

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

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

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SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS
CONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

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

		Current Period Unaudited	Prior Period Audited
	Footnote References	30.09.2024	31.12.2023
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	437.752.176	341.061.087
Financial Investments	6	43.019.619	517.619.170
Trade Receivables	8	597.830.443	663.927.077
- Trade receivables from related parties		2.591.644	5.280.087
- Trade receivables from third parties		595.238.799	658.646.990
Other Receivables	9	15.968.423	25.046.431
- Other receivables from related parties		-	-
- Other receivables from third parties		15.968.423	25.046.431
Inventories	11	1.098.329.786	982.624.386
Prepaid Expenses	13	113.793.519	129.427.802
- Prepaid expenses from related parties		25.524.280	5.823.124
- Prepaid expenses from third parties		88.269.239	123.604.678
Current Period Tax Related Assets	30	4.674.410	-
Other Current Assets	12	6.473.519	37.833.415
TOTAL CURRENT ASSETS		2.317.841.895	2.697.539.368
NON-CURRENT ASSETS			
Other Receivables	9	539.283	741.231
- Other receivables from related parties		-	-
- Other receivables from third parties		539.283	741.231
Financial Investments	6	626.663	20.029.044
Investments Accounted through Equity Method	18	7.898.146	2.630.101
Right of Use Assets	15	3.983.256	14.418.772
Tangible Fixed Assets	16	111.796.834	48.801.877
Intangible Assets	17	59.030.327	71.442.334
Prepaid Expenses	13	105.614.022	82.723.359
Deferred Tax Asset	30	120.747.305	67.690.519
TOTAL NON-CURRENT ASSETS		410.235.836	308.477.237
TOTAL ASSETS		2.728.077.731	3.006.016.605

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 SEPTEMBER 2024 AND 31 DECEMBER 2023

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

		Current Period Unaudited	Prior Period Audited
	Footnote References	30.09.2024	31.12.2023
LIABILITIES			
CURRENT LIABILITIES			
Financial Borrowings	7	186.375	137.785
Current Installment of Long Term Financial Borrowings	7	162.278.389	15.359.589
Trade Payables	8	60.333.121	200.330.051
- Trade payables to related parties		573.808	212.909
- Trade payables to third parties		59.759.313	200.117.142
Employee Benefit Payables	10	35.921.987	32.814.241
Other Payables	9	92.282.369	7.904.262
- Other payables to related parties		81.372.316	-
- Other payables to third parties		10.910.053	7.904.262
Deferred Income	14	490.723.243	656.129.036
Current Tax Liabilities	30	-	29.543.676
Short Term Provisions		47.226.648	53.084.179
- Provisions for employee benefits	21	42.688.656	40.913.050
- Other short term provisions	20	4.537.992	12.171.129
Derivative Instruments	22	2.368.130	-
TOTAL CURRENT LIABILITIES		891.320.262	995.302.819
NON-CURRENT LIABILITIES			
Financial Borrowings	7	-	408.972
Deferred Income	14	37.156.716	121.374.404
Long Term Provisions		21.939.368	19.345.114
- Provisions for employee benefits	21	19.056.066	14.703.269
- Other long term provisions	20	2.883.302	4.641.845
TOTAL NON-CURRENT LIABILITIES		59.096.084	141.128.490
TOTAL LIABILITIES		950.416.346	1.136.431.309
SHAREHOLDERS' EQUITY			
Parent Company's Equity		1.777.661.385	1.869.585.296
Paid-in Capital	23.1	58.000.000	58.000.000
Capital Adjustment Differences		156.170.484	156.170.484
Share Premiums/Discounts	23.5	485.230.196	485.230.196
Not to be Reclassified to Profit or Loss			
Accumulated Other Comprehensive Income or Expense		797.076	236.354
Gain (Loss) on Remeasurement		797.076	236.354
- Gain on remeasurement of defined benefit plans (Losses)	23.4	797.076	236.354
Other Comprehensive Income or Expense to be Reclassified to Profit or Loss		-	-
Restricted Reserves	23.2	26.639.430	26.639.430
Retained Earnings	23.3	999.177.475	705.328.292
Net Profit / Loss for the Period	31	51.646.724	437.980.540
Minority Interests		-	-
TOTAL SHAREHOLDERS' EQUITY		1.777.661.385	1.869.585.296
TOTAL LIABILITIES AND EQUITY		2.728.077.731	3.006.016.605

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 SEPTEMBER 2024 AND 2023

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

		Current period Unaudited 01.01.- 30.09.2024	Prior period Unaudited 01.01.- 30.09.2023	Current period Unaudited 01.07.- 30.09.2024	Prior period Unaudited 01.07.- 30.09.2023
Footnote References					
PROFIT OR LOSS PORTION					
Revenue	24.1	1.367.418.660	865.157.618	534.985.840	423.304.255
Cost of Sales	24.2	(1.021.410.368)	(596.508.025)	(385.306.130)	(286.732.907)
GROSS PROFIT / (LOSS)		346.008.292	268.649.593	149.679.710	136.571.348
General Administrative Expenses	26.1	(125.271.264)	(108.216.441)	(38.968.698)	(34.319.489)
Marketing Expenses	26.2	(38.172.521)	(29.958.685)	(11.466.159)	(13.741.360)
Research and Development Expenses	26.3	(15.474.041)	(17.077.930)	(3.335.906)	(12.954.757)
Other Income from Operation Activities	27.1	180.300.391	34.273.726	39.054.651	8.602.769
Other Expense from Operation Activities	27.2	(140.148.533)	(70.697.869)	(21.029.846)	(12.233.330)
PROFIT/ (LOSS) FROM OPERATING ACTIVITIES		207.242.324	76.972.394	113.933.752	71.925.181
Income from Investing Activities	28.1	82.192.257	314.368.855	15.213.104	46.523.519
Expenses from Investing Activities	28.2	(974.175)	(436.034)	(41.056)	(419.949)
Share of Profit/Loss of Investments Accounted Through Equity Method	18	5.268.045	-	759.462	-
OPERATING INCOME BEFORE FINANCIAL INCOME/ (EXPENSE)		293.728.451	390.905.215	129.865.262	118.028.751
Financing Income	29.1	131.393.829	163.747.813	50.035.459	121.520.134
Finance Expenses (-)	29.2	(98.999.956)	(118.320.207)	(28.701.659)	(90.855.327)
Monetary Gain / (Loss), net		(327.699.874)	(253.314.064)	(73.468.913)	(116.042.537)
PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(1.577.550)	183.018.757	77.730.149	32.651.021
Tax Income / (Expense) from Continuing Operations		53.224.274	(92.039.297)	(11.314.073)	(26.141.650)
Current Period Tax (Expense) / Income	30	-	(56.898.453)	-	(16.131.579)
Deferred Tax (Expense) / Income	30	53.224.274	(35.140.844)	(11.314.073)	(10.010.071)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		51.646.724	90.979.460	66.416.076	6.509.371
PROFIT / (LOSS) FOR THE PERIOD	31	51.646.724	90.979.460	66.416.076	6.509.371
Distribution of Profit / (Loss) for the Period					
Minority Interests		-	-	-	-
Parent Company Shares	31	51.646.724	90.979.460	66.416.076	6.509.371
Earnings / (Loss) per Share	31	0,89	1,58	1,15	0,11

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 SEPTEMBER 2024 AND 2023

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

		Current period Unaudited	Prior period Unaudited	Current period Unaudited	Prior period Unaudited
	Footnote References	01.01.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2024	01.07.- 30.09.2023
PROFIT / (LOSS) FOR THE PERIOD		51.646.724	90.979.460	66.416.076	6.509.371
OTHER COMPREHENSIVE INCOME / (EXPENSES)					
Not To Be Reclassified Under Profit or Loss		560.722	111.195	(310.470)	(44.180)
Gain (Loss) on Remeasurement of Defined Benefit Plans	21	728.210	138.994	(161.152)	(16.907)
Taxes on other comprehensive income not to be reclassified to profit or loss		(167.488)	(27.799)	(149.318)	(27.273)
- Current Period Tax Expense/Income					
- Deferred Tax Expense/Income	30	(167.488)	(27.799)	(149.318)	(27.273)
Reclassified Under Profit or Loss					
OTHER COMPREHENSIVE INCOME / (EXPENSES)		560.722	111.195	(310.470)	(44.180)
TOTAL COMPREHENSIVE INCOME / (EXPENSES)		52.207.446	91.090.655	66.105.606	6.465.191
Distribution of Total Comprehensive Income /(Expense)					
Minortiy Interests		-	-	-	-
Parent Company Shares		52.207.446	91.090.655	66.105.606	6.465.191

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 SEPTEMBER 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 September 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	147.378.115	-	(93.687)	8.696.758	700.274.614	153.837.751	1.060.093.551	-	1.060.093.551
Transfer	23.3	-	-	-	-	-	153.837.751	(153.837.751)	-	-	-
<i>Capital increase</i>									-	-	-
- Transfer	23.1	8.000.000	8.792.369	-	-	-	-	-	16.792.369	-	16.792.369
Share Premiums/Discounts	23.5	-	-	485.230.196	-	-	-	-	485.230.196	-	485.230.196
Dividends	23.3	-	-	-	-	-	(130.838.687)	-	(130.838.687)	-	(130.838.687)
Total Comprehensive Income / (Expense)		-	-	-	111.195	-	-	90.979.460	91.090.655	-	91.090.655
- Profit (Loss) for the Period	31	-	-	-	-	-	-	90.979.460	90.979.460	-	90.979.460
- Other Comprehensive Income (Expense)	23.4	-	-	-	111.195	-	-	-	111.195	-	111.195
Balances as of September 30, 2023 (End of the Period)		58.000.000	156.170.484	485.230.196	17.508	8.696.758	723.273.678	90.979.460	1.522.368.084	-	1.522.368.084
Balances as of December 31, 2023 (Beginning of period))		58.000.000	156.170.484	485.230.196	236.354	26.639.430	705.328.292	437.980.540	1.869.585.296	-	1.869.585.296
Transfer	23.3	-	-	-	-	-	437.980.540	(437.980.540)	-	-	-
Dividends	23.3	-	-	-	-	-	(144.131.357)	-	(144.131.357)	-	(144.131.357)
Total Comprehensive Income / (Expense)		-	-	-	560.722	-	-	51.646.724	52.207.446	-	52.207.446
- Profit (Loss) for the Period	31	-	-	-	-	-	-	51.646.724	51.646.724	-	51.646.724
- Other Comprehensive Income (Expense)	23.4	-	-	-	560.722	-	-	-	560.722	-	560.722
Balances as of September 30, 2024 (End of the Period)		58.000.000	156.170.484	485.230.196	797.076	26.639.430	999.177.475	51.646.724	1.777.661.385	-	1.777.661.385

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 SEPTEMBER 2024 AND 2023

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

		Current period Unaudited 01.01.- 30.09.2024	Prior period Unaudited 01.01.- 30.09.2023
	Footnote References		
CASH FLOWS FROM OPERATING ACTIVITIES		312.599.959	80.744.164
Net Profit (Loss) For the Period	31	51.646.724	90.979.460
- Operating Activity Profit (Loss) For the Period		51.646.724	90.979.460
Adjustments Related to Reconciliation of Net Profit / (Loss) for the Period			
Adjustments Related to Depreciation and Amortization Expenses	15 - 16 - 17	35.605.710	34.104.775
Adjustments Related to Impairment (Reversal)		3.091.839	2.164.665
- Adjustments for Impairment (Reversal) of Receivables	27.2	3.091.839	2.164.665
Adjustments Related to Provisions		(4.310.673)	(11.070.063)
- Provision (Reversal) for Employee Benefits Adjustments	21	5.081.007	(1.185.509)
- Corrections Regarding Warranty Provisions (Cancellation)	20	(9.391.680)	(9.884.554)
Adjustments for Interest (Income) and Expenses	29	(14.719.211)	(9.570.553)
- Adjustments Related to Interest Income		(16.850.352)	(10.702.776)
- Adjustments Related to Interest Expense		2.131.141	1.132.223
- Deferred Finance Expense on Credit Purchases	27.2	21.011.616	5.837.989
- Unearned finance income from credit sales	27.1	(18.880.475)	(4.705.766)
Adjustments Related to Tax (Income) Expense	30	(53.224.274)	35.140.844
Adjustments Related to Monetary Gain / (Loss)		159.433.139	279.025.839
Changes in Working Capital			
Decrease (Increase) in Financial Investments	6	494.001.932	(347.052.813)
Adjustments for Decrease (Increase) in Trade Receivables	8	81.885.270	(102.517.915)
- Decrease (Increase) in Trade Receivables from Related Parties		2.688.443	-
- Decrease (Increase) in Trade Receivables from Third Parties		79.196.827	(102.517.915)
Adjustments for Decrease (Increase) in Other Receivables Related to Operations	9	9.279.956	(16.614.591)
- Decrease (Increase) in Other Receivables from Related Parties		-	(2.348)
- Decrease (Increase) in Other Receivables from Third Parties		9.279.956	(16.612.243)
Adjustments for Decrease (Increase) in Inventories	11	(115.705.400)	(369.317.684)
Decrease (Increase) in Prepaid Expenses	13	(7.256.380)	(122.990.939)
Decrease (Increase) in Other Assets Related to Operations	12	26.685.486	(30.382.247)
Increase (Decrease) in Other Operating Liabilities	20	609.587	(2.557.364)
Adjustments related to increase/decrease in trade payables	8	(161.008.546)	31.034.562
- Decrease (Increase) in Trade Payables to Related Parties		360.899	(302.821)
- Decrease (Increase) in Trade Payables to Third Parties		(161.369.445)	31.337.383
Increase (Decrease) in Employee Benefit Payables	10	3.107.746	15.318.342
Adjustments Related to Increase (Decrease) in Other Payables Related to Operations	9	53.100.535	58.418.732
- Increase (Decrease) in Other Payables to Related Parties		81.372.316	67.084.573
- Increase in Other Payables to Third Parties Related to Operations (Decrease)		(28.271.781)	(8.665.841)
Increase (Decrease) in Deferred Income	14	(249.623.481)	546.631.114

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
SUBSIDIARIES AND JOINT OPERATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE INTERIM PERIODS ENDED AT 30 SEPTEMBER 2024 AND 2023

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

		Current period Unaudited 01.01.- 30.09.2024	Prior period Unaudited 01.01.- 30.09.2023
	Footnote References		
CASH FLOWS FROM INVESTING ACTIVITIES		(75.753.144)	(27.966.756)
Cash outflows from the acquisition of property, plant and equipment and intangible assets		(76.169.670)	(27.991.615)
- <i>Cash outflows from purchase of property, plant and equipment</i>	16	(73.936.245)	(22.317.951)
- <i>Cash outflows from acquisition of intangible assets</i>	17	(2.233.425)	(5.673.664)
Cash inflows from sale of property, plant and equipment and intangible assets		416.526	24.859
- <i>Cash inflows from sale of property, plant and equipment</i>	16	416.526	24.859
CASH FLOWS FROM FINANCING ACTIVITIES		(4.377.504)	351.028.867
Dividends	23.3	(144.131.357)	(130.838.687)
Capital Increase	23.1	-	16.792.369
Cash inflows from share issuance	23.5	-	485.230.196
Cash Inflows from Borrowing		246.708.757	-
- <i>Cash inflows from loans</i>	7	246.708.757	-
Cash Outflows Related to Debt Payments		(123.805.256)	(30.857.787)
- <i>Cash outflows related to loan repayments</i>	7	(123.805.256)	(30.857.787)
Interest Paid	29.2	(13.559.433)	(671.702)
Interest Received	29.1	30.409.785	11.374.478
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		232.469.311	403.806.275
INFLATION IMPACT		(135.778.222)	(278.907.123)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		96.691.089	124.899.152
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	341.061.087	490.841.676
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	437.752.176	615.740.828

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 SEPTEMBER 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 30 September 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 İstanbul 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 September 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
Gozde GEB	Guidance Electronic Whole Project

As at September 30, 2024, the average number of personnel employed by the Company is 255 (December 31, 2023: 244).

The capital structure of the Company as of September 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 September 30, 2024, there are 11 joint ventures (December 31, 2023: 15).

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As at September 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 Sysyem 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 Projesi (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 sysyem 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	MKKK 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 related joint venture was closed on May 16, 2023.

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

(c) The related 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.

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

Title	30 September 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)	8	-
Total	14	8

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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	Shareholdin g rate
Thales - SDT Partnership	2016	Procurement and Installation of 8 ILS/DME Systems	5.000	19%

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

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 of 30 September 2024, Cey Savunma has no personnel (31 December 2023: 18).

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

Shareholders	30 September 2024		31 December 2023	
	Share Ratio	Share amount	Share Ratio	Share amount
SDT Uzay ve Savunma Teknolojileri Anonim Şirketi	100,00%	11.670.000	100,00%	11.670.000
Total	100,00%	11.670.000	100,00%	11.670.000

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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 6.828.198 based on the purchasing power as of 30 September 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

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.

As at September 30, 2024, the average number of personnel employed by Sirius is 7. (December 31, 2023: 5).

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

Shareholders	30 September 2024		31 December 2023	
	Share Ratio	Share amount	Share Ratio	Share amount
SDT Uzay ve Savunma Teknolojileri Anonim Şirketi	40,00%	500.000	40,00%	500.000
Mehmet Dora	20,00%	250.000	20,00%	250.000
Osman Başoğlu	10,00%	125.000	10,00%	125.000
Önder Yazlık	9,00%	106.500	9,00%	106.500
Görkem Kandemir	9,00%	106.500	9,00%	106.500
Furkan Koltuk	6,00%	81.000	6,00%	81.000
Kenan Bozdaş	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:

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

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NOTE 2 - BASIS OF PRESENTATION OF 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" for the 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 September 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
30.09.2024	2.526,16	35,86	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 September 30, 2024. As of September 30, 2024, non-monetary items that are not expressed in terms of the measuring unit current at September 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 designated as the currency of a hyperinflationary economy, and non-monetary items recognized or incurred before that date are restated for the change in the CPI from January 1, 2005 to September 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. 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, unless the value of monetary assets or liabilities depends on changes in an index. 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 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 rest of the items in the statement of financial position are adjusted for inflation.

Relevant amounts for the previous reporting period are restated by applying the general price index to present the comparative consolidated financial statements in terms of 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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Currency and Rounding Amounts Presented in the Consolidated 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 11 November 2024. The consolidated financial statements will be finalized upon the approval of the General Assembly of the Parent Company. 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 statement of profit or loss items of the Parent Company and its subsidiaries are aggregated separately and income and expense items arising from their transactions with each other are eliminated 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 at September 30, 2024 and December 31, 2023, the Company in which the Parent Company, directly or indirectly, owns 50% or more of the voting rights or has voting rights over 50% or has control over the operations and which is subject to "full consolidation method" is as follows;

	Ownership of the Parent through the Equity Affiliates		Non-controlling Interests
Subsidiaries	(Direct)	(Direct+ Indirect)	Share
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 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 6.828.198 based on the purchasing power as of September 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 September 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
Investment	(Direct)	(Direct+ Indirect)	Share
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 September 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

The 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 investee 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 previous 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 September 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 - September 30, 2024 comparatively with the period January 1 - September 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 September 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 in the consolidated financial statements, 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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Interpretations that may have a significant effect on the amounts reflected in the consolidated financial statements and significant assumptions and judgments made by taking into account the underlying 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 financial 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 property, plant and equipment and intangible 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 process of applying research findings or other knowledge to a plan to produce new, unique and significantly improved products, processes, systems and products, and the costs incurred in these activities are capitalized by the Group. When capitalizing the salaries of personnel directly involved in the creation of the asset, the Group management considers the amount of 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 litigation are set aside, the probability of losing the related lawsuits and the consequences that will be incurred in case of loss 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 generally incurred without charge to the customer within the scope of warranty for products and services sold. 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 has been 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 September 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 September 30, 2024, the accounting policies adopted in preparation of the financial statements for the year ended September 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 September 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 TFRS 4, which currently permits a wide range of applications. TFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendment to TAS 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 TFRS 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 01, 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 TFRS 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 the 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 September 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 the statement 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 TFRS 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 TFRS 9 is generally based on the business model used by the entity to manage the 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 TFRS 9, the "Expected Credit Loss" (ECL) model replaces the "Realized Loss" model in TAS 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 TFRS 9, credit losses are recognized earlier than under TAS 39. Financial assets measured at amortized cost comprise trade receivables, cash and cash equivalents and private sector debt instruments.

Under TFRS 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 an estimate 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 a financial liability at fair value through profit or loss, transaction costs that are 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 over the effective interest rate.

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 initially 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 acquisition costs, conversion costs and other costs incurred in bringing the 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 personnel involved in sales and general administration 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
Fixtures	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 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 event or circumstance that triggers the payment 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) decrease the carrying amount to reflect 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 exemption from accounting for low-value assets 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.

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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.

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 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. After 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.

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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 that the financial assets will provide to the Group.

Mergers and Goodwill

A business combination is a merger of separate legal entities or businesses into a single reporting entity. Business combinations are accounted for using the acquisition method under TFRS 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-related 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 identifiable assets, liabilities and contingent liabilities of the acquiree 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.

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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 transactions where additional shares are acquired from non-controlling interests, the difference between the acquisition cost and the carrying amount of the net assets of the partnership attributable 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 the determination of 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).

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 the statement of profit or loss in the period in which they are incurred. As at 30 September 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 on 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.

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Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases 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 and 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.

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.

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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 resources 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 for consideration. 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:

	30.09.2024	31.12.2023
USD	34,1210	29,4382
EURO	38,1714	32,5739
GBP	45,6460	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:

	30.09.2024	31.12.2023
USD	34,1825	29,4913
EURO	38,2402	32,6326
GBP	45,8840	37,6369

Segmental Reporting of Consolidated Financial Information

Business segments are those that provide a particular good or service or a group of related goods or services and that are different from the Group's other segments 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. Requirement for a business or geographical segment to be identified as a reportable segment; 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.

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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. This liability is calculated on the basis of 30 days' gross salary and other benefits for each year of service as of September 30, 2024, maximum TRY 41.828 (December 31, 2023: TRY 23.490).

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:

	30.09.2024	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 Incentives and Grants

Government incentives and subsidies are actions taken to encourage an enterprise to engage in certain activities that it would not do 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 at fair value, are recognized in the financial statements when there is reasonable assurance that the Group will comply with the conditions precedent to receive the grants and that the Group will comply with the conditions precedent to receive the grants.

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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 profit or after any other selective financial information has been publicly disclosed.

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.

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. Then, it is determined whether the performance obligations will be fulfilled over time or at a specific moment. 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 these performance obligations.

The Group generates revenue from the sales 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.

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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.

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.

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NOTE 3 – SHARES IN OTHER COMPANIES AND BUSINESS COMBINATIONS

Shares in Other Entities

As at September 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 September 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	11.758.448	5.244.775	10.657.946	(3.643.834)

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	19.427.370	8.888.611	10.889.417	(4.658.753)

(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.

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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 September 30, 2024 is as follows:

	Subject of Activity	Assets	Equity	Revenue	Profit / Loss for the period
Sirius	Defense Industry	28.955.582	19.745.365	15.609.174	13.168.265

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	11.335.104	6.575.252	-	(1.355.287)

Joint operations

As at September 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 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 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%
		Effective Countermeasures Against Vehicle-Borne Mini-Micro UAVs Project	50%
TAMGÖR - SDT Business Partnership (ST 09)	2019		
TAMGÖR - SDT Business Partnership (ST 10)			
(d)	2019	CRA Intermediary Scrambling System Procurement Project	50%
		Tactical Wheeled Vehicle-2 (TTA-2) Project Mixing Blinding System	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	JAMMER_JBO283AT	50%
TAMGÖR - SDT Business Partnership (ST 13)	2020		
TAMGÖR - SDT Business Partnership (ST 14)	2021	6985 TTA-2 Project KKS 2021 12 TSA-2A Vehicle Type Mixer Maintenance-Repair-Service Project of Manufactured Mixing Blinding Systems	50%
TAMGÖR - SDT Business Partnership (ST 15)	2022		
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.

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

Joint operations	Activity area	Assets	Equity	Reevenue	Profit / Loss for the period
ST 05	Frequency mixer system productio	100.968	(78.061)	-	15.734
ST 06	Frequency mixer system productio	3.672.179	219.268	464.354	896.618
ST 07	Frequency mixer system productio	4.660.250	58.070	283.071	(693.898)
ST 08	Frequency mixer system productio	108.770	108.295	531.341	160.284
ST 09	Frequency mixer system productio	1.709.242	(1.073.618)	50.862	77.193
ST 11	Frequency mixer system productio	2.937.029	759.048	1.076.648	618.699
ST 12	Frequency mixer system productio	3.245.679	(1.710.504)	435.802	(697.258)
ST 13	Frequency mixer system productio	1.185.283	387.276	968.053	(505.215)
ST 14	Frequency mixer system productio	1.238.968	215.031	764.123	(91.074)
ST 15	Frequency mixer system productio	11.580.105	1.629.101	3.262.159	(623.582)
ST 16	Frequency mixer system productio	14.316.759	6.295.204	9.630.192	3.558.830
ST 17	Frequency mixer system productio	46.816.346	4.361.991	-	4.407.330
Thales - SDT	ILS/DME System	121.164	(116.295)	-	(54.458)

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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	Revenue	Profit / Loss for the period
ST 01 (a)	Frequency mixer system production	-	-	-	113.327
ST 02	Frequency mixer system production	115.435	(67.028)	38.325	14.692
ST 03 (c)	Frequency mixer system production	211.924	175.100	920.391	677.674
ST 04 (b)	Frequency mixer system production	-	-	146.626	(18.901)
ST 05	Frequency mixer system production	148.657	(121.526)	-	41.369
ST 06	Frequency mixer system production	3.947.265	43.282	477.999	1.386.333
ST 07	Frequency mixer system production	16.804.560	16.333.053	23.260.220	16.912.490
ST 08	Frequency mixer system production	2.235.782	505.910	14.600	405.061
ST 09	Frequency mixer system production	2.714.253	(1.282.906)	317.189	713.316
ST 10(d)	Frequency mixer system production	479.183	404.175	630.575	446.775
ST 11	Frequency mixer system production	3.074.149	858.226	164.375	771.194
ST 12	Frequency mixer system production	7.126.425	(25.649)	7.540.636	938.508
ST 13	Frequency mixer system production	3.689.066	926.017	415.684	(585.830)
ST 14	Frequency mixer system production	3.982.234	570.884	70.806	221.727
ST 15	Frequency mixer system production	18.487.665	9.362.097	11.876.104	7.738.063
ST 16	Frequency mixer system production	8.675.590	7.788.611	10.793.328	6.623.231
Thales - SDT	ILS/DME System	300.045	(61.835)	-	85.729

- (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 stand-alone financial statements of the joint ventures are included in the accompanying financial statements of the Parent Company, taking into account the proportion of ownership interest of the Parent Company. Other information regarding joint operations is presented in Note 1.

Business Combinations

As of September 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.

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Acquisition of Cey Defense 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 6.828.198 based on the purchasing power as of September 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 2.313.361 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	1.840.082	(64.948)	1.775.134
Fixed assets	13.324.314	(3.127.313)	10.197.001
Total assets	15.164.396	(3.192.261)	11.972.135
Short-term liabilities	1.255.930	1.059.613	2.315.543
Long-term liabilities	-	515.032	515.032
Total Liabilities	1.255.930	1.574.645	2.830.575
Equity			9.141.560
Acquisition rate			100,00%
Equity attributable to equity holders of the parent (a)			9.141.559
Acquisition amount (b)			6.828.198
Profit from bargain purchase (a - b) (Note 28.1)			2.313.361

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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):

	30.09.2024	31.12.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	1.782.412	-
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	439.625	5.280.087
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	369.251	-
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	356	-
	2.591.644	5.280.087

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

	30.09.2024	31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	19.812.180	1.747.313
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	4.944.120	-
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	767.980	4.075.810
	25.524.280	5.823.124

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

	30.09.2024	31.12.2023
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	512.456	85.862
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	61.352	127.047
	573.808	212.909

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

	30.09.2024	31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	-	29.297
	-	29.297

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

	30.09.2024	31.12.2023
Mehmet Dora	51.354.069	-
Mustafa Fatih Ünal	1.887.838	-
Other Shareholders	28.130.410	-
	81.372.316	-

(*) As of September 30, 2024, payables to related parties amounting to TRY 81.372.316 consist of payables to shareholders due to 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. The first installments had been paid on August 13. The remaning dividends will be paid on November 25 and December 23, 2024.

ii) Sales, purchases and transactions to related parties:

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

	01.01. - 30.09.2024	01.01. - 30.09.2023
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	8.184.036	137.913
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.613.832	12.333.639
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	1.299.019	-
	11.096.887	12.471.552

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

	01.01- 30.09.2024	01.01- 30.09.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	3.391.693	-
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	2.130.396	1.788.189
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	2.046.427	41.740.205
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.051.895	14.568.042
	8.620.411	58.096.436

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

	01.01- 30.09.2024	01.01- 30.09.2023
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	531.341	842.149
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	625.092	-
	1.156.433	842.149

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

	01.01- 30.09.2024	01.01- 30.09.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	397.935	-
	396.055	-

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

	01.01- 30.09.2024	01.01- 30.09.2023
Remuneration and similar benefits provided to senior manager	12.987.478	13.977.948
	12.987.478	13.977.948

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

NOTE 5 - CASH AND CASH EQUIVALENTS

As at September 30, 2024 and December 31, 2023, cash and cash equivalents are as follows:

	30.09.2024	31.12.2023
Safe deposit box	75.037	50.374
Banks		
Time deposits	59.395.737	50.307.605
Demand deposits	20.413.097	47.862.871
Liquid funds	357.868.305	242.840.237
	437.752.176	341.061.087

As at September 30, 2024 and December 31, 2023, the Group's bank deposits consist of time and demand deposits. As at September 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 September 30, 2024, details of time deposits are as follows:

Currency	Foreign Currency Amount	Interest Rate Range	Maturity Range	TRY Amount
TRY	21.674.973	%40,00 - %43,00	1 - 30 gün	21.674.973
USD	961.526	%0,01 - %0,10	1 - 30 gün	32.778.424
EURO	130.000	%0,01 - %0,10	1 - 30 gün	4.942.340
				59.395.737

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

Currency	Foreign Currency Amount	Interest Rate Range	Maturity Range	TRY Amount
TRY	44.626.649	%12,00 - %18,85	1 - 18 gün	44.626.649
USD	131.486	%0,01 - %4,00	2 - 35 gün	5.258.743
EURO	9.540	%3,00 - %3,00	35 gün	422.213
				50.307.605

NOTE 6 - FINANCIAL INVESTMENTS

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

Short-term financial investments

	30.09.2024	31.12.2023
Financial assets at fair value through profit or loss	43.019.619	-
Currency hedged deposits	-	517.619.170
	43.019.619	517.619.170

As of September 30, 2024, details of currency hedged deposits are as follows:

	Nominal Value	Fair Value
Held-to-maturity financial assets	43.019.619	43.019.619
	43.019.619	-
		43.019.619

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

Currency	Foreign Currency Amount	Interest Rate	Maturity Range	TRY Amount
TRY	517.619.170	30,00% - 35,00%	11 - 50 gün	517.619.170
				517.619.170

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).

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Long-term financial investments

	30.09.2024	31.12.2023
Financial assets at fair value through profit or loss	-	19.327.118
Other financial investments (a)	626.663	701.925
	626.663	20.029.044

(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".

NOTE 7 - FINANCIAL BORROWINGS

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

	30.09.2024	31.12.2023
Other financial payables (credit cards)	186.375	137.785
Payables arising from leases (*)	1.610.652	13.218.939
Short-term portion of long-term borrowings	160.667.737	2.140.650
Total short-term financial liabilities	162.464.764	15.497.374
Payables arising from leases (*)	-	408.972
Total long-term financial liabilities	-	408.972
Total financial liabilities	162.464.764	15.906.346

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

As at 30 September 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. In addition, as at 30 September 2024, the Group has made an export commitment amounting to TRY 160.667.737 to the financial institution for the loan utilization (31 December 2023: None).

As at September 30, 2024, the average effective interest rate of USD denominated bank borrowings is 8,25% (December 31, 2023: TRY: 9,72%).

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As of September 30, 2024, the foreign currency position of financial liabilities is presented below:

Currency	Currency Amount	Exchange Rate	TRY Amount
USD	4.700.292	34,1825	160.667.717
TRY	1.797.047	1,0000	1.797.047
Total			162.464.764

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

Currency	Currency Amount	Exchange Rate	TRY Amount
TRY	15.906.346	1,0000	15.906.346
Total			15.906.346

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

	30.90.2024	31.12.2023
Payable between 0 - 1 year	162.464.764	15.497.374
Payable between 1 and 2 years	-	408.972
	162.464.764	15.906.346

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

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

Short term trade receivables

	30.09.2024	31.12.2023
Trade receivables	608.875.733	673.755.760
Rediscount on receivables (-)	(13.636.934)	(15.108.770)
Trade receivables from related parties (Note 4)	2.591.644	5.280.087
Doubtful trade receivables	6.215.842	6.868.390
Provision for doubtful trade receivables (-)	(6.215.842)	(6.868.390)
	597.830.443	663.927.077

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

	01.01. - 30.09.2024	01.01. - 31.12.2023
Opening balance	6.868.390	1.699.929
Reversal of unnecessary provision (Note 27.1)	(2.231.475)	(214.221)
Monetary gain / (loss) effect reversal, net	(1.512.912)	(668.248)
Provisions for doubtful receivables (Note 27.2)	3.091.839	6.050.930
Closing balance	6.215.842	6.868.390

As at 30 September 2024, the Group has given letters of guarantee amounting to TRY 852.220.331 (31 December 2023: TRY 1.378.092.707) to customers, tender organizers and other institutions. In addition, as of September 30, 2024, the Group has given guarantee notes amounting to TRY 216.074.715 (December 31, 2023: TRY 157.342.106) to its customers (Note 20).

As at September 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.

Long term trade receivables

None (December 31, 2023: None).

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

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

Short-term trade payables

	30.09.2024	31.12.2023
Trade payables	61.385.604	202.844.541
Trade payables to related parties (Note 4)	573.808	212.909
Expense accruals from trading activities	606.249	258.133
Rediscount on payables (-)	(2.232.540)	(2.985.532)
	60.333.121	200.330.051

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

As of September 30, 2024, the Group has received letters of guarantee amounting to TRY 15.514.648 from its suppliers (December 31, 2023: TRY 12.929.789). As at September 30, 2024, the Group has received promissory notes amounting to TRY 7.996.000 (December 31, 2023: TRY 111.108.169) from its suppliers (Note 20).

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

As of September 30, 2024, the Group has given promissory notes amounting to TRY 3.150.228 to its suppliers (December 31, 2023: TRY 4.279.910) (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).

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

Other short-term receivables

	30.09.2024	31.12.2023
AT receivables from the tax Office	15.968.423	25.046.431
	15.968.423	25.046.431

Other long term receivables

	30.09.2024	31.12.2023
Deposits and guarantees given	539.283	741.231
	539.283	741.231

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

Other short-term payables

	30.09.2024	31.12.2023
Due to shareholders (Note 4) (a)	81.372.316	-
Taxes and funds payable	10.397.390	7.178.461
Deposits and guarantees received (b)	512.663	725.801
	92.282.369	7.904.262

(a) As at September 30, 2024, payables to related parties amounting to TRY 81.372.316 consist of payables to shareholders due to 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 29.297 of the related amount consists of deposits and guarantees received from related parties (September 30, 2024: None) (Note 4).

Other long term payables

None (December 31, 2023: None).

NOTE 10 - EMPLOYEE BENEFIT OBLIGATIONS

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

	30.09.2024	31.12.2023
Payables to personnel	25.884.692	17.833.274
Social security deductions payable	10.037.295	14.980.967
	35.921.987	32.814.241

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NOTE 11 - INVENTORIES

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

	30.09.2024	31.12.2023
Raw materials and supplies	626.109.183	712.536.582
Semi-finished products	469.591.808	285.639.915
Finished goods	25.445.134	20.101.062
Provision for impairment of inventories (-) (a)	(22.816.339)	(35.653.173)
	1.098.329.786	982.624.386

(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. - 30.09.2024	01.01. - 31.12.2023
Balance at the beginning of the period	35.653.173	67.455.921
Reversal of prior period provision (-)	(3.426.178)	(5.285.545)
Monetary gain / (loss), net	(9.410.656)	(26.517.203)
	22.816.339	35.653.173

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

	30.09.2024	31.12.2023
Raw materials and supplies	1.504.012	6.698.174
Semi-finished products	21.312.327	28.954.999
	22.816.339	35.653.173

As of September 30, 2024, there is insurance coverage on inventories amounting to TRY 691.864.315.

NOTE 12 - OTHER CURRENT ASSETS

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

	30.09.2024	31.12.2023
VAT carried forward	6.473.519	37.833.415
	6.473.519	37.833.415

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NOTE 13 - PREPAID EXPENSES

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

Short-term prepaid expenses

	30.09.2024	31.12.2023
Order advances given	34.211.171	111.058.764
Order advances given to related parties (Note 4)	45.774.824	5.823.124
Expenses for the coming months	21.692.806	12.512.737
Advanced given for business purposes	11.280.643	-
Advanced given to personnel	834.075	33.177
	113.793.519	129.427.802

Long-term prepaid expenses

	30.09.2024	31.12.2023
Advances given for purchases of property, plant and equipment (*)	99.739.032	82.632.571
Prepaid expenses	5.874.990	90.788
	105.614.022	82.723.359

(*) As of 30 September 2024, TRY 57.763.610 of the related amount consists of the advance given within the scope of "Land allocation agreement" with Ankara Space and Aviation Specialized Organized Industrial Zone Directorate (31 December 2023: TRY 57.763.609).

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NOTE 14 - DEFERRED INCOME

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

Short-term deferred income

	30.09.2024	31.12.2023
Order advances received (*)	423.731.292	589.137.085
Income for the coming months	66.991.951	66.991.951
	490.723.243	656.129.036

(*) As of September 30, 2024, TRY 47.616.223 of order advances received consists of cash advances received from foreign customers (December 31, 2023: TRY 35.069.626).

Long-term deferred income

	30.09.2024	31.12.2023
Order advances received (**)	34.713.997	115.718.699
Income for future years	2.442.719	5.655.705
	37.156.716	121.374.404

(**) As at September 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 September 30, 2024 and December 31, 2023, the details and movement of right of use assets are as follows:

Cost	31 December 2022	Addition	31 December 2023	Addition	Disposal	30 September 2024
Buildings	37.646.940	24.499.121	62.146.061	-	-	62.146.061
Vehicles	6.480.567	3.367.544	9.848.111	-	-	9.848.111
Total	44.127.507	27.866.665	71.994.172	-	-	71.994.172
Accumulated Depreciation (-)						
Buildings	37.641.586	13.044.279	50.685.865	8.595.149	-	59.281.014
Vehicles	5.920.874	968.661	6.889.535	1.840.367	-	8.729.902
Total	43.562.460	14.012.940	57.575.400	10.435.516	-	68.010.916
Net Book Value	565.047		14.418.772			3.983.256

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NOTE 16 – TANGIBLE FIXED ASSETS

As of September 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 September 2024
Machinery, plant and equipment	66.142.307	7.429.945	(814.669)	-	72.757.583	2.998.235	-	75.755.818
Vehicles	2.922.501	3.234.761	-	-	6.157.262	-	-	6.157.262
Fixtures	43.619.463	6.703.230	(589.948)	2.576.070	52.308.815	2.052.473	(528.924)	53.832.364
Special Costs	31.788.268	27.546	-	290.289	32.106.103	-	-	32.106.103
Investments in Progress	1.081.697	6.522.582	-	-	7.604.279	68.885.537	-	76.489.816
Total	145.554.236	23.918.064	(1.404.617)	2.866.359	170.934.042	73.936.245	(528.924)	244.341.363
Accumulated Depreciation (-)								
Machinery, plant and equipment	42.894.593	8.142.982	(811.554)	-	50.226.021	6.608.803	-	56.834.824
Vehicles	121.772	494.398	-	-	616.170	461.795	-	1.077.965
Fixtures	33.667.488	4.674.999	(566.596)	1.557.500	39.333.391	3.341.688	(112.398)	42.562.681
Special Costs	30.863.173	865.618	-	227.792	31.956.583	112.476	-	32.069.059
Total	107.547.026	14.177.997	(1.378.150)	1.785.292	122.132.165	10.524.762	(112.398)	132.544.529
Net Book Value	38.007.210				48.801.877			111.796.834

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

As at September 30, 2024 and December 31, 2023, there is no encumbrance on property, plant and equipment. As of September 30, 2024, the total amount of insurance on property, plant and equipment is TRY 219.072.295.

(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 ASSETS

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

	31 December 2022	Addition	Business combination effects (b)	31 December 2023	Addition	Disposal	30 September 2024
Rights	33.497.404	750.555	351.162	34.599.121	401.139	-	35.000.260
Development costs (a)	123.181.505	10.814.606	32.475.074	166.471.185	1.832.286	-	168.303.471
Total	156.678.909	11.565.161	32.826.236	201.070.306	2.233.425	-	203.303.731
Accumulated Depreciation (-)							
Rights	27.848.547	2.026.155	643.068	30.517.770	1.637.776	-	32.155.546
Development costs (a)	57.715.555	16.209.520	25.185.127	99.110.202	13.007.656	-	112.117.858
Total	85.564.102	18.235.675	25.828.195	129.627.972	14.645.432	-	144.273.404
Net Book Value	71.114.807			71.442.334			59.030.327

(a) Capitalized development costs consist of the costs of software projects that the Group does not make to 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 September 2024, the net book value of capitalized development costs is TRY 56.185.613 (31 December 2023: TRY 67.360.983).

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NOTE 18 - INVESTMENTS VALUED BY EQUITY METHOD

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

	30.09.2024	31.12.2023
Sirius - Cost amount	4.789.077	4.789.077
Sirius - Adjustment to equity method	3.109.069	(2.158.976)
	7.898.146	2.630.101

As of September 30, 2024 and 2023, the share of profit / (loss) of investments accounted for using the equity method is as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023
Share of Profit / (Loss) of Investments Accounted Through Equity Method	5.268.045	-
	5.268.045	-

As at September 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

	30.09.2024	31.12.2023
Current assets	4.183.846	6.060.521
Fixed assets	24.771.736	5.274.583
Total assets	28.955.582	11.335.104
Short-term liabilities	8.365.609	4.671.260
Long-term liabilities	844.608	88.592
Equity	19.745.365	6.575.252
Total Liabilities	28.955.582	11.335.104

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Condensed Statement of Profit or Loss

	01.01. - 30.09.2024	01.01. - 31.12.2023
Revenue	15.609.174	-
Gross profit / (loss)	15.609.174	-
Operating expenses	(2.425.223)	(1.531.615)
Other income / (expenses), net	(15.686)	176.328
Profit / (loss) for the period, net	13.168.265	(1.355.287)

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 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 September 30, 2024 is TRY 154.795.722 (January 1 - December 31, 2023: TRY 383.113.255).

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 September 30, 2024 is TRY 19.111.075 (January 01 - December 31, 2023: TRY 36.185.603).

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 amount of incentive received by the Group for the period ended September 30, 2024 is TRY 9.072.912 (January 01 - December 31, 2023: TRY 16.059.082).

c) The Group has incentive income amounting to TRY 176.091 for the period ended 30 September 2024 (01 January - 31 December 2023: 91.601) 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.

e) The Parent Company benefits from discounted corporate tax exemption within the framework of Article 32/A of Law No. 5520. As of September 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.

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NOTE 20 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

Short-term provisions

	30.09.2024	31.12.2023
Provision for warranty service expenses	4.537.992	12.171.129
Provision for litigation expenses	-	-
	4.537.992	12.171.129

Provisions for long term debt

	30.09.2024	31.12.2023
Provision for warranty service expenses	2.883.302	4.641.845
	2.883.302	4.641.845

Commitments

As of September 30, 2024, the Group has made and export commitment of TRY 160.667.737 to a financial institution for credit usage (December 31,2023: None). Additionally, as of September 30, 2024, the Group holds a purchase commitment of USD 1.000.000 from banks under derivative contracts, with maturities ranging from 1 to 12 months (December 31,2023: None) (Note 22).

Contingent Assets

The Group's contingent assets are as follows;

Letters of guarantee - As of September 30, 2024, the Group has received letters of guarantee amounting to TRY 15.514.648 (USD 199.730 - EURO 102.330 – TRY 4.774.267) from its suppliers (December 31, 2023: TRY 12.929.789 (USD 214.480 - EURO 102.330 - TRY 1.974.472)).

Promissory notes - As of September 30, 2024, the Group has received promissory notes amounting to TRY 7.996.000 (TRY 7.996.000) from its suppliers (December 31, 2023: TRY 111.108.169 (TRY 28.735.546 - USD 2.059.581)).

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Contingent Liabilities

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

GPMs given by the Group	30.09.2024	31.12.2023
A. Total amount of GPMs given on behalf of its own legal entity	1.076.936.639	1.551.208.121
B. In Favor of Subsidiaries Included in the Scope of Full Consolidation		
Total amount of GPMs given (a)	1.000.000	1.358.603
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	1.077.936.639	1.552.566.725

(a) As of 30 September 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 1.089.195).

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

Letters of guarantee - As of 30 September 2024, the Group has letters of guarantee amounting to TRY 852.402.209 (TRY 25.945.931 - USD 23.256.939 - EUR 823.112) (31 December 2023: TRY 1.378.092.707 (TRY 37.992.904 - USD 32.199.783 - EUR 1.126.694)).

Promissory notes - Promissory notes - As of September 30, 2024, the Group has given promissory notes amounting to TRY 216.074.715 (TRY 53.849.048 - USD 4.745.869) to its customers and suppliers (December 31, 2023: TRY 161.622.017 (TRY 71.173.305 - 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 11.493.398) 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 September 30, 2024 and December 31, 2023, provisions for short-term and long-term employee benefits are as follows:

Provisions for short-term employee benefits

	30.09.2024	31.12.2023
Provision for unused vacation	27.876.316	20.272.952
Wage premium provision	14.812.340	20.640.098
	42.688.656	40.913.050

Provisions for long-term employee benefits

	30.09.2024	31.12.2023
Provision for employment termination benefits	19.056.066	14.703.269
	19.056.066	14.703.269

The Group's provision for employment termination benefits is calculated as explained in Note 2. As of September 30, 2024, the maximum amount of TRY 41.828 for each year of service is calculated over 30 days' pay, using the rates prevailing at the date of retirement or termination (December 31, 2023: TRY 23.490).

In the consolidated financial statements as of September 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 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:

	30.09.2024	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	88,85%	88,28%

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

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As of September 30, 2024 and December 31, 2023, the movement of provision for employment termination benefits is as follows:

	01.01. - 30.09.2024	01.01. - 31.12.2023
Balance at the beginning of the period	14.703.269	18.758.233
Service cost	11.196.326	15.174.587
Monetary gain / (loss), net	(4.388.240)	(7.373.939)
Interest cost	178.174	246.922
In-period payments	(1.905.253)	(11.673.911)
Actuarial difference	(728.210)	(428.623)
Closing balance	19.056.066	14.703.269

NOTE 22 - DERIVATIVE INSTRUMENTS

As at September 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	1.000.000	34.182.500	31.814.370	(2.368.130)

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 September 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 September 30, 2024 and December 31, 2023 is as follows

	30 September 2024		31 December 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	27,57%	15.990.000	21,12%	12.250.000
Others (a)	7%	4.060.000	3,45%	2.000.000
Total	100,00%	58.000.000	100,00%	58.000.000
Adjustment to share capital		156.170.484		156.170.484
Paid-in Capital		214.170.484		214.170.484

(a) On September 05, 2023, Mehmet Dora and Mustafa Fatih Ünal, shareholders of the Parent Company, transferred their 1,060,000 and 940,000 Group B shares, respectively, which are not traded on the stock exchange, to 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. Following the share purchase and sale transactions executed by the relevant portfolio investment company during the period, the number of shares held by the said investment company in the Parent Company's capital stock amounts to 4.060.000 as of September 30, 2024.

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's issued capital of TRY 50,000,000 within the registered capital ceiling of TRY 750,000,000 was increased to TRY 58,000,000 by completely restricting the pre-emptive rights of the existing shareholders in accordance with the approvals of the Capital Markets Board of Türkiye and Borsa İstanbul Anonim Şirketi. 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 September 30, 2024, capital adjustment differences amount to TRY 156.170.484 (December 31, 2023: TRY 156.170.484). 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 / IFRS	Differences to be recognized in retained earnings/(losses)
Capital Adjustment Differences	170.768.794	156.170.484	(14.598.310)
Restricted Reserves	37.205.779	26.639.430	(10.566.349)

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
01 January 2022	270.835.809	824.682.677

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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 September 30, 2024 and December 31, 2023, restricted reserves account is as follows:

	30.09.2024	31.12.2023
Restricted reserves appropriated from profit	26.639.430	26.639.430
	26.639.430	26.639.430

23.3 Retained Earnings

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

	30.09.2024	31.12.2023
Retained earnings / (losses)	999.177.475	705.328.292
	999.177.475	705.328.292

In the general assembly meeting of the Parent Company held on May 30, 2024, it has been decided to pay dividend amounting to gross TRY 81.372.316 (TRY 144.131.356 based on the purchasing power as of September 30, 2024). The related dividends will be paid in 3 installments in total.

As of September 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 periods ended September 30, 2024 and 2023, the Group has reflected a liability for employment termination benefits calculated by discounting the liability to the statement of financial position date using the expected inflation rate and real discount rate based on the principles explained in Note 2. 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.

	30.09.2024	31.12.2023
Gain / (loss) on remeasurement of defined benefit plans	797.076	236.354
	797.076	236.354

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23.5 Share Premium

Share premiums consist of the cash inflows obtained 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 under share capital account and the remaining TRY 248.000.000 (TRY 520.563.434 based on the purchasing power as of September 30, 2024) is reported under share premium account. Total public offering cost of the Parent Company amounting to TRY 16.832.997 (TRY 35.333.237 on the basis of purchasing power as of September 30, 2024) is reported by deducting from the share premium amount.

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

	30.09.2024	31.12.2023
Premiums obtained from the sale of shares on Borsa Istanbul A.Ş.	520.563.434	520.563.434
Expenses related to the public offering process	(35.333.237)	(35.333.237)
	485.230.196	485.230.196

NOTE 24 - REVENUE AND COST OF SALES

24.1 Revenue

For the periods ended at September 30, 2024 and 2023, the details of revenue are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Domestic sales	1.038.721.627	491.086.998	494.945.415	183.053.620
International sales	329.948.155	378.757.992	41.105.892	240.913.184
	1.368.669.782	869.844.990	536.051.307	423.966.804
Returns from sales	(1.251.122)	(4.687.372)	(1.065.467)	(662.549)
Sales Revenues (net)	1.367.418.660	865.157.618	534.985.840	423.304.255

For the periods ended at September 30, 2024 and 2023, concentration risk analysis is presented in Note 32.

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24.2 Cost of Sales

For the periods ended at September 30, 2024 and 2023, the details of cost of sales are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Direct raw material costs	883.490.500	406.996.099	341.341.230	228.030.388
Direct labor expenses	95.315.947	128.982.994	11.743.055	49.445.675
General production expenses	146.355.704	86.841.629	53.495.453	44.087.589
Depreciation and amortization	24.588.457	25.175.412	8.705.644	8.892.015
<u>Change in work-in-process inventories</u>				
1. Work in progress at the beginning of the period (+)	285.639.915	171.983.751	386.351.936	202.937.143
2. Semi-finished products at the end of the period (-)	(469.591.808)	(231.839.632)	(469.591.808)	(231.839.632)
Cost of finished goods produced	965.798.715	588.140.253	332.045.510	301.553.178
<u>Change in finished goods inventories</u>				
1. Finished goods at the beginning of the period (+)	20.101.062	9.799.124	52.268.061	10.262.323
2. End of period finished goods (-)	(25.445.134)	(25.513.393)	(25.445.134)	(25.513.393)
Cost of goods sold	960.454.643	572.425.984	358.868.437	286.302.108
Cost of services sold	60.821.297	24.029.015	26.387.282	424.245
Depreciation and amortization	134.428	53.026	50.411	6.554
Cost of sales, net	1.021.410.368	596.508.025	385.306.130	286.732.907

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

For the periods ended at September 30, 2024 and 2023, general administrative, marketing and research and development expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
General administrative expenses	125.271.264	108.216.441	38.968.698	34.319.489
Marketing expenses	38.172.521	29.958.685	11.466.159	13.741.360
Research and development expenses	15.474.041	17.077.930	3.335.906	12.954.757
	178.917.826	155.253.056	53.770.763	61.015.606

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NOTE 26 - EXPENSES BY NATURE

26.1 General administrative expenses

For the periods ended at September 30, 2024 and 2023, the details of general administrative expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Personnel expenses	79.966.913	73.956.159	23.484.724	26.045.061
Consultancy and license expenses	12.417.034	11.548.723	1.136.301	3.479.521
Depreciation and amortization	7.724.639	4.055.212	2.299.449	1.404.552
Office overheads	7.357.883	6.741.534	4.355.971	436.239
Representation and hospitality expenses	4.289.988	5.080.230	1.458.656	2.102.661
Accommodation and travel expenses	2.577.021	1.381.732	1.361.084	177.247
Stationery and printing expenses	657.101	520.125	158.663	187.739
Communication expenses	535.014	632.419	173.859	294.968
Other expenses	9.745.671	4.300.307	4.539.991	191.501
	125.271.264	108.216.441	38.968.698	34.319.489

26.2 Marketing expenses

For the periods ended at September 30, 2024 and 2023, the details of marketing expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Personnel expenses	20.483.788	16.275.601	5.134.917	6.298.861
Travel and accommodation expenses	6.060.550	3.075.445	3.279.973	1.555.801
Training, seminar and fair expenses	5.708.762	6.751.921	859.853	5.023.351
Advertisement and announcement expenses	1.879.240	1.573.358	650.715	319.143
Depreciation and amortization	1.035.806	417.093	253.360	362.314
Other expenses	3.004.375	1.865.267	1.287.341	181.890
	38.172.521	29.958.685	11.466.159	13.741.360

26.3 Research and development expenses

For the periods ended at September 30, 2024 and 2023, the details of research and development expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Personnel expenses	13.351.661	12.553.918	2.818.430	8.555.746
Depreciation and amortization	2.122.380	4.404.032	517.476	4.367.225
Other expenses	-	119.980	-	31.786
	15.474.041	17.077.930	3.335.906	12.954.757

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

27.1 Other operating income

For the periods ended at September 30, 2024 and 2023, other operating income comprised the following:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Foreign exchange gains from trading activities	146.985.351	25.848.277	36.476.952	6.151.675
Rediscount income	18.880.475	4.705.766	294.129	576.021
Reversal of unnecessary provision (Note 8)	2.231.475	235.546	132.910	30.843
Other income	12.203.090	3.484.137	2.150.660	1.844.230
	180.300.391	34.273.726	39.054.651	8.602.769

27.2 Other operating expenses

For the periods ended at September 30, 2024 and 2023, other operating expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Foreign exchange losses from trading activities	114.928.857	56.862.021	19.399.782	6.892.425
Rediscount expenses	21.011.616	5.837.989	953.759	3.022.823
Provision for doubtful receivables (Note 8)	3.091.839	2.164.665	549.137	2.050.147
Other expenses	1.116.221	5.833.194	127.168	267.935
	140.148.533	70.697.869	21.029.846	12.233.330

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NOTE 28 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

28.1 Income from investing activities

For the periods ended at September 30, 2024 and 2023, income from investing activities is as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Profit arising from bargain purchase	-	2.313.361	-	2.313.361
Currency hedged deposit income	54.424.375	208.927.380	3.260.627	37.915.560
Sale and valuation of financial investments profits	27.315.145	102.991.527	11.779.338	6.279.627
Gain on sale of fixed assets	452.737	136.587	173.139	14.971
	82.192.257	314.368.855	15.213.104	46.523.519

28.2 Expenses from investing activities

For the periods ended at September 30, 2024 and 2023, expenses from investing activities are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Loss on sale of financial investments	557.228	415.092	41.056	415.092
Loss on sale of fixed assets	416.947	20.942	-	4.857
	974.175	436.034	41.056	419.949

NOTE 29 - FINANCE INCOME / (EXPENSES)

29.1 Finance income

For the periods ended at September 30, 2024 and 2023, financial income for the periods ended as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Foreign exchange gains	100.984.044	136.227.112	37.447.889	116.661.235
Interest income	30.409.785	11.374.478	12.587.570	1.165.627
Derivative instrument income	-	16.146.223	-	3.693.272
	131.393.829	163.747.813	50.035.459	121.520.134

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29.2 Finance expenses

For the periods ended at September 30, 2024 and 2023, financial expenses are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Foreign exchange loss	82.672.289	111.016.867	25.215.775	88.580.118
Loan interest expenses	13.559.433	671.702	2.847.519	336.742
Letter of guarantee and bank commission Expenses	2.768.234	6.631.638	638.365	1.938.467
	98.999.956	118.320.207	28.701.659	90.855.327

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 report date, corporate tax rate will be applied as 25% in 2024 (2023: 25%). As at September 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 measurement heading of "TAS 12 Income Taxes" standard, 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:

	30 September 2024	31 December 2023		
	Total temporary differences	Deferred tax assets/ (liabilities)	Total temporary differences	Deferred tax assets/ (liabilities)
<u>Deferred tax assets:</u>				
Deductible financial losses	39.493.306	9.083.460	-	-
Investment tax incentive	167.754.861	38.583.618	-	-
Derivative instruments	2.368.130	544.670	-	-
Provision for employment termination benefits	19.056.066	4.382.895	14.703.269	3.391.798
Rediscount of receivables	13.747.521	3.164.142	15.108.770	3.474.145
Provision for doubtful receivables	6.215.842	1.429.644	6.868.390	1.579.859
Loan interest accrual	3.480.483	800.511	14.642	3.368
Provision for unused vacation	27.876.316	6.411.919	20.272.952	4.679.012
Provision for impairment of inventories	22.830.534	5.251.023	35.653.173	8.200.230
Indexation and measurement of property, plant and equipment and intangible assets depreciation differences	215.965.770	49.974.530	181.387.537	41.996.000
Expense accrual	15.418.590	3.546.276	21.309.298	4.901.139
Warranty service expense provision	7.414.253	1.705.278	16.812.974	3.866.492
Reclassification of deferred income	-	-	40.621.808	9.343.016
Foreign exchange losses	2.098.608	483.391	3.736.756	859.454
Other	-	-	14.626.670	3.364.530
<hr/>				
Deferred tax assets		125.361.357		85.659.043
<hr/>				
<u>Deferred tax liabilities:</u>				
Adjustments related to inventories	(4.469.295)	(1.027.938)	(15.538.876)	(3.534.855)
Indexation and measurement of property, plant and equipment and intangible assets depreciation differences	(26.351)	(5.963)	(114.555)	(22.911)
Rediscount on payables	(2.228.572)	(512.584)	(2.985.532)	(686.434)
Foreign exchange gains	(1.261.671)	(290.184)	(2.497.355)	(571.958)
Reclassification of deferred income	(11.441.514)	(2.633.126)	(54.270.217)	(12.482.041)
Adjustment for prepaid expenses	(627.199)	(144.257)	(2.914.919)	(670.325)
<hr/>				
Deferred tax liabilities		(4.614.052)		(17.968.524)
<hr/>				
Deferred tax assets / (liabilities), net		120.747.305		67.690.519

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For the periods ended at September 30, 2024 and 2023, tax income/expense for the years ended as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023	01.07. - 30.09.2024	01.07. - 30.09.2023
Current Period Tax Income / (Expense)	-	(56.898.453)	-	(16.131.579)
Deferred Tax Income / (Expense)	53.224.274	(35.140.844)	(11.314.073)	(10.010.071)
Tax income / (expense), net	53.224.274	(92.039.297)	(11.314.073)	(26.141.650)

For the periods ended at September 30, 2024 and 2023, tax income / (expense) calculation table is as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023
Unaudited profit / (loss) before tax	177.041.602	403.307.106
Total additions / deductions to the base	(177.041.602)	(322.409.533)
Unaudited financial profit / (loss)	-	80.897.573
Applicable tax rate		
Calculated tax	23%	23%
Monetary gain / (loss), net	-	18.606.442
Other tax (a)	-	11.975.237
Corporate tax provision in the statement of profit or loss	-	56.898.453

(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 at the rate 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 32.926.199 on the basis of purchasing power as of September 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 September 30, 2023.

For the periods ended at September 30, 2024 and 2023, the movement of deferred tax income / (expense) is as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023
Opening balance at the beginning of the period	(67.690.519)	553.443
Deferred tax recognized in equity	167.488	27.799
Effect of business combination		(1.390.516)
Deferred tax assets / (liabilities), net	120.747.305	(34.331.570)
Deferred tax income / (expense), net	53.224.274	(35.140.844)

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As of September 30, 2024 and December 31, 2023, the Group's current income tax liabilities are as follows:

	30.09.2024	31.12.2023
Current period profit tax liability	-	29.543.676
	-	29.543.676

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

	30.09.2024	31.12.2023
Assets related to current period tax	4.674.410	-
	4.674.410	-

Corporate Tax

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

The corporate tax rate to be accrued over the taxable corporate income is calculated over the tax base remaining after the addition of non-deductible expenses and deducting tax-exempt earnings, non-taxable income and other deductions (prior year losses, if any, and investment incentives used if preferred). As at September 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 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 September 30, 2024 and 2023, earnings / (loss) per share with a nominal value of TRY 1 are as follows:

	01.01. - 30.09.2024	01.01. - 30.09.2023
Profit / (loss) for the period, net	51.646.724	90.979.460
Profit / (loss) attributable to non-controlling interests, net	-	-
Profit / (loss) for the period attributable to equity holders of the parent, net	51.646.724	90.979.460
Total weighted average number of shares (*)	58.000.000	57.407.407
Basic and diluted earnings / (loss) per share (TRY)	0,89	1,58

(*) 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 September 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) (*)	5.280.087	658.646.990	-	25.787.662	615.789.646	242.840.237
Portion of maximum risk under guarantee with collaterals, etc.	-	23.510.648	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	5.280.087	658.646.990	-	25.787.662	615.789.646	242.840.237
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)	-	6.868.390	-	-	-	-
-Impairment (-)	-	(6.868.390)	-	-	-	-
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) (*)	5.280.087	658.646.990	-	25.787.662	615.789.646	242.840.237
Portion of maximum risk under guarantee with collaterals, etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	5.280.087	658.646.990	-	25.787.662	615.789.646	242.840.237
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)	-	6.868.390	-	-	-	-
-Impairment (-)	-	(6.868.390)	-	-	-	-
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 result from price changes in securities or from factors specific to the issuer or affecting the entire 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 September 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 September 30, 2024 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	162.464.764	172.168.534	568.616	171.599.918	-
	162.464.764	172.168.534	568.616	171.599.918	-
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	60.333.121	62.565.661	47.275.174	15.290.487	-
Other payables	128.204.356	128.204.356	46.319.379	81.884.977	-
	188.537.477	190.770.017	93.594.553	97.175.464	-

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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	15.906.347	15.966.100	4.266.922	11.290.206	408.972
	15.906.347	15.966.100	4.266.922	11.290.206	408.972
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	200.330.051	203.315.584	203.315.544	-	-
Other payables	40.718.504	40.718.504	40.718.504	-	-
	241.048.555	244.034.088	244.034.088	-	-

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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 September 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	540.312.736	14.559.905	1.139.969	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	413.260.366	11.797.070	281.167	-	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	953.573.102	26.356.975	1.421.136	-	-
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)	953.573.102	26.356.975	1.421.136	-	-
10. Trade Payables	93.463.273	2.044.866	610.085	2.832	2.611
11. Financial Liabilities	160.667.731	4.700.292	-	-	-
12a. Other monetary liabilities	373.519.487	10.899.106	25.125	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	627.650.491	17.644.264	635.210	2.832	2.611
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	627.650.491	17.644.264	635.210	2.832	2.611
19. Net asset / liability position of off-balance sheet derivative instruments (19a-19b)	34.121.000	1.000.000	-	-	-
19a. Total amount of hedged assets (*)	34.121.000	1.000.000	-	-	-
19b. Total amount of hedged liabilities	-	-	-	-	-
20. Net foreign currency asset/liability position (9-18+19)	360.043.611	9.712.711	785.926	(2.832)	(2.611)
21. Net foreign currency asset/liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	325.922.611	8.712.711	785.927	(2.832)	(2.611)
22. Total fair value of financial instruments used for foreign currency hedges	-	-	-	-	-
23. Export	296.570.378	8.150.742	949.348	-	-
24. Import	558.585.088	15.806.609	884.665	19.681	15.346

(*) 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	610.332.142	15.217.672	38.500	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	102.946.179	1.565.591	898.380	12.057	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	713.278.321	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)	713.278.321	16.783.263	936.880	12.057	-
10. Trade Payables	261.279.186	5.790.048	637.879	6.536	13.626
11. Financial Liabilities	-	-	-	-	-
12a. Other monetary liabilities	535.738.090	13.361.006	9.088	-	-
12b. Other non-monetary liabilities	-	-	-	-	-
13. Short-term liabilities (10+11+12)	797.017.277	19.151.054	646.967	6.536	13.626
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	95.561.392	2.385.041	-	-	-
17. Long-term liabilities (14+15+16)	95.561.392	2.385.041	-	-	-
18. Total liabilities	892.578.669	21.536.095	646.967	6.536	13.626
19. Net asset / liability position of off-balance sheet derivative instruments (19a-19b)	510.064.540	12.200.000	500.000	-	-
19a. Total amount of hedged assets (*)	510.064.540	12.200.000	500.000	-	-
19b. Total amount of hedged liabilities	-	-	-	-	-
20. Net foreign currency asset/liability position (9-18+19)	330.764.193	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)	(83.738.956)	(2.367.791)	289.913	5.521	(13.626)
22. Total fair value of financial instruments used for foreign currency hedges	-	-	-	-	-
23. Export	525.793.382	14.491.204	204.699	-	-
24. Import	507.498.370	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 September 30, 2024, according to the foreign currency position in the statement of financial position as at September 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 36.004.361 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	29.619.995	(29.619.995)	29.619.995	(29.619.995)
2-US Dollar hedged portion (-)	3.412.100	(3.412.100)	3.412.100	(3.412.100)
3-US Dollar Net effect (1+2)	33.032.095	(33.032.095)	33.032.095	(33.032.095)
	If Euro appreciates/depreciates by 10% against TRY			
4-Euro net asset / liability	2.995.619	(2.995.619)	2.995.619	(2.995.619)
5-Euro hedged portion (-)	-	-	-	-
6-Euro Net effect (4+5)	2.995.619	(2.995.619)	2.995.619	(2.995.619)
	In case of a 10% appreciation/depreciation of the British Pound against TRY			
7-British Pound Sterling net asset / liability	(11.918)	11.918	(11.918)	11.918
8-The portion hedged against GBP risk (-)	-	-	-	-
9-British Pound Sterling Net effect (7+8)	(11.918)	11.918	(11.918)	11.918
	If the Swiss Franc appreciates/depreciates by 10% against TRY			
10-Swiss franc net assets/liabilities	(11.435)	11.435	(11.435)	11.435
11-Swiss Franc hedged portion (-)	-	-	-	-
12-Swiss Francs Net effect (10+11)	(11.435)	11.435	(11.435)	11.435
TOTAL (3+6+9+12)	36.004.361	(36.004.361)	36.004.361	(36.004.361)

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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 33.076.419 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	(19.164.799)	19.164.799	(19.164.799)	19.164.799
2-US Dollar hedged portion (-)	48.793.703	(48.793.703)	48.793.703	(48.793.703)
3-US Dollar Net effect (1+2)	29.628.904	(29.628.904)	29.628.904	(29.628.904)
If Euro appreciates/depreciates by 10% against TRY				
4-Euro net asset / liability	1.277.849	(1.277.849)	1.277.849	(1.277.849)
5-Euro hedged portion (-)	2.212.751	(2.212.751)	2.212.751	(2.212.751)
6-Euro Net effect (4+5)	3.490.600	(3.490.600)	3.490.600	(3.490.600)
In case of a 10% appreciation/depreciation of the British Pound against TRY				
7-British Pound Sterling net asset / liability	(69.313)	69.313	(69.313)	69.313
8-The portion hedged against GBP risk (-)	-	-	-	-
9-British Pound Sterling Net effect (7+8)	(69.313)	69.313	(69.313)	69.313
If the Swiss Franc appreciates/depreciates by 10% against TRY				
10-Swiss franc net assets/liabilities	26.228	(26.228)	26.228	(26.228)
11-Swiss Franc hedged portion (-)	-	-	-	-
12-Swiss Francs Net effect (10+11)	26.228	(26.228)	26.228	(26.228)
TOTAL (3+6+9+12)	33.076.419	(33.076.419)	33.076.419	(33.076.419)

Concentration risk related to sales

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

As at September 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 revenue from transactions with a single external customer is 10 percent or more of the entity's revenue, the entity discloses this fact, the total amount of revenue from each such customer and the segment or segments that report 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 September 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. - 30.09.2024	01.01. - 30.09.2023
Company A	26%	12%
Company B	19%	41%
Company C	14%	2%

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 September 30, 2024 and December 31, 2023, net debt / total capital ratio is as follows:

	30.09.2024	31.12.2023
Total payables	950.416.346	1.136.431.309
Minus Cash and cash equivalents	480.771.795	858.680.257
Net debt	469.644.551	277.751.052
Total equity	1.777.661.385	1.869.585.296
Total capital	2.247.305.936	2.147.336.348
Net Debt/Total Capital ratio	21%	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:

- 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 carrying values.
- The fair value of trade receivables, net of allowances, is estimated to approximate their carrying value.
- Foreign currency balances are translated at period-end exchange rates.

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 representing 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 one: 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.

Third level: 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 September 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 September 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	437.752.176	-	437.752.176	5
Trade receivables	597.830.443	-	597.830.443	8
Financial investments	-	43.646.282	43.646.282	6
<u>Financial liabilities</u>				
Financial liabilities	162.464.764	-	162.464.764	7
Trade payables	60.333.121	-	60.333.121	8
Derivative instruments	-	2.368.130	2.368.130	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	341.061.087	-	341.061.087	5
Trade receivables	663.927.077	-	663.927.077	8
Financial investments	-	537.648.214	537.648.214	6
<u>Financial liabilities</u>				
Financial liabilities	15.906.346	-	15.906.346	7
Trade payables	200.330.051	-	200.330.051	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 dated 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 has been 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.
- The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST 13)," was closed on January 31, 2024.
- The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST 14)," was closed on January 31, 2024.