains / (losses) are recognized in the statement of changes in equity.

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

	30.06.2024	31.12.2023
Real discount rates	3,05%	2,30%

Social Insurance Premiums

The Group pays compulsory social insurance premiums to the Social Insurance Institution. The Group has no further obligations as long as it pays these premiums. These premiums are recognized as personnel expenses in the related periods on accrual basis.

Dividends

Dividend receivables, dividends received by the Group from its subsidiaries/associates are recognized as income when the Group's right to collect the dividend is established and dividend payments are recognized as distributions from profit in the period in which they are declared.

Paid-in Capital

Ordinary shares are classified in equity. Costs associated with the issue of new shares and options are recognized in equity as a deduction from the proceeds, net of tax.

Government Incentive and Grants

Government grants and subsidies are transactions made to encourage an enterprise to engage in certain activities that it would not have done without government assistance or for other reasons. State aid refers to the transactions made by the state to provide economic benefits to an enterprise or group of enterprises, provided that they fulfill certain criteria; state incentives refer to the economic resources transferred by the state to the enterprise in return for the fact that the enterprise has complied or will comply with certain criteria related to its main field of activity in previous periods or in the future.

Government grants, including non-monetary government grants recognized at fair value, are recognized in the financial statements when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the Group will obtain the grants.

Events After Reporting Period

Subsequent events cover all events that occur between the date of the statement of financial position and the date when the statement of financial position is authorized for issue, even if they occurred after any announcement regarding the profit or after the public disclosure of other selected financial information.

The Group adjusts the amounts recognized in the financial statements if events requiring an adjustment occur after the statement of financial position date. Non-adjusting events subsequent to the statement of financial position date are disclosed in the notes to the financial statements, if material.

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Earnings / (Loss) per Share

Earnings / (loss) per share disclosed in the statement of profit or loss are determined by dividing net profit / (loss) by the weighted average number of shares that have been outstanding during the related period concerned. In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares (bonus shares) to existing shareholders from retained earnings and inflation adjustment to shareholders' equity. For the purpose of earnings per share computations, such bonus share distributions are treated as issued shares. Accordingly, the weighted average number of shares used in these calculations is calculated by taking into consideration the retrospective effects of such share distributions.

Revenue

In accordance with TFRS 15 "Revenue from Contracts with Customers" effective from January 1, 2018, the Group has started to use the following five-step model in revenue recognition.

- Defining contracts with customers
- Defining performance obligations in contracts
- Determination of the transaction price in contracts
- Allocation of the transaction price to performance obligations
- Revenue recognition

According to this model, the goods or services promised in each contract with customers are first evaluated and each commitment to transfer such goods or services is determined as a separate performance obligation. Subsequently, it is determined whether the performance obligations are to be fulfilled over time or at a specific point in time. If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, the Group recognizes revenue over time by measuring the progress towards the full fulfillment of the performance obligations in question.

The Group generates revenue from the sale of defense electronics and software products and services. Revenue related to performance obligations, which are commitments to transfer goods or services, is recognized when customers obtain control of the goods or services.

The Group assesses the transfer of control of the goods or services sold to the customer,

- a) The Group's right to collect the goods or services,
- b) the customer's legal ownership of the goods or service,
- c) transfer of possession of the goods or services,
- d) the customer's ownership of the significant risks and rewards of ownership of the good or service,
- e) the customer's acceptance of the goods or service.

The Group does not adjust the promised amount of consideration for the effect of a significant financing component if, at the inception of the contract, the Group estimates that the period between the date of transfer of the promised goods or services to the customer and the date on which the customer pays for those goods or services will be one year or less. On the other hand, if there is a significant financing component in the revenue, the revenue value is determined by discounting the future collections with the interest rate included in the financing component. The difference is recognized on an accrual basis as other operating income in the related periods.

Interest Income

Interest income is accrued over the remaining principal amount of the financial asset and the estimated future cash inflows over the expected life of the asset, based on the effective interest method.

Interest income and foreign exchange gains on trade transactions are recognized as other operating income.

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Dividend income from equity investments is recognized in the financial statements when the shareholders' right to receive dividends is established. Dividend payables are recognized as a liability in the financial statements after the approval of the general assembly as an element of profit distribution.

Cash Flow Statement

The Group prepares cash flow statements in order to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows in accordance with changing conditions. In the statement of cash flows, cash flows for the period are classified and reported based on operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows from operating activities. Cash flows from investing activities represent the Group's cash flows used in and provided from investing activities (fixed asset investments and financial investments). Cash flows from financing activities represent the Group's resources used in financing activities and the repayment of these resources. Cash and cash equivalents comprise cash on hand and demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less.

NOTE 3 – SHARES IN OTHER COMPANIES AND BUSINESS COMBINATIONS

Shares in Other Entities

As at June 30, 2024 and December 31, 2023, the summary of the Parent Company's interests in other entities and the related companies in which the Parent Company has interests are as follows;

Subsidiaries

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

Summary financial information of the Parent Company's subsidiaries as of June 30, 2024 is as follows;

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
SDT Azerbaijan MMC (a)	Defense Industry	20	20	-	-
Cey Savunma	Defense Industry	17.231.065	6.049.483	10.302.709	(2.111.227)

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Summary financial information of the Parent Company's subsidiaries as of December 31, 2023 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	17.836.441	8.160.713	9.997.671	(4.277.243)

(a) The currency of the related amounts is AZN.

(b) The currency of the related amounts is TRY. Profit / (loss), net for the period consists of the amounts for the period after the acquisition date of Cey Savunma.

Affiliates

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

Summary financial information of the associate of the Parent Company as of June 30, 2024 is as follows;

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
Sirius	Defense Industry	20.258.122	16.385.223	11.158.316	10.346.995

Summary financial information of the associate of the Parent Company as of December 31, 2023 is as follows;

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
Sirius	Defense Industry	10.406.860	6.036.797	-	(1.244.301)

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Joint operations

As at June 30, 2024, the Parent Company's interests in joint operations and the summary information of the related joint operations in which the Parent Company has interests are as follows;

Title	Year of Establishment	Project Name	Partnership Rate
TAMGÖR - SDT Business Partnership (ST 02) (a)	2018	2nd Generation Back Type Mixer System Project	50%
TAMGÖR - SDT Business Partnership (ST 05)	2018	TSS-3A Project (Tamgör SDT Ridge Type-3A)	50%
TAMGÖR - SDT Business Partnership (ST 06)	2018	K.K.K. 528 Back Type Cargo. Project	50%
TAMGÖR - SDT Business Partnership (ST 07)	2019	148 Vehicle Type Mixer System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 08) (b)	2019	91 Vehicle Type Mixer / Blender System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 09)	2019	Effective Countermeasures Against Vehicle-Borne Mini-Micro UAVs Project	50%
TAMGÖR - SDT Business Partnership (ST 11)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	50%
TAMGÖR - SDT Business Partnership (ST 12)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	50%
TAMGÖR - SDT Business Partnership (ST 13)	2020	JAMMER_JBO283AT	50%
TAMGÖR - SDT Business Partnership (ST 14)	2021	6985 TTA-2 Project KKS 2021 12 TSA-2A Vehicle Type Mixer	50%
TAMGÖR - SDT Business Partnership (ST 15)	2022	Maintenance-Repair-Service Project of Manufactured Mixing Blinding Systems	50%
TAMGÖR - SDT Business Partnership (ST 16)	2023	Gendarmerie Maintenance and Repair Project	50%
TAMGÖR - SDT Business Partnership (ST 17)	2024	6978_K.K.K.K. Jammer Supply (III. Package) Project	50%
Thales - SDT Business Partnership (Thales - SDT)	2016	Procurement and Installation of 8 ILS/DME Systems	19%

(a) The related business partnership was closed on January 31, 2024.

(b) The related business partnership was closed on May 15, 2024.

As at December 31, 2023, the Parent Company's interests in joint operations and summary information about the related joint operations in which the Parent Company has interests are as follows;

Title	Year of Establishment	Project Name	Partnership Rate
TAMGÖR - SDT Business Partnership (ST 01) (a)	2018	Back Type Mixer Project	50%
TAMGÖR - SDT Business Partnership (ST 02)	2018	2nd Generation Back Type Mixer System Project	50%
TAMGÖR - SDT Business Partnership (ST 03) (c)	2018	Vehicle Type Mixer System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 04) (b)	2018	TSA-2A BMC Vehicle Type Mixer System Project	50%
TAMGÖR - SDT Business Partnership (ST 05)	2018	TSS-3A Project (Tamgör SDT Ridge Type-3A)	50%
TAMGÖR - SDT Business Partnership (ST 06)	2018	K.K.K. 528 Back Type Cargo. Project	50%
TAMGÖR - SDT Business Partnership (ST 07)	2019	148 Vehicle Type Mixer System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 08)	2019	91 Vehicle Type Mixer / Blender System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 09)	2019	Effective Countermeasures Against Vehicle-Borne Mini-Micro UAVs Project	50%
TAMGÖR - SDT Business Partnership (ST 10) (d)	2019	CRA Intermediary Scrambling System Procurement Project	50%
TAMGÖR - SDT Business Partnership (ST 11)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	50%
TAMGÖR - SDT Business Partnership (ST 12)	2020	Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	50%
TAMGÖR - SDT Business Partnership (ST 13)	2020	JAMMER_JBO283AT	50%
TAMGÖR - SDT Business Partnership (ST 14)	2021	6985 TTA-2 Project KKS 2021 12 TSA-2A Vehicle Type Mixer	50%
TAMGÖR - SDT Business Partnership (ST 15)	2022	Maintenance-Repair-Service Project of Manufactured Mixing Blinding Systems	50%
TAMGÖR - SDT Business Partnership (ST 16)	2023	Gendarmerie Maintenance and Repair Project	50%
Thales - SDT Business Partnership (Thales - SDT)	2016	Procurement and Installation of 8 ILS/DME Systems	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 related business partnership was closed on December 20, 2023.

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The summarized standalone financial information of the Group's joint operations as of June 30, 2024 is as follows;

Joint operations	Activity area	Assets	Equity	Reevenue	Profit / Loss for the period
ST 05	Frequency mixer system production	102.658	(74.569)	-	11.544
ST 06	Frequency mixer system production	3.510.754	57.844	401.238	679.725
ST 07	Frequency mixer system production	4.566.415	(102.558)	194.449	(792.947)
ST 08	Frequency mixer system production	121.998	108.295	487.829	155.862
ST 09	Frequency mixer system production	1.742.803	(1.074.454)	35.789	(17.883)
ST 11	Frequency mixer system production	2.488.049	290.650	66.467	161.794
ST 12	Frequency mixer system production	3.420.209	(1.505.277)	384.815	(575.007)
ST 13	Frequency mixer system production	2.819.306	687.171	18.489	(132.232)
ST 14	Frequency mixer system production	3.109.085	397.262	3.363	116.225
ST 15	Frequency mixer system production	12.012.009	1.699.617	2.574.267	(410.218)
ST 16	Frequency mixer system production	9.718.852	4.262.890	6.147.463	2.118.995
ST 17	Frequency mixer system production	45.710.583	3.871.770	-	3.871.771
Thales - SDT	ILS/DME System	119.689	(98.897)	-	(42.124)

The summarized standalone financial information of the Group's joint operations as of December 31, 2023 is as follows;

Joint operations	Activity area	Assets	Equity	Reevenue	Profit / Loss for the period
ST 01 (a)	Frequency mixer system production	-	-	-	104.046
ST 02	Frequency mixer system production	105.982	(61.539)	35.186	13.489
ST 03 (c)	Frequency mixer system production	194.570	160.760	845.019	622.179
ST 04 (b)	Frequency mixer system production	-	-	134.619	(17.353)
ST 05	Frequency mixer system production	136.483	(111.574)	-	37.982
ST 06	Frequency mixer system production	3.624.019	39.738	438.855	1.272.804
ST 07	Frequency mixer system production	15.428.416	14.995.521	21.355.415	15.527.508
ST 08	Frequency mixer system production	2.052.691	464.480	13.404	371.890
ST 09	Frequency mixer system production	2.491.980	(1.177.848)	291.214	654.901
ST 10(d)	Frequency mixer system production	439.943	371.077	578.937	410.188
ST 11	Frequency mixer system production	2.822.403	787.945	150.914	708.040
ST 12	Frequency mixer system production	6.542.834	(23.549)	6.923.125	861.653
ST 13	Frequency mixer system production	3.386.964	850.185	381.643	(537.856)
ST 14	Frequency mixer system production	3.656.124	524.133	65.008	203.569
ST 15	Frequency mixer system production	16.973.690	8.595.424	10.903.557	7.104.384
ST 16	Frequency mixer system production	7.965.137	7.150.793	9.909.451	6.080.847
Thales - SDT	ILS/DME System	275.474	(56.772)	-	78.709

(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 related business partnership was closed on December 20, 2023.

The aforementioned solo financial statements of the joint operations are included in the accompanying financial statements of the Parent Company, taking into account the proportion of the Parent Company's shareholding interests. Other information regarding joint operations is presented in Note 1.

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Business Combinations

As of June 30, 2024, there is no business combination.

As of December 31, 2023, the details of business combinations are as follows

Acquisition of SDT Azerbaijan Shares

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

Acquisition of Cey Savunma Shares

The Parent Company acquired all shares of Cey Savunma ve Simülasyon Sistemleri Sanayi ve Ticaret Anonim Şirketi from a third party on July 4, 2023 in consideration of TRY 4.000.000 (TRY 6.269.029 based on the purchasing power as of June 30, 2024). In this transaction, which is accounted in accordance with "TFRS 3 Business Combinations", the related amount is reported as "Gain on bargain purchase" in the consolidated statement of profit or loss since the net assets acquired from the acquisition transaction are TRY 2.123.919 more than the acquisition cost. The reconciliation of the related amount is as follows;

	Book values before the merger	Fair value adjustments	Fair value
Current assets	1.689.395	(59.629)	1.629.766
Fixed assets	12.233.171	(2.871.214)	9.361.957
Total assets	13.922.566	(2.930.843)	10.991.723
Short-term liabilities	1.153.080	972.840	2.125.920
Long-term liabilities	-	472.855	472.855
Total Liabilities	1.153.080	1.445.695	2.598.775
Equity			8.392.948
Acquisition rate			100,00%
Equity attributable to equity holders of the parent (a)			8.392.948
Acquisition amount (b)			6.269.029
Profit from bargain purchase (a - b)			2.123.919

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NOTE 4 - RELATED PARTY DISCLOSURES

i) Due from and due to related parties:

a) The details of due from related parties classified under short term trade receivables are as follows (Note 8);

	30.06.2024	31.12.2023
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	423.327	4.847.695
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	1.715.987	-
	2.139.314	4.847.695

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

	30.06.2024	31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	41.164.361	1.604.224
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	4.610.463	-
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	-	3.742.038
	45.774.824	5.346.262

c) The details of due to related parties classified under short-term trade payables are as follows (Note 8);

	30.06.2024	31.12.2023
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	131.009	116.643
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	-	78.831
	131.009	195.474

d) The details of deposits and guarantees received from related parties classified under other short-term payables are as follows (Note 9);

	30.06.2024	31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	-	26.898
	-	26.898

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e) The details of due to related parties classified in other short-term payables are as follows (Note 9);

	30.06.2024	31.12.2023
Mehmet Dora	95.183.462	-
Mustafa Fatih Ünal	30.204.573	-
Diğer Ortaklar	4.804.089	-
	130.192.124	-

(*) As of June 30, 2024, payables to related parties amounting to TRY 130.192.124 consist of payables to shareholders which became due and payable based on the dividend decision taken at the general assembly meeting of the Parent Company held on May 30, 2024. According to the related general assembly resolution, the related amount will be paid in three installments.

ii) Sales, purchases and transactions to related parties

a) The details of sales to related parties classified under revenue are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	7.513.836	-
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	1.192.641	-
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.210.278	6.976.036
	9.916.755	6.976.036

b) The details of purchases from related parties classified under cost of sales are as follows;

	01.01- 30.06.2024	01.01- 30.06.2023
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.869.285	8.113.455
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	751.380	665.676
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	589.594	38.322.054
	3.210.259	47.101.185

c) The details of other income from related parties classified under other income from operating activities are as follows;

	01.01- 30.06.2024	01.01- 30.06.2023
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	477.366	546.379
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	127.595	33.046
	604.961	579.425

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d) The details of other expenses from related parties classified under expenses from investing activities are as follows;

	01.01- 30.06.2024	01.01- 30.06.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	396.055	-
	396.055	-

e) The details of salaries and similar benefits provided to key management personnel are as follows;

	01.01- 30.06.2024	01.01- 30.06.2023
Remuneration and similar benefits provided to senior manager	10.075.958	7.188.313
	10.075.958	7.188.313

The Group has identified board members, general manager and assistant general managers as key management personnel.

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NOTE 5 - CASH AND CASH EQUIVALENTS

As at June 30, 2024 and December 31, 2023, cash and cash equivalents are as follows;

	30.06.2024	31.12.2023
Safe deposit box	45.252	46.249
Banks		
Time deposits	186.059.904	46.187.860
Demand deposits	14.781.285	43.943.328
Liquid funds	221.444.523	222.953.785
	422.330.964	313.131.222

As at June 30, 2024 and December 31, 2023, the Group's bank deposits consist of time and demand deposits. As at June 30, 2024 and December 31, 2023, there is no blockage on the related deposits. Liquid funds consist of cash equivalents that can be converted into cash at their carrying values.

As of June 30, 2024, details of time deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate Range	Maturity Range	TRY Amount
TRY	70.618.341	%30,00 - %63,00	3 - 36 days	70.618.341
USD	3.324.127	%0,01 - %4,00	7 - 30 days	109.118.451
EURO	180.000	%0,01 - %3,00	7 - 30 days	6.323.112
				186.059.904

As of December 31, 2023, details of time deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate Range	Maturity Range	TRY Amount
TRY	40.972.123	%40,00 - %45,00	3 - 35 days	40.972.123
USD	131.486	%0,01 - %4,00	2 - 35 days	4.828.099
EURO	9.540	%3,00 - %3,00	35 days	387.638
				46.187.860

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NOTE 6 - FINANCIAL INVESTMENTS

As at June 30, 2024 and December 31, 2023, the details of financial investments are as follows;

Short-term financial investments

	30.06.2024	31.12.2023
Currency hedged deposits	147.265.521	475.230.771
	147.265.521	475.230.771

As of June 30, 2024, details of currency hedged deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate	Maturity Range	TRY Amount
TRY	147.265.521	36,00% - 40,00%	11 - 36 days	147.265.521
				147.265.521

As of December 31, 2023, details of currency hedged deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate	Maturity Range	TRY Amount
TRY	475.230.771	30,00% - 35,00%	11 - 50 days	475.230.771
				475.230.771

Currency hedged deposits account is accounted under "Financial Investments" account item in accordance with the "Announcement on Accounting of Currency / Gold Conversion Currency / Price Hedged TRY Deposit Accounts" dated March 01, 2022 of the Public Oversight Accounting and Auditing Standards Authority of Türkiye. Income from the related deposits is recognized under "Income from Investing Activities" in the accompanying statement of profit and loss (Note 28.1).

Long-term financial investments

	30.06.2024	31.12.2023
Financial assets at fair value through profit or loss	-	17.744.399
Other financial investments (a)	606.488	644.444
	606.488	18.388.843

(a) Other financial investments arise from the Group's long-term fund purchases acquired within the scope of "Regulation No. 5746 on the Amendment of the Implementation and Audit Regulation on Supporting Research, Development and Design Activities".

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NOTE 7 - FINANCIAL BORROWINGS

As at June 30, 2024 and December 31, 2023, details of financial liabilities are as follows;

	30.06.2024	31.12.2023
Other financial payables (credit cards)	212.236	126.502
Payables arising from leases (*)	4.079.879	12.136.426
Short-term portion of long-term borrowings	151.882.796	1.965.350
Total short-term financial liabilities	156.174.911	14.228.278
Payables arising from leases (*)	-	375.480
Total long-term financial liabilities	-	375.480
Total financial liabilities	156.174.911	14.603.758

(*) As of June 30, 2024 and December 31, 2023, the related financial liabilities consist of payables within the scope of "TFRS 16 Leases" standard.

As at 30 June 2024 and 31 December 2023, the shareholders of the Parent Company have personal guarantees in favor of financial institutions as collateral for all of the Group's bank borrowings. Additionally, as of June 30, 2024, the Group has made an export commitment amounting to TRY 151.272.380 for the purpose of credit utilization with the financial institution (December 31, 2023: None).

As at June 30, 2024, the average effective interest rates of TRY and USD denominated bank borrowings are 9,72% and 8,69%, respectively (December 31, 2023: TRY: 9,72%).

As of June 30, 2024, the foreign currency position of financial liabilities is presented below;

Currency	Currency Amount	Exchange Rate	TRY Amount
USD	4.606.307	32,8853	151.479.788
TRY	4.695.123	1,0000	4.695.123
Total			156.174.911

As of December 31, 2023, the foreign currency position of financial liabilities is presented below;

Currency	Currency Amount	Exchange Rate	TRY Amount
TRY	14.603.758	1,0000	14.603.758
Total			14.603.758

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As at June 30, 2024 and December 31, 2023, the maturity analysis of financial liabilities is as follows;

	30.06.2024	31.12.2023
Payable between 0 - 1 year	156.174.911	14.228.278
Payable between 1 and 2 years	-	375.480
	156.174.911	14.603.758

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

As at June 30, 2024 and December 31, 2023, details of trade receivables are as follows;

Short term trade receivables

	30.06.2024	31.12.2023
Trade receivables	533.249.612	618.581.166
Rediscount on receivables (-)	(12.500.587)	(13.871.497)
Trade receivables from related parties (Note 4)	2.139.314	4.847.695
Doubtful trade receivables	5.463.244	6.305.930
Provision for doubtful trade receivables (-)	(5.463.244)	(6.305.930)
	522.888.339	609.557.364

The movement of doubtful trade receivables during the period is as follows;

	01.01. - 30.06.2024	01.01. - 31.12.2023
Opening balance	6.305.930	1.560.720
Reversal of unnecessary provision (Note 27.1)	(1.926.711)	(196.678)
Monetary gain / (loss) effect reversal, net	(1.250.452)	(613.525)
Provisions for doubtful receivables (Note 27.2)	2.334.477	5.555.413
Closing balance	5.463.244	6.305.930

As at 30 June 2024, the Group has given letters of guarantee amounting to TRY 1.028.980.925 (31 December 2023: TRY 1.265.239.191) to customers, tender organizers and other institutions. In addition, as of June 30, 2024, the Group has given guarantee notes amounting to TRY 199.227.949 (December 31, 2023: TRY 144.457.189) (Note 20).

As at June 30, 2024, there are no guarantees received from customers for trade receivables (December 31, 2023: None).

The maturity of the Group's trade receivables varies on an individual customer basis and averages between 60 - 90 days.

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Long term trade receivables

None (December 31, 2023: None).

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

As at June 30, 2024 and December 31, 2023, details of trade payables are as follows;

Short-term trade payables

	30.06.2024	31.12.2023
Trade payables	78.339.162	186.233.380
Trade payables to related parties (Note 4)	131.009	195.474
Expense accruals from trading activities	1.212.500	236.995
Rediscount on payables (-)	(1.739.053)	(2.741.044)
	77.943.618	183.924.805

The details of the Group's contingent assets arising from trade payables are as follows;

As at June 30, 2024, the Group has received letters of guarantee amounting to TRY 17.218.943 from its suppliers (December 31, 2023: TRY 11.870.955). As at June 30, 2024, the Group has received promissory notes amounting to TRY 81.394.950 (December 31, 2023: TRY 102.009.400) from its suppliers (Note 20).

The details of the Group's contingent liabilities arising from trade payables are as follows;

As of June 30, 2024, the Group has given promissory notes amounting to TRY 3.150.228 to its suppliers (December 31, 2023: TRY 3.929.424) (Note 20).

The maturity of the Group's trade payables varies on a supplier-by-supplier basis and averages between 30 - 60 days.

Long-term trade payables

None (December 31, 2023: None).

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

As at June 30, 2024 and December 31, 2023, details of other receivables are as follows;

Other short-term receivables

	30.06.2024	31.12.2023
VAT receivables from the tax office	20.502.995	22.995.352
	20.502.995	22.995.352

Other long term receivables

	30.06.2024	31.12.2023
Deposits and guarantees given	545.583	680.531
	545.583	680.531

As at June 30, 2024 and December 31, 2023, details of other payables are as follows;

Other short-term payables

	30.06.2024	31.12.2023
Due to shareholders (Note 4) (a)	130.192.124	-
Taxes and funds payable	7.181.083	6.590.609
Deposits and guarantees received (b)	512.662	666.365
	137.885.869	7.256.974

(a) As at June 30, 2024, payables to related parties amounting to TRY 130.192.124 consist of payables to shareholders which became due and payable based on the dividend decision taken at the general assembly of the Parent Company held on May 30, 2024. According to the related general assembly resolution, the related amount will be paid in three installments.

(b) As of December 31, 2023, TRY 26.898 of the related amount consists of deposits and guarantees received from related parties (June 30, 2024: None) (Note 4).

Other long term payables

None (December 31, 2023: None).

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NOTE 10 - EMPLOYEE BENEFITS OBLIGATIONS

As at June 30, 2024 and December 31, 2023, the details of employee benefit obligations are as follows;

	30.06.2024	31.12.2023
Payables to personnel	20.422.268	16.372.888
Social security deductions payable	16.801.431	13.754.159
	37.223.699	30.127.047

NOTE 11 - INVENTORIES

As at June 30, 2024 and December 31, 2023, the details of inventories are as follows;

	30.06.2024	31.12.2023
Raw materials and supplies	563.053.461	654.186.183
Semi-finished products	354.713.154	262.248.551
Finished goods	47.987.772	18.454.965
Provision for impairment of inventories (-) (a)	(22.816.339)	(32.733.496)
	942.938.048	902.156.203

(a) In accordance with the precautionary principle, the Group recognizes an impairment loss for inventories that have not moved for a long period of time and that are not certain to be used in current and/or future production projects.

The movement of provision for impairment on inventories is as follows;

	01.01. - 30.06.2024	01.01. - 31.12.2023
Balance at the beginning of the period	32.733.496	61.931.882
Reversal of prior period provision (-)	(3.426.178)	(4.852.706)
Monetary gain / (loss), net	(6.490.979)	(24.345.680)
	22.816.339	32.733.496

The details of provision for impairment on inventories are as follows;

	30.06.2024	31.12.2023
Raw materials and supplies	1.504.012	6.149.653
Semi-finished products	21.312.327	26.583.843
	22.816.339	32.733.496

As of June 30, 2024, there is insurance coverage on inventories amounting to TRY 122.070.234.

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NOTE 12 - OTHER CURRENT ASSETS

As at June 30, 2024 and December 31, 2023, details of other current assets are as follows;

	30.06.2024	31.12.2023
VAT carried forward	14.972.664	34.735.196
	14.972.664	34.735.196

NOTE 13 - PREPAID EXPENSES

As at June 30, 2024 and December 31, 2023, details of prepaid expenses are as follows;

Short-term prepaid expenses

	30.06.2024	31.12.2023
Order advances given	65.700.859	101.964.040
Order advances given to related parties (Note 4)	45.774.824	5.346.262
Expenses for the coming months	25.357.705	11.488.056
Advanced given for business purposes	6.378.163	-
Advanced given to personnel	289.259	30.460
	143.500.810	118.828.818

Long-term prepaid expenses

	30.06.2024	31.12.2023
Advances given for purchases of property, plant and equipment (*)	87.731.045	75.865.700
Prepaid expenses	5.720.706	83.353
	93.451.751	75.949.053

(*) As at 30 June 2024, TRY 53.033.284 of the related amount consists of the advance payment given within the scope of "Land allocation agreement" with Ankara Space and Aviation Specialized Organized Industrial Zone Directorate (31 December 2023: TRY 53.033.284).

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NOTE 14 - DEFERRED INCOME

As at June 30, 2024 and December 31, 2023, the details of deferred income are as follows;

Short-term deferred income

	30.06.2024	31.12.2023
Order advances received (*)	421.774.470	540.892.006
Income for the coming months	61.505.908	61.505.907
	483.280.378	602.397.913

(*) As of June 30, 2024, TRY 9.207.884 of order advances received consists of cash advances received from foreign customers (December 31, 2023: TRY 32.197.736).

Long-term deferred income

	30.06.2024	31.12.2023
Order advances received (**)	54.063.407	106.242.368
Income for future years	2.785.447	5.192.554
	56.848.854	111.434.922

(**) As at June 30, 2024 and December 31, 2023, all of the order advances received consist of cash advances received from domestic customers.

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NOTE 15 - RIGHT OF USE ASSETS

As at June 30, 2024 and December 31, 2023, the details and movement of right of use assets are as follows;

Cost	31 December 2022	Addition	Disposal	31 December 2023	Addition	Disposal	30 June 2024
Buildings	34.563.991	22.492.861	-	57.056.852	-	-	57.056.852
Vehicles	5.949.864	3.091.773	-	9.041.637	-	-	9.041.637
Total	40.513.855	25.584.634		66.098.489	-	-	66.098.489
Accumulated Depreciation (-)							
Buildings	34.559.075	11.976.068	-	46.535.143	5.260.855	-	51.795.998
Vehicles	5.436.007	889.336	-	6.325.343	1.126.438	-	7.451.781
Total	39.995.082	12.865.404		52.860.486	6.387.293	-	59.247.779
Net Book Value	518.773			13.238.003			6.850.710

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NOTE 16 - TANGIBLE FIXED ASSETS

As at June 30, 2024 and December 31, 2023, the details and movement of property, plant and equipment are as follows;

Cost	31 December 2022	Addition	Disposal	Business combination effects (a)	31 December 2023	Addition	Disposal	30 June 2024
Machinery, plant and equipment	60.725.841	6.821.499	(747.955)	-	66.799.385	1.408.978	-	68.208.363
Vehicles	2.683.174	2.969.863	-	-	5.653.037	-	-	5.653.037
Fixtures	40.047.420	6.154.295	(541.636)	2.365.112	48.025.191	1.746.820	(485.609)	49.286.402
Special Costs	29.185.092	25.290	-	266.517	29.476.899	-	-	29.476.899
Investments in Progress	993.116	5.988.440	-	-	6.981.556	34.325.876	-	41.307.432
Total	133.634.643	21.959.387	(1.289.591)	2.631.629	156.936.068	37.481.674	(485.609)	193.932.133
Accumulated Depreciation (-)								
Machinery, plant and equipment	39.381.908	7.476.145	(745.095)	-	46.112.958	4.029.462	-	50.142.420
Vehicles	111.800	453.912	-	-	565.712	282.652	-	848.364
Fixtures	30.910.421	4.292.158	(520.197)	1.429.955	36.112.337	2.057.808	(103.193)	38.066.952
Special Costs	28.335.755	794.731	-	209.137	29.339.623	94.366	-	29.433.989
Total	98.739.884	13.016.946	(1.265.292)	1.639.092	112.130.630	6.464.288	(103.193)	118.491.725
Net Book Value	34.894.759				44.805.438			75.440.408

As at June 30, 2024 and December 31, 2023, property, plant and equipment are carried at cost less accumulated depreciation calculated over the acquisition cost less residual value, if any (cost method). The Group does not have any property, plant and equipment acquired under finance leases.

As at June 30, 2024 and December 31, 2023, there is no encumbrance on property, plant and equipment. As of June 30, 2024, the total amount of insurance on property, plant and equipment is TRY 136.624.009.

(a) The related amounts represent the inflows arising from the acquisition of subsidiaries in which the Parent Company acquired shares during the related period.

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NOTE 17 – INTANGIBLE FIXED ASSETS

As of June 30, 2024 and December 31, 2023, the details and movement of intangible assets are as follows;

Cost	31 December 2022	Addition	Business combination effects (b)	31 December 2023	Addition	Disposal	30 June 2024
Rights	30.754.265	689.091	322.405	31.765.761	368.289	-	32.134.050
Development costs (a)	113.094.038	9.928.986	29.815.654	152.838.678	1.182.875	-	154.021.553
Total	143.848.303	10.618.077	30.138.059	184.604.439	1.551.164	-	186.155.603
Accumulated Depreciation (-)							
Rights	25.567.999	1.860.231	590.406	28.018.636	1.018.841	-	29.037.477
Development costs (a)	52.989.166	14.882.105	23.122.689	90.993.960	7.961.630	-	98.955.590
Total	78.557.165	16.742.336	23.713.095	119.012.596	8.980.471	-	127.993.067
Net Book Value	65.291.138			65.591.843			58.162.536

(a) Capitalized development costs consist of the costs of software projects that the Group does not order. The related costs mainly consist of personnel costs for the related project.

(b) Related amounts represent the inflows arising from the acquisition of subsidiaries in which the Parent Company acquired shares during the related period.

As at 30 June 2024, the net book value of capitalized development costs is TRY 55.065.963 (31 December 2023: TRY 61.844.718).

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NOTE 18 - INVESTMENTS VALUED BY EQUITY METHOD

As at June 30, 2024 and December 31, 2023, the details of investments accounted through equity method are as follows;

	30.06.2024	31.12.2023
Sirius - Cost amount	4.396.894	4.396.894
Sirius - Adjustment to equity method	2.157.195	(1.982.175)
	6.554.089	2.414.719

As at and for the periods ended June 30, 2024 and 2023, share of profit / (loss) of investments accounted through equity method is as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Share of Profit / (Loss) of Investments Accounted Through Equity Method	4.139.370	-
	4.139.370	-

As at June 30, 2024 and December 31, 2023, summary financial information of investments accounted through equity method is as follows;

Sirius Design Laboratuvarı Mühendislik Anonim Şirketi ("Sirius" or the "Company")

Summary Statement of Financial Position

	30.06.2024	31.12.2023
Current assets	4.338.896	5.564.218
Fixed assets	15.919.226	4.842.642
Total assets	20.258.122	10.406.860
Short-term liabilities	3.485.923	4.288.726
Long-term liabilities	386.976	81.337
Equity	16.385.223	6.036.797
Total Liabilities	20.258.122	10.406.860

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Condensed Statement of Profit or Loss

	01.01. - 30.06.2024	01.01. - 31.12.2023
Revenue	11.158.316	-
Gross profit / (loss)	11.158.316	-
Operating expenses	(1.122.995)	(1.406.189)
Other income / (expenses), net	311.674	161.888
Profit / (loss) for the period, net	10.346.995	(1.244.301)

NOTE 19 – GOVERNMENT INCENTIVES AND GRANTS

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

a) The Group's software projects are approved by the relevant governmental authorities and the Group receives certain tax incentives upon approval. The rights of the Group due to these incentives are as follows:

- Incentives under the Technology Development Zones Law (100% corporate tax exemption),
- Incentives under the research and development law (Social Security Institution incentives, etc.),

The Group's income from research and development activities is exempt from corporate tax pursuant to the provisional second article of the Technology Development Zones Law No. 4691, which states that "The earnings of the management companies within the scope of this law and the earnings of the income and corporate taxpayers operating in the zone exclusively from software and R&D activities in this zone are exempt from income and corporate tax until 31 December 2028".

In this context, the Group's income exempt from corporate tax for the period ended June 30, 2024 is TRY 155.260.606 (January 1 - December 31, 2023: TRY 351.739.692).

In addition, within the scope of the same law, the Group's personnel SSI premium, income and stamp tax incentive amount for the period ended June 30, 2024 is TRY 19.111.075 (January 1 - December 31, 2023: TRY 33.222.325).

b) The Group benefits from incentives in accordance with the "Social Insurance and General Health Insurance Law No. 5510" of the Social Security Institution of the Republic of Türkiye ("SSI"). In this context, the Group has incentive amounting to TRY 9.072.912 for the period ended June 30, 2024 (January 1 - December 31, 2023: TRY 14.743.986).

c) The Group has incentive income amounting to TRY 161.671 for the period ended 30 June 2024 (01 January - 31 December 2023: 84.150) within the scope of "Decision No: 2017/4 on Supporting Participation in Exhibitions Held Abroad".

d) Since the Parent Company's shares are offered to the public for the first time in the Borsa Istanbul Equity Market at a rate of at least 20%, corporate tax is applied with a 2 percentage point discount on corporate income for 5 accounting periods starting from the accounting period in which the Parent Company's shares are offered to the public for the first time.

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e) The Parent Company benefits from discounted corporate tax exemption within the framework of Article 32/A of Law No. 5520. As of June 30, 2024, the amount of investment allowance carried forward to the next period is TRY 13.582.994. The Parent Company management plans to utilize the related tax deduction until the end of 2025.

NOTE 20 - PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

As at June 30, 2024 and December 31, 2023, provisions, contingent assets and liabilities are as follows;

Short-term provisions

	30.06.2024	31.12.2023
Provision for warranty service expenses	7.351.688	11.174.422
Provision for litigation expenses	-	-
	7.351.688	11.174.422

Provisions for long term debt

	30.06.2024	31.12.2023
Provision for warranty service expenses	2.883.302	4.261.719
	2.883.302	4.261.719

Commitments

As of June 30, 2024, the Group has committed to an export obligation amounting to TRY 151.272.380 for the utilization of credit with the financial institution (December 31, 2023: None).

Contingent Assets

The Group's contingent assets are as follows;

Letters of guarantee - As of June 30, 2024, the Group has received letters of guarantee amounting to TRY 17.218.943 (USD 199.730 - EURO 186.449 - TRY 4.089.310) from its suppliers (December 31, 2023: TRY 11.870.955 (USD 214.480 - EURO 102.330 - TRY 1.453.310)).

Promissory notes - As of June 30, 2024, the Group has received promissory notes from its suppliers amounting to TRY 81.394.950 (TRY 13.665.000 - USD 2.059.581) (December 31, 2023: TRY 102.009.400 (TRY 21.150.798 - USD 2.059.581)).

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Contingent Liabilities

As at June 30, 2024 and December 31, 2023, the Group's guarantee / pledge / mortgage / bail ("GPM") position is as follows

GPMs given by the Group	30.06.2024	31.12.2023
A. Total amount of GPMs given on behalf of its own legal entity	1.239.818.818	1.424.177.995
B. In Favor of Subsidiaries Included in the Scope of Full Consolidation		
Total amount of GPMs given (a)	1.000.000	1.247.346
C. Other Third Parties for the Execution of Ordinary Commercial Activities		
Total amount of GPMs given in order to secure its liabilities	-	-
D. Total amount of other GPMs given	-	-
i. Total amount of GPMs given in favor of the main shareholder	-	-
ii. Other Group Companies Not Covered by Items B and C		
Total amount of GPMs given in favor of	-	-
iii. In Favor of Third Parties Not Covered by Article C		
Total amount of GPMs	-	-
Total	1.240.818.818	1.425.425.341

(a) As of 30 June 2024, the Parent Company has a guarantee amounting to TRY 1.000.000 in favor of financial institutions for Cey Savunma, a subsidiary of the Parent Company (31 December 2023: TRY 1.247.346).

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

Letters of guarantee - As at 30 June 2024, the Group has letters of guarantee amounting to TRY 1.028.980.925 (TRY 31.869.263 - USD 29.440.052 - EUR 823.112) (31 December 2023: TRY 1.265.239.191 (TRY 27.964.676 - USD 32.199.783 - EUR 1.126.694)).

Promissory notes - As of June 30, 2024, the Group has given promissory notes amounting to TRY 202.378.178 (TRY 46.308.852 - USD 4.745.869) to its customers and suppliers (December 31, 2023: TRY 148.386.613 (TRY 52.387.109 - USD 2.257.438)).

Venture capital fund - The Group has a fund purchase obligation amounting to TRY 8.459.715 until December 31, 2024 (December 31, 2023: TRY 10.552.191) within the scope of the "Regulation on the Amendment of the Implementation and Audit Regulation on Supporting Research, Development and Design Activities numbered 5746".

Lawsuits - From time to time, lawsuits may be filed against the Group in connection with its business activities. The Group management and legal advisors analyze the realizability of the related risks. As a result of the analysis, there is no matter that requires a provision to be allocated by the Group management.

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NOTE 21 – EMPLOYEE BENEFITS

As at June 30, 2024 and December 31, 2023, provisions for short-term and long-term employee benefits are as follows;

Provisions for short-term employee benefits

	30.06.2024	31.12.2023
Provision for unused vacation	22.216.068	18.612.778
Wage premium provision	10.634.501	18.949.857
	32.850.569	37.562.635

Provisions for long-term employee benefits

	30.06.2024	31.12.2023
Provision for employment termination benefits	16.088.030	13.499.203
	16.088.030	13.499.203

The Group's provision for employment termination benefits is calculated as explained in Note 2. As of June 30, 2024, the provision is calculated on the basis of 30 days' salary for each year of service, maximum TRY 35.059, using the rates prevailing at the date of retirement or termination (December 31, 2023: TRY 23.490).

In the consolidated financial statements as of June 30, 2024 and December 31, 2023, the Group has reflected a liability calculated on the basis of the above-mentioned principles, using the expected inflation rate and the real discount rate, discounted to the balance sheet date.

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

	30.06.2024	31.12.2023
Interest rate	53,55%	44,25%
Inflation rate	49,00%	41,00%
Real discount rates	3,05%	2,30%
The rate used for the probability of retirement	89,93%	88,28%

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

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As at June 30, 2024 and December 31, 2023, movement of provision for employment termination benefits is as follows;

	01.01. - 30.06.2024	01.01. - 31.12.2023
Balance at the beginning of the period	13.499.203	17.222.101
Service cost	6.969.524	13.931.923
Monetary gain / (loss), net	(3.143.658)	(6.770.077)
Interest cost	118.767	226.701
In-period payments	(539.275)	(10.717.922)
Actuarial difference	(816.531)	(393.523)
Closing balance	16.088.030	13.499.203

NOTE 22 - DERIVATIVE INSTRUMENTS

As at June 30, 2024, the details of forward foreign currency purchase/sale contracts are as follows;

	Amount of foreign currency to be received from the bank (USD)	TRY equivalent of foreign currency to be received from the bank as of the statement of financial position date	TRY equivalent of the foreign currency to be received from the bank according to the contract	Fair Value Difference (TRY)
<u>USD to TRY Exchange Rate</u>				
1 to 12 months	6.855.219	225.435.928	225.825.284	(389.356)

As of December 31, 2023, the Group does not have any forward foreign currency purchase/sale contracts.

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NOTE 23 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS

23.1 Paid-in Capital

As of June 30, 2024, the Parent Company's share capital consists of 58.000.000 shares with a par value of TRY 1 each.

The capital structure of the Parent Company as of June 30, 2024 and December 31, 2023 is as follows;

	June 30, 2024		December 31, 2023	
	Share Ratio	Share amount (TRY)	Share Ratio	Share amount (TRY)
Mehmet Dora	63,11%	36.602.500	73,11%	42.402.500
Mustafa Fatih Ünal	2,32%	1.347.500	2,32%	1.347.500
Public Portion	21,12%	12.250.000	21,12%	12.250.000
Other (a)	13,45%	7.800.000	3,45%	2.000.000
Total	100,00%	58.000.000	100,00%	58.000.000
Adjustment to share capital		138.631.829		138.631.829
Paid-in Capital		196.631.829		196.631.829

(a) On September 05, 2023, Mehmet Dora and Mustafa Fatih Ünal, shareholders of the Parent Company, transferred their 1.060.000 and 940.000 unlisted Group B shares, respectively, to the investment funds established by Hedef Portföy Yönetimi Anonim Şirketi within the scope of the Procedure on Wholesale Transactions. Mehmet Dora, one of the shareholders of the Parent Company, transferred 5.800.000 shares of unlisted Group B shares to the investment funds established by Hedef Portföy Yönetimi Anonim Şirketi on June 28, 2024 within the scope of the Procedure Regarding Wholesale Purchase and Sale Transactions.

The share capital of the Parent Company was increased from TRY 10.000.000 to TRY 50.000.000 on March 08, 2022 and the entire amount was transferred from retained earnings.

SDT Uzay ve Savunma Teknolojileri Anonim Şirketi, based on the approvals of the Capital Markets Board of the Republic of Türkiye and Borsa İstanbul Anonim Şirketi, increased its issued capital of TRY 50.000.000 within the registered capital ceiling of TRY 750.000.000 to TRY 58.000.000 by completely restricting the pre-emptive rights of existing shareholders 8.000.000 TRY nominal capital amount and shares with a nominal value of TRY 4.250.000 within the scope of the shareholder sale, in total TRY 12.250.000 nominal value shares were offered to the public on December 28 - 29, 2022 at a price of TRY 32, and the Parent Company shares started to be traded on the Borsa İstanbul Stars Market on January 4, 2023 with the code "SDTTR" and continuous trading method.

According to the Articles of Association of the Parent Company registered on September 14, 2022; the Parent Company shares are divided into Group A and Group B shares. Out of the total 58.000.000 shares of the Parent Company, 7.500.000 shares are Group A shares and all of these shares belong to Mehmet Dora.

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Capital Adjustment Differences

As of June 30, 2024, adjustment to share capital amounts to TRY 138.631.829 (December 31, 2023: TRY 138.631.829). Adjustment to share capital represents the difference between the restatement effect of cash and cash equivalent contributions to share capital and the restatement effect before inflation adjustment.

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

Election of board members

Pursuant to Article 9 of the Articles of Association titled "Board of Directors and its Term", it is stated that the Board of Directors may consist of at least 5 members, half of the members of the Board of Directors may be elected from among the candidates to be nominated by the Group A shareholders, and if half of the number of members of the Board of Directors is a fractional number, the fraction should be rounded down to the following whole number.

Right to vote

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

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

The Group's explanation regarding the adjusted equity accounts in accordance with TAS 29 prepared in accordance with the Capital Markets Board Bulletin published on March 07, 2024 is as follows;

	Financial statements according to TPL	Financial statements according to TAS / TFRS	Differences to be recognized in retained earnings/(losses)
Capital Adjustment Differences	159.729.889	138.631.829	(21.098.060)
Restricted Reserves	24.068.768	24.457.898	389.130

The Group's explanation on adjusted retained earnings in accordance with TAS 29 prepared in accordance with the Capital Markets Board Bulletin published on March 07, 2024 is as follows;

Retained Earnings / (Losses)	Amount Before TAS 29	Amount after TAS 29
January 01, 2022	248.656.769	757.148.512

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23.2 Restricted Reserves

The legal reserve is appropriated out of the statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. Other legal reserves are appropriated at the rate of 10% of the total amount to be distributed to shareholders after payment of a 5% dividend to shareholders. According to the Turkish Commercial Code, unless the legal reserve does not exceed half of the share capital or issued capital, it can only be used to cover losses, to continue the business when business is not going well, or to take measures to prevent unemployment and mitigate its consequences.

As at June 30, 2024 and December 31, 2023, restricted reserves account is as follows

	30.06.2024	31.12.2023
Restricted reserves appropriated from profit	24.457.898	24.457.898
	24.457.898	24.457.898

23.3 Retained Earnings

As at June 30, 2024 and December 31, 2023, retained earnings / (losses) are as follows;

	30.06.2024	31.12.2023
Retained earnings / (losses)	917.353.742	647.568.188
	917.353.742	647.568.188

In the general assembly of the Parent Company held on May 30, 2024, it has been decided to pay dividends amounting to gross TRY 130.192.124 (TRY 132.328.282 based on the purchasing power as of June 30, 2024). The related dividends will be paid in 3 installments in total.

As of June 30, 2024 and 2023, the movement of retained earnings / (losses) is presented in the accompanying statement of changes in equity.

23.4 Gain / (Loss) on Remeasurement of Defined Benefit Plans

For the years ended June 30, 2024 and 2023, the Group has reflected a liability for employment termination benefits calculated on the basis described in Note 2, using the expected inflation rate and real discount rate discounted to the statement of financial position date. All gains and losses other than actuarial gains / (losses) are recognized in the statement of profit or loss and actuarial gains / (losses) are recognized in the statement of changes in equity.

	30.06.2024	31.12.2023
Gain / (loss) on remeasurement of defined benefit plans	845.727	216.998
	845.727	216.998

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23.5 Share Premium

Share premiums consist of cash inflows from the sale of the Parent Company's shares at market prices in the Borsa Istanbul Star Market and the costs related to the public offering process. Share premiums are reported under shareholders' equity.

With the sale of 8.000.000 shares of the Parent Company, each of which is TRY 1, at a price of TRY 32 per share on Borsa Istanbul A.Ş. on the relevant date, a total fund amounting to TRY 256.000.000 has been generated. TRY 8.000.000 of the related amount is reported in the capital account and the remaining TRY 248.000.000 (TRY 477.933.926 based on the purchasing power as of June 30, 2024) is reported in the share premium account. Total public offering cost of the Parent Company amounting to TRY 16.832.997 (TRY 32.439.760 based on the purchasing power as of June 30, 2024) is reported by deducting from the share premium amount.

As at June 30, 2024 and December 31, 2023, the details of share premium account are as follows;

	30.06.2024	31.12.2023
Premiums obtained from the sale of shares on Borsa Istanbul A.Ş.	477.933.926	477.933.926
Expenses related to the public offering process	(32.439.760)	(32.439.760)
	445.494.166	445.494.166

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NOTE 24 - REVENUE AND COST OF SALES

24.1 Revenue

As of June 30, 2024 and 2023, the details of revenue are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Domestic sales	499.245.784	282.808.188	263.775.134	165.276.440
International sales	265.188.655	126.556.546	231.891.963	65.331.608
	764.434.439	409.364.734	495.667.097	230.608.048
Returns from sales	(170.451)	(3.695.225)	(12.446)	(3.695.226)
Sales Revenues (net)	764.263.988	405.669.509	495.654.651	226.912.822

As of June 30, 2024 and 2023, concentration risk analysis is presented in Note 32.

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24.2 Cost of Sales

As of June 30, 2024 and 2023, the details of cost of sales are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Direct raw material costs	497.752.072	163.621.432	344.567.180	104.533.821
Direct labor expenses	76.729.017	73.023.921	30.543.649	32.516.891
General production expenses	85.255.824	39.252.865	50.127.880	14.243.867
Depreciation and amortization	14.582.152	14.949.932	8.511.909	7.155.170
<u>Change in work-in-process inventories</u>				
1. Work in progress at the beginning of the period (+)	262.248.551	157.899.815	307.858.749	175.817.492
2. Semi-finished products at the end of the period (-)	(354.713.154)	(186.318.399)	(354.713.154)	(186.318.399)
Cost of finished goods produced	581.854.462	262.429.566	386.896.213	147.948.842
<u>Change in finished goods inventories</u>				
1. Finished goods at the beginning of the period (+)	18.454.965	8.996.662	30.892.781	17.729.459
2. End of period finished goods (-)	(47.987.772)	(9.421.930)	(47.987.772)	(9.421.930)
Cost of goods sold	552.321.655	262.004.298	369.801.222	156.256.371
Cost of services sold	31.614.176	22.360.331	10.195.079	9.202.445
Depreciation and amortization	77.137	42.666	29.948	8.033
Cost of sales, net	584.012.968	284.407.295	380.026.249	165.466.849

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

As of June 30, 2024 and 2023, general administrative, marketing and research and development expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
General administrative expenses	79.235.155	67.845.450	36.661.921	28.720.391
Marketing expenses	24.519.349	14.889.271	13.379.733	3.675.705
Research and development expenses	11.144.130	3.785.522	7.450.087	3.785.522
	114.898.634	86.520.243	57.491.741	36.181.618

NOTE 26-EXPENSES BY NATURE

26.1 General administrative expenses

As of June 30, 2024 and 2023, the details of general administrative expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Personnel expenses	51.856.801	43.987.606	26.708.299	18.800.559
Consultancy and license expenses	10.356.942	7.408.407	4.498.280	4.334.561
Depreciation and amortization	4.980.915	2.431.992	1.930.569	822.467
Office overheads	2.756.082	5.788.947	207.046	2.245.849
Representation and hospitality expenses	2.599.471	2.733.733	944.418	1.337.059
Accommodation and travel expenses	1.116.362	1.105.849	755.141	368.320
Stationery and printing expenses	457.620	305.167	239.763	153.575
Communication expenses	331.580	309.817	178.061	181.601
Other expenses	4.779.382	3.773.932	1.200.344	476.400
	79.235.155	67.845.450	36.661.921	28.720.391

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26.2 Marketing expenses

As of June 30, 2024 and 2023, the details of marketing expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Personnel expenses	14.091.935	9.159.734	7.185.498	1.901.678
Travel and accommodation expenses	2.552.873	1.395.198	1.163.988	605.848
Training, seminar and fair expenses	4.451.826	1.587.015	3.638.418	329.688
Advertisement and announcement expenses	1.127.920	1.151.506	582.603	483.817
Depreciation and amortization	718.371	50.293	356.722	29.882
Other expenses	1.576.424	1.545.525	452.504	324.792
	24.519.349	14.889.271	13.379.733	3.675.705

26.3 Research and development expenses

As of June 30, 2024 and 2023, the details of research and development expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Personnel expenses	9.670.653	3.624.852	7.293.014	3.624.852
Depreciation and amortization	1.473.477	33.793	157.073	33.793
Other expenses	-	126.877	-	126.877
	11.144.130	3.785.522	7.450.087	3.785.522

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

27.1 Other operating income

As at and for the periods ended June 30, 2024 and 2023, other operating income comprised the following;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Foreign exchange gains from trading activities	101.458.746	18.083.626	47.867.385	11.218.192
Rediscount income	17.064.290	3.791.556	1.074.817	1.587.974
Reversal of unnecessary provision (Note 8)	1.926.711	270.569	-	270.569
Other income	9.229.225	1.422.983	7.598.099	1.084.042
	129.678.972	23.568.734	56.540.301	14.160.777

27.2 Other operating expenses

As of June 30, 2024 and 2023, other operating expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Foreign exchange losses from trading activities	87.706.095	45.877.531	64.538.816	37.294.059
Rediscount expenses	18.415.297	2.584.629	8.319.338	266.982
Provision for doubtful receivables (Note 8)	2.334.477	114.321	2.326.443	2.631
Other expenses	908.059	5.100.333	152.507	167.906
	109.363.928	53.676.814	75.337.104	37.731.578

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NOTE 28 - INCOME / (EXPENSES) FROM INVESTMENT ACTIVITIES

28.1 Income from investing activities

As of June 30, 2024 and 2023, income from investing activities is as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Currency hedged deposit income	46.973.893	157.007.475	10.371.335	150.039.287
Sale and valuation of financial investments profits	14.263.563	88.746.152	8.847.512	32.455.111
Gain on sale of fixed assets	256.701	157.562	252.639	39.850
	61.494.157	245.911.189	19.471.486	182.534.248

28.2 Expenses from investing activities

As of June 30, 2024 and 2023, expenses from investing activities are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Loss on sale of financial investments	473.903	-	68.574	-
Loss on sale of fixed assets	382.802	14.768	-	14.768
	856.705	14.768	68.574	14.768

NOTE 29 - FINANCE INCOME / (EXPENSES)

29.1 Finance income

As of June 30, 2024 and 2023, financial income for the periods ended June 30, 2024 and 2023 are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Foreign exchange gains	58.333.110	17.963.606	23.643.723	11.195.646
Interest income	16.362.734	9.372.837	9.861.626	4.495.663
Derivative instrument income	-	11.433.165	-	11.433.165
	74.695.844	38.769.608	33.505.349	27.124.474

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29.2 Finance expenses

As of June 30, 2024 and 2023, financial expenses are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Foreign exchange loss	52.751.337	20.599.379	1.157.092	5.594.370
Loan interest expenses	9.834.704	307.531	8.883.924	215.666
Letter of guarantee and bank commission Expenses	1.955.452	4.308.841	9.978	3.150.361
	64.541.493	25.215.751	10.050.994	8.960.397

NOTE 30-TAX ASSETS AND LIABILITIES

Deferred Tax

The Group's deferred tax assets and liabilities arise from temporary differences between the financial statements prepared in accordance with TAS / TFRS and the statutory records of the Group. These differences arise from the differences in taxation of income and expenses in different reporting periods for TAS / IFRS and tax purposes.

According to the regulations in force as of the reporting date, corporate tax rate will be applied as 25% in 2024 (2023: 25%). As at June 30, 2024 and December 31, 2023, deferred tax assets and liabilities are measured using tax rates (and tax laws) that are expected to apply in the period in which the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and that are expected to be enacted or substantively enacted by the end of the reporting period, in accordance with the "TAS 12 Income Taxes" standard's measurement heading, 25% rate is taken into consideration (for the Parent Company: 23%).

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The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided using enacted tax rates as of the dates of the consolidated statement of financial position is as follows;

	June 30, 2024		December 31, 2023	
	Total temporary differences	Deferred tax assets/ (liabilities)	Total temporary differences	Deferred tax assets/ (liabilities)
<u>Deferred tax assets:</u>				
Deductible taxable losses	118.925.850	27.352.946	-	-
Investment allowance	59.056.496	13.582.994	-	-
Provision for employment termination benefits	16.088.030	3.709.505	13.499.203	3.114.040
Adjustments related to inventories	22.117.628	5.087.055	-	-
Rediscount of receivables	12.500.587	2.875.604	13.871.497	3.189.643
Provision for doubtful receivables	5.463.244	1.257.330	6.305.930	1.450.482
Loan interest accrual	481.934	110.845	13.443	3.092
Provision for unused vacation	22.216.068	5.121.644	18.612.778	4.295.843
Provision for impairment of inventories	22.816.339	5.247.758	32.733.496	7.528.704
Indexation and measurement of property, plant and equipment and intangible assets depreciation differences	247.489.836	57.247.849	166.533.514	38.556.902
Expense accrual	12.367.632	2.854.968	19.564.256	4.499.779
Warranty service expense provision	10.617.305	2.441.980	15.436.141	3.549.860
Reclassification of deferred income	-	-	37.295.244	8.577.907
Foreign exchange losses	4.771.564	1.097.523	3.430.749	789.072
Other	-	-	13.428.876	3.089.005
Deferred tax assets		127.988.001		78.644.329
<u>Deferred tax liabilities:</u>				
Adjustments related to inventories	(1.142.092)	(262.681)	(14.266.380)	(3.245.382)
Indexation and measurement of property, plant and equipment and intangible assets depreciation differences	(18.363)	(4.223)	(105.174)	(21.035)
Rediscount on payables	(1.739.052)	(400.096)	(2.741.044)	(630.222)
Foreign exchange gains	(4.876.615)	(1.121.622)	(2.292.844)	(525.120)
Reclassification of deferred income	(12.976.048)	(2.984.491)	(49.825.970)	(11.459.873)
Adjustment for prepaid expenses	(8.705.168)	(2.002.190)	(2.676.213)	(615.428)
Deferred tax liabilities		(6.775.303)		(16.497.060)
Deferred tax assets / (liabilities), net		121.212.698		62.147.269

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As of June 30, 2024 and 2023, tax income/expense for the years ended June 30, 2024 and 2023 are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023	01.04. - 30.06.2024	01.04. - 30.06.2023
Current Period Tax Income / (Expense)	-	(37.428.430)	2.140.475	2.792.171
Deferred Tax Income / (Expense)	59.253.231	(23.072.787)	46.091.852	(13.895.549)
Tax income / (expense), net	59.253.231	(60.501.217)	48.232.327	(11.103.378)

As of June 30, 2024 and 2023, the calculation of tax income / (expense) for the periods ended June 30, 2024 and 2023 is as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Unaudited profit / (loss) before tax	81.848.811	112.530.084
Total additions / deductions to the base	(81.848.811)	(90.893.704)
Unaudited financial profit / (loss)	-	21.636.380
Applicable tax rate	23%	18%
Calculated tax	-	3.894.548
Monetary gain / (loss), net	-	3.304.045
Other tax (a)	-	30.229.837
Corporate tax provision in the statement of profit or loss	-	37.428.430

(a) Within the scope of the Law No. 7440 on Restructuring of Certain Receivables and Amendments to Certain Laws published on March 12, 2023, it has been announced that an additional tax of 10% will be levied on the corporate tax return for the year 2022 over the discount and exemption amounts utilized in accordance with the Corporate Tax Law and other laws and the discounted corporate tax base in accordance with Article 32/A of the Corporate Tax Law. In this context, additional provision amounting to TRY 17.616.746 (TRY 30.229.837 on purchasing power basis as of June 30, 2024) calculated over the discount and exemption utilized from the corporate tax provisions reflected in the consolidated financial statements dated December 31, 2022 is reflected in the consolidated financial statements dated June 30, 2023.

As of June 30, 2024 and 2023, the movement of deferred tax income / (expense) is as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Opening balance at the beginning of the period	(62.147.269)	508.121
Deferred tax recognized in equity	187.802	28.628
Deferred tax assets / (liabilities), net	121.212.698	(23.609.536)
Deferred tax income / (expense), net	59.253.231	(23.072.787)

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As at June 30, 2024 and December 31, 2023, the Group's liability for current income tax is as follows;

	30.06.2024	31.12.2023
Current period profit tax liability	-	27.124.312
	-	27.124.312

As at June 30, 2024 and December 31, 2023, the Group's assets related to current income tax are as follows

	30.06.2024	31.12.2023
Assets related to current period tax	2.920.156	-
	2.920.156	-

Corporate Tax

The Group is subject to corporate tax in Türkiye. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the current period.

Corporate tax is payable at a rate of 25% on taxable corporate income, which is calculated on the tax base remaining after adjusting for certain non-deductible expenses and deducting tax-exempt income, non-taxable income and other deductions (accumulated losses, if any, and investment incentives used if preferred). As at June 30, 2024, the effective tax rate is 25% (2023: 25%).

In Türkiye, advance tax is calculated and accrued on a quarterly basis. The advance tax rate for 2024 is 25% (2023: 25%). According to the regulation in the Corporate Tax Law, corporate tax is applied with a 2 percentage point discount on the corporate earnings of corporations whose shares are offered to the public at a rate of at least 20% to be traded on the Borsa Istanbul Equity Market for the first time, for 5 accounting periods starting from the accounting period in which the shares are offered to the public for the first time.

In Türkiye, there is no definitive and rigid reconciliation procedure for tax assessments. Companies file their tax returns between April 1-25 of the year following the close of the accounting period of the relevant year (between 1-25 of the fourth month following the close of the period for those with special accounting periods). These returns and the underlying accounting records can be reviewed and amended by the Tax Office within 5 years.

Income Tax Withholding

In addition to corporate income tax, companies should also calculate income withholding tax on dividends distributed, except for companies receiving dividends and declaring such dividends as part of their corporate income, and branches of foreign companies in Türkiye. The withholding tax rate was changed to 15% as of July 23, 2006. With the Presidential Decree dated December 21, 2021 and numbered 4936 published in the Official Gazette dated December 22, 2021, the dividend withholding tax rate was reduced from 15% to 10%. Dividends that are not distributed but added to capital are not subject to withholding tax.

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NOTE 31 - EARNINGS / (LOSS) PER SHARE

As of June 30, 2024 and 2023, earnings / (loss) per share with a nominal value of TRY 1 are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Profit / (loss) for the period, net	(13.559.876)	77.552.740
Profit / (loss) attributable to non-controlling interests, net	-	-
Profit / (loss) for the period attributable to equity holders of the parent, net	(13.559.876)	77.552.740
Total weighted average number of shares (*)	58.000.000	57.022.222
Basic and diluted earnings / (loss) per share (TRY)	(0,23)	1,36

(*) Number of shares are calculated according to the weighted average method, taking into account the dates of capital increase.

NOTE 32 – EXPOSURE TO FINANCIAL RISKS DUE TO FINANCIAL INSTRUMENT

Financial Instruments

Credit risk

Credit risk is the risk that a party to a financial instrument will default on a contractual obligation, resulting in a financial loss to the Group. The Group is exposed to credit risk through its trade receivables from forward sales, other receivables and deposits held at banks. The Group management mitigates the credit risk related to receivables from customers by setting credit limits for each customer individually and by obtaining collaterals when necessary and by selling to risky customers only through cash collections. The Group's collection risk arises mainly from trade receivables. Trade receivables are evaluated by the Group management based on past experience and the current economic situation and are recognized net in the statement of financial position after an appropriate allowance for doubtful receivables is recognized.

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As of June 30, 2024, the Group's exposure to credit risks by types of financial instruments is as follows;

	Trade receivables		Other Receivables		Banks	
	Related Party	Other Party	Related Party	Other Party	Deposit	Other
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	2.139.314	520.749.025	-	21.048.578	348.106.710	221.444.523
Portion of maximum risk under guarantee with collaterals, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.139.314	520.749.025	-	21.048.578	348.106.710	221.444.523
B. Carrying amount of financial assets with renegotiated terms that would otherwise be considered past due or impaired	-	-	-	-	-	-
C. Net book value of assets that are past due but not impaired	-	-	-	-	-	-
-The part secured with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
-Past due (gross carrying amount)	-	5.463.244	-	-	-	-
-Impairment (-)	-	(5.463.244)	-	-	-	-
Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
- Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off statement of financial position items with credit risk	-	-	-	-	-	-

As of December 31, 2023, the Group's exposure to credit risks by types of financial instruments is as follows;

	Trade receivables		Other Receivables		Banks	
	Related Party	Other Party	Related Party	Other Party	Deposit	Other
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	4.847.695	604.709.669	-	23.675.883	565.361.959	222.953.785
Portion of maximum risk under guarantee with collaterals, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	4.847.695	604.709.669	-	23.675.883	565.361.959	222.953.785
B. Carrying amount of financial assets with renegotiated terms that would otherwise be considered past due or impaired	-	-	-	-	-	-
C. Net book value of assets that are past due but not impaired	-	-	-	-	-	-
-The part secured with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
-Past due (gross carrying amount)	-	6.305.930	-	-	-	-
-Impairment (-)	-	(6.305.930)	-	-	-	-
Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-
- Portion of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off statement of financial position items with credit risk	-	-	-	-	-	-

(*) This field represents the sum of rows A, B, C, D and E in the table. In determining the amount in question, factors that increase credit reliability, such as guarantees received, are not taken into account.

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Interest rate risk

Fluctuations in the value of financial instruments may occur as market prices change. Such fluctuations may arise from changes in the price of securities or from factors specific to the issuer or affecting the overall market. The Group's interest rate risk is primarily related to bank borrowings.

Interest-bearing financial liabilities have variable interest rates, whereas interest-bearing financial assets have fixed interest rates and future cash flows do not vary with the size of these assets. The Group's exposure to the risk of changes in market interest rates depends primarily on the Group's floating rate debt obligations. The Group's policy is to manage interest cost by using fixed and floating rate borrowings. As at June 30, 2024 and December 31, 2023, the Group has no floating rate borrowings.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its net funding obligations. Liquidity risk arises from the occurrence of events that result in a decrease in funding sources, such as market deterioration or credit rating downgrades. The Group management manages liquidity risk by allocating funding sources and maintaining sufficient cash and cash equivalents to meet its current and prospective obligations.

The tables showing the Group's liquidity risk as of June 30, 2024 are as follows;

		Total cash outflows in accordance with the contract (=I+II+III)	Less than 3 Months (I)	3 to 12 Months (II)	1- 5 Years (III)
Contractual maturities	Book Value				
Non-Derivative Financial Liabilities					
Financial liabilities	156.174.911	181.213.416	4.763.845	176.449.571	-
	156.174.911	181.213.416	4.763.845	176.449.571	-
		Total cash outflows in accordance with expected maturity (=I+II+III)	Less than 3 Months (I)	3 to 12 Months (II)	1- 5 Years (III)
Expected maturities	Book Value				
Non-Derivative Financial Liabilities					
Trade payables	77.943.618	79.682.671	66.169.058	13.513.613	-
Other payables	175.109.568	175.109.568	44.917.444	130.192.124	-
	253.053.186	254.792.239	111.086.502	143.705.737	-

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The tables showing the Group's liquidity risk as of December 31, 2023 are as follows:

Contractual maturities	Book Value	Total cash outflows in accordance with the contract (=I+II+III)	Less than 3 Months (I)	3 to 12 Months (II)	1- 5 Years (III)
Non-Derivative Financial Liabilities					
Financial liabilities	14.603.758	14.658.619	3.917.499	10.365.639	375.481
	14.603.758	14.658.619	3.917.499	10.365.639	375.481
Expected maturities	Book Value	Total cash outflows in accordance with expected maturity (=I+II+III)	Less than 3 Months (I)	3 to 12 Months (II)	1- 5 Years (III)
Non-Derivative Financial Liabilities					
Trade payables	183.924.805	186.665.849	186.665.849	-	-
Other payables	37.384.021	37.384.021	37.384.021	-	-
	221.308.826	224.049.870	224.049.870	-	-

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Currency risk

Foreign currency risk is the risk arising from the effects of movements in foreign exchange rates on assets, liabilities and off-balance sheet liabilities denominated in foreign currencies. Foreign currency transactions during the period are translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the end of the period. Exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the statement of profit or loss.

As of June 30, 2024, assets and liabilities denominated in foreign currencies held by the Group are as follows;

	TRY equivalent functional currency	USD	EURO	CHF	GBP
1. Trade Receivables	504.589.176	15.265.269	99.304	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	301.071.224	8.694.197	442.953	295	2.481
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	805.660.400	23.959.466	542.257	295	2.481
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Fixed Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	805.660.400	23.959.466	542.257	295	2.481
10. Trade Payables	102.181.544	2.056.758	975.881	-	4.838
11. Financial Liabilities	151.479.820	4.606.308	-	-	-
12a. Other monetary liabilities	408.714.386	12.169.914	241.622	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	662.375.750	18.832.980	1.217.503	-	4.838
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
17. Long-term liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities	662.375.750	18.832.980	1.217.503	-	4.838
19. Net asset / liability position of off-balance sheet derivative instruments (19a-19b)	139.021.140	3.700.000	500.000	-	-
19a. Total amount of hedged assets (*)	139.021.140	3.700.000	500.000	-	-
19b. Total amount of hedged liabilities	-	-	-	-	-
20. Net foreign currency asset/liability position (9-18+19)	282.305.790	8.826.486	(175.246)	295	(2.357)
21. Net foreign currency asset/liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	143.284.650	5.126.486	(675.246)	295	(2.357)
22. Total fair value of financial instruments used for foreign currency hedges	-	-	-	-	-
23. Export	256.575.762	7.512.730	431.828	-	-
24. Import	316.342.336	8.722.896	756.389	15.400	12.865

(*) The related amount represents the Group's foreign currency hedged deposits and derivative financial instruments denominated in foreign currencies.

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As of December 31, 2023, assets and liabilities denominated in foreign currencies held by the Group are as follows;

	TRY equivalent functional currency	USD	EURO	CHF	GBP
1. Trade Receivables	560.351.377	15.217.672	38.500	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	94.515.804	1.565.591	898.380	12.057	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	654.867.181	16.783.263	936.880	12.057	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Fixed Assets (5+6+7)	-	-	-	-	-
9. Total Assets (4+8)	654.867.181	16.783.263	936.880	12.057	-
10. Trade Payables	239.882.748	5.790.048	637.879	6.536	13.626
11. Financial Liabilities	-	-	-	-	-
12a. Other monetary liabilities	491.865.913	13.361.006	9.088	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	731.748.661	19.151.054	646.967	6.536	13.626
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	87.735.765	2.385.041	-	-	-
17. Long-term liabilities (14+15+16)	87.735.765	2.385.041	-	-	-
18. Total liabilities	819.484.427	21.536.095	646.967	6.536	13.626
19. Net asset / liability position of off-balance sheet derivative instruments (19a-19b)	468.294.798	12.200.000	500.000	-	-
19a. Total amount of hedged assets (*)	468.294.798	12.200.000	500.000	-	-
19b. Total amount of hedged liabilities	-	-	-	-	-
20. Net foreign currency asset/liability position (9-18+19)	303.677.552	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)	(76.881.480)	(2.367.791)	289.913	5.521	(13.626)
22. Total fair value of financial instruments used for foreign currency hedges	-	-	-	-	-
23. Export	482.735.588	14.491.204	204.699	-	-
24. Import	465.938.774	10.371.130	693.341	48.400	52.984

(*) The related amount represents the Group's foreign currency equalized assets within the scope of currency hedged deposits.

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Sensitivity Analysis to Currency Risk

As at June 30, 2024, according to the foreign currency position in the statement of financial position as at June 30, 2024, if the Turkish Lira had appreciated/depreciated by 10% against foreign currencies with all other variables held constant, net loss would have been higher/lower by TRY 28.230.579 as a result of foreign exchange gains/losses on assets and liabilities denominated in foreign currencies for the year then ended.

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of a 10% appreciation/depreciation of the US Dollar against TRY				
1-US Dollar net asset/liability	16.716.900	(16.716.900)	16.716.900	(16.716.900)
2-US Dollar hedged portion (-)	12.145.694	(12.145.694)	12.145.694	(12.145.694)
3-US Dollar Net effect (1+2)	28.862.594	(28.862.594)	28.862.594	(28.862.594)
If Euro appreciates/depreciates by 10% against TRY				
4-Euro net asset / liability	(2.379.742)	2.379.742	(2.379.742)	2.379.742
5-Euro hedged portion (-)	1.756.420	(1.756.420)	1.756.420	(1.756.420)
6-Euro Net effect (4+5)	(623.322)	623.322	(623.322)	623.322
In case of a 10% appreciation/depreciation of the British Pound against TRY				
7-British Pound Sterling net asset / liability	(9.767)	9.767	(9.767)	9.767
8-The portion hedged against GBP risk (-)	-	-	-	-
9-British Pound Sterling Net effect (7+8)	(9.767)	9.767	(9.767)	9.767
If the Swiss Franc appreciates/depreciates by 10% against TRY				
10-Swiss franc net assets/liabilities	1.074	(1.074)	1.074	(1.074)
11-Swiss Franc hedged portion (-)	-	-	-	-
12-Swiss Francs Net effect (10+11)	1.074	(1.074)	1.074	(1.074)
TOTAL (3+6+9+12)	28.230.579	(28.230.579)	28.230.579	(28.230.579)

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As at December 31, 2023, according to the foreign currency position in the statement of financial position as at December 31, 2023, if the Turkish Lira had appreciated / depreciated by 10% against foreign currencies with all other variables held constant, net loss would have been higher / lower by TRY 30.367.755 as a result of foreign exchange gains / losses on assets and liabilities denominated in foreign currencies for the year then ended.

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of a 10% appreciation/depreciation of the US Dollar against TRY				
1-US Dollar net asset/liability	(17.595.373)	17.595.373	(17.595.373)	17.595.373
2-US Dollar hedged portion (-)	44.797.934	(44.797.934)	44.797.934	(44.797.934)
3-US Dollar Net effect (1+2)	27.202.561	(27.202.561)	27.202.561	(27.202.561)
If Euro appreciates/depreciates by 10% against TRY				
4-Euro net asset / liability	1.173.205	(1.173.205)	1.173.205	(1.173.205)
5-Euro hedged portion (-)	2.031.546	(2.031.546)	2.031.546	(2.031.546)
6-Euro Net effect (4+5)	3.204.751	(3.204.751)	3.204.751	(3.204.751)
In case of a 10% appreciation/depreciation of the British Pound against TRY				
7-British Pound Sterling net asset / liability	(63.637)	63.637	(63.637)	63.637
8-The portion hedged against GBP risk (-)	-	-	-	-
9-British Pound Sterling Net effect (7+8)	(63.637)	63.637	(63.637)	63.637
If the Swiss Franc appreciates/depreciates by 10% against TRY				
10-Swiss franc net assets/liabilities	24.080	(24.080)	24.080	(24.080)
11-Swiss Franc hedged portion (-)	-	-	-	-
12-Swiss Francs Net effect (10+11)	24.080	(24.080)	24.080	(24.080)
TOTAL (3+6+9+12)	30.367.755	(30.367.755)	30.367.755	(30.367.755)

Concentration risk related to sales

As at and for the periods ended June 30, 2024 and 2023, the concentration risk of the Group's sales arises from its sales from its main operations.

As at June 30, 2024 and 2023, the Group's sales and customers create a concentration risk due to the high share of certain customers in the Group's sales. Under IFRS 8 Operating Segments, if the revenue from transactions with a single external customer is 10 percent or more of the entity's revenue, the entity discloses that fact, the total amount of revenue from each such customer, and the segment or segments reporting the revenue. An entity need not disclose the identity of its major customers or the amount of revenue reported by each segment from that customer.

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As at June 30, 2024 and 2023, the customers and proportions of customers that account for 10% or more of the Group's revenue are as follows;

	01.01. - 30.06.2024	01.01. - 30.06.2023
Company A	33%	28%
Company B	24%	11%
Company C	15%	8%
Company D	10%	5%
Company E	0%	13%
Company F	1%	11%
G Company	8%	10%

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital management using the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by deducting cash and cash equivalents from total debt (which includes current and non-current liabilities as presented in the statement of financial position). Cash and cash equivalents comprise cash and cash equivalents and currency hedged deposits recognized in short-term financial investments. Total capital is calculated as equity plus net debt, as shown in the statement of financial position.

As of June 30, 2024 and December 31, 2023, net debt / total capital ratio is as follows;

	30.06.2024	31.12.2023
Total payables	1.008.920.274	1.043.367.710
Minus Cash and cash equivalents	569.596.485	788.361.993
Net debt	439.323.789	255.005.717
Total equity	1.571.223.486	1.716.482.915
Total capital	2.010.547.275	1.971.488.632
Net Debt/Total Capital ratio	22%	13%

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NOTE 33 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)

Fair value is the price at which a financial instrument could be exchanged between willing parties in a current transaction, other than in a forced sale or liquidation. The quoted market price, if any, is the price that best reflects the fair value of a financial instrument. The fair values of the Group's financial instruments have been estimated to the extent that relevant and reliable information is available from financial markets in Türkiye. The estimates presented herein do not necessarily reflect the amounts the Group could realize 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 are used to estimate the fair values of financial instruments for which it is practicable to estimate fair values:

Financial Assets

Monetary assets whose fair value approximates their carrying amount:

- Foreign currency balances are translated at the period-end exchange rate.
- The fair values of certain financial assets (cash and cash equivalents) carried at cost in the statement of financial position are considered to approximate their respective carrying values.
- The fair value of trade receivables, net of allowances, is estimated to approximate their carrying value.

Financial Liabilities

Monetary liabilities whose fair value approximates their carrying amount:

The fair values of short-term borrowings and other monetary liabilities are considered to approximate their carrying values due to their short-term nature.

-The fair value of long-term debt denominated in a foreign currency and translated at period-end exchange rates is assumed to be equal to its carrying amount.

-The carrying amounts of trade payables and accrued expenses, which represent estimated amounts payable to third parties, are assumed to approximate their fair values.

Fair value measurements hierarchy table

The Group classifies the fair value measurements of financial instruments carried at fair value in the financial statements according to the source of inputs for each class of financial instruments, using a three-level hierarchy, as follows

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

Second level: Financial assets and liabilities are valued using inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable market data used to determine the fair value of the asset or liability.

As at June 30, 2024 and December 31, 2023, the Group has not made any transfers between level two and level one and to or from level three.

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As of June 30, 2024, the classes of financial instruments and their fair values are as follows;

	Financial liabilities measured at amortized cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	422.330.964	-	422.330.964	5
Trade receivables	522.888.339	-	522.888.339	8
Financial investments	-	147.872.009	147.872.009	6
<u>Financial liabilities</u>				
Financial liabilities	156.174.911	-	156.174.911	7
Trade payables	77.943.618	-	77.943.618	8
Derivative instruments	-	389.356	389.356	22

As of December 31, 2023, the classes of financial instruments and their fair values are as follows;

	Financial liabilities measured at amortized cost	Financial assets at fair value through profit or loss	Book value	Note
<u>Financial assets</u>				
Cash and cash equivalents	313.131.222	-	313.131.222	5
Trade receivables	609.557.364	-	609.557.364	8
Financial investments	-	493.619.614	493.619.614	6
<u>Financial liabilities</u>				
Financial liabilities	14.603.758	-	14.603.758	7
Trade payables	183.924.805	-	183.924.805	8

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NOTE 34 - SUBSEQUENT EVENTS AFTER THE FINANCIAL POSITION STATEMENT DATE

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

- According to Article 36 of the "Law No. 7524 on the Amendment of Tax Laws and Certain Laws and Decree Law No. 375" published in the Official Gazette on August 02, 2024, the calculated corporate tax cannot be less than 10% of the corporate income before deducting discounts and exemptions, effective from January 01, 2025, the Group's income determined as exempt from corporate tax will be subject to domestic minimum corporate tax. Although this issue is considered as "an event after the reporting period that does not require an adjustment" within the scope of "TAS 10 Events after the Reporting Period" standard, studies to measure the effects of this issue on the Group's operations, cash flows and financial position in 2025 are ongoing as of the date of this report.
- In the general assembly of the Parent Company held on May 30, 2024, it was decided to pay the dividend payment amounting to gross TRY 130.192.124 in 3 installments. On August 13, 2024, the first installment of the related dividend amounting to TRY 48.822.047 was paid in cash.