

Turkey's Technology Base



aselsan

Annual Report 2020

Turkey's Technology Base

The success achieved by our defense industry with the vision of our state's national technology move draws attention all over the world. As ASELSAN, the pioneer of our country in our line of business, we operate with great responsibility.

We develop projects that add value to the life not only in the field of defense, but also in different fields. We have made ASELSAN the technology center of Turkey with thousands of employees, suppliers and all our stakeholders.

There are so many things here that carry us to higher levels, apart from technology!

Contents

ASELSAN AT A GLANCE

- 12 Vision-Mission
- 13 Our Cultural Manifesto and Values
- 14 ASELSAN Shareholding Structure and Financial Position
- 16 Local Affiliates
- 18 Global Affiliates
- 20 Facilities
- 22 Organizational Structure
- 24 Main Financial Indicators
- 26 ASELSAN Human Resources
- 26 R&D Activities
- 27 Collaboration with Universities
- 27 Domestic Suppliers

MANAGEMENT

- 28 Message from President, Chairman and CEO
- 32 Members of the Board of Directors
- 34 Corporate Governance
- 36 Members of the Executive Board

IN 2020

- 38 Highlights of 2020
- 54 Human Resources Management at ASELSAN
- 62 Technology and Strategy Management
- 68 ASELSAN Academy
- 70 ASELSAN Research Center
- 74 Business Development and Marketing Activities

FIELDS OF ACTIVITY

- 76 Communications and Information Technologies
- 92 Defense System Technologies
- 112 Microelectronics, Guidance and Electro-Optics
- 124 Radar and Electronic Warfare Systems
- 134 Transportation, Security, Energy, Automation and Healthcare Systems

FINANCIAL INFORMATION

- 150 Consolidated Statement of Financial Position
- 153 Consolidated Statement of Profit or Loss
- 154 Consolidated Other Comprehensive Income Statement
- 155 Consolidated Statement of Changes in Equity
- 156 Consolidated Statement of Cash Flow



ASELSAN stocks are traded on Borsa Istanbul with the ASELS symbol.



Please scan the QR code to access the PDF version of our annual report.

About ASELSAN

Today, ASELSAN has become a brand that exports its original products, takes place in the list of the world's top 100 defense industry companies, establishes partnerships in international markets and makes investments by establishing cooperation models with local organizations.

Shareholders' Equity
TRY 18.1 Billion

EBITDA
TRY 3.9 Billion

Net Profit for the Period
TRY 4.5 Billion

ASELSAN, which was founded in 1975 to meet the communication needs of the Turkish Armed Forces by national means, is a joint-stock company affiliated to the Turkish Armed Forces Foundation (TAFF). 74.20% of ASELSAN shares are owned by TAFF, and 25.80% is traded on Borsa Istanbul (BIST).

ASELSAN, the largest defense electronics company in Turkey, has a wide range of products that can meet the communication and information technologies, radars and electronic warfare, electro-optics, avionics, unmanned systems, land, naval and weapon systems, air defense and missile systems, command and control systems, transportation, security, traffic, automation and health technology needs of domestic and international authorities, especially Turkish Armed Forces.

Today, ASELSAN has become a brand that exports its original products, takes place in the list of the world's top 100 defense industry companies (Defense News Top 100), establishes partnerships in international markets and makes investments by establishing cooperation models with local organizations.

ASELSAN, together with the emphasis on technology in its vision, has adopted the goal of being "a national technology company that maintains its sustainable growth through the values it created in the global market, is preferred with its competitive power, is trusted as a strategic partner, and caring for the environment and people."

One of the key factors of this success is its more than 8,000 employees, including qualified engineering staff. ASELSAN allocates an average of 7% of its annual return to R&D activities it funded by its shareholders' equity.



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There is growth here

Despite all the negativities and uncertainties caused by the Covid-19 pandemic on a global scale, as ASELSAN, we became one of the companies, the market value of which was least affected in this process, ranked within the first 4 among the publicly traded companies in the Defense News Top 100 companies.* In 2020, we achieved our goals in terms of revenue, growth and profitability.

Total Turnover
TRY 16.1 Billion

* It covers the period of February-May 2020, when the pandemic is most intense.

There is future here

We consider human capital as the most valuable asset of our Company, and we offer a career path especially to young talents. In 2020, we continued recruiting without making any amendments in our employment policies. ASELSAN's lead in the Most Attractive Employers in the Field of Engineering and IT Survey, where 54,597 students have attended since 2017, was registered this year as well.

Number of Employees
8,807





MIKRODALGA MODUL ÜRETİM
ŞEFTENİSYENLİĞİ

There is life here

We became the first defense industry company qualified for the Safe Production/Safe Service Certification during the pandemic. In addition, with the vision of a responsible company, we could produce the medical ventilators most required during this challenging period in a short time and with superior equipment. We have provided breath not only for Turkey but also for the whole world using our technological know-how in the field of health.

R&D Expenditures
TRY 3.4 Billion





There is difference here

As well as being the 48th largest defense industry company in the world, we are also a technological company that is in touch with different areas of life. We continue to add value to daily life with our technology and experience, especially in the fields of transportation, informatics and energy, and invest in areas where we see opportunities with our competitive and flexible structure.

Increase in Non-Defense Income^{*}
81%

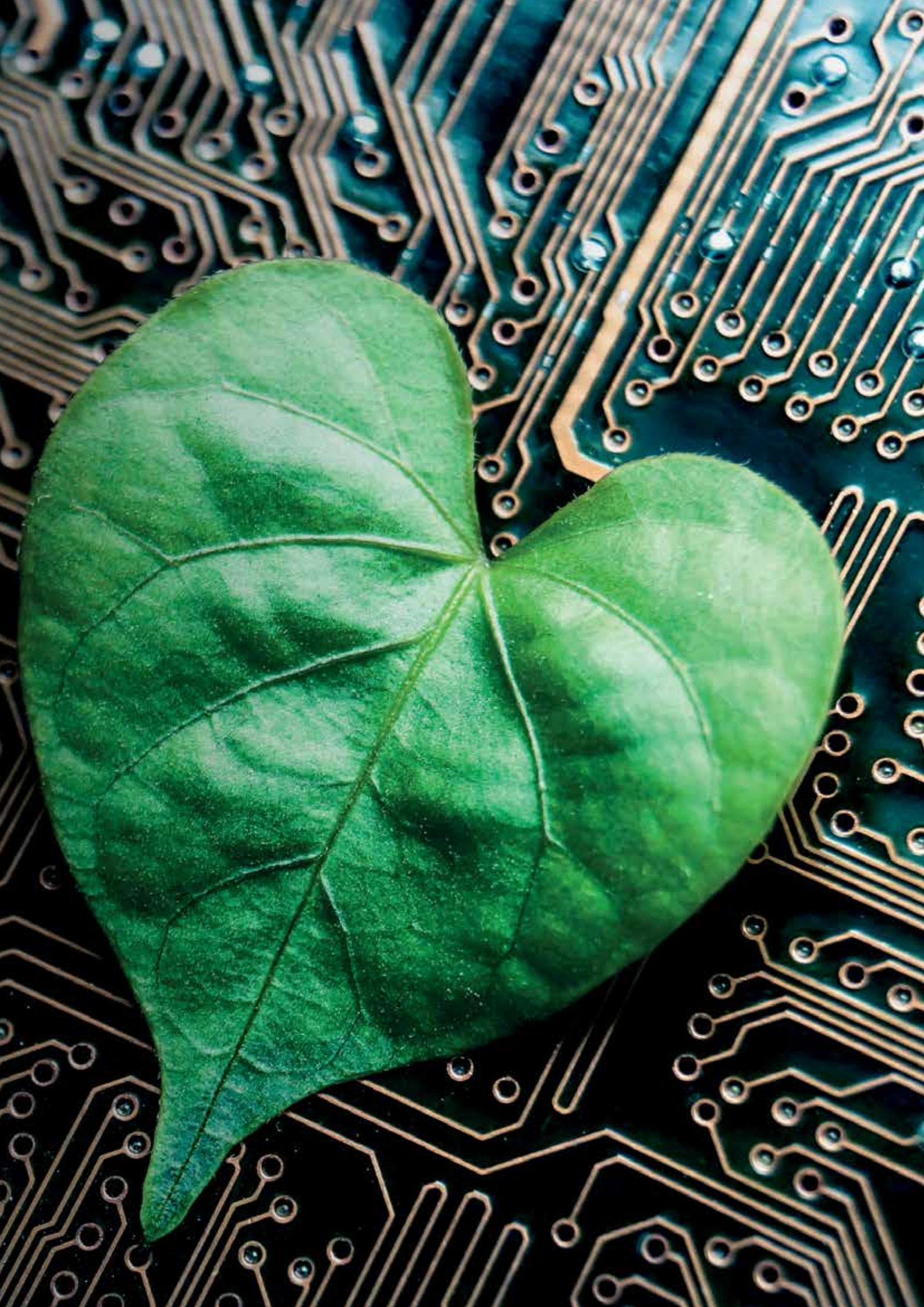
**Year-end values of 2019-2020 were compared.*



There is natural success here

We work with a culture that cares about the future of not only our country, but also the whole world. We were awarded with the Climate Leader award once again in CDP (Carbon Disclosure Project), the environmental project with the world's most reliable rating methodology. We continue our work in line with our commitment to consider the environment as a trust to be left to the next generations.

Total Waste Recycling
1,546,473 kg



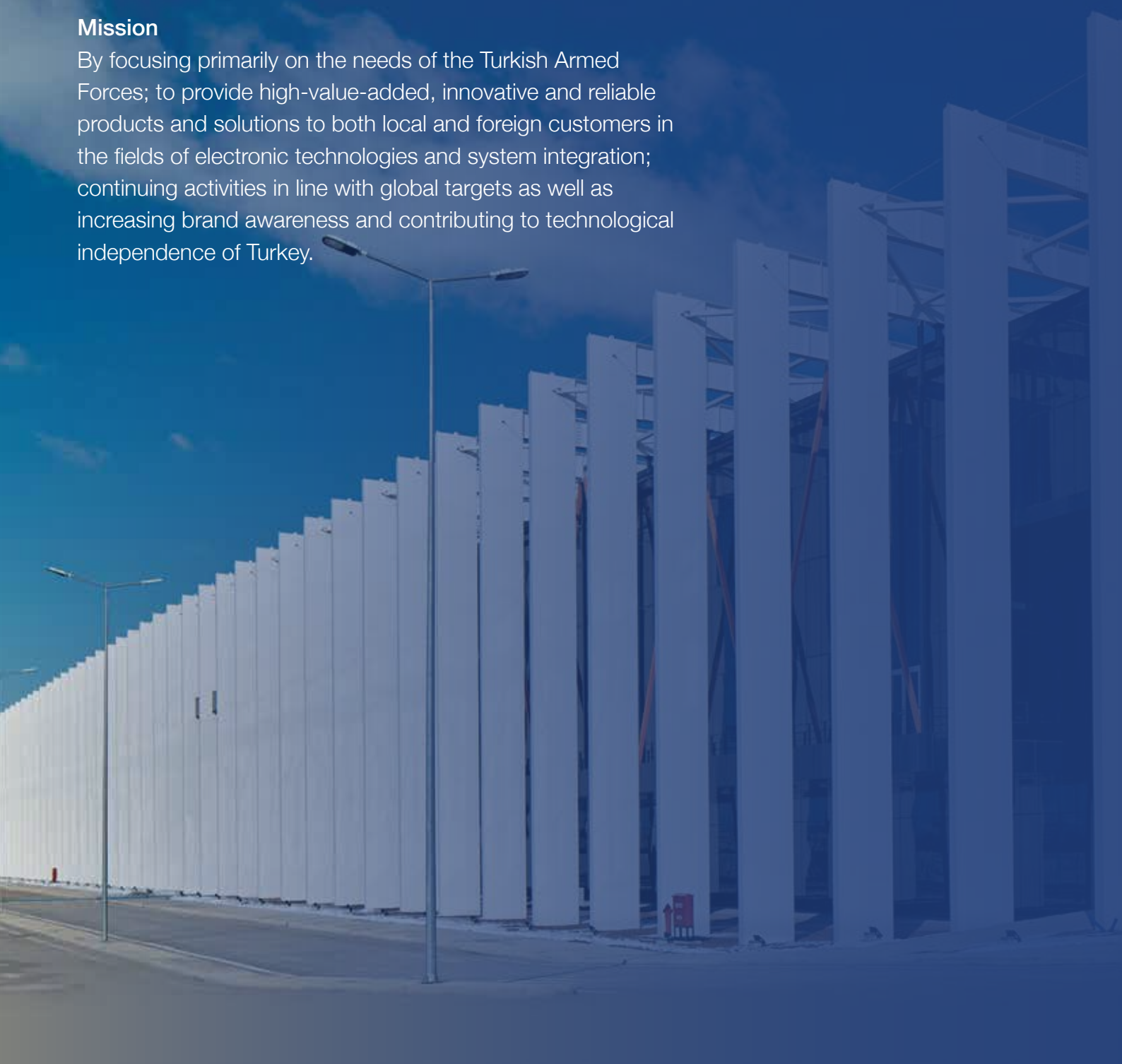
Vision-Mission

Vision

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

Mission

By focusing primarily on the needs of the Turkish Armed Forces; to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers in the fields of electronic technologies and system integration; continuing activities in line with global targets as well as increasing brand awareness and contributing to technological independence of Turkey.



Our Cultural Manifesto and Values

ASELSAN Cultural Manifesto

It is difficult to gain the trust of a Nation; it requires drawing its strength from its values. First of all, it requires a spirit of **unity**. It requires sharing responsibility, and progressing together with the synergy of differences. Its secret lies in always looking for **excellence** while competing with the world. It is about using the resources of this country in the most appropriate way to achieve the best. The way to do this is to put **innovation** at the center of philosophy. It is about constantly producing new ideas, trying the untried and doing what is said to be impossible to pioneer in technology. It requires targeting development in every field and seeing challenges as opportunities. It is about being wise today and inspiring the future by constantly **improving** with feedback. If we do all these by keeping our promise and providing confidence, only then we will become a competitively preferred, **reliable** like a partner, and environment-friendly and human conscious national technology firm which grows with our values. And only then, we can be a reliable technology worldwide as ASELSAN of Turkey. We are ASELSAN. We are the ones producing technologies of future with our values and working culture that make us who we are.



Unity

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



Trust

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



Excellence

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



Development

We learn constantly and take responsibility for our personal development. We are aware of the importance of feedback in our development. We develop our potential with challenging goals. We contribute to the development of our internal and external stakeholders.



Innovation

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

ASELSAN Shareholding Structure and Financial Position

74.20% of ASELSAN's shares belongs to Turkish Armed Forces Foundation (TAFF) while 25.80% is traded at Borsa Istanbul (BIST).

ASELSAN SHAREHOLDING STRUCTURE

Turkish Armed Forces Foundation (TAFF)
74.20%

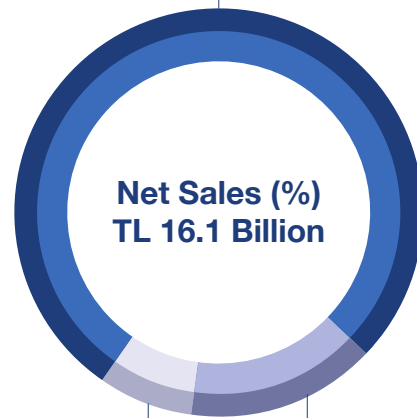


BIST
25.80%

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

ASELSAN'S FINANCIAL POSITION

Turkish Armed Forces
65%



Exports
9%

Public and
Private Institutions
26%

ASELSAN realized 65% of its total sales of TRY 16.1 billion to the Turkish Armed Forces, 26% of its sales to private organizations or other corporate customers. 9% of its sales realized as exports.

As of the end of 2020, a total of USD 1.3 billion of new contracts/orders has been signed, where the total backlog of ASELSAN for the next years is USD 9.5 billion.



Local Affiliates



MICROELECTRONICS R&D DESIGN AND TRADING LTD. COMPANY Istanbul

Share Amount: **TRY 1,700,000**
ASELSAN's Share Ratio (%): **85**

The company was established to design and develop integrated circuits and electronic systems in Istanbul, and ASELSAN became a partner in Microelectronics Inc. in 2010 with an 85% stake.

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

Share Amount: **TRY 25,000,000**
ASELSAN's Share Ratio (%): **100**

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

ASELSAN KONYA WEAPON SYSTEMS INC. Konya

Share Amount: **TRY 178,500,000**
ASELSAN's Share Ratio (%): **51**

The company was established in Konya in 2018 in order to carry out research, design, development and engineering activities for defense industry products, especially for weapons and weapon systems, to make production, testing, assembly and integration, sales and marketing, importing and exporting of these products. The company also aims to provide training, maintenance and after sales services, and carry out all kinds of commercial and industrial activities related to these issues. ASELSAN holds a 51% stake in the company.

ROKETSAN ROCKET INDUSTRY AND TRADE INC.

Ankara

Share Amount: **TRY 21,906,223**
ASELSAN's Share Ratio (%): **14,897**

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

ASPIŞAN ENERGY INDUSTRY AND TRADE INC.

Kayseri

Share Amount: **TRY 1,534,210**
ASELSAN's Share Ratio (%): **1**

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

TÜYAR MICROELECTRONICS INDUSTRY AND TRADE INC.

Gebze-Kocaeli

Share Amount: **TRY 8,905,875**
ASELSAN's Share Ratio (%): **51**

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

ASELSAN PRECISION OPTICS INDUSTRY AND TRADE INC.

Sivas

Share Amount: **TRY 6,500,000**
ASELSAN's Share Ratio (%): **50**

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

ULAK COMMUNICATIONS INC.

Ankara

Share Amount: **TRY 22,950,000**
ASELSAN's Share Ratio (%): **51**

The company was established in Ankara in 2017 in order to carry out R&D and engineering activities of mobile and broadband communication systems used by commercial network operators, to manufacture, test, install and integrate, sell and market, import and export such systems and spare parts, and to provide training, maintenance and support services. ASELSAN owns 51% of the company's capital since 2018.

ASELSAN BİLKENT MICRO NANO TECHNOLOGIES INDUSTRY AND TRADE INC.

Ankara

Share Amount: **TRY 9,000,000**
ASELSAN's Share Ratio (%): **50**

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

BİTES DEFENCE AVIATION AND SPACE TECHNOLOGIES SOFTWARE ELECTRONICS INC.

Ankara

Share Amount: **TRY 127,500**
ASELSAN's Share Ratio (%): **51**

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

EHSIM ELECTRONIC WARFARE SYSTEMS ENGINEERING TRADE INC.

Ankara

Share Amount: **TRY 125,000**
ASELSAN's Share Ratio (%): **50**

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

DASAL AVIATION TECHNOLOGIES INC.

Istanbul

Share Amount: **TRY 4,000,000**
ASELSAN's Share Ratio (%): **40**

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

TEKNOHAB INC.

Ankara

Share Amount: **TRY 6,000,000**
ASELSAN's Share Ratio (%): **15**

The company was established in Ankara in 2018 in order to create investment opportunities in technology intensive areas, to provide job opportunities to researchers and skilled people, to help technology transfers and to facilitate foreign capital to enter our country that will enable high technology. ASELSAN holds a 15% stake in the company.

TR EDUCATION AND TECHNOLOGY INC.

Ankara

Share Amount: **TRY 1,225,000**
ASELSAN's Share Ratio (%): **35**

The company operates in realizing human resource studies, giving consulting, coaching and accreditation services and operating in education, teaching, culture, art, sport, exhibition organizations and digital marketing activities at all levels. 35% of the current capital of the company, which started its operations in 2018, belongs to ASELSAN.

ASELSAN GLOBAL INC.

Ankara

Share Amount: **TRY 250,000**
ASELSAN's Share Ratio (%): **100**

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

Global Affiliates



ASELSAN BAKU COMPANY

Baku-Azerbaijan

Share Amount:

1,601,978 Azerbaijani ManatASELSAN's Share Ratio (%): **100**

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

ASELSAN MALAYSIA SDN. BHD.

Kuala Lumpur-Malaysia

Share Amount:

100 Malaysian RinggitASELSAN's Share Ratio (%): **100**

The company was established in 2017 with the title of ASELSAN Malaysian Sdn. Bhd., 100% owned by ASELSAN, in order to operate on remote controlled weapon systems.

ASELSAN UKRAINE LLC.

Kyiv-Ukraine

Share Amount:

2,797,660 Ukrainian HryvniaASELSAN's Share Ratio (%): **100**

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

SAUDI DEFENSE ELECTRONICS COMPANY LLC. (SADEC LLC.)

Riyadh-Saudi Arabia

Share Amount:

11,250,000 S. Arabia RiyalASELSAN's Share Ratio (%): **50**

The company was established in 2016 with a 50% - 50% partnership interest between ASELSAN and TAQNIA DST in order to produce, develop, and perform maintenance and repair activities of electronic devices and systems to meet the radar, electronic warfare and electro-optic system requirements of Saudi Arabia.

ASELSAN MIDDLE EAST PSC.

Amman-Jordan

Share Amount:

1,225,000 Jordanian DinarASELSAN's Share Ratio (%): **49**

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

IGG ASELSAN INTEGRATED SYSTEMS LLC.

Abu Dhabi-UAE

Share Amount:

9,800,000 UAE DirhamASELSAN's Share Ratio (%): **49**

The company was established in 2011, with ASELSAN holding a 49% stake and IGG holding a 51% stake in the company. It is engaged in the production, testing and integration of ASELSAN products in the United Arab Emirates (UAE) and their sale in Gulf countries, primarily in the UAE, and to provide technical support after their sale.

KAZAKHSTAN ASELSAN ENGINEERING LLP.

Nur-Sultan-Kazakhstan

Share Amount:

3,464,300,000 Kazakhstani TengeASELSAN's Share Ratio (%): **49**

The company was established in 2011 with a participation rate of 49% of ASELSAN, 1% of the Presidency of Defense Industry and 50% of Kazakhstan Engineering, in order to manufacture, develop, and perform maintenance and repair activities of electronic devices and systems to meet the military and civilian requirements of Kazakhstan.

BARQ QSTP LLC.

Doha-Qatar

Share Amount:

480,000 Qatari RiyalASELSAN's Share Ratio (%): **48**

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

Branches**ASELSAN SOUTH AFRICA EXTERNAL PROFIT COMPANY (ASELSAN SOUTH AFRICA BRANCH)**

Pretoria-Republic of South Africa

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

ASELSAN MACEDONIA BRANCH

Skopje-Macedonia

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

ASELSAN CYPRUS ADVANCED TECHNOLOGIES RESEARCH CENTER

The Turkish Republic of Northern Cyprus

The ASELSAN Cyprus Advanced Technologies Research Center, which carries out its activities at Middle East Technical University Kalkanlı Technology Valley (METU KALTEV) located in the Northern Cyprus Campus, was established in 2019.

Offices**ASELSAN SAUDI ARABIA OFFICE****ASELSAN PAKISTAN OFFICE**

Facilities

ASELSAN Macunköy Facility is home to the headquarters, Communications and Information Technologies Business Sector and Defense System Technologies Business Sector and Transportation, Security, Energy, Automation and Healthcare Systems Business Sector.



Macunköy Facility

Closed Area **132,551 m²**

Total Area **186,848 m²**

It was established on a total area of 186,848 m² of which 132,551 m² is a covered area. ASELSAN Macunköy Facility is home to the CEO, Communications and Information Technologies Business Sector and Defense System Technologies Business Sector and Transportation, Security, Energy, Automation and Healthcare Systems Business Sector.



Akyurt Facility

Closed Area **80,672 m²**

Total Area **302,402 m²**

It was established on a total area of 302,402 m² of which 80,672 m² is a covered area. The Microelectronics Guidance and Electro-Optic Business Sector is located in the ASELSAN Akyurt Facility.



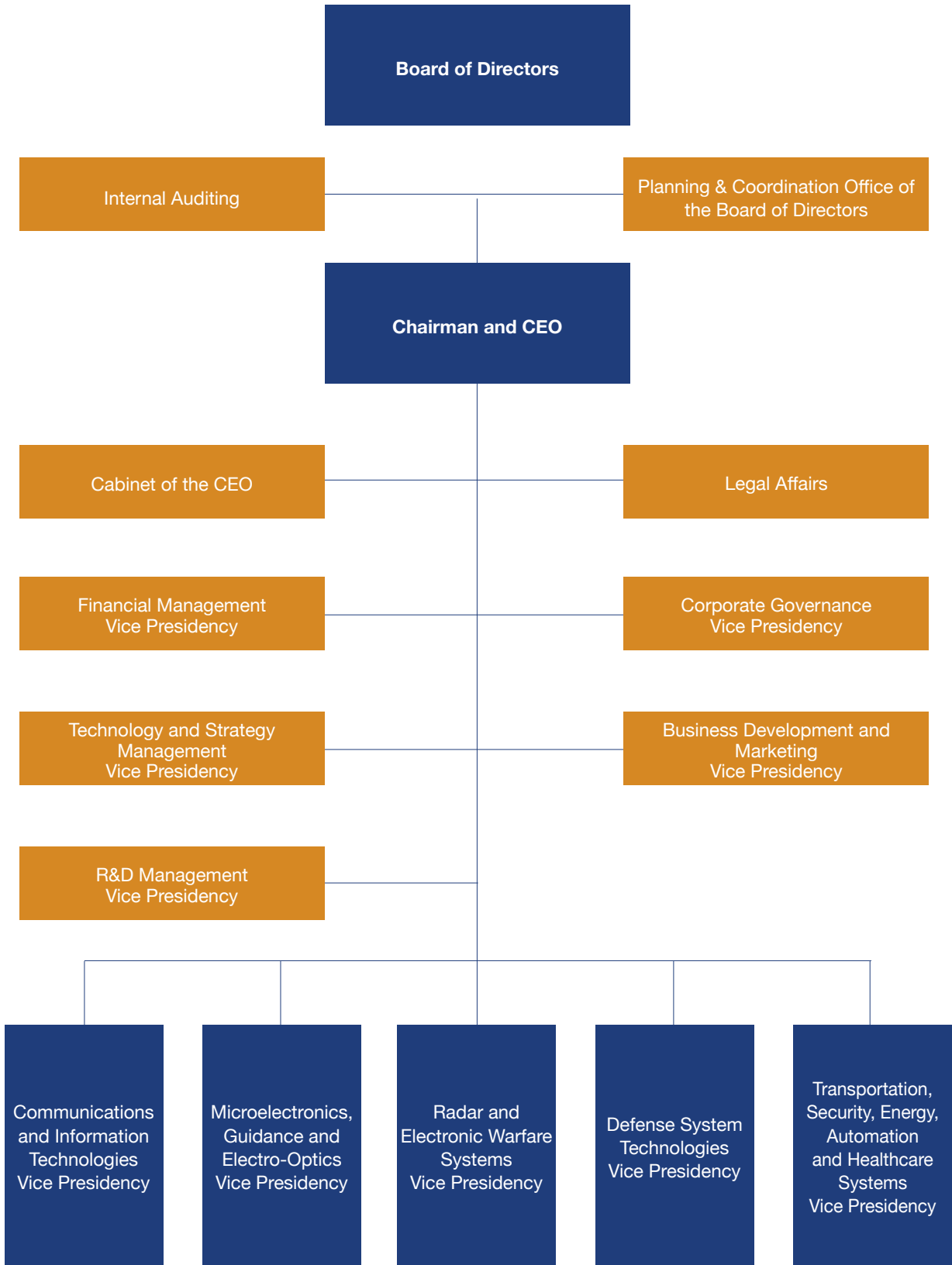
Gölbaşı Facility

Closed Area **84,538 m²**

Total Area **664,273 m²**

Radar and Electronic Warfare Systems Business Sector, which carries out activities for radar and electronic warfare systems for land, air, sea, space and unmanned platforms, is in charge in this facility established in Gölbaşı district of Ankara. The Facility was established on a total area of 664,273 m² of which 84,538 thousand m² is a covered area.

Organizational Structure





Main Financial Indicators

Maintaining its successful financial performance in 2020, ASELSAN increased its EBITDA margin to 24%.

In 2020

Sales Growth Rate
24%

EBITDA Growth rate
38%

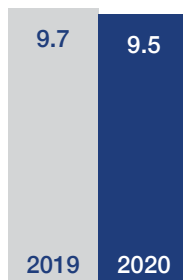
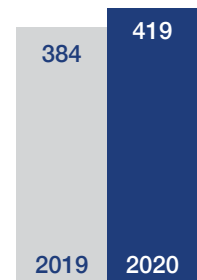
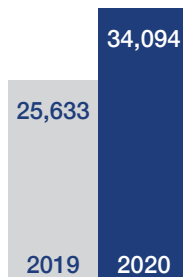
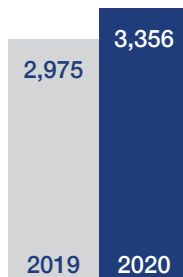
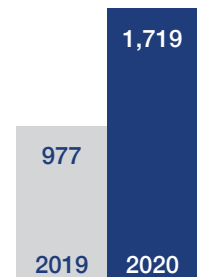
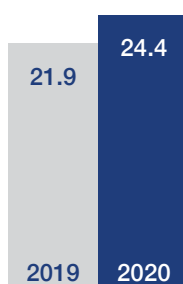
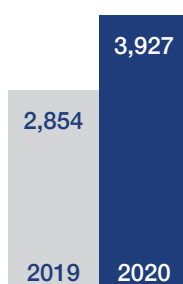
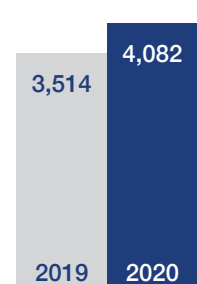
Net Profit Growth Rate
33%

Equities/Assets
53%

CONDENSED BALANCE SHEET (TRY million)	2019	2020
Total Assets	25,633	34,094
Tangible Assets	1,574	2,342
Intangible Assets	1,277	1,555
Total Equities	13,569	18,098

CONDENSED INCOME STATEMENT (TRY million)	2019	2020
Net Sales	13,013	16,104
EBITDA	2,854	3,927
Net Profit for the Year	3,353	4,461

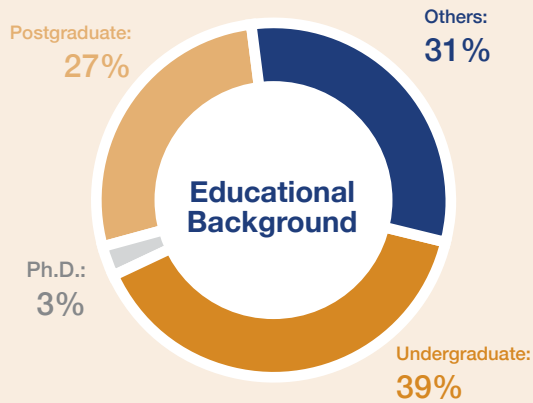
MAIN FINANCIAL INDICATORS	2019	2020
R&D Expenses (TRY million)	2,975	3,356
Operating Profit per Employee (TRY thousand)	384	419
EBITDA Margin (%)	21.9	24.4
Net Cash Provided by Operations (TRY million)	977	1,719
Cash on Hand (TRY million)	3,514	4,082

Backlog
(USD billion)**Net Sales**
(TRY million)**Operating Profit Per Employee**
(TRY thousand)**Total Assets**
(TRY million)**R&D Expenses**
(TRY million)**Net Cash Provided by Operations**
(TRY million)**EBITDA Margin**
(%)**EBITDA**
(TRY million)**Cash**
(TRY million)

ASELSAN Human Resources

Number of employees
as of 31.12.2020:
8,807

ASELSAN recruited almost 1,500 new employees in order to fulfill its increasing responsibilities in the best way possible, with the awareness of the critical position it has in our country's defense industry. Each employee is selected among highly qualified specialists, and these qualifications are being supported through trainings and development opportunities.



R&D Activities

Total R&D Expenditure
(TRY Million)
3,356

In compliance with its goal of gaining national technology, which is its main strategy since its establishment, ASELSAN constantly upgrades its R&D capabilities and develops innovative, high-tech and reliable products to reduce foreign dependency, and meet defense and security requirements with the national sources. Besides the defense technologies - its main field of activity - ASELSAN continues to grow its R&D activities in the framework of national goals, in other areas such as energy, transportation, healthcare systems, and next generation cellular communication.



Collaboration with Universities

Number of Projects 128

Number of Projects Conducted with Universities in 2020

Collaboration 41

ASELSAN collaborated with 37 universities from Turkey and 4 universities abroad in 2020.

Value of Projects (USD Million) 5

The Value of Projects given to universities was USD 5 million in 2020.



Domestic Suppliers

14,277

Number of Registered Domestic Suppliers

3,189

Domestic Companies from which Orders were Placed in 2020, 2,716 of which are SMEs

USD 1,569,472,328

Total Amount of Open Orders

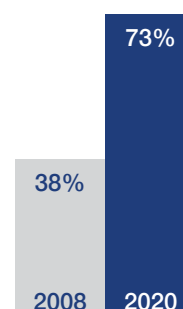
USD 886,779,580

Total Payments Made to Domestic Companies in 2020

As ASELSAN, we attach great importance to nationalization, which is our founding mission. For this purpose, we focus on critical technologies where we can localize our focus by transferring all the activities that our sub-industry companies can carry out in terms of design or production domestically to our sub-industry companies. During the last decade, orders placed to SMEs have nearly doubled, and in 2020, 9 out of 10 domestic orders were placed to SMEs.

We raised our rate of purchase from domestic suppliers, which was 38% in 2008, to over 70% by 2020.

Rate of Purchase from Domestic Suppliers





Message from the Chairman of the Board and CEO

Even in a year under the influence of difficult pandemic conditions like 2020, we have increased the number of our user countries to 70 in total, with our overseas sales to 6 new countries.

R&D Expenditures
TRY 3.4 Billion

Total Assets
TRY 34.1 Billion

Net Sales
TRY 16.1 Billion

Esteemed Stakeholders,

2020 has been a challenging year in the global economy in all respects. The trade wars between the USA and China, which have been continuing with mutual moves for three years, were suspended with the trade agreement signed in the first month of the year. The global economy, which made a good start to 2020 with the effect of this positive development, faced a serious shock as the Covid-19 pandemic that emerged in Wuhan, China turned into a pandemic that affected the whole world in a short time. Shaping of the international economy on the basis of “openness” and “speed” as a result of the globalization process and developments in transportation technologies increased the infection rate of the Covid-19 pandemic, and caused disruptions in production due to the effects of the lockdowns. Despite the multidimensional shock it created, Covid-19 pandemic started a new era in all fields of life by accelerating the “digital transformation” process. All actors of the global economy, from companies to consumers, ensured the uninterrupted continuation of the life cycle by rapidly adapting to new normal conditions in the light of the opportunities of the digital transformation process.

By the second half of 2020, vaccine licensing news from the USA, Germany and China, followed by mass vaccination activities initiated in countries including Turkey, were considered as the first stage of leaving the Covid-19 pandemic behind. As

ASELSAN, we believe that Turkey, which has taken steps in the light of scientific foundations in the world from the beginning of the Covid-19 pandemic, will come out of the pandemic process even stronger.

For ASELSAN, 2020 has been a period in which negativities were turned into opportunities and our efficient and effective works continued in an uninterrupted manner. As a result, our turnover grew by 24% by the end of 2020 and reached TRY 16.1 billion.

The positive trend in ASELSAN's profitability indicators continued in 2020. Our earnings before interest, taxes and depreciation and amortization (EBITDA) increased by 38%, reaching a record level of TRY 3.9 billion. Our net profit became TRY 4.5 billion.

Our strong profitability also lead to growth in our shareholders' equity. Our shareholders' equity grew by 33% compared to the end of 2019 and has exceeded TRY 18 billion. We focused on the continuity of our backlog, which reached USD 9.5 billion at the end of 2020, and R&D and investment expenditures within the scope of localization and nationalization efforts.

The record level of foreign currency inflow from exports in 2020 reached USD 362 million. The backlog of our international sales has exceeded USD 1 billion for the first time in our history. Even in a year under the influence of difficult pandemic conditions like 2020, we have increased the number of our export countries to 70 in total, with our overseas sales to 6 new countries.

Message from the Chairman of the Board and CEO

Flight tests were performed successfully by integrating the ASELSAN CATS System into the TB-2 Bayraktar platform instead of the electro-optic system supplied from abroad in the Microelectronics, Guidance and Electro-Optics sector.

**EBITDA
TRY 3.9 Billion**

**Net Profit
TRY 4.5 Billion**

**Shareholders' Equity
TRY 18.1 Billion**

In the Communication and Information Technologies sector, we introduced the Tactical Field Communication System to the Azerbaijani Armed Forces under the AZRA Project carried out within the Military Communication Systems in 2020.

In the Defense System Technologies sector, the qualification of the New Generation FIRTINA Fire Control System has been completed and their integration into the first mass production howitzers continues. In addition to delivering SARP System to a European Union member country for the first time during this year, we are proud to produce the 3,000th SARP System.

Flight tests were performed successfully by integrating the ASELSAN CATS System into the TB-2 Bayraktar platform instead of the electro-optic system supplied from abroad in the Microelectronics, Guidance and Electro-Optics sector.

In the Radar and Electronic Warfare Systems sector, 2020 took place in the memory of all decision-makers with the achievement of ASELSAN. Karakulak System was brought into use of our country with a ceremony during the visit of our President to ASELSAN.

Along with Transportation, Security, Energy, Automation and respiratory equipment studies in the Health Systems sector, we continued our other efforts in the field of health. We also made our defibrillator devices ready for production. Our efforts on MR continues without slowing down.

While 40 of our colleagues graduated for the first time this year from the ASELSAN Academy Program, which we established with the aim of working in cooperation with the university and sector for the production of national and innovative technology, a total of 645 colleagues, including 575 master's and 70 doctorate, continued their graduate education within the scope of the program.

We initiated 60 R&D projects with new equities in 2020 in order to gain new technologies and move our existing systems further. We cooperated with 20 universities, nearly 100 SMEs and subcontractor companies in these projects. Our efforts to develop products supplied nationally and domestically instead of from abroad, continued increasingly this year.

As a result of the practices we have implemented within the framework of the conditions we live in, we are proud of being the first company in our sector to receive the TSE Covid-19 Safe Production Certificate.

We raised our rate of purchase from domestic suppliers, which was 38% in 2008, to over 70% by 2020.

We continued our efforts to establish an operational system targeting zero accidents in the field of occupational safety, which is an indicator of the value we attach to our family. The sensitivity we show to provide a safe and healthy work environment for our valuable colleagues has led us to receive the "International Occupational Safety" award, one of the most prestigious awards in the international arena.

We raised our rate of purchase from domestic suppliers, which was 38% in 2008, to over 70% by 2020. We have achieved this transformation not only as ASELSAN, but together with our competent and comprehensive supplier companies, and we continue to do so.

Our localization efforts, which we carry out together with our suppliers under the umbrella of a power union, continue at full speed. I am very pleased to share that we have received over 700 applications for our brochures in the last 1-2 years. In this context, we managed to return an amount of more than USD 100 million to the country.

As a result of the practices we have implemented within the framework of the conditions we live in, we are proud of being the first company in our sector to receive the TSE Covid-19 Safe Production Certificate. Our work in 2019 and 2020, and especially our

activities during the pandemic period, attracted the attention of national and international authorities. As a sign of our work, we came first in the category of "Creating Value in Challenging Times (Zor Zamanlarda Değer Yaratmak)" category within the scope of the People Management Association of Turkey's Value to People Awards. In addition, we received a silver award in the "Most Valuable Corporate Response" category at the Stevie International Business Awards 2020.

Continuing joint development and production activities at the global level with many leading companies in the sector, ASELSAN achieved a great success by rising to the 48th place in the "Defense News Top 100" list, which includes the world's largest defense industry companies.

As we leave 2020 behind, I would like to thank all of our Board Members who have supported us by sharing the responsibility we take in the decisions in this challenging year, all our executive committee who work day and night for the implementation of those decisions, and all my colleagues who have signed the past of ASELSAN and will carry it to the future.

Respectfully yours,

PROF. DR. HALUK GÖRGÜN
Chairman, President and CEO

Members of the Board of Directors



PROF. DR. HALUK GÖRGÜN
Chairman (Managing Member),
President and CEO



DR. CELAL SAMİ TÜFEKÇİ
Vice Chairman of the Board of
Directors (Managing Member)



PROF. DR. ERCÜMEND ARVAS
Independent Member of the
Board of Directors



PROF. DR. TURAN EROL
Member of the Board of Directors



MEHMET FATİH KACIR
Member of the Board of Directors



ALPASLAN KAVAKLIOĞLU
Member of the Board of Directors



SALİH KUL
Member of the Board of Directors



PROF. DR. İBRAHİM ÖZKOL
Member of the Board of Directors

PROF. DR. HALUK GÖRGÜN**Chairman (Managing Member), President and CEO**

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

DR. CELAL SAMİ TÜFEKÇİ**Vice Chairman of the Board of Directors (Managing Member)**

He has Bachelor's Degree from Gazi University (Ankara, Turkey); Graduate Degree from Northeastern University (Boston, Massachusetts, USA) and Doctorate Degree from Rensselaer Polytechnic Institute (Troy, New York, USA) - all in the field of Mechanical Engineering. Dr. TÜFEKÇİ started his professional career at Pitney Bowes Inc. (Shelton, Connecticut, USA) Research Center as Project Engineer, and conducted patented works on high performance motion control. Dr. Celal Sami TÜFEKÇİ, who started working at Presidency of Defense Industries (Ankara, Turkey) as the Head of the Space Department after several local and international responsibilities, was later appointed as Vice Undersecretary and still continues to serve in this position. Dr. Celal Sami TÜFEKÇİ served as a Member of the Board of Directors of ASELSAN between April 2018 and June 2020. He was elected as the Vice Chairman of the Board of Directors of ASELSAN on 19 June 2020.

PROF. DR. ERCÜMEND ARVAS**Independent Member of the Board of Directors**

He completed his undergraduate and postgraduate programs in Middle East Technical University Electrical Engineering Department and Ph.D. program at Syracuse University in New York, United States. He continued his academic career in Syracuse University as of 1988 and worked as a Professor at the same university in 1994-2014. He served as a consultant at various institutions like Air Force Office of Scientific Research, Digital Equipment Co., Philips Broadband, RIT Research Corp, Syracuse Research Corp, ANAREN Microwaves Inc., General Electric Co. and TÜBİTAK. Currently working at the Department of Electrical Engineering of Medipol University, Prof. Dr. Ercümend ARVAS was assigned as an Independent Member of Board of Directors at the Ordinary General Assembly Meeting held on 31 March 2016.

PROF. DR. TURAN EROL**Independent Member of the Board of Directors**

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

MEHMET FATİH KACIR**Member of the Board of Directors**

He was granted his Bachelor's Degree with Honors by having completed his study in the Department of Industrial Engineering, Boğaziçi University in 2008. After graduation, he has been active in companies in simulation software and hardware, virtual reality applications, digital advertising and food sectors where he was a founder and manager. Mr. KACIR is among the founders of Turkish Technology Team Foundation (T3 Foundation) where he still serves as the Chairman at Board of Directors. He was one of the pioneers in the establishment of Deneyap Technology Workshops in T3 Foundation, in the Technology Stars of Tomorrow Program for gifted students, in Programs of Science Centers and Enterprise Centers, and in Teknofest, which is Turkey's first Aviation Space and Technology Festival. In 2018, he was appointed as a Member of the Scientific Committee of the Scientific and Technological Research Council of Turkey (TÜBİTAK). Mehmet Fatih KACIR was appointed as the Deputy Minister of Industry and Technology by the President's Decision published on the Official Gazette dated 31 July 2018 and numbered 30495, and is now responsible from National Technology Thrust and Strategic Transformation activities at the Ministry. He continues to be the board member of the Prof. Dr. Fuat Sezgin Islamic Science History Research Foundation. He was elected as a Member of the Board of Directors during the ASELSAN Ordinary General Assembly held on 26 April 2019.

ALPASLAN KAVAKLIOĞLU**Member of the Board of Directors**

Mr. KAVAKLIOĞLU, the Local Authority, was graduated from the Department of Business Administration, the Faculty of Political Science, Ankara University. He has continued his education with long term trainings in different disciplines and countries: language and public administration education in the UK, disaster management, regional development and re-structuring education in Japan, and society development education in Taiwan. He served as District Governor in several towns, and as Deputy Governor in some cities of Turkey. He worked as Head of Department at the Republic of Turkey, Ministry of Interior, and as a Legal Consultant and as Vice President at the Turkey Emergency Management Presidency under the Prime Ministry of the Republic of Turkey. He graduated from the National Security Academy, and then served as the General Director of the

Prime Ministry Security Affairs of the Republic of Turkey. Mr. KAVAKLIOĞLU, who was elected as a Member of Parliament from Niğde for 24th Term, served as the Chairman of the Committee on Security and Intelligence, Member of the Committee on Internal Affairs (Spokesman), Member of the Committee on National Defense (Spokesman), Head of the Turkey - Japan Inter-Parliamentary Friendship Group, Member of the Turkish Group of the Inter-Parliamentary Union. As a Member of the Board of the Parliamentary Assembly, Mr. KAVAKLIOĞLU was later appointed as Deputy Minister at the Ministry of Defense of the Republic of Turkey with the decision of the Presidency dated 9 August 2018 and numbered 2018/91. Mr. KAVAKLIOĞLU was elected as a Member of the Board of Directors during the ASELSAN Ordinary General Assembly held on 26 April 2019.

SALİH KUL**Member of the Board of Directors**

In 1984, he graduated from the Department of Electrical and Electronics Engineering, the Turkish Military Academy as a Communications Lieutenant. Following several local and international responsibilities, Salih KUL worked as the Commander of the 1st Army Regional Combat System Battalion and the Commander of TASMUS Battalion, and upon the abolition of Army Regional Combat Battalion, he organized the activities of establishment of the TASMUS Battalion between 2004 and 2006. He was the Head of the Commission of Inspection, Ministry of National Defense of the Republic of Turkey during the procurement of TASMUS Systems. Between 2006 and 2012, he served as Branch Manager, the Head of Department of Senior Officers and Electronic Regiment Commander at the General Staff Electronic Systems Command. After these duties, Salih KUL served as an Inspector in the Inspection Department of the Ministry of National Defense for a period of one year, and was then promoted one year early due to his professional success. He retired from his post as Head of the Communications and Electronic Systems Department at the Land Forces Command on 30 August 2015, where he was appointed in 2013. He was elected as a Member of the Board of Directors during the ASELSAN Ordinary General Assembly held on 26 April 2019.

PROF. DR. İBRAHİM ÖZKOL**Independent Member of the Board of Directors**

He started his undergraduate studies in the Department of Aeronautical Engineering at the Faculty of Aeronautics and Astronautics, Istanbul Technical University and completed his master's and Ph.D. studies in the same department. His academic career was interrupted for 15 months from 1992 to 1993 for the duties given by the Presidency of Defense Industries regarding the projects "CASA-3000" and "CN-235" in Spain. He continued his academic career, which he returned in 1996, and received the title "Professor" in 2005. Prof. Dr. İbrahim ÖZKOL served as the Vice Rector of Istanbul Technical University between 2012 and 2018. He still continues to serve as a lecturer at the Department of Aeronautical Engineering, the Faculty of Aeronautics and Astronautics, Istanbul Technical University (İTÜ). He works as a researcher and executive in many projects supported by the Presidency of Defense Industries (SSM) and TÜBİTAK. Prof. Dr. İbrahim ÖZKOL is also the founder of the İTÜ Air Transport Management Graduate Program which is founded in 2013 and the first program in this field among universities in Turkey. Prof. Dr. İbrahim ÖZKOL served as an Independent Member of the Board and the Chairman of the Board between March 2017 and April 2018, and was assigned as an Independent Member of the Board since the ASELSAN Ordinary General Assembly Meeting held on 2 April 2018.

Corporate Governance

OUR SHAREHOLDERS

ASELSAN, which is a corporation of the Turkish Armed Forces Foundation (TAFF), is a joint stock company, and 74.20% of its shares belongs to TAFF. 25.80% of its shares is traded at Borsa Istanbul (BIST).

Our Shareholders	Share Amount (TRY)	Share Ratio (%)
TURKISH ARMED FORCES FOUNDATION (TAFF)	1,691,651,248.92	74.20
Public shares (BIST)	588,348,751.08	25.80
Total	2,280,000,000.00	100.00

CORPORATE GOVERNANCE

ASELSAN continued its steady progress in corporate governance processes in 2020.

Paying attention to the sensitivity of its sector, ASELSAN maintains the principles of fairness, transparency, responsibility and accountability, which are the basic principles of corporate governance, and keeps accelerating its steady growth and observing the interests of its stakeholders at the center of its activities. In order to carry its leadership in the national platform to the global arena, it continues to work without slowing down to ensure full compliance with corporate governance and legal regulations.

As a result of the changing and developing global conditions, the Company, which adopted the “corporate sustainability” approach in order to fulfill its economic, social and environmental responsibilities, completely fulfills its responsibilities towards society by preserving its ethical values and being sustainable with its operations in the field of corporate governance.

ASELSAN, which has adopted the concept of corporate governance as a core principle, has been publishing a Compliance Report on the Principles of Corporate Governance every year since 2004. In the report, the rights of shareholders —including minority rights—, Annual General Meetings, dividend distribution policy, disclosure policy, human resources and ethical principles, relations with stakeholders, corporate social responsibility, the structure, formation, activity essentials and committees of the Board, risk management and internal audit, which are under the headings of Shareholders, Public Disclosure and Transparency, Interest Groups and the Board within the scope of the Corporate Governance Principles regulated by the Capital Markets Board, are documented in detail. The Reports on the Compliance of Corporate Governance Principles are published on the Company's website (www.aselsan.com.tr) and in the annual reports (as annex).

ASELSAN's corporate governance rating score was confirmed as 9.29.

ASELSAN was awarded a score of 8.77 out of 10 on 13 December 2012 by SAHA.Corporate Governance and Credit Rating Services, Inc. (SAHA) in 2012. This is the second best preliminary score among the corporate governance grading scores given in Turkey. Since then, the level of compliance with corporate governance principles of the Company is evaluated every year by an independent rating institution, and the Corporate Governance Rating Score is updated.

ASELSAN's Corporate Governance Rating Score, which was 9.29 out of 10 on 12 December 2019, was confirmed as 9.29 according to the report published by SAHA as of 11 December 2020 as a result of the studies conducted to improve the Corporate Governance Rating Score during 2020.

Corporate governance ratings in 2019 and 2020 and their sub topics are presented below:

Grade Distribution in 2019		Grade Distribution in 2020	
Shareholders:	89.57/100	Shareholders:	89.57/100
Public Disclosure and Transparency:	99.01/100	Public Disclosure and Transparency:	98.72/100
Stakeholders:	98.13/100	Stakeholders:	99.17/100
Board of Directors:	88.67/100	Board of Directors:	88.55/100
Average Score	9.29	Average Score	9.29

ASELSAN Corporate Rating Reports published by SAHA may be obtained from the Company's website at www.aselsan.com.tr.

ASELSAN has been included in Corporate Governance Index of Borsa Istanbul since the date it received its first corporate governance rating.

ASELSAN'S MANAGEMENT STRUCTURE

ASELSAN Board of Directors

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

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

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

Audit Committee

The committee consists of three independent members of the Board. The main responsibilities of the committee are to disclose financial information to the public and monitor the functioning and effectiveness of ASELSAN's accounting system, independent audits, internal audits, and internal control systems. The Head of the Internal Auditing Office reports directly to the Audit Committee and the Board. The Audit Committee convenes at least four times a year.

Corporate Governance Committee

The committee consists of three members of the Board of Directors. The Head of the Committee is an independent member of the Board of Directors, and the investor relations manager is also a member of the Committee pursuant to the regulations of the Capital Markets Board. The Committee proposes suggestions to the Board of Directors for the compliance with corporate governance principles and the realization of improvement activities. It also observes the activities conducted by the Investor Relations Department. The Committee convenes at least four times a year.

Early Detection and Management of Risk Committee

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

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

Committees at ASELSAN

Three committees have been formed by ASELSAN Board of Directors in accordance with the Corporate Governance Principles of the Capital Markets Board, as indicated below:

Audit Committee	Corporate Governance Committee**	Early Detection and Management of Risk Committee
İbrahim ÖZKOL* (Chairman of the Committee)	Ercüment ARVAS* (Chairman of the Committee)	Turan EROL* (Chairman of the Committee)
Ercüment ARVAS* (Member of the Committee)	Celal Sami TÜFEKÇİ (Member of the Committee)	Salih KUL (Member of the Committee)
Turan EROL* (Member of the Committee)	Salih KUL (Member of the Committee)	
	Pınar ÇELEBİ (Member of the Committee)	

* Independent Member of the Board of Directors

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

Members of the Executive Board



PROF. DR. HALUK G6RG6N
Chairman (Managing Member),
President and CEO



MEHMET FATİH GÜÇLÜ
Vice President,
Chief Financial Officer



**ASSOC. PROF. DR. HAKAN
KARATAŞ**
Vice President, Corporate
Management



PROF. DR. MEHMET ÇELİK
Vice President, Technology and
Strategy Management



OSMAN DEVRİM FİDANCI
Vice President, Business
Development and Marketing



BAYRAM GENÇCAN
Vice President, Communication
and Information Technologies



MUSTAFA KAVAL
Vice President,
Microelectronics, Guidance
and Electro-Optics



OĞUZ ŞENER
Vice President, Radar and
Electronic Warfare Systems



BEHCET KARATAŞ
Vice President, Defense
System Technologies



DR. İBRAHİM BEKAR
Vice President, Transportation,
Security, Energy, Automation
and Healthcare Systems



PROF. DR. SEZAI ALAGÖZ
Vice President, R&D
Management

PROF. DR. HALUK GÖRGÜN**Chairman of the Board of Directors (Managing Member) and CEO**

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

MEHMET FATİH GÜÇLÜ**Vice President, Chief Financial Officer**

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

ASSOC. PROF. DR. HAKAN KARATAŞ**Vice President, Corporate Management**

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

PROF. DR. MEHMET ÇELİK**Vice President, Technology and Strategy Management**

Prof. Dr. Mehmet ÇELİK graduated from the Department of Mechanical Engineering, Middle East Technical University (METU) in 1989. He obtained his master's degree in 1991 and his doctorate degree in 1997 from the same department. He served as a Senior Lead Design Engineer and Manager of the Mechanical Analysis and Test Unit at ASELSAN's Radar and Electronic Warfare Systems Business Sector (REHS) between 1998 and 2010. Prof. Dr. ÇELİK was awarded the title of associate professor with a major in Mechanical Engineering Studies in 2003. In 2010, he was appointed to KTO Karatay University as

Prof. Dr. and Founding Head of Department. Between 2012 and 2015, he worked as Training and Technical Consultant and Project Technical Manager in ASELSAN Microelectronics, Guidance and Electro-Optics Sector Group. Between 2015 and 2017, he was the Vice President of TÜBİTAK, and he assumed various offices as a Member and Vice Chairman of the Science Board at TÜBİTAK, and as a Member of Higher Education Quality Board of the Council of Higher Education (YÖK; CoHE). He still continues to serve as a lecturer in the Department of Mechanical Engineering, KTO Karatay University, and he is also a Regular Member of Turkish Academy of Sciences (TUBA). Prof. Dr. Mehmet ÇELİK has held the office of Vice President for Technology and Strategy of ASELSAN since April 2017, in addition to his duties as the Chairman of the Academy Board of ASELSAN, a Member at the Board of Directors of Türk Eğitim ve Teknoloji A.Ş. and a Member at the Board of Directors at ASELSAN Konya Silah Sistemleri A.Ş. He was assigned as a Member of the Council of Higher Education on 15 July 2018, and as a Member of the Science, Technology and Innovation Policies Committee of the Presidency on 8 October 2018 pursuant to Presidential Decree.

OSMAN DEVRİM FIDANCI**Vice President, Business Development and Marketing**

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

BAYRAM GENÇCAN**Vice President, Communication and Information Technologies**

In 1985 he graduated from the Department of Electronics Engineering of the Turkish Military Academy as a Communication Lieutenant. In 2008, Bayram GENÇCAN, who retired as a Senior Colonel from the Armed Forces, started to provide consultancy services on communication systems in the Republic of Turkey, Ministry of Health since 2009. In particular, he worked on 112 radio communication infrastructure improvement and integration project with Gendarmierie Integrated Communications and Information System (JEMUS). Bayram GENÇCAN, who has completed two master's degree programs on Public Administration and Organization Management, also graduated from Ankara University Faculty of Law. He served as a Member of the Board of Directors of ASELSAN from 15 March 2017 to 5 April 2019. As per the resolution of Board of Directors of ASELSAN dated 29 January 2019, he was appointed as the Vice President of Communication and Information Technologies.

MUSTAFA KAVAL**Vice President, Microelectronics, Guidance and Electro-Optics**

He graduated from the Department of Mechanical Engineering, Middle East Technical University in 1986. He received his master's degree also from the Department of Mechanical Engineering, Middle East Technical University in 1989. Mustafa KAVAL, who began his professional career in ASELSAN as an Engineer in 1986, served as a Technical Leader between 1997 and 2000 and as a Project Leader between 2000 and 2004. He was assigned as the Manager of Air Defense Weapon Systems Program Department in Defense Systems Technologies Division in 2004, and carried out that duty until 2012. Afterwards he served as the Director of Air Defense Systems Program Directorate in Defense Systems Technologies Division from 2012 to 2014. He served as the President and the Vice President of Defense System Technologies Sector from September 2014 to November 2020. He was assigned as the Vice President responsible for Microelectronics, Guidance and Electro-Optics Business Sector in the

Board of Directors meeting dated 27 October 2020, to be effective as of 3 November 2020.

OĞUZ ŞENER**Vice President, Radar and Electronic Warfare Systems**

He was graduated from the Department of Electrical and Electronics Engineering, Middle East Technical University in 1987. He received his master's degree also from the Department of Electrical and Electronics Engineering, Middle East Technical University in 1990. Oğuz ŞENER, who began his professional life in 1986 as a co-op Engineer in ASELSAN, afterwards worked as an Engineer, a Chief and a Technical Leader. He served as the Electronic Hardware Manager in Microwave Systems Technologies Division in 2000-2007, and Radar Electronic Warfare Systems Design Technologies Director in 2008-2014. Additionally, he served as the President of ASELSAN Technology Supreme Board in 2013-2014. He served as referee for TÜBİTAK Projects and for investments to universities in State Planning Organization; and served as expert for workshops organized by several ministries and TÜBİTAK. He was assigned as the Vice President responsible for Radar and Electronic Warfare Systems in the Board of Directors meeting dated 24 July 2014, to be effective as of 1 September 2014.

BEHCET KARATAŞ**Vice President, Defense System Technologies**

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

DR. İBRAHİM BEKAR**Vice President, Transportation, Security, Energy, Automation and Healthcare Systems**

After receiving a B.S. degree in Mechanical Engineering from İstanbul Technical University in 1995, he completed his M.S. and Ph.D. studies at the University of Akron, in 1999 and 2003, respectively. Dr. BEKAR started his professional career in 2003 at Intel Corporation as a Technology Development Engineer after a short postdoctoral study. During his tenure at Intel, Dr. BEKAR assumed several positions such as Technology Development Manager, Process Development Manager, Area Manager, and Technologist and Staff Engineer in this company until 2014. He was appointed as the Deputy Director in 2014 for TÜBİTAK Marmara Research Center (MRC) after returning to Turkey as Assistant Manager at TÜBİTAK Material Institute. He has also been serving as Turkish Delegate to NMBP (Nanotechnologies, Advanced Materials, Biotechnology and Advanced Manufacturing and Processing) Program Committee Horizon 2020. It was resolved in the Board of Directors meeting dated 30 January 2018 that İbrahim BEKAR shall be the Head of the Transportation, Security, Energy, Automation and Healthcare Systems and the Vice President of ASELSAN.

PROF. DR. SEZAİ ALAGÖZ**Vice President, R&D Management**

He completed his undergraduate studies at the Department of Physics of Ankara University Faculty of Science and his M.Sc. and Ph.D. at the Racham Graduate School of Condensed Matter Physics at the University of Michigan with the scholarship the Republic of Turkey, Ministry of National Education, Youth and Sports in 1993. He served as an assistant professor, an associate professor and a professor at Cumhuriyet University, Faculty of Sciences between 1993-2011, and continued his career at the same university, the Nanotechnology Engineering Department of Engineering Faculty, of which he was the founder. He served as a consultant in ERMAKSAN between 2013-2018, where he was responsible for the establishment and commissioning of the optoelectronic infrastructure, and for the national production of high power laser diodes, and he participated in many scientific panels. Prof. Dr. Sezaî ELAGÖZ served as the Microelectronics, Guidance and Electro-Optics (MGE) Business Sector President and the Vice President of ASELSAN between June 13th, 2018 and November 2nd, 2020. He then served as the Consultant to the CEO as of November 2nd, 2020. He was assigned as R&D Management Vice President at the ASELSAN Board Of Directors Meeting held on December 29th, 2020.

Highlights of 2020





Highlights of 2020

KAPLAN Explosive Ordnance Disposal Robot is a genuine product developed by ASELSAN for disposal of handmade explosives remotely from a safe distance under demanding conditions.



Explosive Ordnance Disposal Robot Named “Kaplan” was Delivered to Gendarmerie General Command

Four KAPLAN Explosive Ordnance Disposal Robots, which were produced by Microelectronics, Guidance and Electro-Optics Business Sector (MGEO) in order to support the Gendarmerie General Command after injuries and loss of lives that occurred during the destruction of the handmade explosive trapped by terrorists in the Idil district of Şırnak at the beginning of December 2019, were donated to the Gendarmerie Criminal Department.

The training of the gendarmerie personnel, who will use the system, has been completed. In this way, the Gendarmerie Criminal Department has gained the ability to intervene remotely with handmade explosives.

KAPLAN Explosive Ordnance Disposal Robot is a genuine product developed by ASELSAN for disposal of handmade explosives remotely from a safe distance under demanding conditions.

KAPLAN Explosive Ordnance Disposal Robot allows the user to examine a suspicious object from a distance of 500 meters. Its system includes a six-axis robot arm used for detailed inspection and disposal of explosives. Its agile vehicle platform provides a comfortable use even in difficult grounds such as rocky terrains, steep slopes and environmental conditions such as snow and mud.

The advanced onboard surveillance system allows the user to monitor suspicious objects with high resolution and in real time from the control console, as well as record for future examination.

The power, durability and ease of use of the KAPLAN Explosive Ordnance Disposal Robot, which is equipped with the latest technology, are considered as its most important features.



ASELSAN “Values” Meeting

New ASELSAN Values, which constitute the building blocks of ASELSAN corporate culture and will carry the Company to the future, have been shared with employees who are the true owners of the values. Thus, ASELSAN's development journey continues much stronger now.



Export from ASELSAN to a NATO Member Country

ASELSAN has successfully continued its export operations without interruption under the conditions of the global pandemic crisis.

In addition to paying utmost attention to protecting the health of its employees under the conditions of the global pandemic crisis, ASELSAN has consistently continued its export activities, which are important for our country's economy.

For the use of a NATO member country, ASELSAN has signed a sales contract with a NATO member country for its remote controlled weapon systems and gunshot detection systems.

With this new export contract, the number of countries to which remote controlled weapon systems designed and manufactured by ASELSAN have been sold has reached 20.

So far, ASELSAN has successfully manufactured and delivered over 3 thousand remote controlled weapon systems.



“Powerful Together” On-The-Air

ASELSAN, which is ranked 48th in the list of the world's largest defense industry companies and continues to rise in the list every year, has continued to undertake innovative and pioneering works in every field.

As a result of the study carried out under the leadership of the Vice President of Corporate Governance Assoc. Prof. Dr. Hakan Karataş and within the Industrialization and Supply Directorate;

- » to strengthen the bond between suppliers and ASELSAN,
- » to increase the effectiveness of the nationalization studies by transferring them to the digital media and further reducing foreign dependency,
- » to share human resources potential with suppliers,
- » to realize collective social responsibility studies,
- » to contribute to the competencies of suppliers with trainings,

» to share sector-specific reports and evaluations and to conduct cooperation under a common roof, a pioneering and innovative platform, which will be the first in the world, is put into service.

Powerful Together

“Powerful Together” is a platform that provides an interactive communication and development with a target group composed of existing and potential suppliers of ASELSAN. This platform serves suppliers via a corporate website (www.gucumuzbir.com) and mobile applications.

Issues such as strengthening relations with existing suppliers, bringing potential value-added suppliers to the ASELSAN ecosystem and contributing to the sustainability of the supply ecosystem were determined as the main objective.

For this purpose; it is particularly intended to provide significant benefits to the suppliers through the trainings in the “Training/Development” Department and by sharing the human resources portfolio within certain criteria via the “HR” module.

In addition; this structure, the content of which will be continuously updated with the “Activities” Section where meeting and appointment requests can be managed and event announcements are made before the events, “Our Suppliers” Section where important news that suppliers want to announce are published, the “Research/Reports” Section where up-to-date research, reports and economic data are published, will grow day by day with the support of the employees.

www.gucumuzbir.com

Highlights of 2020

ASELSAN continues to work on mechanical ventilators, heart-lung machine, a mobile X-Ray device and a portable defibrillator.



We became a breath of the world

While the fight against the coronavirus outbreak continues at full steam in our country, 100 domestic and national respiratory machines were delivered to the Başakşehir City Hospital, which was opened recently.

It is planned to produce 5 thousand ventilators in a short period of time, developed under the leadership of the Ministry of Health and produced with the intense support of Baykar, Arçelik, ASELSAN, Biosys and the Ministry of Industry and Technology.

Speaking at the ceremony attended by our President Recep Tayyip Erdoğan via video conference, the Chairman, President and CEO of ASELSAN, Prof. Dr. Haluk Görgün stated that an intensive-care respiratory machine with the world's most advanced technology was produced with 100% domestic sources and in just 14 days.



Studies on the first domestic MRI device continue successfully

Prof. Dr. İsmail Demir, the Head of Defense Industry, examined the first domestic MRI device prototype in the 2020 operating period, which was developed by ASELSAN and Bilkent UMRAM. Expressing his opinions on the contributions of the Defense Industry to the healthcare sector, Mr. Demir stated that "ASELSAN continues to work on mechanical ventilators, heart-lung machine, a mobile X-Ray device and a portable defibrillator in addition to this

MRI device. Also, R&D studies on patient care, diagnostic kits, data and image processing by the Defense Industry continue successfully."

Prof. Dr. İsmail Demir, Head of Defense Industry, along with Haluk Görgün, Chairman, President and CEO of ASELSAN visited Bilkent University UMRAM (National Magnetic Resonance Research Center). During the visit, Prof. Dr. Abdullah Atalar, the Rector of Bilkent University, also accompanied them, and Mr. Demir obtained information about the studies and examined the first prototype of domestic MRI device developed by ASELSAN and Bilkent UMRAM.

Upon his statements about the Defense Industry's studies on healthcare technologies, Mr. Demir, Head of Defense Industry, provided information about the outstanding developments in the healthcare sector along with the pandemic. Mr. Demir stated that ASELSAN continues to work on mechanical ventilators, heart-lung machine, a mobile X-Ray device and a portable defibrillator alongside the MRI device, in addition to the respiratory machine produced by a SME company and two major defense industry companies with the initiative of the Ministry of Industry and Technology.

ASELSAN is once again the “Climate Leader”

ASELSAN once again received the Climate Leader Award in Carbon Disclosure Project (CDP), the environmental project which has the world's most reliable rating methodology. The Company was one of the five companies which are entitled to receive the Climate Leader Award in the score level of A- among 54 companies under the Climate Change Title in the CDP Turkey 2019 Report.

ASELSAN once again demonstrated the importance it attaches to a sustainable environment by maintaining its position at the score level of A- in 2019, which it earned for the first time in 2018, when key defense industry leaders in the world reduced the CDP score to a lower level.

Having the opportunity to be included in the CDP Turkey Program with its first reporting in 2012 and being granted the Climate Leader Award two consecutive years by increasing its success each year, ASELSAN maintains its efforts to carry out its R&D and production activities such as renewable energy systems, transportation systems and smart network systems, which may be the solution against the climate change, with the awareness of sustainable growth in accordance with its commitment to transfer the environment to the next generations in a better condition.



ASELSAN became the first defense industry company to qualify for TSI COVID-19 safe production/safe service certification

The new type of coronavirus (Covid-19) that affects the whole world was declared a “pandemic” by the World Health Organization (WHO). Putting all efforts to fight against the pandemic all platforms, the Ministry of Industry and Technology and the Turkish Standards Institute (TSI) fighting prepared a “Covid-19 Hygiene, Infection Prevention and Control Guide” as a guidance for industrial enterprises to fight against Covid-19. The Guide includes hygiene practices, prevention of contamination and control recommendations for protecting employees, visitors, suppliers, maintenance personnel against Covid-19, which is mainly transmitted by droplets or contact, in industrial organizations.

It is aimed to certify the compliance of the companies, which fulfill the conditions specified in the guide, with the reliable and hygienic production standards. Industrial enterprises that look forward to having the certificate within this scope are subject to audit, and Covid-19 Safe Production/Safe Service Certificates are issued to those which pass the audit.

In this context, ASELSAN fulfilled all the standards determined by TSI, and became the first defense industry company to qualify for TSI Covid-19 Safe Production/Safe Service Certification.



Air defense systems by ASELSAN

Prof. Dr. İsmail Demir, the Head of Defense Industry, stated that the first batch of mass production consisting of the Fire Management Device and two Modernized 35 mm Towed Anti-Aircraft Guns produced by the domestic and national industry was delivered to the Turkish Armed Forces. Mr. Demir also stated that the Fire Management Device system can simultaneously control 3 Modernized Towed Guns and 1 HİSAR-A Missile Launching system.

Highlights of 2020



M60T tank modernization completed

ASELSAN modernized all M60T tanks in the Turkish Armed Forces' inventory and upgraded them to the M60TM configuration under the leadership of the Presidency of Defense Industry.

Prof. Dr. İsmail Demir, the Head of Defense Industry visited ASELSAN facilities and examined the new technologies and capabilities integrated in the modernized M60T tanks. During his visit to ASELSAN, Mr. Demir got detailed information from Prof. Dr. Haluk Görgün, the Chairman, President and CEO of ASELSAN

and the authorities about the modernization project that will allow tanks to be classified as the most capable tanks in the world.

The project was immediately implemented while the Olive Branch and Euphrates Shield Operations were continuing, and modernized tanks were made available for use by TAF.

Fırat Project

The Fırat Project was initiated by the Presidency of Defense Industry in May 2017 in order to provide additional capabilities to the main battle tanks in the inventory of the Turkish Armed Forces. As part of the project, the modernization of the M60T tank was carried out by ASELSAN. All M60T tanks in the inventory have been upgraded to the M60TM configuration. These tank integration activities were carried out in the border regions of our country with the efforts of the Presidency of Defense Industries (SSB), Land Forces Command and ASELSAN personnel.

Within the scope of M60T modernization, one of the most modern tanks in the world has been acquired. The capabilities for close-to-mid range firing, near-to-far range survival and defensive features, as well as the capabilities for the maintainability of tanks and personnel were increased to higher levels.



New handheld radio for Turkish soldiers on the anniversary of the Cyprus Peace Operation

With the project initiated by the Defense Industry Presidency (SSB), a new handheld radio was developed for the Turkish Armed Forces (TAF). Prof. Dr. İsmail Demir, the Head of Defense Industry, announced that they also started to export the Electronic Warfare Protected Handheld Radio (EHKET), the first delivery of which was made to the Turkish Armed Forces (TAF).

Turkey, having been obliged to use radios of foreign countries during the Cyprus Peace Operation, is now among a few

countries in the world with its Software-Based Handheld Radios, which design, develop and produce its own national and original communication systems for its all land, air and naval platforms.

In his statement on the 46th anniversary of the Cyprus Peace Operation, Prof. Dr. İsmail Demir, Head of the Presidency Defense Industry, emphasized once again the importance of the domestic and national defense industry, and stated that the establishment of ASELSAN and the production of domestic handheld radios was one of the important milestones of the defense industry. ASELSAN, which meets the requirements of security forces with new technologies, has recently developed the Electronic Warfare Protected Handheld Radio (EHKET).

Features of the Electronic Warfare Protected Handheld Radio (EHKET)

- » Voice-data-video communication with high data rate
- » Electronic warfare protected
- » National encrypted
- » High resolution internal camera
- » Lightened magnesium body
- » It is light, small and has a price advantage compared to its counterparts in the world.
- » Communication opportunity from the most extreme units to the command centers with its network supported structure
- » Full IP Compatible



Young people prefer “ASELSAN”...

ASELSAN Vocational and Technical Anatolian High School admitted students from the 0.33 percentile.

The success of ASELSAN Vocational and Technical Anatolian High School (MTAL), which was established with the aim of training qualified personnel for the Defense Industry, increased in the second year. The school, which enrolled students from the 0.46 percentile last year, was preferred by a student from the 0.33 percentile this year.

Within the scope of the protocol signed between MEB and ASELSAN to train qualified personnel for the defense industry, the first vocational and technical Anatolian High School in this field was established in 2019. With ASELSAN MTAL, it was the first time that students from 1 percentile entered a vocational and technical Anatolian High School.

Prof. Dr. Haluk Görgün, the Chairman, President and CEO of ASELSAN, highlighted that the interest in ASELSAN High School is increasing every year, and indicated that ASELSAN High School is not just a school for the students, it gives them an opportunity to take a step to build the future of Turkey. He stated that the future employees who are suitable for the defense industry, which is of great importance for Turkey, share a certain culture and values and have a sense of achieving together are also trained at ASELSAN MTAL.

ASELSAN High School youth began to prove themselves in science and sports from the first year. Two students of ASELSAN MTAL participated in the 5th National TALES Mathematics Applications competition held on 7 March 2020, and qualified to be invited to the finals. A student also won a bronze medal by winning third place in the Ankara School Sports Fencing Young Men's Foil competition. Then the student brought the silver medal to our country as a second place finisher from the Sofia Cup

Fencing Tournament U17 Men's Foil fencing competitions held in Bulgaria.

ASELSAN Vocational and Technical Anatolian High School

ASELSAN Vocational and Technical Anatolian High School has an outstanding 5-year education content in two branches as “Defense Electronic Systems” and “Defense Mechanical Systems.” The education programs of both branches have been specially developed for the needs of the defense industry with a working team formed by ASELSAN and the Directorate General for Vocational and Technical Education of the Ministry of National Education. Some of the lessons in the field and branch are planned to be given by ASELSAN instructors, and some of the in-service training of school teachers are also planned to be coordinated by ASELSAN experts. In addition, the establishment and equipping of defense industry-oriented workshops and laboratories in the school will likewise be carried out by the joint will of ASELSAN, the Presidency of Defense Industry and the Ministry of National Education.

Higher Education will also be supported

Considerations such as giving priority to the employment of field graduates in ASELSAN, and granting scholarships to eligible graduates during their higher education if they study in the relevant engineering departments of research universities in ASELSAN's area of interest, are planned for the next period.

English education is emphasized

Design and project-based education opportunities in areas such as robot and mobile programming are also included in the education program of the school so that students can recognize and follow today's technologies. Students are encouraged to participate in-school and national math competitions. The computer labs and libraries established within the school offer research opportunities for students. A 24-hour English weekly course schedule for preparatory classes has been prepared to ensure that students have an integrated vision with the world. In addition to these courses, international studies which they participate provide an environment where students can practice in English.

It also offers social opportunities...

ASELSAN Vocational and Technical Anatolian High School has an infrastructure that can contribute to the development of students with sports and cultural activities, as well as these academic opportunities. A music room was established in ASELSAN Vocational and Technical Anatolian High School so that students can learn to play various instruments together with their music teachers. Thanks to the indoor gym, and the fitness center equipped with modern equipment, a healthy environment has been created where students can do team sports and individual activities. In addition, it has been ensured that the relationship between the students and nature is maintained through outdoor and winter sports activities.

Highlights of 2020

ASELSAN ranked 52nd last year, and then it rose 4 steps and ranked 48th on the “World’s Top 100 Defense Industry Companies (Defense News Top 100)” with its defense industry turnover approaching USD 2.2 billion as of the end of 2019.



ASELSAN is in the Top 50

ASELSAN, which gradually increased its success rate in the list published by Defense News magazine, a military publishing company based in the United States, ranked 52nd last year, and then it rose 4 steps and ranked 48th with its defense industry turnover approaching USD 2.2 billion as of the end of 2019.

ASELSAN, an establishment of the Turkish Armed Forces Foundation, ranked 97th on the list of the “World’s Top 100 Defense Industry Companies (Defense News Top 100)” for the first time in 2008. ASELSAN has set its goal as being among the top 50 companies since its first year on the list.

A globally recognized list

“Defense News Top 100,” which is published annually by Defense News magazine based on the sales in the defense industry of the previous year, is accepted as the most prestigious defense industry list in the world. As the most

significant source of the Turkish Army and security forces in the field of electronic devices and systems, ASELSAN has successfully continued its efforts to rank higher in the list.

We always feel the support of our State

Prof. Dr. Haluk Görgün, Chairman, President and CEO of ASELSAN, stated that they are glad to be among the higher ranks of the list, but that their goals are much higher. In his statement, Prof. Dr. Görgün indicated that ASELSAN products continue to serve in 70 countries of the world, and that they continue to work day and night to meet the requirements of the security forces and the armed forces of friendly and allied nations in a fast and reliable manner.

Prof. Dr. Haluk Görgün said that the State always supports ASELSAN in any case, and expressed his gratitude to all officials of the state, especially President Recep Tayyip Erdoğan, who supported ASELSAN in this regard.



Teknofest 2020 was in Great Demand

The world's biggest Aviation, Space and Technology Festival, TEKNOFEST 2020, held in Gaziantep, was completed with full capacity.

ASELSAN took part in TEKNOFEST, the world's biggest Aviation, Space and Technology Festival, which aims to increase the population of people trained in the fields of science and engineering. As a stakeholder organization supporting TEKNOFEST for three years, ASELSAN became one of the biggest participants in the 2020 operating period, and had the most visited booth in the first two TEKNOFEST.

President Erdoğan visited the festival

President Recep Tayyip Erdoğan was the most important guest of TEKNOFEST held in Gaziantep. Erdoğan, who came to the city on the third day of the festival, did not only visited the TEKNOFEST booths, but also obtained information from the students about their studies and presented the awards of the students who were ranked. During his speech, President Erdoğan shared the developments in the fields of science and technology in Turkey and informed about the future goals of our country.

Unmanned Underwater Systems Competition from ASELSAN

Unmanned Underwater Systems Competition was held in TEKNOFEST 2020 under the leadership of ASELSAN. Pioneering the future of our country in underwater technologies, the competition witnessed great excitement in the 2020 operating period. Unmanned Underwater Systems Competition within the scope of TEKNOFEST 2020 was held in Gaziantep Olympic

Swimming Pool under the leadership of ASELSAN. In the competition, where a record was broken for applications with 376 teams, 43 teams that made it to the finals competed their skills underwater with their unmanned vehicles. The track, where the representation of the Gypsy Girl mosaic, one of the symbols of Gaziantep, was assembled, added a different excitement to the competition.

19 teams made it to the finals in the basic category and performed the tasks of crossing obstacles, cleaning underwater and assembling the representative of the Gypsy Girl mosaic remotely with their underwater vehicles. 24 teams that made it to the finals in the advanced category tried to perform two autonomous tasks consisting of crossing obstacles and positioning of their underwater vehicle near the submarine in the pool by detecting it, in addition to the remote-controlled tasks of cleaning underwater and assembling the representative of the Gypsy Girl mosaic with their underwater vehicles. Bonus points were given to the teams that successfully completed the tasks in each track, according to their track completion time. In other words, the teams that complete the tasks successfully and in the fastest way were a step ahead.

In the TEKNOFEST Unmanned Underwater Systems Competition conducted by ASELSAN, President Recep Tayyip Erdoğan presented the Prize to the Goshawk Side Team from Rize Hasan Kemal Yardımcı Vocational and Technical Anatolian High School that came first in the basic category in which high school teams take part. Abdülhamit Gül, Minister of Justice and Prof. Dr. Haluk Görgün, the Chairman, President and CEO of ASELSAN awarded their Prize to Tekno-Entalpi Team from Trabzon İmam Hatip High School for Girls which came in second, and to Cosmos Gravity Team from Bahçeşehir College that came in third.

In the basic category, the Most Original Design Award was given to CVLK ROV Team from Konya Yüksel Bahadır Alaylı Science and Art Center, the Most Original Software Award to Goshawk Side Team from Rize Hasan Kemal Yardımcı Vocational and Technical Anatolian High School, and the Best Team Spirit Award to Gama Robotik Team from Kocaeli Şehit Özan Özen Proje İmam Hatip High School.

In the advanced category, the Most Original Design Award was given to Cerrahpaşa ALENES Team from

Istanbul University, the Most Original Software Award to BAUROV Team from Bahçeşehir University, and the Best Team Spirit Award to BARBAS Technology Team from Ankara University.

BAUROV Team from Bahçeşehir University came in first in the advanced category in which university teams took part in the TEKNOFEST Unmanned Underwater Systems Competition. Hendsesetül Cezeri Team from Karadeniz Technical University came in second and Creatiny Team from the same university came in third.

Prize money for the winners

Prizes were awarded in both categories to the teams that were placed accordingly by performing the tasks specified in the Unmanned Underwater Systems Competition in the best way. The team that came in first won TRY 30 thousand, the second team won TRY 20 thousand and the third team won TRY 10 thousand prize money in the basic category. And in the advanced category, the team that came first won TRY 40 thousand, the second team won TRY 30 thousand and the third team won TRY 20 thousand prize money.

A flying car designed

The final process of the Flying Car Design Competition, which was held for the second time this year under the leadership of BAYKAR, was organized at Gaziantep Middle East Fair Center. ASELSAN, Boğaziçi University and Karadeniz Technical University took part in the Advisory Board of the competition. Within the scope of the competition consisting of two categories as free category (middle school, high school) and advanced category (associate degree, undergraduate and graduate), the teams were asked to produce a Flying Car concept that could navigate safely both on land and in the air. During the competition, a preselection was carried out by evaluating the preliminary design reports prepared by the teams. After the preselection, the final design reports were evaluated and the teams that made it to the finals were determined.

12 teams made it to the finals among 410 teams in the free category, and 11 teams made it to the final among 124 teams in the advanced category; they all made their presentations and exhibited their work at the final process.

Highlights of 2020

President Erdoğan stated that the defense and aviation exports of Turkey increased from USD 248 million to USD 3 billion.



Our President in ASELSAN

President Recep Tayyip Erdoğan delivered a speech at the New System Introductions and Facility Opening Ceremony held at the ASELSAN Gölbaşı Facility. Beginning his speech by celebrating the 45th anniversary of ASELSAN, which started its operations on 14 November 1975, President Erdoğan thanked everyone who has worked in ASELSAN, participated in projects and contributed to the defense industry of the country with their experience and efforts since its establishment.

Vice President Fuat Oktay, the Minister of Industry and Technology Mustafa Varank, Chief of General Staff General Yaşar Güler, the Head of Defense Industry Prof. Dr. İsmail Demir and the Head of the Presidency of Communications Fahrettin Altun also attended the ceremony.

President Erdoğan stated that in the year following the 1975 Cyprus landing, our country was subjected to a very strict and unfair embargo following this first cross-border operation in the history of the Republic of Turkey. Stating that this situation led to the emergence of deficiencies and negligence in the defense industry, President Erdoğan emphasized that the country entered a new era with the establishment of ASELSAN and other defense industry organizations after the Cyprus Peace Operation.

“Today, we have a defense industry in which nearly 700 projects are implemented”

On the other hand, President Erdogan stated that for many years, development in the defense industry could not be achieved at the desired speed and level to meet the requirements, therefore, when they came into power, they determined one of their primary areas as strengthening the defense industry.

Highlighting that they have continued their efforts to become a fully independent Turkey in the defense industry for the past 18 years, President Erdoğan continued his words as follows: “We have provided our Presidency of Defense Industry established by the late Özal with a structure that can effectively coordinate this process. Today, the Turkish Defense Industry has a wide ecosystem from foundation companies to the private sector, from subcontractors to SMEs, from universities to research centers, from technoparks to clusters. Thus, while 62 defense projects were carried out in 2002, today we had a defense industry in which nearly 700 projects were implemented. In order to fight more effectively against the attacks faced by our country, we have launched around 350 new projects just in the last five years. We increased the budget of our defense industry projects from USD 5.5 billion to USD 60 billion. During this period, the number of companies operating in this sector increased from 56 to 1,500. The turnover of defense industry sector of USD 1 billion reached USD 11 billion.”

“Turkey has become a country that can overcome all the obstacles laid by global suppliers by its own strength”

Stating that the defense and aviation exports of Turkey increased from USD 248 million to USD 3 billion, President Erdoğan said, “We are represented by seven companies in the list of the top 100 defense companies in the world. Five more companies have been included in this list just in the last five years.”



Drawing attention to the fact that Turkey has become a country that meets the requirements of friendly and allied nations, and its own needs, President Erdoğan said, “We are among the 10 countries that can design, build and maintain their own warship. We are now among the top three or four countries in the world in the production of Unmanned Aerial Vehicle (UAV), Armed Unmanned Aerial Vehicle (SİHA; AUAV) and Offensive Unmanned Aerial Vehicle (TİHA; OUAV). Today, Turkey has become a country that can overcome all the obstacles laid and explicit or implicit embargoes imposed by global suppliers by its own strength.”

Mentioning that anti-terrorism operations can be carried out comfortably within the borders of Turkey and that peace operations can be carried out as desired outside the borders of our country, President Erdoğan underlined that they owe all these to the progress achieved in the defense industry.

Saying that “We do not only eliminate the shortcomings of the past and make preparations for the present, we also embrace the future,” President Erdoğan

emphasized that they continued to implement systems that required high technology by increasing their R&D investments. President Erdoğan explained that they produced unmanned aerial vehicles and unmanned ground vehicles, developed combat management systems of ships, worked on artificial intelligence systems, and designed electromagnetic and laser weapons.

“ASELSAN is a source of pride with its achievements”

President Erdogan stated that ASELSAN, which was established after the Cyprus Peace Operation, continues its activities in a wide range of areas as a global company. He added that among these activities, there are many topics such as communication, radar, electronic warfare, electro-optics, security, weapon and missile defense systems, unmanned-autonomous vehicles, platforms, ammunition, new generation artificial intelligence systems, energy, transportation and health technologies.

President Erdoğan said, “ASELSAN, proving the power of our country and our engineers by producing patented products that have achieved many firsts on a global scale, makes us proud with its new achievements.” He congratulated Prof. Dr. Haluk Görgün,

the Chairman, President and CEO of ASELSAN, for abandoning his duty as Rector and fulfilling his promises when he was required to assume responsibility in ASELSAN.

President Erdoğan stated that ASELSAN, together with its subcontractors and stakeholders, continues to mass produce the products in the inventory while also continuing to bring new systems to the security forces. In addition, he stated that they created solutions in areas such as energy, health and transportation by opening the technologies in their hands for multiple use.

“KARAKULAK high frequency direction finding and monitoring system is ready for use”

President Erdoğan said, “Today, we are also delivering one of these new systems. High frequency direction finding and monitoring system named Karakulak, which will add enormous power to us in electronic warfare, is ready for use.” During the speech of President Erdogan, a video of the system developed by ASELSAN and currently in service of the Turkish Armed Forces was shown.

President Erdoğan stated that they will deliver the new ones of KORKUT Low Altitude Air Defense Weapon System, which is currently in the inventory of the Turkish Armed Forces, to TAF today. He said, “KORKUT performs low-altitude air defense in the most effective way against targets such as air-to-ground missiles, cruise missiles and unmanned aerial vehicles, as well as aircraft and helicopters. With the 35 millimeter Airburst Ammunition called ATOM, which we use in this system, our country has attained a national capability that few countries in the world have.” Following the video showing the KORKUT system, President Erdoğan emphasized that development of new generation products is initiated in line with the needs of the security forces in the field.

Highlights of 2020

Prof. Dr. İsmail Demir, Head of the Defense Industry pointed out that in addition to ASELSAN's wide subcontractor network, the works carried out with SMEs and new companies in the sector also contributed to the development of the defense industry ecosystem.

Our President in ASELSAN



President Erdoğan emphasized that KORAL Electronic Warfare system played a major role in detecting and blinding enemy radars in the operations, and announced that the "New Generation KORAL" project, which is a more advanced version of this system, was launched that day. President Erdoğan stated that the new system will have superior abilities in detecting, mixing and blinding enemy elements compared to the existing KORAL system.

"We can never tolerate importing products which can be produced in Turkey"

President Erdoğan stated that the greatest support they will give to hero soldiers fighting at the cost of their lives in the field will be to move the defense industry further. He noted that they have entered a period in which a more planned, more systematic and medium-long term action is required in the defense industry.

President Erdoğan emphasized that they can never tolerate importing products which can be produced in Turkey. He said, "It is our first priority to use the limited resources that we have to develop and strengthen our own defense industry. In this regard, I expect the utmost effort from our industry as well as from our foundation companies. The defense industry in the world has a locomotive role in the development of all other technologies. Therefore, we should not forget that every investment we make in this field will provide much more contribution to the development of the country."

"We will reach the goals in the shortest time by further developing the cooperation between our institutions in the defense industry"

President Erdoğan emphasized that the role of the defense industry in minimizing the country's current account deficit cannot be denied, and said, "For the acquisition of critical technologies in the defense industry, it is necessary to determine the roles, to manage the existing capabilities correctly, to plan the investments and to use the capacity effectively. Hopefully, we will reach our goals as soon as possible by further developing the cooperation, harmony and sharing among our institutions in the defense industry. As the President of the Republic of Turkey, I assure you that we will continue to provide all kinds of support to the defense sector with a growing power."

Prof. Dr. İsmail Demir, Head of the Presidency of Defense Industry

Prof. Dr. İsmail Demir, Head of the Presidency of Defense Industry, stated that the defense industry has reached a level that can compete with the world, and said "Our industry prepares for the future war environment with laser and electromagnetic weapon systems, unmanned and autonomous systems, cyber security and artificial intelligence projects, and also produces solutions in the civilian field with multiple uses."

Prof. Dr. İsmail Demir, Head of the Defense Industry pointed out that ASELSAN was the first result of the obligation to establish a domestic and national defense industry, which emerged after the embargoes during the Cyprus Peace Operation, and said "With the systems it has produced, ASELSAN has become the seeing eye, the hearing ear, the direction-finding compass, the tactical mind, the most advanced competence and farsightedness, high skill and modern innovative face of the security forces."

He pointed out that in addition to ASELSAN's wide subcontractor network, the works carried out with SMEs and new companies in the sector also contributed to the development of the defense industry ecosystem. Mr. Demir stated that as the Defense Industry Presidency, they will continue to work with industry stakeholders in the process of meeting the needs of the Turkish Armed Forces (TAF) and security forces and preparing for the future war environment.



Prof. Dr. Haluk GÖRGÜN, the Chairman, President and CEO of ASELSAN

Prof. Dr. Haluk GÖRGÜN, the Chairman, President and CEO of ASELSAN pointed out that rapidly advancing technology changed the balances, and explained that this situation also affected the products developed in the defense industry. Mr. GÖRGÜN highlighted that ASELSAN was among the top 50 defense companies in the world, and stated that the localization rate in the defense industry increased up to 70%.

He pointed out that there was no disruption in the supply process in the defense industry during the pandemic period, and he emphasized that the continuity of the production wheel in the sector was contributed. Prof. Dr. Haluk GÖRGÜN, the Chairman, President and CEO of ASELSAN, stated that they continue their efforts to achieve the goals set by President Recep Tayyip Erdoğan.

Digitalization is everywhere

Prof. Dr. Haluk GÖRGÜN underlined that rapidly advancing technology changes all balances in the defense industry, and said "This situation not only affected the platforms and systems that our forces needed in the field, but also deeply affected all internal processes that defense industry companies were used to, from designing products and services to putting them to market. The reality of digitalization has settled at the center of every issue, especially organization, products and processes, and it reshapes the nature of the business."

"We need new business manners and processes of defense industry companies like us in areas such as technology, R&D, procurement, industrialization, localization and nationalization, business development, and talent management. In this process, when we see the impact of Covid-19 on both supply, workforce and business style, the seriousness of this situation increases even more. The technology acquisition cycle requires action on three basic issues: digital transformation, procurement management, and workforce/talent profile." said Prof. Dr. GÖRGÜN.

ASELSAN, the global defense company

Mr. GÖRGÜN stated that ASELSAN was rapidly progressing towards becoming a global defense industry company, and emphasized that they produced in friendly and allied nations with their subsidiaries and affiliates operating in various fields of the defense industry, from artificial intelligence to semiconductor technologies.

The goals of the Presidency and ASELSAN are the same

Prof. Dr. GÖRGÜN mentioned that the R&D activities of ASELSAN continue without slowing down, and said, "We imagine, design and develop tomorrow's technologies from today, just as we produce today's technologies from yesterday."

Mr. GÖRGÜN stated that goals of the Presidential 11th Development Plan such as Artificial Intelligence, Sensors and Imaging Technologies, Autonomous and Robotic Systems, Directed Energy and Electro-Magnetic Launch Weapons, Broadband Network Technologies (5G and Beyond), Invisibility Technologies, Space Technologies, Energy and Energy Transmission/Conversion Technologies, Biodefense and Health Technologies, Advanced Materials and Quantum Technologies were among ASELSAN's near-term goals. "There are many projects we work on, in each field of research. In addition, we are really glad to see the contribution of our technological perspective and knowledge, which we have gained in the defense industry as ASELSAN, and now transfer to other fields.

We have achieved important gains in many areas such as respiratory machines. We develop products such as MRI that can be produced by a few countries in the world in the civil field and require a technology perspective. Likewise, we develop signaling solutions for rail systems. Looking from the past to the present, civil applications have shaped the technology and knowledge produced in the defense industry. I believe that our country will rise technologically and economically with the experience we gained in the defense industry, and the tendencies we will make in the civilian field." said Prof. Dr. GÖRGÜN.

Highlights of 2020

68 products under a total of six series - ASELSAN Series, Science and Technology Series, Research-Learn Series, Awareness Series, Science Heroes Series and Techno Adventure Series - were offered for sale.



ASELSAN 1975 store opened!

ASELSAN 1975 Store, whose name was determined by ASELSAN employees, opened its doors. The product concepts to offer for sale in the ASELSAN 1975 Store were determined as a result of running research and in line with the suggestions of valuable ASELSAN employees. 68 products under a total of six series — ASELSAN Series, Science and Technology Series, Research-Learn Series, Awareness Series, Science Heroes Series and Techno Adventure Series— were offered for sale. Many products, from t-shirts to coats, from mugs to thermos, met with ASELSAN employees and the beloved Turkish Nation.

With the ASELSAN 1975 Macunköy Facility and www.aselsan1975.com website, it is possible to shop from both retail store and online. It is planned that the income obtained from the products sold in the store will be brought together with the needy persons through ASIL Association.



The new colleague of the Turkish Police “Zafer 3700” is ready for use

The key Encrypted National Digital Mobile Radio (DMR) System to be used in Ankara and Istanbul Police Departments, which enables integration of voice and data, is at the stage of completion. According to the information obtained, in line with the

requests of the General Directorate of Security, “Digital Communication Network Project” agreement was signed between the Presidency of Defense Industry and ASELSAN in order to use digital radio systems instead of analog radios used by the Turkish Police. In this context, the Encrypted National Digital Mobile Radio System, which was developed by ASELSAN with domestic sources and established in 22 provinces, was made ready for use in Ankara and Istanbul.



The Indonesian Coasts Will Be Protected by ASELSAN Remote Controlled Stabilized Naval Gun Systems.

ASELSAN has signed new sales contract for the naval platform use of Indonesia.

The domestic, national and reliable “a-İleti Application,” which will take an active role in the internal communication of ASELSAN, the pioneer and locomotive of the defense industry, has been developed under the responsibility of the Information Management Directorate, Corporate Management Vice Presidency.



Domestic and National Messaging Platform within the ASELSAN Family: A-İleti

Communication tools used for messaging, voice and video calls such as WhatsApp and Telegram on mobile devices are used for personal and business purposes within ASELSAN. However, against the security risks that may arise due to the foreign origin of these applications, there has been a need for a reliable family messaging platform that ASELSAN Family can safely use among themselves and in its ecosystem, and whose rights of use belong to the Company.

The domestic, national and reliable “a-İleti Application,” which will take an active role in the internal communication of ASELSAN, the pioneer and locomotive of the defense industry, has been developed under the responsibility of the Information Management Directorate, Corporate Management Vice Presidency.

The first version of the application was made available primarily for mobile devices with the capabilities of messaging, group messaging and one-on-one video call. Having just completed its first month, a-İleti application has been used by nearly 9 thousand ASELSAN employees.

We aim to enable the use of a-İleti, which will soon have capabilities of group video call and online use (via web) with contribution and feedback of the ASELSAN Family, and to increase its speed and security level for internal communication. With the use of a-İleti, the compliance process to stop using applications such as WhatsApp, which is a Presidential instruction, has been completed.

All systems and communication of this corporate tool called a-İleti are managed by the Directorate of Information Management in ASELSAN Data Center. In addition, the infrastructure of a-İleti is designed to protect all data on the phone within the scope of the Law on Protection of Personal Data.

Human Resources Management at ASELSAN

ASELSAN Human Resources Directorate acted in line with the fact that people's anxiety levels were high in difficult times and that uncertainty increased collective anxiety, focusing on intensive internal communication activities.

With the ASELSAN Talent Management Model, it was aimed to accompany employees on their career journeys.

Studies that Prepare ASELSAN for the Future

ASELSAN Human Resources Directorate started to work at great speed to prepare ASELSAN and ASELSAN employees for the future in the 2020 operating period. The 2020 operating period, which started with the vision of offering applications of international standards for human resources - the most important asset of the company - was a year in which innovative and people-oriented practices were implemented.

Health first principle in pandemic conditions

ASELSAN Human Resources Directorate acted in line with the fact that people's anxiety levels were high in difficult times and that uncertainty increased collective anxiety, focusing on intensive internal communication activities.

The Human Resources Directorate continued its projects without slowing down, developed applications focusing on the lives of employees and transferred these applications to online platforms.

On the other hand, recruitment processes continued considering the economic effects of the pandemic and business continuity. In the 2020 operating period, emphasis was placed on practices focusing on employee development.



Performance Development and Feedback System was renewed

The performance evaluation system was updated in line with the opinions of employees and the company needs. The company's performance system was transformed into a goal-based structure that focused on development and feedback and rewarded the idea of achieving together, and was named as Performance Development and Feedback System. In line with a common purpose that will provide maximum benefit to ASELSAN, individual goals compatible with corporate goals were determined and these goals contributed to ASELSAN's "Unity Value." It was aimed to achieve unity of goals throughout ASELSAN with the 101 Goal Deployment Workshops held with the participation of 326 executives. Also, employees were able to provide feedback through PGGS, the first Human Resources Application opened for use on the corporate network.



ASELSAN contributes to employees' career journeys with the talent management model

With the ASELSAN Talent Management Model, which was implemented in the 2020 operating period following the evaluation of business results with the Performance Development and Feedback System, it was aimed to accompany employees on their career journeys. In this direction, it



was ensured that employees became aware of their knowledge, skills, potential and abilities and defined the development steps necessary to reach their career goals with the Career Development Planning process, and it is aimed to take necessary actions in this process. These development actions were followed throughout the year with the Senior Management, which is an important part of the development journey. Through the Career Development Planning process, the development of the individual was contributed and the creation of a sustainable organization was supported.

“ASELSAN Development Center” was established to contribute to the development of colleagues within the scope of ASELSAN Talent Management Model. Employees were evaluated through development center practices in line with the determined competencies. After the practices, a feedback meeting was held first with them and then with their managers to discuss development actions that could be taken.

The stages of the Manager Appointment Process, the first steps of which were taken in 2019, were restructured in order to provide equal

opportunity to all employees in the process of becoming a manager. Employees whose leadership competencies were reviewed through the Assessment Center Application were given feedback and their development was supported within the scope of the process.

Wage System and Competencies updated

In the 2020 operating period which brought the celebration of ASELSAN's 45th anniversary, the Wage System and Competencies were updated with new generation methodologies in line with the great value given to employees by the Company and the developing needs. Behavioral and technical competencies was redesigned to offer the employees different career alternatives according to their technical or leadership potential, in accordance with the growth, change and transformation process experienced by the Company.

The efficiency of Workforce Planning Process

The Workforce Planning Process carried out every year was updated to better meet ASELSAN agenda and needs. A planning model that would contribute to sustainable growth was created with an analytical approach

evaluating different factors such as strategic goals, operational project data, and employee feedback of ASELSAN.

A new culture of appreciation and gratitude

An Awarding Commission was established in order to make visible, and reward examples of, success that make a difference in works of employees. As a result of the studies of the Commission, the awards were determined in 3 basic categories consisting of “Nationalization Award,” “Process Improvement Award” and “Quality Award.” It is planned that the awards for the studies of 2020 would be presented at the beginning of 2021.

“Glad We Have You (İyi Ki Varsın)” application was implemented in order to develop a culture of appreciation and gratitude based on ASELSAN's Values. The employees made it more meaningful to succeed together by saying “Glad We Have You” to each other more than 20 thousand times.

Human Resources Management at ASELSAN

Videos, organized for new starters, such as Teamwork, communication training, orientation training and facility promotions, Occupational Health and Safety trainings, and the process trainings of the Sector Presidencies, were transferred to a BIL-GE platform and presented to employees on a digital platform.



Continuous Employee Development

It is believed that the investment in the learning and development of employees will contribute to increasing the intellectual capital of the company, as well as increasing efficiency, innovation and employee satisfaction at ASELSAN. It will create a highly motivated employee profile which is committed to corporate values and adopted the culture of ASELSAN. With this belief, steps were taken to ensure access to learning opportunities at any time by continuing to invest in the development of the ASELSAN Family in the 2020 operating period.

The promotion and acceptance studies of the Learning and Development Platform “a BIL-GE,” which was launched for use in 2019, were successfully carried out in the 2020

operating period. The Platform is intended to manage, document, monitor, measure and report the learning and development activities on a single system, to provide ASELSAN employees the trainings they need through e-learning support, and to help employees access information on learning and development easily. In April 2020, a BIL-GE Platform was presented to the access of employees on the internet and mobile devices. The Information Sharing Program was initiated in order to enrich development programs by increasing the digital content on this platform.

Over 130 thousand views with the Information Sharing Program...

With the Information Sharing Program, the contents prepared by employees who want to share their knowledge and experience with all ASELSAN

employees and video-based trainings provided by subject experts were shared with all employees via the a BIL-GE platform. In this context, 164 information sharing videos on a BIL-GE platform received over 130 thousand views.

Videos, organized for new starters, such as Teamwork, communication training, orientation training and facility promotions, Occupational Health and Safety trainings, and the process trainings of the Sector Presidencies, were transferred to a BIL-GE platform and presented to employees on a digital platform. The “Our Future is With You” event, organized within the scope of the orientation program, continued to be held every month through virtual meeting.



ASELSAN Vocational and Technical Anatolian High School has a distinguished education content, developed jointly by ASELSAN and the General Directorate of Vocational and Technical Education, the Ministry of National Education of the Republic of Turkey.

ASELSAN Vocational and Technical Anatolian High School

In order to contribute to the training of qualified labor force needed by the Turkish defense industry; ASELSAN Vocational and Technical Anatolian High School, which was opened within the scope of the cooperation protocol signed with the General Directorate of Vocational and Technical Education, the Ministry of National Education of the Republic of Turkey, received its first students in the 2019-2020 academic year. ASELSAN Vocational and Technical Anatolian High School has a distinguished education content in two branches as “Defense Electronic Systems” and “Defense Mechanical Systems,” developed jointly by ASELSAN and the General Directorate of Vocational and Technical Education, the Ministry of National Education of the Republic of Turkey. In the first year of school, a student from the 0.46 percentile was enrolled. Thus, it was the first time that students from 1 percentile entered a vocational and technical Anatolian high school. ASELSAN Vocational and Technical Anatolian High School continued its success and admitted students from 0.33 percentile according to the results of the High School Entrance Examination (LGS) in 2020.

Leadership Development School of ASELSAN

ASELSAN aims to strengthen its leading position in the defense industry with the leaders who are trained within the company. For this purpose,

the Leadership Development School program was scheduled, and launched on 8 January 2020. The program is based on a multi-dimensional learning and development model involving the use of tools such as the implementation of a 360 degree personality inventory and reporting its results; face-to-face training modules, preliminary preparations prior to training modules and reinforcement tasks in between modules, as well as Action Learning Teams (ALTs). Face-to-face trainings of the Leadership Development School, which started on 27 February 2020 with the motto of “Inspiring Leaders,” were suspended within the scope of the measures taken due to Covid-19.

Labor Force Needed in the Long Ter

Within the scope of scholarship and internship programs which serve the goal of training long-term labor force, 686 university students were provided with internship opportunities, 242 high school, vocational school of higher education and technology faculty students were provided with vocational training. In 2020, domestic Ph.D. scholarship support was maintained for a total of five researchers.

A two-week training program was implemented in January for 20 gifted high school students who were selected by the Ministry of National Education, the Republic of Turkey to have them see the applications conducted in the defense sector, and thus to improve the quality of education, make them gain insight and motivation about studies in engineering

Human Resources Management at ASELSAN

The ATİK Program is a talent program that includes practices which will ensure the preference of vocational high schools by creating employment opportunities in order to meet ASELSAN's need of technicians with the valuable people trained within ASELSAN.



and other fields, and increase the contributions they can make to our country in the future. It is aimed for young talents to improve themselves in terms of professional qualification and competencies and learn about the ASELSAN culture before entering into business life.

ASELSAN Technical Generation – ATİK brings vocational high schools to ASELSAN and business life by saying “My Strength Is My Country, My Future Is My Profession”...

The ATİK Program is a talent program that includes practices which will ensure the preference of vocational high schools by creating employment

opportunities in order to meet ASELSAN's need of technicians with the valuable people trained within ASELSAN. It was aimed to support the technical and personal development of vocational high school students with the trainings and duties provided within the scope of the ATİK program.

Throughout the program, it was aimed to develop the mental skills of our students with term projects, talent tests and personal development trainings, to enable students to gain psychomotor and manual skills through on-the-job and technical training, and to develop their sensory skills by taking part in ASIL projects and through ASELSAN values. Throughout the program, it is expected that they will work one-to-one with their mentors and improve themselves with continuous feedback while gaining experience in business life and ASELSAN's working environment

with term projects. With the “Career Path Talks” to be held monthly, ATİKs have had the opportunity to direct their questions to experienced technical experts or chief technician employees within the scope of their career development.

In the 2020 operating period, 172 ATİK started to receive technical and personal development training in ASELSAN facilities.

a Yetenek (Talent) Program reached thousands of students with the motto “In the Best Place with the Best”...

The “a Yetenek Programı (Talent Program),” which was established to lead career development through mentoring and reverse mentoring by making one-on-one contact with young talents through their student years, continued to be successfully implemented in the 2020 operating period.

Under the program “a Yetenek (Talent Program),” they get the chance to have further experience in sectors through the projects assigned to them while working one-on-one with their mentors and receiving constant feedback. With the “Reverse Mentoring Speeches” to be held every month, it is aimed to increase the interaction between the Mentor and “a Yetenek (Talent)” and to minimize the generation gap by creating synergy with information sharing.

159 “a Yetenek (Talent)” were employed as an engineer/assistant specialist in ASELSAN during the 2020 operating period with the “a Yetenek (Talent) Program.”



Within the scope of the 2020-2021 “a Yetenek (Talent) Program,” whose selection, evaluation and placement processes were carried out with great care, 119 “a Yetenek (Talent)” started the program as of November 2020.

New Talents were brought to our country with the “Next Big Move to Turkey” Project Carried Out Within the Scope of “Reverse Brain Drain.”

Efforts to regain citizens abroad continued without slowing down in the 2020 operating period. The name of the “Back to Turkey” Project, which has been carried out since 2006 to regain the trained labor force of our country, was changed to “Next Big Move to Turkey” in 2020.

ASELSAN met with talents in the UK, Germany, Uzbekistan, Pakistan, Kazakhstan and South Africa within the scope of the international fairs organized under the coordination of the Presidency Human Resources Office, which started in 2019 and continued in

2020. The company has continued its mission of guiding young people who want to pursue a career in the defense industry and improve themselves.

Within the scope of Next Big Move to Turkey, the number of professionals brought back to the country in the last two years has reached 50.

Our Strength is From our Values!

ASELSAN Values, which constitute the building blocks of ASELSAN’s corporate culture and will carry the company to the future, were shared with the employees with the launch held on 10 February 2020. In 2020, studies were carried out to ensure that the values are recognized, adopted and harmonized with the ways of doing business among ASELSAN employees. These studies are predicted to continue in 2021.

In 2020;

- » Value Flags and Values Tables were hung on the walls of ASELSAN facilities.
- » ASELSAN Value Ambassadors Program was initiated in order to better understand, adopt and maintain corporate values with the motto “Our employees are the best ones to express our values.” Value Ambassadors were selected among the employees who applied on a voluntary basis, and an online opening meeting was held on 2 October 2020.

Communication during Covid-19 period

Acting with the “Our Health is Our Priority” approach, ASELSAN carried out customized studies for employees during the Covid-19 period. Letters of the Chairman, President and CEO of ASELSAN Haluk Görgün, bearing his own signature, were sent to the families of all employees. A hygiene kit was sent to colleagues with administrative leave to protect their health at home. With the end of the rotational work, a customized work schedule was organized for the employees with the motto “We Are Complete At Work Now!”.

Our awarded national and international success line

Crowning its achievements with national and international awards, ASELSAN participated in award programs to make the work carried out within the Company visible during the pandemic process. As a result of the applications, it was deemed worthy of an award in the “Most Valuable Corporate Response” category within the scope of Stevie International Business Awards and in the “Creating Value in Challenging Times (Zor Zamanlarda Değer Yaratmak)” category within the scope of the People Management Association of Turkey’s Value to People Awards.

Human Resources Management at ASELSAN

ASELSAN maintained its leadership in the list of companies most preferred among Engineering/IT students in the global youth research “Universum Ideal Employers Survey” in the 2020 operating period.



**Total Number of Employees
(as of the end of 2020)
8,807**

**Number of Employee
Started (as of the end of
2020)
1,479**

The New Youth Communication Strategy...

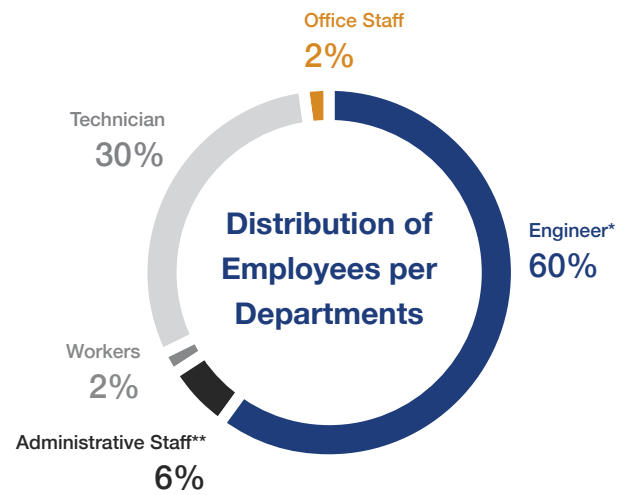
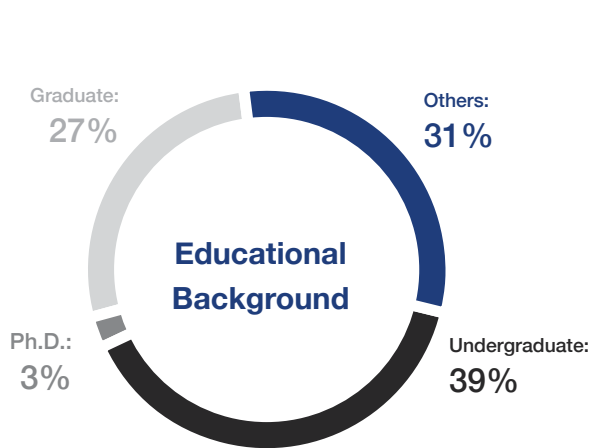
- » In the 2020 operating period, the youth communication strategy was renewed in order to introduce ASELSAN to potential candidates and to increase the recognition of talent programs and ASELSAN. Youth programs were established to accompany students from high school to university graduation. Within the scope of youth communication, more than 4 thousand students were met in 13 events in November and December 2020.
- » As in the last six years, ASELSAN maintained its leadership in the list of companies most preferred among Engineering/IT students in the global youth research “Universum Ideal Employers Survey” in the 2020 operating period.
- » The ASELSAN Yaşam Instagram page was created in order to be “the place where they want to work” for potential employees, and show what it is like to be a member of ASELSAN.

Learning and Development Practices Trainings

In 2020, Internal Trainers from the Directorate of Learning and Development Practices provided 11,822 person-hours of training in face-to-face and digital format. In addition, the Directorate of Learning and Development Practices organized 20,491 person-hours face-to-face and live classroom trainings for ASELSAN employees. 69,840 person-hours of mandatory occupational health and safety trainings were provided, and 3,818 person-hours of orientation training was provided for new recruits.

Labor Policy of Human Resources

The title groups of ASELSAN employees consist of 60% engineer*, 30% technician, 6% administrative staff**, 2% office staff and 2% workers.



*The ratio of engineers includes executive engineers and engineer candidates.

**The ratio of administrative staff includes administrative managers and specialist candidates.

6 R&D Centers

R&D Centers	Number of Employees
GY R&D	42
HBT R&D	523
MGEO R&D	1,307
REHİS R&D	1,117
SST R&D	744
UGES R&D	482
TOTAL	4,215
Technoparks	Number of Employees
ODTÜ Teknokent	216
ODTÜ Titanyum	125
Teknopark Hacettepe	90
Teknopark Istanbul	99
Teknopark İvedik	298
TOTAL	828
GRAND TOTAL	5,043

Technology and Strategy Management

ASELSAN manages technology in accordance with its strategies, considering the evolving technology and the changing needs of Turkey.



It is an indispensable requirement for the continuity of superiority in the field to support the activity of the Turkish Armed Forces (TAF) in 3 continents to protect the interests of our country and to create an atmosphere of trust, including friendly and allied nations. For this purpose, it is more important than ever to align ASELSAN's Technology and Strategy Management with the needs of our country.

Technology and Strategy Management is closely followed and guided within the framework of established processes as well as goals set by committees. For this purpose:

- » Within the scope of Strategy Management, creation and management of ASELSAN's strategies are carried out by using scientific methods.
- » Technologies that will mark the next 10 years are being developed at the ASELSAN Research Center.
- » Nearly 650 ASELSAN personnel carry out master's and Ph.D. studies about the projects they work.
- » All technologies and investments that ASELSAN will work on in the next five years are determined by the Technology Road Map and Investment Plan.
- » Activities required for the establishment of PLM (Product Life Cycle) system, which is one of the most important stages of ASELSAN Digital Transformation, are being conducted.
- » Products outsourced by ASELSAN are designed and produced nationally and domestically with the National and Domestic Product Development Supreme Council.
- » ASELSAN Intellectual Property Rights and Publications are managed by the Intellectual Property Supreme Council.
- » Projects initiated by ASELSAN with its own resources are managed and directed by internally funded R&D processes.
- » ASELSAN's project management and project follow-up work is carried out with the Central Project Management Office (PMO).
- » Several studies are being conducted about how to use nuclear energy technologies in civil areas.
- » ASELSAN Innovation Board has been constituted to establish and operate the ASELSAN Innovation Management system, and the related studies proceed.



Strategy Management

With ASELSAN Strategy Management system, strategies based on the vision, mission and values of ASELSAN and compatible with the strategies of critical stakeholders, especially the Turkish Armed Forces Foundation (TAFF), are developed, goals, objectives and activities are determined in the planning process, and the implementation of these activities and developments are assessed by a strategy management software in ASELSAN's Enterprise Resource Planning system.

Strategic Planning

ASELSAN Strategic Plan is updated every year to cover a five-year period, with a focus on growth, globalization, creating value for customers, conducting R&D activities, being competitive and efficient, and strengthening human value and financial structure as a result of strategic analysis. Activities are planned to achieve the strategic objectives and goals in the plan and realizations are reported during/at the end of the year with the Strategic Plan Monitoring System. The realizations of the technological investments included in the Technology Road Map and Investment Plan are followed, and their effects are evaluated.

Corporate Performance

ASELSAN Corporate Scorecards are updated within the strategy management software every year in accordance with ASELSAN Strategic Plan and, and the realizations are monitored by authorized managers throughout the year. At the end of the year, the Corporate Performance Evaluation is carried out, and the results contribute to the development of new strategies.

Project Management Units (PMU)

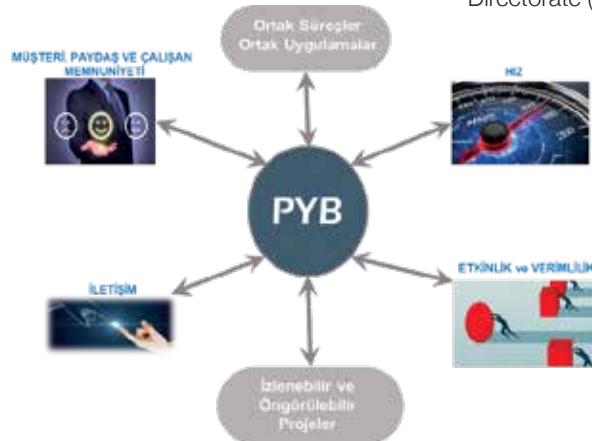
ASELSAN carries out activities to follow more than 700 active projects of different types at the corporate level in order to establish one of the strategic decision-making support mechanisms. These activities are performed under the coordination of the Deputy General Manager of Technology and Strategy

Management with the Project Management Units approach in the international standards, which is recognized and applied in other global leader high-tech companies.

ASELSAN aims to contribute to achieving its strategic goals despite market fluctuations by ensuring that program management is carried out in accordance with digital transformation requirements with Project Management Units (PMU), which are designed as a value-centered structure.

Within ASELSAN, the methodologies applied by the "Project Management Institute (PMI)," which is recognized worldwide in project management, were selected and PMUs were established in each sector under the coordination of the Central Program Management Unit under the Technology and Strategy Management Vice Presidency (TSMVC).

The work carried out by the PMUs to establish project management processes with common guidelines in accordance with the standards of the PMI in ASELSAN is about to be completed. Integration of Enterprise Resource Planning System tool, SAP, for implementing processes, evaluating the performance of projects and using resources efficiently, and the program management tool, Primavera P6, decided to be used across ASELSAN is carried out together with the Information Management Directorate (IMD).



Technology and Strategy Management

TECHNOLOGY MANAGEMENT

ASELSAN made it to the finals and came in second among 1,236 contestants in the “Innovation Strategy” category in the “InovaLIG” Competition held by the Turkish Exporters’ Assembly (TİM).



Technology Management and Innovation

Many process innovations were implemented in 2020 within the scope of the Technology Road Map and Investment Plan (TYHYP), which includes national and innovative technologies that ASELSAN aims to develop. TYHYP included innovation-oriented plans for “Sudden Innovation Opportunities,” “Studies to Be Carried Out Within the ASELSAN Entrepreneurship Center” and “Supporting Graduate Theses by ASELSAN Academy.” TYHYP has been prepared in accordance with SSB technology taxonomy. Other prominent innovation of 2020 was the identification of the sales forecasts of the internally funded projects within the scope of ASELSAN Strategic Plan Business Processes.

ASELSAN Innovation Board was established in 2020 within the scope of the establishment of the ASELSAN Innovation Management system, which is carried out to enable innovation to contribute to the sustainable growth and operational efficiency of the Company. Relevant innovation ambassadors have received training on ISO 56000 Series Innovation Management System Standards to improve their competencies in this field. Critical Technology and Innovation Investment Projects were initiated in 2020 in order to strengthen the technological development in accordance with ASELSAN’s strategic plans. ASELSAN made it to the finals and came in second among 1,236 contestants in the “Innovation Strategy” category in the “InovaLIG” Competition held by the Turkish Exporters’ Assembly (TİM).



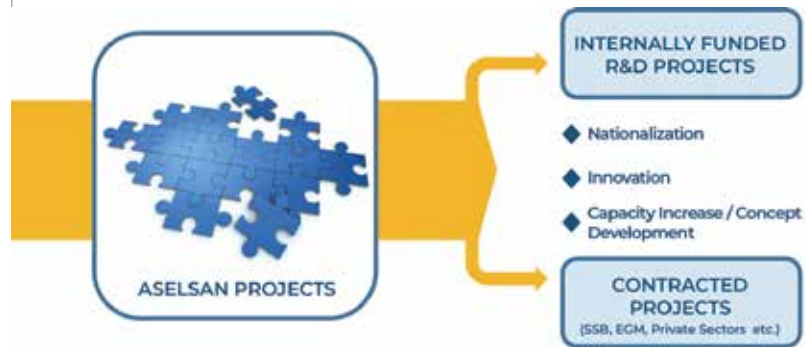
Product Life Cycle (PLM) activities successfully continued

Thanks to the Product Life Cycle System, which is the most important part of ASELSAN’s digital transformation, it is anticipated that transition between processes and communication between units are facilitated while loss of time and completion time of products decrease. It is predicted that PLM will prepare ASELSAN for the future by providing the infrastructure of the simultaneous engineering method that provides interactive and efficient operation from design to production, from program management to integrated logistics support.

National and domestic product development activities

ASELSAN carries out its R&D projects with its own resources under the coordination of the Technology and Strategy Management Vice Presidency. Activities aimed at producing the products that were outsourced or planned to be outsourced in the future with national and domestic sources were successfully continued in 2020.

The “National and Domestic Product Development Supreme Board (MYÜG)” which was formed under the coordination of the Technology and Strategy Management Deputy General Directorate and the MYÜG Boards in the sector examine and analyze all imported materials and systems that are needed in their projects, determine the products to be included in the scope of MYÜG, prioritize among these products, and determine the products such as system, sub-system, and component that have the potential to be developed by SMEs and the anticipated quantities of need. In addition, the management flow was defined for all these studies to be defined and followed in detail, and a digital platform was developed to follow all the works in the MYÜG process in ASELSAN in digital media in 2020. Within the scope of the activities for the development of national and domestic products, the technical specifications of the products that are considered to be developed nationally by SMEs in our country are published in the form of a brochure on the “Powerful Together” platform.



Internally funded R&D project management

ASELSAN carries out its R&D projects with its own resources under the coordination of the Technology and Strategy Management Vice Presidency.

ASELSAN realizes Research and Development projects by using its own resources as well as contracted projects in order to achieve its strategic goals and

strengthen its competitive position in its fields of activity.

Each year, up to 7% of the previous year's turnover is allocated for the realization of national and innovative systems, products and technologies with the internally funded R&D projects.

Cooperation is made with many universities, SMEs and subcontractor companies in R&D projects supported by resources.



As of 2020, nearly 200 internally funded R&D projects are being conducted within ASELSAN

All of the planned internally funded R&D projects are evaluated by the Internally Funded R&D Projects Evaluation Committee composed of senior executives taking into account the opinions of the referees selected as experts among

ASELSAN personnel, under the coordination of the Research and Development Projects Directorate.

Studies were made to digitize the process in 2020. Operations will be performed in the digital media in 2021.

Technology and Strategy Management

TECHNOLOGY MANAGEMENT

In the 2020 operating period, ASELSAN maintained its leading position among defense industry companies by a long way in terms of number of patents.



ASELSAN - TÜBİTAK BİLGEM Collaboration Workshop

ASELSAN-TÜBİTAK BİLGEM Collaboration Workshop was held between 29 February and 1 March at TÜBİTAK Gebze Facility. Expert opinions were exchanged from both ASELSAN and TÜBİTAK BİLGEM in the workshop organized to develop solutions using knowledge, experience, expertise and infrastructures. The topics worked on are as follows: Communication and Information Technologies, Radio Frequency

and Antenna Technologies, Optics/Laser, Simulation/Modeling, InfraRed Track/Stage Generator, Naval Systems, Security, Rail Systems, Artificial Intelligence and Safir Depo, Real Time Operating System and Hardware Units, Semiconductor and Detectors RF Goodwill agreements and cooperation protocols were signed on Development of Encrypted Communication Devices, Integrated Random Number Generator (RNG) and Computer-Based Simulation Model (BTBM).



Intellectual Property Rights Supreme Board Activities

The Intellectual Property Rights Supreme Board organized monthly meetings and continued to guide ASELSAN's strategies and works regarding intellectual and industrial property rights and publications.

Approval and control of the following Intellectual and Industrial Property Rights (IIPR) and publications were carried out until the end of 2020 in the Intellectual Property Rights Supreme Board, which started to manage the approval/control processes actively as of June 2020.

- » 84 patents
- » 16 utility models
- » 11 brands
- » 19 designs
- » 28 magazine publications
- » 36 conference broadcasts
- » 62 theses
- » 39 presentations



Incentive awards distributed to our “inventors”

In the 2020 operating period, ASELSAN maintained its leading position among defense industry companies by a long way in terms of number of patents. Supporting its staff to make invention applications, the Company made incentive payments to 128 inventors for 61 patents and 8 utility models.



ASELSAN Technology Mentors Program established

A technology mentoring program was established in order to enable leaders with academic and industrial experience in technology and related areas of specialization to

drive work activities at ASELSAN Academy as well as the planned ASELSAN Entrepreneurship Center. For this purpose, approximately 120 employees volunteered to become technology mentors.



Use of cost + procurement models in defense industry

A research report for cost + procurement models in defense industry was prepared, procurement processes related to defense in other countries were examined and areas of use and effectiveness of cost-type contracts in defense industry were evaluated.



Efficient feasibility studies conducted

To support decision making processes, a variety of studies in 2020 such as ASELSAN Expansion Plans, ASELSAN Entrepreneurship Center and Nationalization of Seismic Ship Systems were conducted.

Alternatives were created to meet the needs of ASELSAN campuses and production facilities and the assessments were presented to the Senior Management. A feasibility study was performed to establish entrepreneurship centers in Ankara and İstanbul to provide national products with advanced technology by using competent human resources and to expand the entrepreneurship ecosystem. A joint feasibility study is being conducted with SST in order to design and manufacture the systems used in Oruç Reis and Barbaros seismic ships nationally and domestically by ASELSAN.

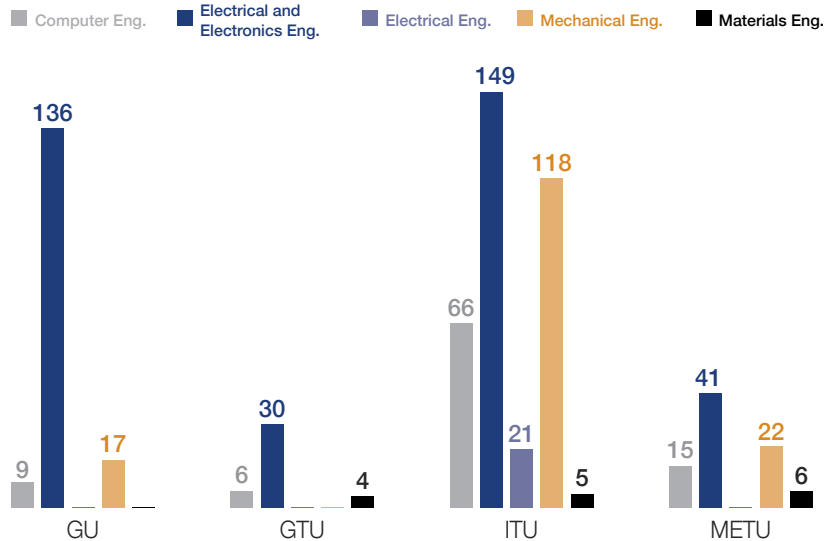
ASELSAN Academy

ASELSAN Academy, implementing a new model approach in industry-university collaboration, celebrated its first graduates and started its fourth academic year with 645 students.

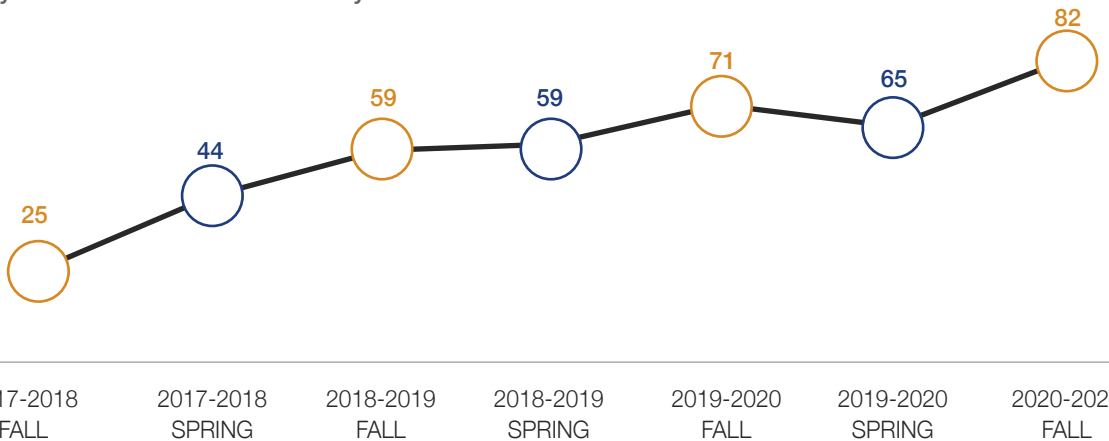
ASELSAN Academy 2020-2021 Fall Semester Opening

ASELSAN Academy, implementing a new model approach in industry-university collaboration, started its fourth academic year with 575 graduate students and 70 Ph.D. students. Out of 265 applications made, 175 new students were accepted to Electrical and Electronics Engineering, Mechanical Engineering, Computer Engineering and Materials Engineering Programs at Gazi University (GU), Gebze Technical University (GTU), İstanbul Technical University (ITU) and Middle East Technical University (METU). ITU Electrical Engineering program was included to the collaboration starting with the 2020-2021 fall semester.

2020-2021 Student Distribution per Program



Yearly Courses of ASELSAN Academy



In 2020-21 Fall Semester, the number of courses included as a part of ASELSAN Academy reached 82, and 72 contract academicians started to lecture in virtual environment.

Mentoring Activities

ASELSAN Academy mentoring activities gained momentum during June-December with more than 400 follow-up meetings and 240 application guidance interviews held. During the interviews, study plans focusing on high goals were prepared by raising awareness on potential benefits associated with thesis studies.

109 engineers with experience in relevant fields were incorporated into the system on a voluntary basis with the implementation of technology mentoring program in order to benefit from the internal experience in a collective and systematic manner. This program aims to create new opportunities for industry-university collaboration and to transform thesis studies into projects which ASELSAN can directly benefit from by effectively making use of the combination of academic and industrial experience.

Academy Information System Software (AISS)

All processes under ASELSAN Academy program are now processed by Academy Information System Software, which has been implemented as a part of the vision towards digital transformation. The software allows data exchange between Council of Higher Education Information System (YÖKSİS), Centre for Assessment, Selection and Placement (ÖSYM) and universities.



3rd ASELSAN Academy Workshop-Gazi University

Between 2nd and 4th of November 2020, ASELSAN Academy held its third workshop as a part of the 2020 operating period with online sessions and a closing event hosted by Gazi University.

During the workshop, presentations on new topics of research and development were given by the vice rectors from 4 universities.

During the sessions, which involved presentations by technology mentors in their associated fields of expertise, joint evaluations were made by academicians and ASELSAN specialists, and a goal was set to initiate new theses and projects, and to further extend the scope of collaboration with universities.

Studies on "Future Technologies" were shared by researchers from ASELSAN Research Center. The workshop was held with the attendance of senior officials and faculty members of four research universities participating in the protocol, ASELSAN Academy students and ASELSAN technology mentors.



The Best Thesis Contest

ASELSAN Academy Thesis Contest, which is planned to be held on an annual basis, was held for the first time during 2020 operating period to evaluate the impact of thesis studies by graduates in terms of academic benefits and added value to ASELSAN. The jury, which involved representatives of the ASELSAN Academy Board, selected the top three studies by giving consideration to the studies' scientific and industrial contribution as well as outputs such as articles and patents.



The First Graduates

ASELSAN Academy graduated its first class in 2020. 40 graduates who made important contributions to ASELSAN with their thesis studies were honored with memorial badges during the closing event of ASELSAN Academy's 3rd Workshop. The research studies conducted by employees who had determined their thesis subjects in accordance with their project needs and the technology roadmap provided direct benefits to ASELSAN.

During 2020 operating period, students made numerous patent/utility model applications and published a variety of journal articles and conference papers.



Publication Reviews

In accordance with the Intellectual and Industrial Property Rights Monitor, thesis studies and journal publications of all ASELSAN employees were audited by paying regard to academic compliance and confidentiality. As a part of this process, 69 thesis studies and 39 journal publications have been reviewed.

ASELSAN Research Center

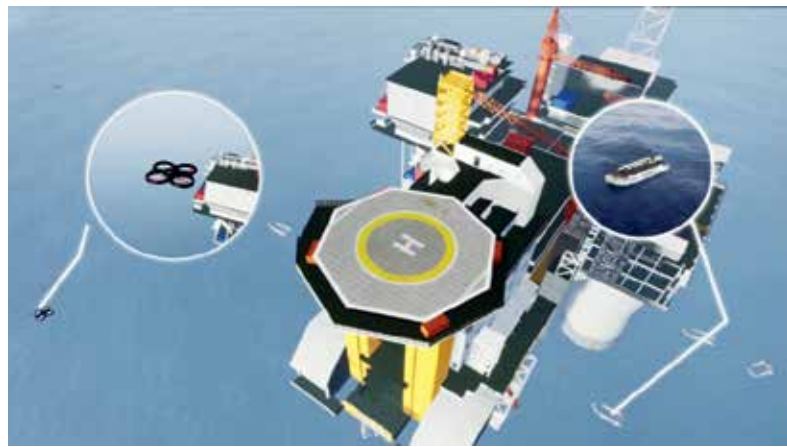
Simulated studies focusing on joint operation of unmanned aerial and surface vehicles were initiated by ASELSAN Research Center.



Nano Unmanned Aerial Vehicle (UAV) Development Project

Integration of the Nano UAV Platform system, which is similar to a ground control station, was completed and a successful mapping process was achieved using the snapshots taken by unmanned aerial vehicles.

Visual-based simultaneous localization, mapping and visual odometry topics were studied as a part of the Image Processing Techniques business package.



Autonomous Joint Task Force Applications Project

Simulated studies focusing on joint operation of unmanned aerial and surface vehicles were initiated by ASELSAN Research Center.

Localization, communication and route planning studies were conducted as a part of establishing a joint force infrastructure to enable unmanned units to perform joint operations. Sample task architecture was defined at task, phase, tactic and lunge levels.



Smart Adaptive Control Algorithm Development Project – AKAD

ASELSAN Academy conducts studies to develop learning-based control algorithms powered by AI in addition to conventional control

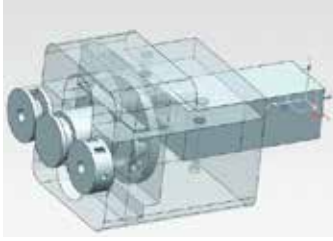
approaches. As a part of this process, positional control of tank/gun turrets were achieved in a simulated environment by using reinforcement learning, and it was observed that target locking success could compete with conventional controllers.



Research Project on Autonomous Platooning Technologies for Aerial and Ground Platforms – IHADOK Project

As a part of the IHADOK Project, autonomous task execution of an unmanned ground vehicle platoon was planned in a leader guided system.

Formation control studies were initiated with UAV flocks in order to use UAVs to provide support for the autonomous platoon in terms of road safety, search and exploration tasks.



Research Project on Energy Efficient, Agile and Silent Flying Mechanisms – The Wings Project

As a part of the project, the aim is to equip new generation micro/mini UAVs with the characteristics of flying creatures in nature, such as agility, silence and energy efficiency, and to design original platforms.

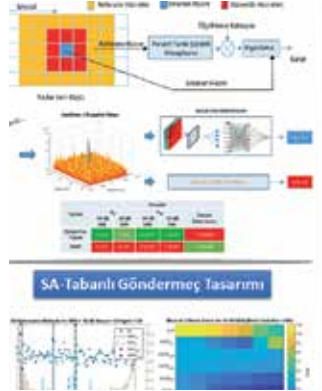
Within the scope of the new generation bio-inspired winged platform research, mechanisms that mimic hummingbirds were designed and flapping angles and frequencies were observed. Load reduction studies were also performed.



Machine Vision

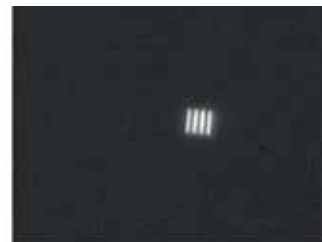
Through the transfer learning studies conducted at ASELSAN Research Center, it is aimed to equip ASELSAN products with competitive features by using synthetic data.

Studies were conducted on fine grained image classification, transfer learning and video object detection. With the visual domain adaptation techniques in development process, authentic solutions are being proposed to solve the need for large data volumes, which is among the biggest obstacles when it comes to deep learning methods.



Innovative Radar Techniques Using Machine Learning and Compressed Sensing

Algorithms were developed which detect targets by using machine learning techniques and increase localization performance by using compressed sensing methods.



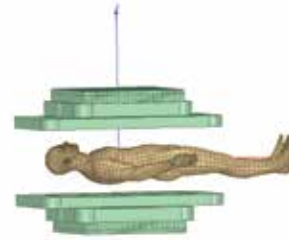
Optical and Infrared Computed Imaging Techniques

Computational and machine learning-based algorithms were developed to create high resolution optical and infrared images.

It is possible to form high resolution images (right) from low resolution optical and infrared sensors (left) by using these algorithms.

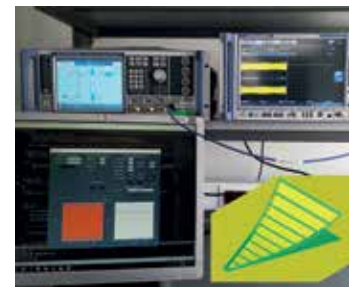
Algorithm Development Studies for Automated External Defibrillators

For Automatic External Defibrillator devices, high performing algorithms were developed, which decide to deliver shock by sensing whether a patient is in a sudden cardiac arrest.



Magnetic Particle Imaging Techniques

The design phase was initiated to build a human-sized Magnetic Particle Imaging (MPI) system, which is a new medical imaging modality. As a part of this process, electromagnet design was finalized, which is the main component of the system.



Radar Techniques for Respiration and Pulse Detection

Emulation, signal processing, antenna and mechanical target design and measurement system development studies were conducted to be utilized with respiration and pulse detection radar technology, which has a potential for use in several civil and military purposes.

ASELSAN Research Center

ASELSAN Research Center aims to develop an authentic war simulation enabling the application of deep learning methods and to train AI assistants that are capable of interacting with the simulation.



Natural Language Processing

Progress has been made in classification and association of textual data, technologic foundation has been laid to allow development of a Turkish voice assistant, and preliminary studies have been conducted to demonstrate the importance of text in predicting interactions in social communication environments.



Decision Support

ASELSAN Research Center aims to develop an authentic war simulation enabling the application of deep learning methods and to train AI assistants that are capable of interacting with the simulation. The center also aims to enable the use of artificial intelligence both in ASELSAN processes and ASELSAN

products. The aim is to enable the development of more reliable software in a shorter time by integrating automatic error classification into the software development process.

Infrastructure studies were conducted to enable the development of decision support methods capable of playing war simulations. In line with these studies, a new project was initiated with preliminary studies focusing on classification of software errors as a part of the software development process.



Wearable Sensor Project

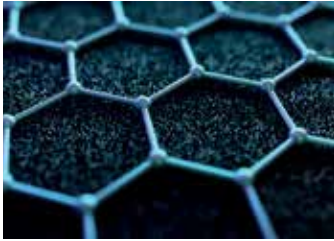
ASELSAN Research Center has initiated research studies to develop flexible, smart gas sensors for chemical threat detection.



Graphene and 2D Materials Focus Technology Network Roadmap

The Advanced Materials Research Program Department is part of the Executive Board of Graphene and 2D Materials Focus Technology Network Roadmap study which is being conducted under the

leadership of Presidency of Defense Industries (SSB). ASELSAN, as the leading institution of this organization, also acts as the Electronics/Optoelectronics Focus Study Group executive. The Department is actively participating in the ongoing formation of the Roadmap Results Report.

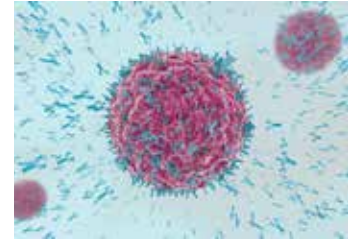


Graphene-based e-Textile

Graphene, being one of the pioneering research topics in nanotechnology due to its superior properties has become a promising material, especially in e-textile applications. The preliminary research has led to some e-textile products, which will be further improved and diversified upon performance reports.

Electrochemical Based Biosensor Development Studies

Within the scope of the application for the TÜBİTAK 1004 Support Program, which is the financially largest and highest-budget support program of the TÜBİTAK, the agreement was established with TÜBİTAK. In the consortium of "Regenerative and Restorative Medicine Research and Application," where Ankara University acts as the Institutional Manager of the Research Program, the "Electrochemical-Based Portable Innovative Biosensor" project has been conducted by the ASELSAN Research Center.



Development of Bio-Sensors for Bio-Security

For the development of the optics-based biosensors, a collaboration with Gebze Technical University has been established. Within this scope, studies focused on the production of harmless forms of biological warfare and antibodies have been in progress.



Virus Detection System

In 2020, Biodefense Technologies Research Department focused on developing a system for COVID-19 detection. The optical-based system provided the detection of the SARS-CoV-2 and a variety of other viruses with high sensitivity and accuracy. Artificial intelligence-based motion and analysis algorithms were developed to enable system automation. A quantitative method of measurement tool was developed allowing single-particle detection as an outcome of the image enhancement-based studies. With the valuable contributions of all Research Center Departments along with MGEO, HBT and UGES Business Sectors, the Virus Detection System was introduced to the public during President Mr. Recep Tayyip Erdogan's visit to ASELSAN.

ASELSAN's Advanced Technologies Research Center in Cyprus continues its activities successfully...

R&D studies were conducted in Turkish Republic of Northern Cyprus with participation of government agencies, universities, academicians and students in order to find innovative and original solutions, especially in renewable energy and communication fields.



Cyprus ASELSAN's R&D Activities

The article titled "A Low Profile Antenna with Ultra-wideband Low Radar Cross Section Characteristic Based on Coding Metasurface," which was sent to EuCAP 2021, the most reputable Antenna and Propagation conference in Europe, was accepted with an "error-free" review note.

Furthermore, as a result of R&D and intensive engineering activities, 18 metamaterials were designed, all non-existent in the nature and having extraordinary electromagnetic properties.



Cyprus ASELSAN's Renewable Energy Projects

In an effort to supplying energy needs of Turkish Republic of Northern Cyprus with highly renewable energy solutions, the Hybrid Microgrid System Project was given go to be established in ODTÜ Kalkanlı Technology Valley.

Business Development and Marketing Activities

In 2020, ASELSAN broke an international sales record despite the pandemic.



For the first time in ASELSAN's history, the international sales backlog figure exceeded USD 1 billion in 2020.

Business Development & Marketing Vice Presidency increased the foreign-sourced business by 44% and new contracts worth USD 446 million were signed. Furthermore, a record in foreign cash inflow was archived in 2020 with USD 362 million.

Following the implementation of an export-based organizational structure that took place at the beginning of 2019, for the first time in ASELSAN's history, the international sales backlog figure exceeded USD 1 billion in 2020.

ASELSAN products were sold to six new countries where no sales had been made to date, and the number of countries using products increased to 70 in total. Uninterrupted operations were carried out around the globe using the digital workflow platform and secure communication infrastructure.

ASELSAN-Ukraine LLC, Pakistan Islamabad Office and Qatar MRO (Maintenance, Repair and Modernization) Center were established.

The key driving force behind this success is human resources which consists of almost 100 individuals involving professionals from various nationalities, with different backgrounds and abilities.

ASELSAN has won NATO Communications and Information Agency's (NCI) Innovation Challenge with 2 separate projects. ASELSAN got a chance to put its systems into operational use for NATO's collective security, through a competitive bid with the NCI Agency coordinated by the Business Development & Marketing Vice Presidency.

In 2021, the Business Development & Marketing Vice Presidency will continue to announce new offices, global engineering and manufacturing centers and new business partnerships in many countries around the globe. This dynamic approach will continue with great enthusiasm by exploration, sticking with experimentation and rapid adaptation to changing conditions despite challenging circumstances.





Qatar MRO (Maintenance, Repair and Overhaul) Center



ASELSAN-Ukraine Company



Pakistan Islamabad Office

Communication and Information Technologies

Stabilized Satellite Communication Terminals, which provide reliable and uninterrupted communications on the move on airborne, naval and land platforms, are designed and manufactured to be light and compact and in accordance with military standards.

Many domestic and national units, primarily the Stabilized Antenna System, were designed and produced within the scope of the KASUMSIS Project, and in 2020, 1 meter X-Band Ship Satellite Communication Terminal integration activities to 4 more Kılıç class assault boats were carried out, and their 1st stage tests were completed with the participation of SSB-Dz.K.K.



Communications and Information Technologies

ASELSAN offers unique Satellite Communication System solutions serving in different frequency bands for various platforms according to customer requirements.



Manpack SATCOM Terminal 34

SATCOM on the Pause Terminal 13

Flyaway SATCOM Terminal 28

Satellite Ground Systems

ASELSAN Satellite Communication System Solutions

ASELSAN offers unique Satellite Communication System solutions serving in different frequency bands for various platforms according to customer requirements.

Stabilized Satellite Communication Terminals, which provide reliable and uninterrupted mobile communication on aerial, naval and land platforms, are designed and manufactured to be light and compact and in accordance with military standards.

TUMSIS X-Band Satellite Communication System Ground Segment

The X-Band Satellite Communication System (TUMSIS) Project by the Turkish Armed Forces (TSK) includes the design, production, integration, infrastructure, installation on related platforms, verification, testing and acceptance activities for X-Band

Satellite Communication Main and Backup Control Stations and Shipborne, Manpack, Flyaway, SATCOM On The Pause and SATCOM On the Move (SOTM) Vehicular Satellite Communication Terminals, which will work in conjunction with the X-Band Satellite Communication System Payload.

Provisional Acceptance Phases were completed by conducting test activities with SSB and TSK for Satellite Backup Control Station, 13 On the Pause and 28 Flyaway Terminals and 34 Manpack Terminals.

Project to Supply Military Satellite Communication System for Kılıç Class Fast Attack Craft (KASUMSIS)

As a part of the KASUMSIS Project, many domestic and national units —particularly Stabilized Antenna Systems— were designed and produced, and in 2020, 4 more Kılıç class fast attack crafts were integrated with 1 meter Stabilized Antenna System X-Band Naval Satellite

Communication Terminals and the 1st stage tests were completed with participation of SSB and Naval Forces Command. Furthermore, provisional acceptance phases were completed for Surveillance Coordination Center and Satellite Backup Control Station units as a part of the project.

Test and Training Ship (TTS) Project - Satellite Communication Systems

The Stabilized X-Band Naval Satellite Communication Terminal with 1.8 m dual antenna, designed with national resources and produced domestically by ASELSAN, arrived in Turkish Naval Forces inventory as a part of this project for the first time. Within this framework, Harbor and Sea Acceptance Tests were conducted in 2020, and the obligations regarding the Satellite Communication system were fulfilled.

MILGEM-5 Project - Satellite Communication System

As a part of the MILGEM-5 Satellite Communication System Project, the System Requirements Phase was completed and the critical design activities for the Satellite Communication system were successfully proceeded.

Replenishment at Sea and Combat Support Ship (DIMDEG) - Satellite Communication System

As a part of the DIMDEG project, the design phase of the Satellite Communication System was completed, and procurement and production activities were conducted for the Factory Acceptance Test, which will be initialized in 2021.

Preveze Class Submarine Midlife Modernization Satellite Communication System Project

As a part of the Preveze Class Submarine Satellite Communication Project, System Review phase was completed and all documents related to pre-design phase were submitted. Critical Design phase activities were followed and the necessary work was conducted to enable ASELSAN and its subcontractors to design and manufacture the sub-parts by using domestic and national resources.



YTDA (New Type Submarine) Project - Satellite Communication System

Factory acceptance tests were completed for satellite communication terminal used in the second submarine as a part of the YTDA (New Type Submarine) Project. Procurement activities are in progress to conduct factory acceptance tests for the third submarine in May.

Ku-Band Airborne Satellite Communication System Development Project

Using its own resources, ASELSAN carried out the design work on the airborne satellite communication system and its related equipment which provides a solution to Unmanned Aerial Vehicles (UAV) and other airborne vehicles within the scope of the Ku-Band Airborne Satellite Communication System Development Project. The airborne satellite modem, antenna system and antenna control units that compose the system were manufactured and validated on the motion stimulation platform and a UAV by accomplishing two-way satellite communication.

GÖKTÜRK-1 Reconnaissance and Surveillance Satellite Project

In-warranty maintenance and repair activities were performed for sub-systems used in fixed and mobile ground stations under ASELSAN's responsibility as a part of the GÖKTÜRK-1 Reconnaissance and Surveillance Satellite Project.

HAVASOJ SATCOM Project

HAVASOJ SATCOM Project Design activities have been continued for the Airborne Satellite Communication Terminal which will be delivered as a part of the project.

RF Rotary Joint and Waveguide unit - HBT Project

Project involves the design and production of the X-Band Multichannel RF Rotary Joint and Waveguide unit required for radar systems conducted by REHİS Business Sector. Out of the 19 units to be delivered as a part of the project, 11 were delivered.

Unmanned Surveillance Radar – HBT Project

The project consists of the design and production of the X-Band Multichannel RF Rotary Joint unit required for Unmanned Surveillance Radar Project conducted by REHİS Business Sector. Design activities continued for the rotary joint which was developed as a part of the project.

AZRA Satellite Communication System Project

Under AZRA Satellite Communication System Project, integrated logistics support (ILD) activities and software improvement/development tasks were conducted for systems which were already delivered. Procurement, integration and testing activities were conducted for 10 Portable Satellite Packages which will soon be delivered. Contractual activities and subsequent delivery groundwork were performed.

Communications and Information Technologies

Design and conceptualization tasks were performed for Satellite Communication System, which will be used in MILDEN Project, the first fully domestic submarine project in Turkey.



TÜRKSAT Ka-Band National Satellite Communication HUB System and Modem Development Project

A bid was submitted for the development of a HUB and Modem system which will be operating in Ka-Band according to TÜRKSAT's requirements. Preliminary tasks for contract execution were performed and the contract was executed on February 8th, 2021.

AKINCI UAV Project Wide Band Satellite Communication System Project

The design, prototype production and platform integration tasks were performed for the airborne satellite communication system and its related equipment which will function as a solution as a part of the project. In addition, contract negotiations were performed with SSB for provisioning of the Airborne SATCOM Terminal and SATCOM Ground Station.

Ku-Band Satellite Communication System Project-2

As a part of the Ku-Band Satellite Communication System Project-2, contract negotiations made with SSB regarding the national design process for Naval Terminals, delivery of the Portable Terminals and various infrastructure requirements for Satellite Control Stations were finalized, and the contract was executed.

A bid was submitted for the development of a HUB and Modem system which will be operating in Ka-Band according to TÜRKSAT's requirements.

National Submarine (MILDEN) Project - Satellite Communication System

Design and conceptualization tasks were performed for Satellite Communication System, which will be used in MILDEN Project, the first fully domestic submarine project in Turkey.



Satellite Payload

TÜRKSAT 6A National Communication Satellite

Flight Model Integration process for Ku-Band Satellite Communication Payload, developed in-house by ASELSAN, was initiated at ASELSAN Macunköy Facility in 2020. In addition, production and functional & environmental test activities were successfully completed for Ku-Band Receiver, Payload Interface Unit and INET Flight Model equipment, all designed and manufactured indigenously by ASELSAN for Ku-Band Satellite Communication Payload. Ku-Band Turkey Coverage Antenna Flight Model production is still in progress.

TUMSİS X-Band Payload

Factory acceptance tests for X-Band Payload, which will be integrated to TÜRKSAT 6A, Turkey's first national Communication Satellite, were successfully completed in 2020. In 2020, the production and testing phases of the DOCON-L equipment, which was originally developed by ASELSAN as a part of the X-Band Payload Project and consisting of Frequency Down-Converter (DOCON), Channel Amplifier (CAMP) and Harmonic Filter units, were completed, followed by equipment integration to the Satellite Payload panel

ASELSAT CubeSat Development

ASELSAT was developed under the Cube Satellite Project, budgeted through ASELSAN's own resources. In

this Project ASELSAN cooperated with the Space Engineering Department of Istanbul Technical University.

ASELSAN primarily performed system engineering and project management activities in the project. Besides, X-Band Antenna and the digital cards were the additional flight equipment developed by ASELSAN and integrated in the satellite platform. After completion of all the system level functional and environmental tests ASELSAT was transported to the launch site in December 2020 and was placed into its orbit with SpaceX Falcon-9 rocket in January 2021.

Development of Ku-Band Receiver for TÜRKSAT 5B Satellite

ASELSAN initiated this project, budgeted through own resources, for gaining space heritage for in house developed Ku-Band Receiver. The targeted satellite platform for the receiver is the TÜRKSAT-5B Satellite under development by AIRBUS Company, prime contractor of the TÜRKSAT-5B program.

All the production and test activities of the flight model were completed in October 2020. And then, the Ku-Band Receiver was delivered to the AIRBUS facility for integration into the satellite platform. ASELSAN developed Ku-Band Receiver integration activities were completed and satellite level functional and environmental tests are still in progress.

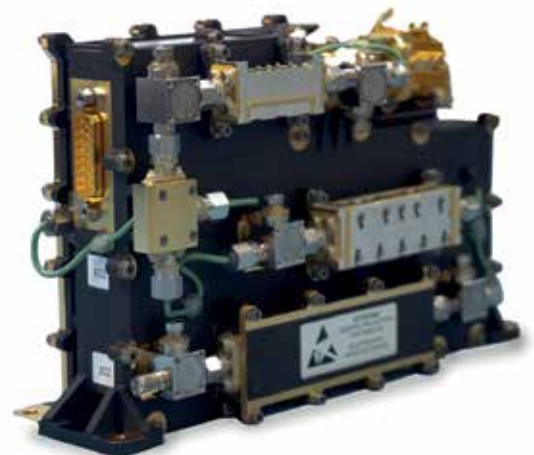
Development of Ka-Band Low Noise Amplifier (LNA) Equipment for TÜRKSAT 5B

Ka-Band Low Noise Amplifier (LNA) was developed under this project, budgeted through ASELSAN's own resources to gain flight heritage on the TÜRKSAT-5B communication satellite, under development by AIRBUS Company as the prime contractor for the satellite.

All the production and test activities of the flight model were completed in October 2020. And then, the Ka-Band LNA was delivered to the AIRBUS facility for integration into the satellite platform. ASELSAN developed Ka-Band LNA integration activities were completed and satellite level functional and environmental tests are still in progress.

Development of UHF-Band Digital Channeling Equipment Engineering Model

ASELSAN initiated this project budgeted through its resources to develop UHF Digital Channeling equipment, fulfilling the requirements for flexible payload structure of future UHF-Band Military Communication Satellites. As of 2021, an important step was achieved in the design phase with the completion of chassis production. Sub configuration units conforming to the mechanical structure were specified and the production of printed circuit boards for the relevant units also was completed. As for the radiation card, which is planned for use in radiation testing as a secondary goal of the project, the production process is completed.



Communications and Information Technologies

The installation of turnkey Mission Critical Communication Systems in Public Security institutions continued. These systems offer short messaging, barcode ID query, license plate query and still image transfer applications to their users with their data transfer features. After including Broadband systems, video transmission features will be added to the systems.



General Directorate of Highways (KGM) and AFAD have accelerated its digital wide area communication system program with ASELSAN solutions.

Mission Critical Communication Systems

Gendarmerie Integrated Communication and Information System (JEMUS)
As a part of the JEMUS Project, 68 provincial systems were activated by 2020. On 30.03.2020, the JEMUS 5-Provinces Contract worth USD 50,715,000/TRY 448,827,750 was signed between SSB and ASELSAN for installation of JEMUS Provincial Radio Systems in Siirt, Bitlis, Van, Şırnak and Hakkari, and the project schedule began as of 26.06.2020. It is aimed to complete the deliveries in 36 months.

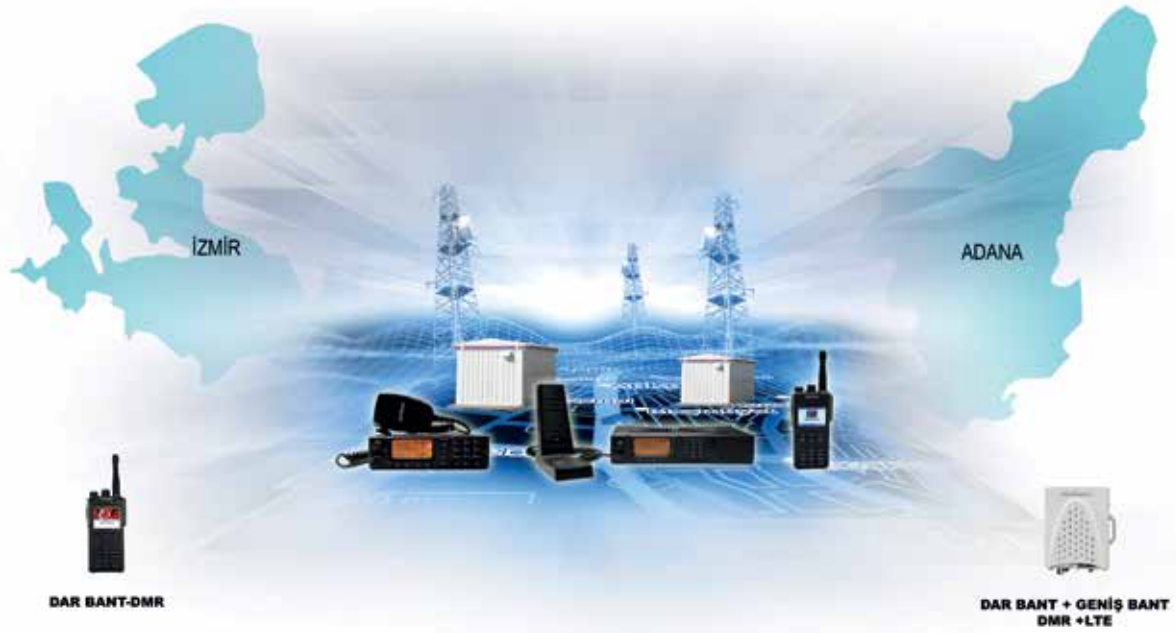
As per the JEMUS 5-Provinces Contract; domestic resources will be used for Portable, Mobile and Desktop Radio Antennas and a National Software Encryption Algorithm, In-Building Solution and UAV Small Cell Base Station will be designed.

General Directorate of Security (EGM) National Encrypted DMR System

The National Encrypted Digital Mobile Radio (DMR) System is a digital communication system that provides encrypted communication for EGM. In addition to SMS and criminal inquiry apps, the DMR communication technology developed by ASELSAN offers important advantages such as software switchboard, vehicle tracking and ability to record communications.

Deliveries were made in December 2020 as a part of the additional materials purchase contract signed with EGM in June 2020. Delivered materials will be used for extending and updating the DMR systems in eastern and southeastern provinces.

As a part of the TRUNK Installation Contract signed with EGM in June 2020 covering 17 provinces, transformation, and delivery, of Conventional DMR



Systems located at the city centers into TRUNK system was completed as of November 2020. As a result, all city centers were switched to the TRUNK System as a part of the EGM National Encrypted DMR Digital Radio System Project.

Broad Band System to be Integrated to Adana Digital Communication Network

Digital Communication Network (Adana & Izmir, DMR+LTE) Project (Public Security and Emergency Communication System)

Digital Communication Network (Adana & Izmir, DMR+LTE) Project (Public Security and Emergency Communication System) Contract was signed between SSB and ASELSAN on 22.04.2020 for EGM use. Within the project, installation of DMR system will be completed for Izmir Provincial Directorate of Security and DMR+LTE Public Security and Emergency Communication System for Adana Provincial Directorate of Security. With the addition of Adana and Izmir, EGM will complete the transformation of National Encrypted DMR System in 26 provinces in total. In Adana Provincial System, a Wideband System will be integrated into a Narrow Band System in Public Security domain for the first time in Turkey. Furthermore, 3810 Hybrid Portable Terminals will be delivered to Adana within the scope of the project. The delivery is scheduled to be completed between 2021 and 2023.

Ankara SHŞ Is Now Active, Istanbul is Scheduled for the Next Year

Digital Communication Network Project (Ankara and Istanbul)

Ankara Provincial Directorate of Security started to use the system actively in 18 outer districts along with Etimesgut central district as of December, 25th. Installation process is in progress in Istanbul and the system is expected to be activated in the first half of 2021.

5G Base Station

A decision was made to develop a 5G Base Station as continuation of the LTE-Advanced Macrocell Base Station program. For this purpose, it is planned to prepare an internally funded project in May to build a 5G Base Station. The design phase of Antenna Integrated Radio (AIR) and Distributed Unit (DU) has already been started. It is aimed to develop the 5G Base Station under the project to operate in commercial and public security domains.

General Directorate of Highways (KGM) and AFAD Have Accelerated Its Digital Wide Area Digital Communication System Program With ASELSAN Solutions.

KGM Region 1 (Istanbul) Digital Wide Area Communication System

As a part of the contract signed with KGM in June, process of replacing the existing analog VHF radio system with the APCO standard digital wide area radio system in the 1st Regional Directorate was initiated, and at the end of December, 49 sites were installed in the region and the delivery of the devices was completed.

AFAD Digital Wide Area Communication System

As per the contract signed with the Ministry of Interior, Presidency of Disaster and Emergency Management Authority (AFAD), installation of digital wide area communication system over JEMUS infrastructure was completed in Ankara and Istanbul. It is planned to expand the system to provinces with priority across Turkey. For this purpose, related devices were delivered to Adana, Afyon, Bursa, Izmir and Samsun, and the installation process is expected to be completed in 2021.

AFAD Warning and Alarm (Siren) System

Within the scope of the Warning and Alarm (Siren) System contract signed with the Presidency of AFAD in 2019, siren systems were installed at many locations in Gaziantep, Hatay and Kilis, and communication between field siren units and the centers was established using JEMUS infrastructure. Furthermore, with the second contract signed with AFAD on November 2020, installations will be done in Kırklareli, Sinop and Iğdır.

Export of APCO and Digital Encrypted Radios

As a part of the contract signed with the Tunisian Ministry of Defense; radio units and spare parts were delivered, and a new supply contract was also signed. Under the local production technology transfer agreement with NRTC, encrypted radio units, which will be handed over to Pakistan Armed Forces, were delivered.

Communications and Information Technologies

For military use, LTE Based Military Communication system (Wideband Networking Waveform) was successfully delivered and brought into use of the Turkish Armed Forces.

While domestic sales of STD-8250A continue, international business development activities are ongoing.



A contract was signed with the Pakistani company, NRTC, for APCO Digital Wide Area System installation, and the installation process will be performed in 2021.

Under the military financial cooperation agreement signed with the Government of the Republic of Northern Macedonia and the Government of the Republic of Somalia, delivery of ASELSAN Telecommunication Materials was completed.

Digital Tachograph Device (DTD), DTD Version 2 (DTD_v2) and Smart Tachograph Device (STD) Development Projects

STD-8250A, which has the EAL4+ security certificate obtained from the testing and approval authorities in Europe, is being sold domestically, and the international business development process is in progress. The design phase, initiated to add a new DTD model to the product portfolio, have been completed and device certification process is in progress. While site tests on prototype manufactured devices have been carried out, our initiatives for OEM sales continue.



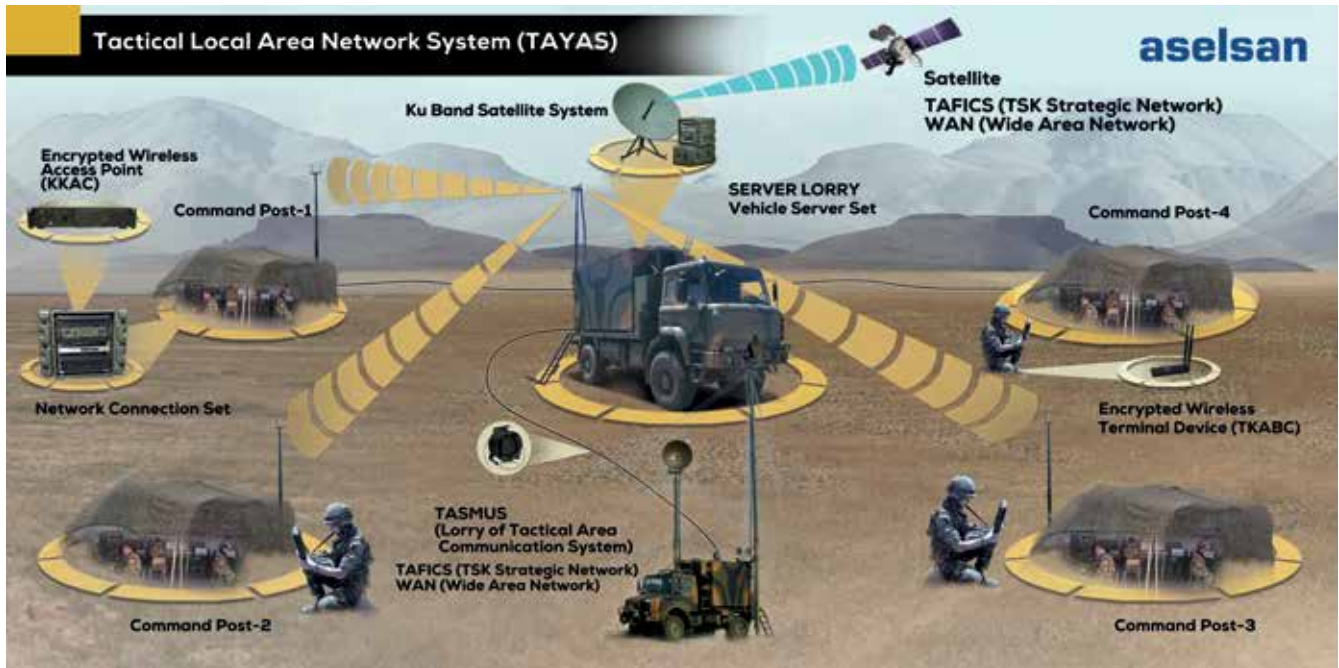
The STD development project, which was launched to meet the projected demand for smart tachograph devices in the EU and AETR countries including Turkey as per EU regulation 165/2014, is in progress.

Mobile Communication Systems

In order to promote ULAK LTE-Advanced Macrocell Base Stations on operator networks for commercial use; the design, development, integration, laboratory and field testing activities were performed for versions with new features that incorporate technological developments and operator needs.

By the end of 2020, the installation process has been completed across Turkey, and today the system is in service at approximately 1,400 locations.

For military use, the final version of LTE Based Military Communication system (Wideband Networking Waveform-WNW) was successfully delivered and made available to the Turkish Armed Forces.



Information Technologies

Tactical Local Area Network System (TAYAS)

The system, which was developed to provide both wired and wireless local area network communication in tactical field for Turkish Land Forces Command, consists of software and hardware components installed in local area to provide communication of the command control and information systems used in battlefield with TAFICS (Integrated Communication System) at a strategic level, the TASMUS (Tactical Area Communication System) at a tactical level and with satellite systems in space. Wireless communication is secured with an encryption algorithm protected at "National Secret" level. For this purpose, ASELSAN developed an encrypted wireless access point (KKAC), an encrypted wireless terminal device (TKABC) and dedicated wireless network management software specifically for the project.

The installation and acceptance phases for wired systems of certain military units were completed in the previous years, and the project was completed on December 2020 with the acceptance of KKAC and TKABC devices which will provide wireless communication, as a part of the third phase of the project.

Mini Wireless Network Device (MiniKAC)

As a part of the project, three different light and compact wireless network access devices are being developed in the following types: encrypted military, encrypted commercial/industrial and non-encrypted commercial/industrial.

Preliminary design phase is in progress for MiniKAC, which will provide IEEE 802.11ac compliant Wi-Fi communication to operate in challenging conditions, especially in Aerial and Maritime Platforms.

National IP Router Family

The design and development activities are in progress for new National IP Routers capable of 96 Gbit/s and 300 Gbit/s speeds, which compose the generation of TURKAY devices delivered as a part of AZRA and TASMUS 2 Projects and will be capable of routing at the Backbone Level, Distribution Level and Access Level in the network hierarchy.

As a result of the high demand for IP routers in various military and civil applications, commercial/industrial types of National IP Routers will be developed in addition to encrypted and non-encrypted military devices, thus national and domestic IP routers will be provided for the civilian public sector.

The realization phase was completed for Non-Encrypted Military Routers as well as all Commercial/Industrial National Routers, and the testing phase is in progress.

Spatial Address Recording System (SARS) Data Generation and Deployment System

In 2020, the system was commissioned in all authorized administrations (Municipalities, Provincial Special Administrations, Organized Industrial Zones, Free Zones) in 15 provinces. This took the number of provinces where the system was commissioned to 54 since the beginning of the project. Transactions related to address data in the provinces where the system was commissioned are carried out on the SARS interfaces. The work is still in progress in 20 provinces.

112 Project

Within the scope of Computer Aided Dispatch and Management System for 112Project, the acceptance procedures were performed in Aydin.

ETHERNET Switch Family

An ETHERNET Switch Family was developed for use in both military applications and commercial/industrial applications, which executes switching functions at Layer 2 as well as switching and collection/distribution functions for IP packets in the IP-based communication systems. The design and testing phases were completed for the ETHERNET Switch Family products, and the prototype production was realized. The ETHERNET Switch Family was expanded to 41 types of device configurations in total supporting 8-48 ports, PoE/PoE+ and operation in Layer 2 and Layer 3 for military and industrial platforms.

Communications and Information Technologies

ASELSAN GIZ USB device with IP54 standard was developed for secure storage and transportation of classified data and uses a hardware encryption infrastructure.

For network solutions with high-speed requirements, development process for an Over-Giga Speed Encryption Device is in progress.



The 8-port Industrial Ethernet Switches, designed as a part of the Urban Security Management System (KGYS) and the Plate Recognition System (PTS) Project to meet the General Directorate of Security requirements, were successfully delivered. At the same time other devices were also deployed as a part of various military, public and civil projects such as the AZRA Project, the Digital Communication Network Project and Istanbul Metropolitan Municipality Radio System Project.

Network Management Software

Design and testing activities were completed for WEB-based ASELSAN Network Management Software, which enables network administrators to monitor, control, configure and manage independent components on any given network and perform the necessary reporting activities.

Encryption and Cyber Security

2064 Encryption Devices Family

2064 Encryption Devices are developed to provide end-to-end encryption for data communication at the Network Layer level, and these are available in two models, the rack type and the portable size. For 2064 Encryption Devices, which offer national and AES algorithm versions and are capable of simultaneous encryption of traffic in both directions on IEEE 802.3 Ethernet interface-compatible lines, it is possible to set the configuration and tunnel information, manage alarms and safety functions and perform key loading over network via a remote control system.

For network solutions with high-speed requirements, development process for an Over-Giga Speed Encryption Device is in progress. The new device

will incorporate an infrastructure for communicating with other devices from the 2064 product family.

It has been deployed in tactical and strategic field projects by the Turkish Armed Forces and in critical public institutions' infrastructure. Apart from that, it is also widely used in the tactical field by Azerbaijani Armed Forces.

Key Management System

ASELSAN 2080 Key Management System generates, stores and distributes crypto keys, system keys and device certificates for all ASELSAN encryption devices and cryptographic communication devices and keeps the accounting information related with them and performs CIK (Crypto Ignition Keys) programming functions for access control and system initialization.

It is used in all projects involving ASELSAN cryptographic communication devices.

Security Management Center

ASELSAN Security Management Center (SMC) was designed and developed by ASELSAN to remotely control and manage devices from the 2064 Encryption Devices Family.

It can be used in all projects involving 2064 encryption devices family.

EKADAS - CIK Programming Module

Programming of Crypto Ignition Keys (CIK), which are used for authentication and access control in ASELSAN encryption devices and cryptographic communication devices, is performed by 2019 CPM-E (CIK Programming Module - EKADAS) working in combination with a CDTD (Classified Data Transfer Device) in EKADAS-II system. CPM-E device works in combination with EKADAS-II system, which was developed by TÜBİTAK for Turkish Armed Forces.

GIZ USB Drive

ASELSAN GIZ USB device with IP54 standard was developed for secure storage and transportation of classified data and uses a hardware encryption infrastructure.

It is used across Turkey as a part of Gendarmerie Integrated Communication and Information System (JEMUS) project. The aim is to promote its use in public institutions and organizations.

Secure/Cryptographic Satellite Phone

ASELSAN 2114 Secure/Cryptographic Satellite Phone is a hardware-based cryptographic communication device which securely communicates voice

and data over Thuraya satellite network. 2114 EUT has a broad coverage including Europe, Middle East, Asia, Africa and Australia. Designed for outdoor use conditions, 2114 EUT also supports indoor use with an in-building kit.

Development process is in progress for a Type-2 Secure/Cryptographic Satellite Phone version which will be supported by 2 satellite providers and suitable for use in ground, aerial and naval platforms in accordance with the new requirements of the Turkish Armed Forces.

ASELSAN Virtual Air Gap System

ASELSAN Virtual Air Gap (VAG) System is a EAL4+ Common Criteria security level approved system solution providing secure information exchange between networks with different security levels to perform "Mission Critical" services.

It is deployed in Turkish Armed Forces infrastructure as well as companies operating in Defense Industry. Based on user feedback, an improvement process is in progress to increase the product's speed capabilities.

Unidirectional Gateway System

This is a domestic and national cyber security product allowing data to travel in one way, which can be securely used to prevent information leakage in classified networks. The main function of the product is to ensure the security of the communication at the physical level by using one-way. It will be developed as a hardware-based system and the hardware module will

be EAL7 Common Criteria certified and the software module will be EAL4+ Common Criteria certified.

As a domestic and national product, it aims to meet cyber security requirements of public institutions and organizations as a part of the "Information and Communication Security Memorandum" published in the Official Gazette by the Presidency of the Turkish Republic.

Web Application Firewall

Web Application Firewall, which is being developed with ASELSAN's own resources, will serve as the only AI-supported web application firewall in Turkey. It will be EAL4+ Common Criteria-certified.

As a domestic and national product, it aims to meet cyber security requirements of public institutions and organizations as a part of the "Information and Communication Security Memorandum" published in the Official Gazette by the Presidency of the Turkish Republic.

Restricted and Confidential Video Conferencing System

In order to meet the requirements of the Turkish Armed Forces and public institutions and organizations, a secure Video Conferencing System will be developed, which can be used at the "Restricted and Confidential" level.

The system will be developed with domestic and national resources and made available to users for utilization during and after the pandemic.



Communications and Information Technologies

Activities related to Broadband Waveform, which was developed to meet the communication requirements of the Turkish Armed Forces, were completed in November 2020.



AZRA-1 and AZRA-2 Tactical Field Communication Projects

The delivery, installation, testing and acceptance phases were completed for AZRA-2 Tactical Field Communication Systems. Activation process was completed for 20 SEN satellite terminals, TASMER Operating Center and Satellite Ground Station as a part of the AZRA-2 project.

40 systems previously delivered under the AZRA-1 project were successfully integrated with AZRA-2 systems.

AZRA systems allow high capacity and secure voice, data and video communications between users and with the headquarters.

Broadband Waveform

Activities related to Broadband Waveform, which was developed to meet the communication requirements of the Turkish Armed Forces, were completed in November 2020.

Broadband Waveform provides a MANET (Mobile Ad-Hoc Network) structure which is self-installed and self-improved. Broadband Waveform, which is capable of simultaneous voice, video and high speed data communication and automatic relaying, acts as a frequency hopping, end-to-end encrypted IP network. Broadband Waveform significantly reduces required frequency band and number of radio units in the tactical field by simultaneously combining voice and data networks.

Broadband Waveform will support IP based communication, serve up to 150 users in a single network, allow automatic transfer of data between different networks without any need

Activation process was completed for 20 SEN satellite terminals, TASMER Operating Center and Satellite Ground Station as a part of the AZRA-2 project.

Military Communication Systems

GRC-5220

GRC-5220 Tactical Broadband Ethernet Radio Family provides key features such as high data speed, high frequency hopping rate, electronic combat measures such as jammer resistance, and flexible use with broad frequency spectrum support as well as a high level of reliability. RadioLink products in PTP mode have been delivered to the customer and activated as a part of the TASMUS G+ and TASMUS-II projects and the products have also been exported to various countries. A dramatic increase in sales is expected with the implementation of PMP modality, whose R&D activities have been successfully completed in 2020.



Harbor and Sea Acceptance Tests were successfully completed in 2020 for Test and Training Ship (TTS) Integrated Communication System.

of additional equipment and provide electronic combat protection with end-to-end encryption and high frequency hopping rate.

Naval Communication Systems

With the “Integrated Communication System” solutions, communication needs of military surface and underwater platforms of various sizes with different mission concepts are met in a national and indigenous way.

Harbor and Sea Acceptance Tests were successfully completed in 2020 for Test and Training Ship (TTS) Integrated Communication System. Within this framework, integration and acceptance procedures for a National Long-Range IFF Interrogator device were also successfully completed on a naval platform for the first time.

Platform integration of the communication system continued prior to Harbor Acceptance process of the New Type Submarine (Ship 1). Factory Acceptance process of the New Type Submarine (Ship 2) Integrated Communication System was successfully completed. Maintenance and repair training for Alarm, Announcement and Entertainment Systems was provided to the relevant personnel of the Turkish Naval Forces.

Preveze Midlife Modernization (YÖM) Integrated Communication System Factory Acceptance was successfully completed. Necessary procedures were initiated to enable subcontractors

to design and produce some of the sub units as a part of the local production initiatives.

Production and procurement activities were continued as a part of the MILGEM-5 and DIMDEG projects.

As a part of the Pakistan Corvette Project, system design was completed and procurement activities were initiated.

Military Radio

Software Based VHF/UHF Radio Family

During 2020, the delivery and installation processes were successfully continued for Land Platform V/UHF Vehicular/Fixed-Central Radios, whose mass production is ongoing. During 2020, the delivery of V/UHF high-power vehicular radio configuration was performed with newly designed, more compact and more efficient Amplifier Units.

The delivery process was completed for Handheld Radio with Electronic Warfare Protected Handheld Radio (EHKET) featuring network-based communication capability and superior properties compared to its rivals around the globe in accordance with the requirements of Armed Forces Command and Special Forces Command.

Delivery process continued for Naval Platform/Fixed-Central V/UHF radios, which will be used by the Air Forces Command.

Communications and Information Technologies

In Pakistan, Saudi Arabia and Indonesia, the process of Software Based V/UHF Radio Technology Transfer and local production operations continued.



The delivery process was completed within the scope of the contract made with Naval Forces Command for 5kW and 10kW HF Transmitter Systems.

Vehicular radio configurations were delivered for various vehicle platforms.

In Pakistan, Saudi Arabia and Indonesia, the process of Software Based V/UHF Radio Technology Transfer and local production operations continued. Radio units were delivered for Multi-Barrel Rocket Launcher vehicles designed for Bangladesh Armed Forces.

Software-Based HF Radio Family

Delivery and installation processes were continued as a part of the contracts promoting use of land platform HF radios. The delivery process was completed within the scope of the contract made with Naval Forces Command for 5kW and 10kW HF Transmitter Systems. Initial

product testing and validation activities were started for new versions of the Naval Platform/Fixed-Central HF Radios at various power options (150W, 400W, 1000W) along with their nationalized peripheral units.

Operations within the scope of the contract signed with Saudi Arabia for the supply of Software-Based HF Radios continue with the delivery of mounting kits.

Identification Systems

Mass production and integration operations continued for NATO STANAG 4193-compliant IFF Mod 5/S Transponder, Short/Medium Range Interrogator and Long Range Interrogator systems. Furthermore, focused on preliminary activities for development

of Combined IFF Interrogator/Transponder, Portable IFF Interrogator and Reverse IFF. Mass production was started to use Battlefield Target Identification system developed in accordance with the requirements of NATO STANAG 4579 in the ALTAY Tank.

Mass production deliveries of the UMTAS RF Data Link was completed.

Low Altitude Air Defense Missile System (HİSAR-A) and Medium Altitude Air Defense Missile System (HİSAR-O) Data Link Sub-System design validation activities has been completed and mass production will be initiated.

As a part of the National Long-Range Air Defense System contract signed between the ASELSAN-ROKETSAN-TÜBİTAK SAGE Joint Venture and SSB, data link system development process is in progress.

Pilot data link products were developed to meet communication needs in intelligence, reconnaissance, surveillance and targeting operations, and platform integration and validation processes are in progress.

Air Communication System Solutions

AZIM

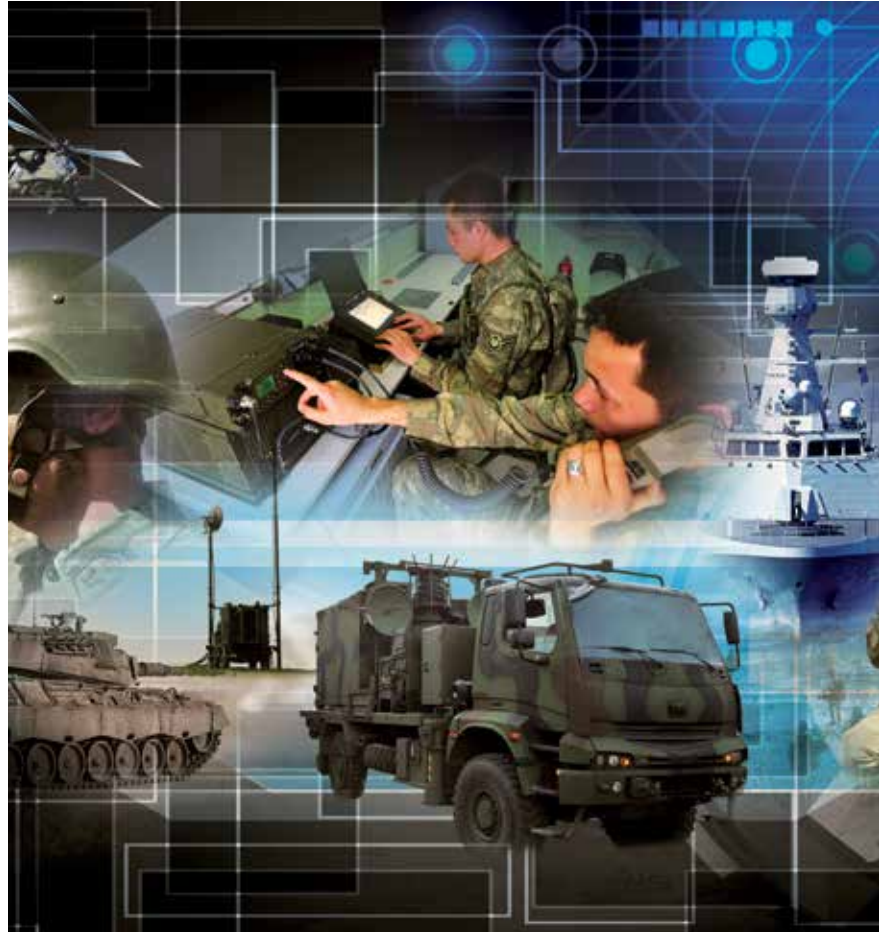
As a part of the Air Installation and Integration Project of a friendly and allied country, modernization operations for Air Platforms and Air Traffic Control towers continued. While deliveries continue successfully, positive reactions are received from the customer.

BUHSET (ICNI)

For National Combat Aircraft Integrated Communication/Navigation Identification (ICNI) Project, a contract was signed with TUSAŞ on 30.12.2020 with the calendar start date (T0) being agreed as October 1st, 2020. Within this framework, it was aimed to deliver the works up to the Preliminary Design Review (PDR) phase. Apart from that, Contract Data Request List (CDRL) documents are being prepared.

ATAK Communication Devices Project

As a part of the ATAK contract supplements, 15 ATAK helicopters are being delivered to the Gendarmerie



General Command. In 2020, the Gendarmerie General Command's kit deliveries started. SD-14 has been signed for the order items included in the contract.

Air Installation and Integration

Deliveries were made for CN-235 series materials, special forces CH-47F 1st stage delivery and S-70A 28T platform. Furthermore, S-70A D-D/SAR and Istanbul Tower integrations were completed and notifications letters were written for the acceptance process.

Airport Traffic Radar Provision

As a part of the project, the first stage delivery was made to REHİS Business Sector.

Cengiz Topel

Within the scope of the project, ASELSANNET was identified as the construction and furniture subcontractor, and the construction tender was launched on 24 July 2020 and the tender was held on Friday, 28 August 2020. Tender bids were evaluated and finalized

by ASELSANNET. MBD İnşaat A.Ş. and Edem Mobilya A.Ş. were selected for construction and furnishing works, respectively, and the construction infrastructure work began on December 2020. In order to define the layout for relay radio and antennas, ASELSAN went to JEMUS Site in Kartepe and required measurements were made. Progress was made on the contract negotiations with subcontractors for Tower Communication System (VCCS). As a part of the process, advance payments and the final architectural project approval payments were made SSB.

Utility Helicopter (UH) Project

As a part of the UH Project, communication kits are being delivered for 109 Utility Helicopters. A total of 9 helicopter kits has been delivered so far, with 6 of them delivered in 2020. Kit delivery process will continue until the end of 2025.

Airborne SOJ

Delivery of devices as part of air SOJ has been completed.

Defense Systems Technologies

In the MILGEM-5 Project, the Warfare System Contract for the first frigate (Istanbul Class Frigate) to be designed and built nationally and locally was signed and entered into force in 2020. Unlike the systems in the previous MILGEM Corvette Platforms in the project, Illuminator Radar, ALPER Pulsed Type LPI Radar, Extended Band Electronic Warfare Suite, AKREP Fire Control Radar, PIRI Infrared Search and Track System, National Torpedo Launching System, FERSAH Hull Mounted Sonar, GÖKDENİZ Close-In Weapon System, CENK Search Radar, and National IFF System were included in the Configuration.





Defense System Technologies

Factory Acceptance Test (FAT), Harbor Acceptance Test (HAT) and Sea Acceptance Test (SAT) activities were performed for Mission Systems as a part of the Test and Training Ship Project. HAT and SAT activities were completed for Ship Systems and final acceptance phase is in progress.



ASELSAN is supplying combat systems for 4 MILGEM Combat Ships to be constructed for Pakistan Naval Forces as a part of the PAKISTAN MILGEM Project.

Naval Systems

ASELSAN, as a combat systems provider for naval platforms of Turkish Naval Forces and many friendly countries, offers products that meet current needs for the naval domain and also focuses on Research and Development activities to shape the future of naval combat field.

Combat Ships

As a part of the MILGEM-5 Project, a Combat System Contract was signed and came into effect in 2020 for the first frigate (Istanbul Class Frigate) to be designed and built by using national and domestic resources. Unlike the systems used in previous MILGEM Corvette Platforms, the project configuration includes Illuminator Radar, Pulse Type ALPER LPI Radar, Broadband Electronic Warfare Suite, AKREP Fire Control Radar, PIRI Infrared Search and Tracking System, National Torpedo Tube System, FERSAH Hull Mounted Sonar System, GÖKDENİZ

Close-In Weapon System, CENK Surveillance Radar, and National IFF System. ASELSAN is supplying combat systems for 4 MILGEM Combat Ships to be constructed for Pakistan Naval Forces as a part of the PAKISTAN MILGEM Project. Procurement and production activities of combat systems and integration support activities continued successfully in the 2020.

Landing Ships

The combat system design, sub-system development/procurement and integration activities for the Multipurpose Amphibious Assault Ship Project is being conducted by ASELSAN as the main integrator. Factory acceptance tests were successfully completed for all of the 36 combat and navigation systems which will be integrated into the ship under ASELSAN's responsibility, and the related shipments continue successfully in accordance with the ship integration schedule.



Critical Design Phase was successfully completed and FAT phase is in progress as a part of the Barbaros Class Frigate Midlife Modernization Project.

Auxiliary Ships

The combat system design, sub-system development/procurement and integration activities for Replenishment at Sea and Combat Support Ship Command Control, Combat, Weapon and Electronic Systems Procurement Project is being conducted by ASELSAN as the main integrator. As a part of the project, Detailed Design Completion Phase and Boat Blocks Installation Initiation Phase have been completed.

Factory Acceptance Test (FAT), Harbor Acceptance Test (HAT) and Sea Acceptance Test (SAT) activities were performed for Mission Systems as a part of the Test and Training Ship Project. HAT and SAT activities were completed for Ship Systems and final acceptance phase is in progress.

Modernization of Surface Naval Platforms

The Critical Design Phase of the Barbaros Class Frigate Mid-Life Modernization Project was successfully completed in 2020. Factory Acceptance Test (FAT) phase is in progress for ship systems.

Integration of the first 7 platforms was successfully completed as a part of the IFF Mode 5/S Naval Platforms Integration Project, which has the highest number of platforms (87) among any modernization projects conducted for the Naval Forces Command so far.

Weapon/Fire Control Systems

The development, validation and production activities for various Naval Surface Fire Control Systems continued successfully in 2020.

The qualification activities for ATMACA surface to surface anti-ship missile, whose Fire Control System, Active Radar Missile Seeker, Missile Computer and Power Distribution Unit was developed by ASELSAN, and the production activities for I-Class Frigates were accelerated in 2020. ATMACA managed to hit the target successfully by attacking the test target with a flight above the surface and performing all of its functions as a part of the firing tests conducted during 2020.

Procurement, production and factory level testing activities were completed for 12 ASW Rocket and Launcher Systems with related backups, which will be produced by ASELSAN as a part of the National Anti-Submarine Warfare (ASW) Rocket and Launcher System Supply contract signed with ROKETSAN.

Naval Mission Management System

Promotion/marketing activities for VATOZ® Naval Mission Management System-based combat solutions continued, especially for international sales, in order to meet the new construction and modernization needs of offshore patrol vessels and small to medium-sized platforms.

Defense System Technologies

As a result of the ongoing development of underwater capabilities, ASELSAN is taking firm steps to respond to national needs and international expectations related to sonar systems and torpedo countermeasures.

Sea tests and sea-air tests along with mechanical structure validation activities were successfully completed within the scope of the ASELBUOY Passive Directional Sonobuoy Development Program.



Torpedo and Under Water Systems

As a result of the ongoing development of underwater capabilities, ASELSAN is taking firm steps to respond to national needs and international expectations related to sonar systems and torpedo countermeasures.

Submarine and Sonar Systems

HAT and SAT activities were successfully completed for KULAÇ Echo Sounder system supplied to the Test and Training Ship. Production activities are in progress for 20 KULAÇ Echo Sounder systems under 4 different contracts.

In ASELSAN FERSAH Hull Mounted Sonar System (HMSS) Project, which is being conducted as a part of BARBAROS Class Frigate Midlife Modernization Project, improvement and validation activities successfully continued upon performance of the sea testing with the system prototype.

The number of FERSAH systems to be delivered to the Naval Forces Command increased to 5 with the addition of ASELSAN FERSAH Hull Mounted Sonar System.

Sea tests and sea-air tests along with mechanical structure validation activities were successfully completed within the scope of the ASELBUOY Passive Directional Sonobuoy Development Program.

Integration activities were successfully conducted and sea tests were performed for concept demonstration as a part of the Underwater Acoustic Surveillance Project (SAGAP) which was launched using ASELSAN resources along with TÜBİTAK TEYDEB 1511 support.

The first phase (System Requirements Identification Phase) of the Low Frequency Active Sonar System Development Project was completed, and the second phase (Critical Design Phase) is at completion stage.





An order was received from the Indonesian Naval Forces Command for ZARGANA Torpedo Countermeasure System.

Factory acceptance tests were performed for Integrated Communication System, Ship Alarm and Announcement System, and Electronic Support System as a part of the New Type Submarine project.

Modernization of Underwater Naval Platforms

Preliminary Design Review Phase is in progress as a part of the PREVEZE Class Submarine Midlife Modernization Project. For TCG Preveze Submarine, factory acceptance tests were performed for Integrated Communication System and WAIS (Warship Automatic Identification System), which were requested for an early delivery as a result of the requirements set by the Defense Industry Presidency (SSB)/Naval Forces Command.

Torpedo and Torpedo Countermeasure Systems

Development activities were launched for Torpedo Tube system, which is under ASELSAN's responsibility as a part of the MILGEM-5 Combat System Contract signed in 2020.

Production activities continued for ASELSAN HIZIR Torpedo Countermeasure System for Surface Ships as a part of the MILGEM and B-YÖM Projects. As a result of the MILGEM-5th Ship (I Class Frigate) Contract signed in 2020, total number of HIZIR Systems increased to 14. Among these, 10 will be delivered to the Naval Forces Command's inventory and 4 will be exported.

An order was received from the Indonesian Naval Forces Command for production, delivery and integration to the relevant underwater platform of ZARGANA system (Torpedo Countermeasure System for Submarines), which was nationally developed by ASELSAN. Procurement and production activities continued as a part of the order.

In addition to this, one more sales order was received from another country for ZARGANA system.



Defense System Technologies

As a part of the DEMES™ Marine Meteorology System, 2 systems were delivered for TVEG and LHD projects and productions activities continued for MILGEM-5 Project and Pakistan MILGEM Project, which is an export project.



Development activities are completed as a part of the ASELSAN MITOS™ Electronic Chart Display System Product Family. 10 portable WECDIS systems were delivered to the Naval Forces Command. HAT and SAT activities were completed by performing a sample installation in the submarine platform, and the system was made available for use by the Naval Forces Command. FAT, HAT and SAT activities were completed for several products from the ASELSAN MITOS™ Electronic Chart Display System Product Family, and these products were delivered to various platforms employed by the Naval Forces Command.

As a part of the DEMES™ Marine Meteorology System, 2 systems were delivered for TVEG and LHD projects and productions activities continued for MILGEM-5 Project and Pakistan MILGEM Project, which is an export project.

Design activities were performed for DIKONS™ Automatic Control System and the system was handed over to the production phase. Efforts were made to establish the required test infrastructure for system testing. Design activities were performed for DIKONS™ Semi-Automatic Control System, and the required steps were taken to put the system into production phase.

Studies were conducted for autonomous Surface Platforms. The aim is to improve the reliability of the new and current platforms, gain extended operational skills and functions, and reduce and/or eliminate human-errors by leveraging the technological benefits obtained from these studies.

Navigation and Platform Management Systems

ASELSAN, while working on the current needs of navigation and platform management systems for naval platforms, also maintains programs to develop sub-components and create a knowledge-basis for autonomous naval platforms, which will be inevitable in the future of the naval domain.





ASELSAN has developed and produced the first national and domestic air defense systems in Turkey with devotion.

Air and Missile Defense Systems

It is of key importance for a country to develop its own helicopters, planes, ships, tanks as well as its own defense systems for a strong national defense. ASELSAN, focusing on production with well-planned, disciplined operations and qualified human resources as well as creation of domestic design and development skills since 1975, has developed and produced the first national and domestic air defense systems in Turkey with devotion.

ASELSAN is ready to undertake important missions in all layers of air defense along with aerospace defense by combining its experience in technology, system engineering, system level analysis/modelling and system development with the potential and skills harbored by local defense industry institutions.

Low and Medium Altitude Air Defense Missile Systems (HİSAR A+ and HİSAR O+)

Low and Medium Altitude Air Defense Missile Systems were designed to neutralize the threats at low and medium altitudes, as a part of point and regional air defense.

As a part of HİSAR A+ Project, Self-Propelled Autonomous Low Altitude Air Defense Missile System and Missile Launching System along with the Low Altitude Air Defense Missile, which can be launched with these two configurations, were developed and produced, and the product/production line qualification was performed.

In HİSAR A+ Project, the Acceptance-Firing Tests for both configuration were conducted and the deliveries have been carried out successfully. In the firing tests, it was seen that the high-speed target drones were exterminated at medium altitude and the maximum range. HİSAR A+ Project is now ready for mass production.

As a part of HİSAR O+ Project; development, production and product/production line qualification activities are conducted for Fire Control Center, Medium Altitude Air Defense Radar, Early Warning System Link-16 Interface, Electro-Optical System, Missile Launching System and Medium Altitude Air Defense Missile. Qualification processes are about to be completed in HİSAR O+ Project and after the acceptance tests the system is expected to be included in the inventory in 2021. In addition to these activities, efforts are being made to add RF Seeker functionality to the system. Mass production contract negotiations are also in progress.



Defense System Technologies

GÖKDENİZ Close-In Weapon System (CIWS) along with 35 mm Airburst Ammunition (ATOM) developed by ASELSAN is a close-in weapon system highly effective against anti-ship missiles. The system with the Automatic Linkless Ammunition Feed Mechanism allows loading both HEI and Airburst Ammunition at the same time and switching between ammunition types.



Long Range Regional Air and Missile Defense System

In January 2018, two separate contracts were signed as a part of Long Range Regional Air and Missile Defense System Projects in order to meet the requirements of the Turkish Armed Forces.

Under the "Conceptualization" Project contract, which is undertaken by ASELSAN-ROKETSAN-EUROSAM Business Partnership, system conceptualization activities are being conducted. The first two project phases has already been completed and the last phase processes are in progress.

As a part of the Long Range Regional Air and Missile Defense System Projects a domestic and national system will be developed named as National Long Range Air Defense Missile System-SIPER, which is being conducted under a business partnership model by ASELSAN-ROKETSAN-TÜBİTAK SAGE. The first prototypes of the ground systems, undertaken by ASELSAN, are expected to be produced and tested in 2022.

Fire Control Devices and 35 mm Modernized Towed Guns

In order to meet the very short range air defense requirements of the Land and Air Forces, a mass production

contract was signed at the end of 2017 for production of significant amount Modernized Towed Guns (MTG), Fire Control Device (FCD) and Airburst Ammunition (ATOM). In the scope of the contract, mass production process will also be initiated for Battery Command and Control Center (BCCC) and Battery Command and Control Operations Center (BCCOC) which will be developed for Turkish Land and Air Forces, respectively. Mass production efforts continued extensively throughout 2020, and a significant amount of batches were delivered to Turkish Land Forces in 2020 operating period.



GÖKDENİZ Close-In Weapon System

ASELSAN has been awarded a contract for the first sale and export of GÖKDENİZ Close-In Weapon System to an Asian country. One GÖKDENİZ CIWS will be delivered under the contract signed in July 2019. The production of the system has started in 2020.

GÖKDENİZ will also be integrated on the Turkish Navy Fifth MILGEM Frigate (MILGEM-5) and Replenishment at Sea and Combat Support Ship. Contract negotiations has started in 2020.

KORKUT Self Propelled Air Defense Gun System

KORKUT Platoons consist of the three Gun Systems (GS) and a Command Post (CP). Each KORKUT platoon can operate with Air Defense Early Warning and Command Control System (HERIKKS) in an integrated manner while performing target detection, tracking and prevention functions autonomously. KORKUT System and 35 mm Air Burst Ammunition offer an effective air defense solution against modern air threats, such as cruise missiles, air-to-surface missiles and unmanned aerial vehicles.

KORKUT Systems Serial Production

Serial production of the KORKUT systems was signed in 2016 for the requirements of Turkish Army. In this regard, 9 Gun Systems (GS) and 3 Command Post (CP) was produced and delivered successfully in 2020. The deliveries of the systems will be continued between 2021 and 2023.

Electromagnetic Launch System Development Studies

Electromagnetic Launch (EML) technology is a groundbreaking technological field that creates an alternative to the propulsion systems using rocket motors and weapon systems based on firing ammunition from the barrel with gun powder. Thanks to the use of the EML in weapon system design, much higher barrel exit velocities can be achieved compared to conventional barrel gun weapons, and the ammunition can be fired over much longer ranges. As



a part of the firing tests conducted in 2020, the highest level of muzzle energy and efficiency was achieved with ASELSAN TUFAN Electromagnetic Launcher in this field in Turkey.

Development Activities of KORHAN 35 mm Weapon System

Development activities are in progress for a single barrel, low profile “Hybrid Ground Combat and Air Defense System” based on a 35 mm weapon and airburst ammunition in order to meet the current needs of Turkish Armed Forces. System prototype was produced in 2020 and firing & non-firing tests were conducted.

NSPA Stinger Firing Mount System

On April 2020, Stinger Firing Mount System Midlife Extension Contract was signed, which is the continuation of the Stinger Firing Mount System Midlife Extension and Service Support Contract signed between NATO Procurement and Supply Agency (NSPA) and ASELSAN on May 2019. As a part of the project, Factory Acceptance was conducted on 17-20 August 2020 with NSPA's participation.

İHTAR Micro Mini UAV Air Defense System

Three projects were accepted as a part of the Micro Mini UAV Air Defense System (İHTAR). With these projects, İHTAR system configuration was expanded with the addition of the mobile (trailer) İHTAR, which is actively used in the field as of today. As an addition to the jammer systems used in İHTAR, SAHIN hard-kill system was developed, which uses ATOM 40 mm High Velocity Airburst Grenade developed by ASELSAN, and the related contract was signed. Furthermore, development activities are in progress for alternative target detection/identification and destruction systems.



Defense System Technologies

Using more domestic and national resources day by day, ASELSAN's field-proven extensive range of unique products and deep experience in Land Systems offer efficient solutions tailored to the needs of the Turkish Armed Forces, Gendarmerie General Command, General Directorate of Security as well as friendly/allied nations' armies.

Design, development, modernization, production and logistic support activities for Land Systems continued successfully in 2020.



Land Systems

ASELSAN's field-proven extensive range of unique products and deep experience in Land Systems offer efficient solutions tailored to the needs of End-Users including Turkish Armed Forces, Gendarmerie General Command, General Directorate of Security as well as friendly/allied nations' armies.

Armored Vehicle Equipment and Modernization

As a part of the Special Purpose Tactical Wheeled Armored Vehicle Mission Equipment Supply Contract signed with FNSS on 25 December 2019, design, development and production activities were conducted for mission equipment including command control systems, communication systems, weapon turrets, navigation systems, electro-optics and land radar systems to be integrated into 100 vehicles of 6x6 and 8x8 in 5 different configurations.

As per the Armored Combat Vehicle (ACV) Modernization Project agreed with the SSB on 30 December 2019, 133 ACVs will be modernized and integrated with Laser Warning System, Close Range Surveillance System, Driver Vision System, Direction Finding and Navigation System, Air Conditioning System, Heating System, Fire Extinguishing and Explosion Suppression System with the addition of NEFER Turret which is equipped with 25 mm cannon and a coaxial 7.62 mm weapon, and the Armor Protection and Mine Protection levels will be upgraded to increase survivability. The first Modernized ACV prototype was submitted for review by SSB/Land Forces Command.





Approximately
1,100 slip rings were
produced in different
sizes in 2020.



Military Wearable Exoskeleton System

Military Wearable Exoskeleton System aims to improve the performance of infantry by actively supporting the body during operation and helping in carrying load. Within this framework, studies were conducted to improve system effectiveness and human adaptation, and human testing & validation activities were performed.

Armored Amphibious Assault Vehicle Unit Tracking System and Communication Systems

In 2020, as a part of the Armored Amphibious Assault Vehicle (ZAHA) Unit Tracking System Project; vehicle radios, internal speech systems and handheld terminal equipment were delivered to meet Command Control and Commutation System needs of 23 Personnel Vehicles, 1 Command Control Vehicle and 1 Recovery Vehicle.

Slip Ring Product Range

In order to eliminate foreign dependency of slip ring supply as a measure against embargo risks, and promote domestic products, ASELSAN designed and produced approximately 1,100 slip rings in 2020.

Defense System Technologies

379 BTS-2 systems were integrated into TTA-2 vehicles from Land Forces Command's inventory. In addition, a supply contract was made for 114 BTS-2.

The third delivery batch of the 2nd Dissemination Contract was successfully accepted in 2020 as a part of the ADOP-2000 Project.

Command Control, Communication and Computer Systems

ASELSAN offers Fire Support, Reconnaissance/Surveillance and Intelligence, Integrated Battlefield Management, Electronic Warfare, Strategic Operational and Tactical Level Command Control Information Systems and Tactical Communication Systems with a wide product range using modern technologies. ASELSAN provides command & control hardware, software and communication systems which allow current and new vehicles in Turkish Armed Forces' and the General Directorate of Security's inventory to be integrated into the top command control system.

ADOP-2000 Fire Support Automation Systems

The third delivery batch of the 2nd Dissemination Contract was successfully accepted in 2020 as a part of the ADOP-2000 Project. As a part of the delivery; more than 100 ADOP-2000 systems were delivered to Land Forces Command including fire control computer sets to be integrated into various weapon platforms, control & command systems integrated into sheltered systems and armored personnel carriers and target detection and marking systems. Across Turkey, the number of military units equipped with ADOP-2000 systems has increased to 20 and the number of total systems delivered exceeded 1,100.

Friendly Force Tracking System (BTS-2)

BTS-2, is a friendly force tracking system which transmits location data of the vehicle to which it is integrated — to the operations center periodically by using vehicle's communication

infrastructure. 379 BTS-2 systems were integrated into TTA-2 vehicles from Land Forces Command's inventory. In addition, a supply contract was made for 114 BTS-2.

Artificial Intelligence Commander Assistant Developing Course of Action (HAMLE)

HAMLE is a map-based warfare gaming that is suitable for the Military Decision Making Process, which offers a course of action by using reinforcement learning and artificial intelligence methods that support different game modes. Development activities continue within the scope of HAMLE, and the delivery is planned to be made in two different versions.

Military Task Computer Systems

Military task computers, military panel computers, military handheld computers, monitors and keyboards, and electronic processor cards for various military units, which are available to be used by integrating them into the platforms in military systems or be used handheld, and suitable for the extreme conditions of the battlefield while offering high performance, were developed and produced.

Single Soldier Command Control Information System (CENKER)

CENKER is an integrated information system which is designed to increase the command-control, situational awareness, communication, reconnaissance and surveillance capabilities of a land force on the move at company, platoon and squad levels. The location, status, emergency messaging, tactical state, command-control and intelligence information sharing activities of the land task force are carried out with the



wearable sensors, microprocessors, communication and display units that are in the system. In 2020, the automation level of the CENKER system was improved, the Electro-Optical unit, mini/nano UAV integrations were realized, and the mass production activities of the system were initiated.

Network Enabled Battlefield Command and Control Systems

In the 2020 operating period, works successfully continued on the integration of systems in the inventory, which were developed and presented to the use of the Land Forces Command by ASELSAN, and components including functional area command control information systems such as maneuver, intelligence, electronic warfare, fire support and air defense; aerial reconnaissance systems; tactical communication systems; command post elements; and mobile elements serving in the tactical field, under a common command control architecture.

Battalion Task Force Battle Management System

The development of the BATUR Battle Management system, which provides solutions to the command and control system requirements of all combat elements under the battalion in the battlefield, continued. The deliveries of the Command Control and Communication Systems for anti-tank weapon carrier vehicles, which will be brought into the Land Forces Command inventory, were provided.

Electronic Warfare Command Control and Coordination System (EHKKKS)

With the EHKKKS, it is aimed to ensure more effective use of all electronic warfare systems, which are, and will be, in the inventory of the Land Forces Command, in a coordinated manner. It is envisaged to meet the need for quicker and more accurate evaluation, decision-making and command in electronic warfare and intelligence in the accelerating and changing battlefield due to the developing technology.

Air Defense Early Warning and Command and Control System (HERIKKS)

With the aim of bringing in new capabilities to the Air Defense Early Warning and Command and Control System (HERIKKS) and for the system to be put into use for all air



defense troops within the Land Forces Command, the HERIKKS VI contract was signed in December 2016. The first delivery of the contract was completed as of October 2020 with the delivery of HSKKM (Air Defense Control and Coordination Center), HSHM (Air Defense Operation Center), ERIMAY (Early Warning Centers Interface Unit), KKAT (Section Commander Interface Equipment) and a large number of SPFTKAT (Stinger/Portable Missile Team Commander Interface Equipment). With the delivery of HERIKKS-VI, the integration of new air defense systems (HiSAR-A, HiSAR-O, KORKUT, AIC, BKKM, KALKAN, Portable Missile) to the HERIKKS system is ensured, and besides, the ability to exchange information with other command control systems within the TSK and NATO is gained.

TMRC RadNet Talent Acquisition

TMRC RadNet Talent Acquisition Project came into effect with the contract signed between the Presidency of Defense Industries and ASELSAN in August 2020 period. Within the scope of the contract, ASELSAN will develop radar data fusion capabilities and add this fusion capability to RadNet system, along with the modernization of the RadNet system, which is already in use. It is also envisaged that the capabilities which will provide the necessary data communication between Turkish Air Force's inventory radars, which are readily in use and will be added in future.

Air Command and Control System Development

The Air Command and Control System Project Contract was signed in November 2020 in order to meet all operational needs of the Ministry of Defense of an Asian country and the Air Forces of the relevant country. In the project, along with the system aimed to be developed, it is envisaged to ensure a full integration for all planning and current situation procedures between all command and control centers at strategic, operative and tactical levels within the Air Force Command of the relevant country, and to have the capability to control the country's air defense through a single system. In this regard, it is aimed to complete the Requirement and Design Phases of the project, and then to proceed to the Development and Procurement Phase of the project.



Defense System Technologies

Mass production and deliveries continued for SARP, which were developed for land vehicles or fixed facilities and would meet the needs of the Land Forces Command, the Gendarmerie General Command (JGK) and the General Directorate of Security (EGM).

The ASELSAN Remote Controlled Weapon Systems (RCWS) are now in service in 20 countries including Turkey.



Weapons and Weapon Fire Control Systems

ASELSAN develops and manufactures weapons and weapon fire control systems of different caliber and types, which can be used on different platforms for land, air and sea communications. These systems are offered for service in the world's armed forces.

Remote Controlled Weapon Systems (RCWS)

The ASELSAN Remote Controlled Weapon Systems (RCWS) are now in service in 20 countries including Turkey.

The production and deliveries of the remote controlled weapon systems which consist of the 12.7 mm Stabilized Machine Gun System (STAMP-2), the 25 mm Stabilized Gun System (STOP-2) and the 30 mm Stabilized Gun System (MUHAFIZ-2), which have been developed for marine

platforms, continued within the scope of orders received from Turkey and abroad. In 2020, the STAMP-2 Contract was signed within the scope of the needs of the Naval Forces Command. STOP-2 was exported to Bahrain. Deliveries of MUHAFIZ-2 to Pakistan Navy and Qatar Navy were completed. New contracts for the export of MUHAFIZ-2 to Qatar and Indonesia were signed. In addition, operations were initiated for the development of the new generation, lightweight and small STAMP-2L system.

Mass production and deliveries continued for SARP, which were developed for land vehicles or fixed facilities and would meet the needs of the Land Forces Command, the Gendarmerie General Command (JGK) and the General Directorate of Security (EGM). By the end of 2020, a total of 3,100 SARP Systems were delivered. In 2020, the deliveries of existing domestic and international projects were achieved. A contract was signed for the export of SARP to Hungary, and deliveries were completed.





Within the scope of the needs of EGM, Qatar and Kuwait Armed Forces, development and qualification studies were carried out for the version SARP-ZAFER NSV, to which Russian origin 12.7 mm machine gun can be integrated, and for the version SARP-KPVT, to which Russian origin 14.5 mm machine gun can be integrated, of SARP-ZAFER, to which 12.7 mm/7.62 mm machine gun can be integrated.

The qualifications for the SARP-L, to which 7.62 mm/5.56 mm machine guns could be integrated, were conducted within the scope of the needs of the EGM, the Land Forces Command and the Armed Forces of Bahrain. As a part of the needs of EGM, the version of SARP-L capable of loading ammunition from inside the vehicle was developed and qualified. SARP-L is envisaged to be included in the inventory within the scope of HISAR-A Project.

Within the scope of the needs of Qatar Armed Forces, the deliveries of the SERDAR Anti-Tank Missile System, to which 12.7 mm and 7.62 mm machine guns and anti-tank missiles could be integrated, continued.

The qualifications for the NEFER, which can be fitted with the 25/30 mm automatic guns and anti-tank missiles of Western or Eastern origin, on which a 12.7 mm or 7.62 mm co-axial weapon can be mounted, were realized.

The qualifications for the NEFER-L, which was developed for use in armored combat vehicles, other tactical land vehicles and fixed facilities, were achieved. An activity for the fixed facility implementation of NEFER-L was carried out.

Modernization of Mortars

Within the scope of the Mortar Modernization Agreement signed with the Presidency of Defense Industry on March 11th, 2020, it is aimed to perform modernization of 15 units of 60 mm, 12 units of 81 mm and 12 units of 120 mm mortars. The design, development and qualification activities of the fire control system and equipment, and mechanical improvements of the mortars found in the inventory were successfully carried out in the 2020 operating period.

ALKAR 120 mm Mortar Weapon System

Acceptance inspection activities of 1 integrated ALKAR 120 mm Mortar Weapon System to TTZA mortar vehicle were completed, and its delivery was achieved. ALKAR 120 mm Mortar Weapon System, which was the first automatic mortar weapon system included in the TAF's inventory, won the appreciation of the Hero Turkish Commando.

AGAMA Project ALKAR 120 mm Mortar Weapon System Demonstration

Under the AGAMA Project, a successful demonstration was made to

the Qatar Delegation by integrating the ALKAR 120 mm Mortar Weapon System into the Ejder vehicle of Nurol Makina in line with the customer request.

New Generation Firtina Fire Control System

As a part of Prototype Approval Test activities for the T-155 K/M Firtina Howitzer Fire Control System Project signed in 2018 to be used in New Generation Firtina Howitzers to be produced for the need of the Land Forces Command, the firing tests were carried out at the Turkish MoD ATD Group Command/Konya in February-May 2020. As a result of the tests, a production decision was made for 6 sets, 3 sets of the produced systems were delivered and then howitzer integrations were made.

Air Transportable Light Towed Howitzer Fire Control System

BORAN Howitzer is developed in order to meet the demand for artillery weapons with a high strike accuracy and tactical flexibility as required by constantly changing and ever more challenging combat conditions. BORAN Howitzer with modern equipment is a lightweight solution, which can be transported by a helicopter. The state of the art Fire Control System (FCS) of the BORAN Howitzer was developed by ASELSAN. FCS design and prototype qualification tests of were successfully completed in 2020. After the prototype, additional 8 (eight) FCSs were manufactured and delivered to the Main Contractor.

Defense System Technologies

With its experience and state-of-the-art tank modernization solutions, ASELSAN takes on the role of a leading company in heavy-class tank modernizations (Leopard1, Leopard2, M60) and light-class tank modernizations (T-72).



ASELSAN offers distinctive solutions that bring the performance of tanks to a much higher level than the current performance.

Tank Systems

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

ALTAY Tank Fire Control and Electronic Systems

For the tanks to be produced within the scope of the ALTAY Mass Production Project, it is planned that ASELSAN will provide the Fire Control System, Electrical Gun and Turret Drive System, Command Control Communication and Information System, Driver Vision System, Laser Warning System, Remote Controlled Weapon System, Battlefield Target Identification System, Situational Awareness System, AKKOR Active Protection System, Embedded Training Simulator and user/maintenance trainings tools for

these products. Studies for updating the sub-systems to be provided within the scope of the project, taking into account the developing technological capabilities, were successfully carried out in the 2020 operating period.

Modernization of Main Battle Tanks

In tank modernization projects, ASELSAN replaces existing systems in tanks with newly developed state-of-the-art systems while bringing tanks an incomparable advantage in performance with improved capabilities and low life cycle costs when compared to other main battle tanks around the world. With its experience and state-of-the-art tank modernization solutions, ASELSAN takes on the role of a leading company in heavy-class tank modernizations (Leopard1, Leopard2, M60) and light-class tank modernizations (T-72).



As part of the FIRAT-M60T Project, the modernization of many M60T tanks was completed in less than a year.

Modernization of FIRAT-M60T

As part of the FIRAT-M60T Project, which is being carried out to protect the main battle tanks more effectively against anti-tank threats and terrorist elements and to bring additional capabilities to existing systems, the modernization of many M60T tanks was completed in less than a year. The M60TM tanks modernized by ASELSAN formed the backbone of the Olive Branch, Euphrates Shield and Peace Spring Operations, and were highly successful at all levels of the operations. As a part of M60T modernization, one of the most modern M60 tanks in the world has been acquired and the capabilities for both close-to-mid range firing capability, near-to-far range survivability and defensive features, as well as the capabilities for the maintainability of tanks and personnel were increased to higher levels.

VOLKAN-M Fire Control System was developed nationally by ASELSAN in order to facilitate the service/maintenance activities of the Fire Control System of the M60TM Tank and to reduce foreign dependency. The first firing tests of the VOLKAN-M Fire Control System were successfully carried out.

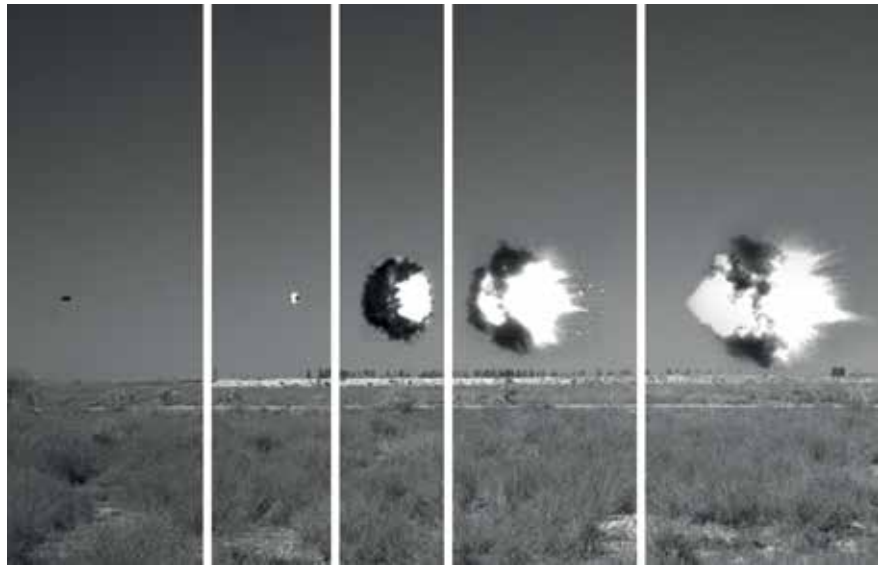
The qualification tests of the PULAT Active Protection System, which aims to protect our tanks from anti-tank attacks, were successfully completed. The tanks whose PULAT integration has been completed are now actively used in the field. Thus, it makes Turkey one of the 3 countries in the world that uses the active protection system under combat conditions.

Within the scope of increasing the protection level of Leopard2A4 tanks against anti-tank threats, tests of armor package solutions were completed. In this regard, the first batch tanks were made available to the Turkish Armed Forces.

Defense System Technologies

With the amendment to the İHTAR contract signed with the Presidency of Defense Industry on February 7, 2020, the supply of ATOM 40 mm Ammunition was also added together with the SAHIN (40 mm UAV Hard-Kill System) System.

ASELSAN successfully carries out activities related to the development, production, supply, integration, logistic support and modernization.



Smart Munitions and Active Protection Systems

ASELSAN successfully carries out activities related to the development, production, supply, integration, logistic support and modernization of smart ammunitions of different calibers that can be fired from naval, land and air weapon systems, on-platform equipment for the use of these ammunitions, and active protection systems used to destruction threats against land vehicles in the battlefield before reaching their target.

threats deployed behind the cover, infantry units scattered across the field, and unarmored vehicles. If used together with the anti-UAV system, it can also be used in the physical destruction of mini UAVs.

With the amendment to the İHTAR contract signed with the Presidency of Defense Industry on February 7, 2020, the supply of ATOM 40 mm Ammunition was also added together with the SAHIN (40 mm UAV Hard-Kill System) System. The ammunition is qualified and delivered under the contract in the first half of 2021.



ATOM 40 mm High Velocity Smart Ammunition

Ammunition is programmed to the exact time of detonation while leaving the barrel. Using a pre-fragmented and explosive filled shell that is optimized for the target set, high hit probability is ensured. When used as land ammunition, it is effective against

ATOM 35 mm Airburst Ammunition

ATOM 35 mm Airburst Ammunition can achieve high strike precision against a wide range of land and air targets thanks to its precise time counting, the capability of precise programming taking muzzle velocity into account, and homogeneous distribution of tungsten pellets having high penetration capability.

Within the scope of the “35 mm Air Defense System Modernization and Airburst Ammunition Supply” contract signed with the Presidency of Defense Industry on December 27, 2017, the delivery of 30,900 units of 35 mm Airburst Ammunition, which is still mass-produced, was performed in 2020.



ASELSAN carries out studies in order to ensure that the ammunition is directed to the target precisely by increasing the high hit probability of large caliber munition such as artillery, mortar, etc.



Within the scope of the “35 mm Air Defense System Modernization and Airburst Ammunition Supply” contract signed with the Presidency of Defense Industry on December 27, 2017, the delivery of 30,900 units of 35 mm Airburst Ammunition, which is still mass-produced, was performed in 2020.

The ammunition electronics used in 35 mm Airburst Ammunition are produced in an automated electromechanical fuse line installed at the ASELSAN Macunköy Facility. More than 40 thousand productions were realized in 2020.

Development of the optimized version of the ATOM 35 mm Airburst Ammunition effective against UAV and infantry target set is initiated.

Modernization of Mortar And Howitzer Munitions

ASELSAN carries outwork on ammunition to be directed to the target by correcting in terms of distance to increase the strike precision of the artillery and mortar ammunition. In this context, development works was carried out for Course Correction Kit (MDK), that allows the fins integrated with the fuse to open at the specified

time by using the deviation in the measured muzzle velocity of the ammunition and corrects the range of the ammunition by deployment of the air brake, are carried out. In 2020, the design activities of the MDK were carried out and preliminary prototypes were produced, and the first firing tests were successfully performed.

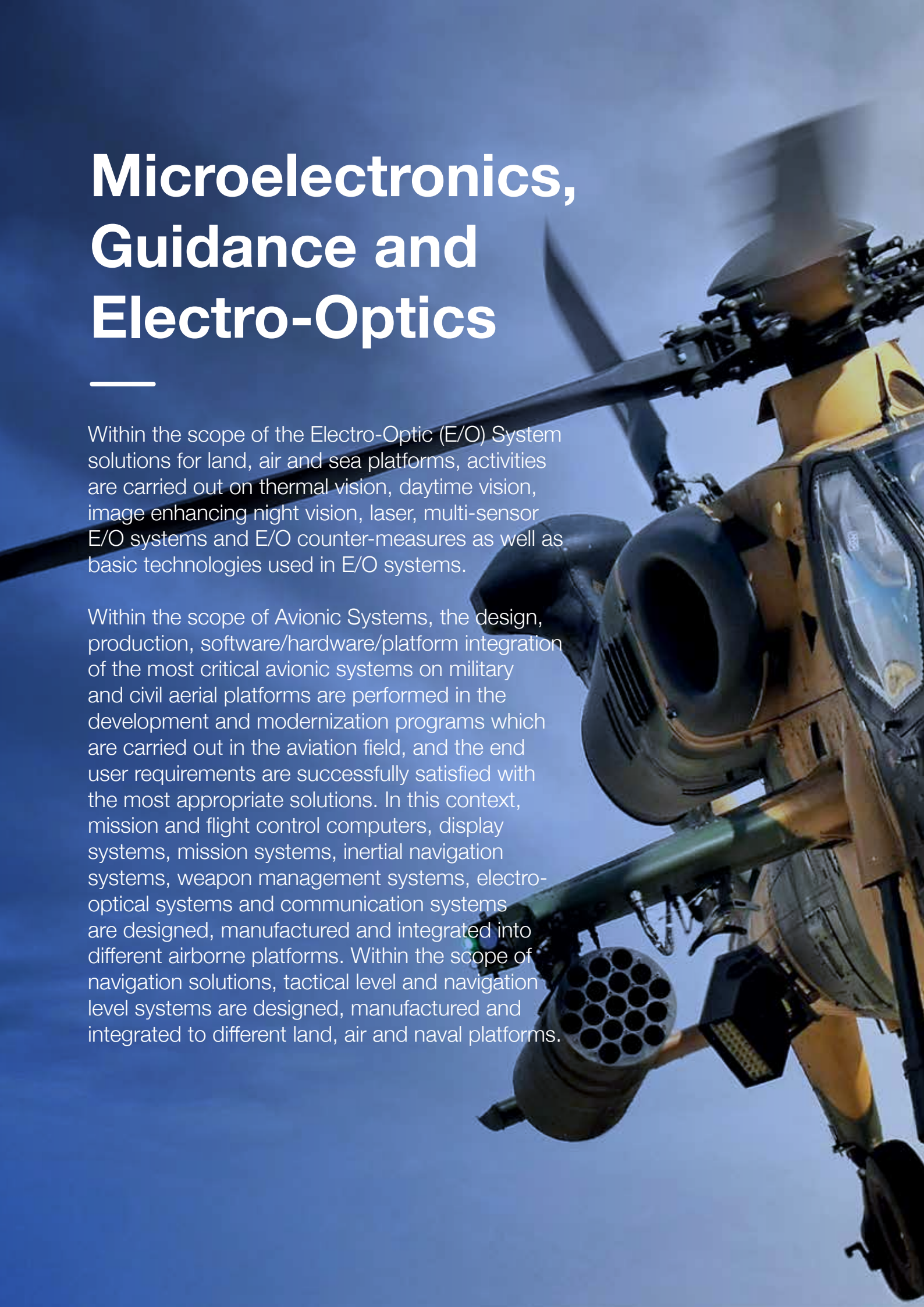
Active Protection Systems

Active Protection Systems are self-defense systems that detect the threat ammunitions (anti-tank rockets, etc.) approaching the protected vehicle/area and enable the threat to be triggered or destroyed at a certain distance, and that need to be developed taking into account threat characteristics, platform constraints, and requirements on collateral damage. ASELSAN continues its active protection system development studies for various platforms; using its experience in sensors, weapon and ammunition. In this regard, the development project for KAMA Active Protection System, that is effective at close range and with low collateral damage, was initiated with ASELSAN's equity.

Microelectronics, Guidance and Electro-Optics

Within the scope of the Electro-Optic (E/O) System solutions for land, air and sea platforms, activities are carried out on thermal vision, daytime vision, image enhancing night vision, laser, multi-sensor E/O systems and E/O counter-measures as well as basic technologies used in E/O systems.

Within the scope of Avionic Systems, the design, production, software/hardware/platform integration of the most critical avionic systems on military and civil aerial platforms are performed in the development and modernization programs which are carried out in the aviation field, and the end user requirements are successfully satisfied with the most appropriate solutions. In this context, mission and flight control computers, display systems, mission systems, inertial navigation systems, weapon management systems, electro-optical systems and communication systems are designed, manufactured and integrated into different airborne platforms. Within the scope of navigation solutions, tactical level and navigation level systems are designed, manufactured and integrated to different land, air and naval platforms.





Microelectronics, Guidance and Electro-Optics

Mass production of DRAGONEYE EO Sensor System was initiated in 2019, and the amount of deliveries exceeded 500 sets in a short time.

Within the scope of the needs of Gendarmerie General Command, deliveries of 1x-4x Day Sights were completed and delivery of 1.5x-6x Day Sights has started.



DORUK EO Sensor System



T360D Thermal Weapon Sight

Electro-Optic Systems

As a part of the Electro-Optic (E/O) System solutions for land, air and sea platforms, activities are carried out on thermal vision, daytime vision, image enhancing night vision, laser, multi-sensor E/O systems and E/O counter-measures as well as basic technologies used in E/O systems.

Portable Tactical Electro-Optic Systems

Within the scope of the needs of Gendarmerie General Command, deliveries of 1x-4x Day Sights were completed and delivery of 1.5x-6x Day Sights has started.

Under the Commando Modern EO Systems supply project, deliveries of 1x-4x, 1.5x-6x Day Sights, Reflex Sight, 3-12x50 Sniper Scope, Thermal and Night Vision Attachment devices were continued.

Deliveries of GEZGİN Thermal Cameras to Uzbekistan Ministry of Defense and Navy have been completed.

Two sales contracts were signed with the Polish Border Security for the procurement of GÖZ MOBİL Thermal Binoculars, and the devices were delivered.

Dual-Use Thermal Weapon Sight and KESKİNGÖZ EO Sensor System deliveries for the needs of Gendarmerie General Command were completed.

Thermal Weapon Sights to be used with NATO SPA Stinger weapon systems were delivered.

DORUK EO Sensor System deliveries required by the Land Forces Command were completed.

Under the Medium Range Anti-Tank Firing System (OMTAS) Project, OMTAS Fire Control Unit Surveillance Unit (AKÜ-GB) deliveries were made to the Main Contractor ROKETSAN A.Ş.

By signing the Modernization of Mortars Project Contract between SST Business Sector and SSB, it is aimed to start the deliveries of ALRF-50 LRF and ALRF-100 LRF as the business share of MGEO Business Sector as of 2021.

Within the scope of the LRF Procurement Project signed between MGEO Business Sector and SSB, it is envisaged that ALRF-50 LRF, which is an original design of ASELSAN, will be delivered to the Land Forces Command. Deliveries are planned to start as of 2021.

Electro-Optic Reconnaissance Systems

The deliveries of ATS-70/71 cameras within the scope of SARP UKSS with nearly 3,500 deliveries continued successfully in the 2020 operating period.

The mass production activities were being continued within the scope of DRAGONEYE Project. Deliveries were made within the scope of contracts for the needs of Land Forces Command, Qatar Armed Forces and the Ministry of Defense of Azerbaijan.

Within the scope of the M60T Modernization (FIRAT) Project, deliveries of YAMGOZ (Close Range Surveillance System), TSGS (Tank Driver Vision System), TLUS (Tank Laser Warning System), ATS-70 and ATS-60 EO Sight units were completed.

Within the scope of the M60T Tank Modernization, the first firing tests with the new generation Fire Control System and the KARTALGÖZÜ-15 Gunner's Periscope were successfully completed.

The deliveries of ŞAHİNGÖZÜ-MW Systems are being continued within the scope of the EU Border Security System Project and the needs of the Gendarmerie Security Command.

Within the scope of the Modular Base Security Solutions (MGUB) Project, DRAGONEYE EO System, ŞAHİNGÖZÜ-MW EO System, YAMGOZ and ATS-70 UKSS EO Sight were delivered.

Within the scope of the Armored Combat Vehicles (ZMA) Mod. Project, TLUS, TSGS, YAMGOZ and ATS-65 were delivered.

The installation of the GÖZ-SWIR Camera at the Land Forces Command base points was started.

Within the scope of the KORKUT and 35 mm HSSM PTM Projects, deliveries of Thermal Camera, Laser Range Finder and Daylight Camera are being continued.

Deliveries regarding the GÖZ-LR-S Thermal Camera supply contract signed for the need of a foreign client's missile sight were completed.

Within the scope of the IHTAR Project, the delivery of EO units and the installation on the field are being continued.



CATS EO Reconnaissance, Surveillance and Targeting System

Electro-Optic Targeting Systems

Within the scope of CATS Electro Optical, Reconnaissance, Surveillance and Targeting System flight activities, integration to Bayraktar TB2 platform were completed. In the live bomb drops made using ammunition without warhead, the target was hit successfully. The system has been transferred to mass production and production activities continue. In addition, development activities have been initiated on the ASEFLIR F500C system, which is a state of the art EO targeting system meeting or exceeding the technical capabilities of all competing systems in the market.

While the mass production works of the ASELPOT system continue, deliveries are being made within the scope of domestic and international contracts.



DRAGONEYE EO Sensor System

System development studies continue for ASEFLIR-R400D system which is the EO Reconnaissance and Surveillance system being developed for utility helicopters.

Deliveries of ASEFLIR-300T EO Reconnaissance, Surveillance and Targeting System has been realized.

Integrated EO System (IEOS) Tech. Dev. Project Engineering Studies progressing within the scope of National Fighter Aircraft (TF-X) Development Program continue.

Studies on new systems for the Directed Infrared Countermeasure (DIRCM) and Missile Warning Systems for the EO Countermeasure System family are in progress.

Naval Electro-Optic Systems

The serial production phase of Seaeye-AHTAPOT Systems has been initiated as a part of the contract between Turkish MoD ve ASELSAN. The contract is signed to meet the reconnaissance, surveillance and fire control needs of the battleships commissioned within the ranks of Turkish Navy.

A contract was signed for the 5th Ship of MILGEM Project, including the next generation Electro Optical reconnaissance, surveillance and fire control Systems. Within the scope of TVEG Project, sea trials of EO systems has been completed. Within the scope of the LHD Project, Factory Acceptance Tests for two Seaeye-AHTAPOT and PIRI Infrared Search and Tracking System (IRST) were completed.

Sea Acceptance Test activities for Seaeye-YUNUS II Coastal Surveillance Systems on Çavuş Island and Hopa Coast Guard Station have been completed.

Microelectronics, Guidance and Electro-Optics

The deliveries of ASELSAN's Naval Electro Optics, "The Eyes on the Seas," continued.



Seaeeye-AHTAPOT Electro Optical Director



Seaeeye-MARTI
Maritime Surveillance and Navigation Camera



Seaeeye-ORFOZ
Coastline Surveillance System

Deliveries of Seaeeye-KIRLANGIÇ Systems has been started to Turkish Coast Guard Command.

Seaeeye-MARTI systems has been delivered to Marine Police Boats of Turkish Police Force. Seaeeye-MARTI systems integration operations were carried out within the scope of ongoing contracts with Turkish Coast Guard Command.

Next generation GÖZ-D Thermal Cameras were delivered for RWS's produced by SST Business Sector.

Electro-Optic Products Programs

A100 Monocular, A200 Binocular and A510 Binocular night vision devices and thermal systems were delivered to domestic and international users.



A510 Binocular Night Vision Goggle

While high-volume deliveries of the A100, A200 and A500 devices were completed in 2020 in line with the needs of the Gendarmerie General Command, Special Forces Command and other security forces in Turkey, the necessary infrastructure activities were established to deliver the A series devices in 2021 within the scope of the contracts signed with customers in the Far East and North Africa.

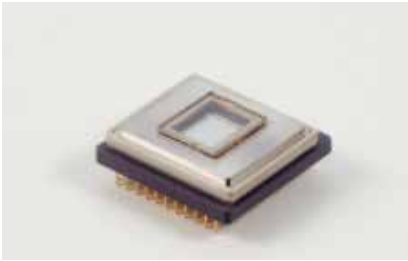
The production kits of Night Vision devices were delivered to Kazakhstan ASELSAN Engineering (KAE) LLP, an ASELSAN subsidiary established in Kazakhstan.

Infrared Photon Detectors Used in Electro-Optic Systems

Within the scope of NAR (Infrared Detector Assembly Development) Project, development activities of Midwave Infrared (MWIR) Mercury Cadmium Telluride (MCT) Cooled Infrared Photon Detector were continued. The qualification activities of the Integrated Detector Dewar



*MCT IDDCA (NAR Project Prototype 1)
Developed for ASELSAN Reconnaissance and
Surveillance Cameras*



*SWIR Detector Developed for ASELSAN
GÖZ-SWIR Camera*



Cooler Assembly (IDDCA), which was developed for reconnaissance and surveillance cameras and contains the MCT layers grown by ASELSAN, continued.

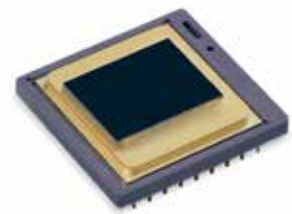
Within the scope of the National Fighter Development (TFX) Program, Integrated Electro-Optical System Technology Development Project, both MWIR and LWIR (Longwave Infrared) MCT detector development activities continued in 2020.

The activities for the development of Joule Thomson coolers, which are the critical subcomponents of the IDDCAs used in the missile seekers, T2SL (Type 2 Super-lattice) cooled infrared photon detector, and SWIR (Shortwave Infrared) uncooled photon detector continued. As of the point reached in the indigenous SWIR detector development activities, the configuration of the GÖZ-SWIR camera using the indigenous detector is planned to be released in the first half of 2021.

SAFIR-640 Microbolometer Detectors

At the ASELSAN Microbolometer production facility, thermal weapon sights, reconnaissance and surveillance systems and prototype detectors used in missile seekers were successfully produced, and the detectors were integrated into the Thermal Weapon Sights by having completed their design verification activities. Preparations for the facility to start mass production have been largely completed, and it is aimed to use indigenous microbolometer detectors in products in 2021.

In the production facility, which was commissioned with the UV Solar Blind Image Intensifier Tube production infrastructure established in ASELSAN, the production of image intensifier tubes used in missile warning systems and fiber optical bonding with sensor chips are being carried out.



SAFIR-640 Detector



UV Image Intensifier Tube

Microelectronics, Guidance and Electro-Optics

Flight qualification tests were carried out with the Integrated Central Control Computer developed for the ATAK Phase-2 Helicopter, and the development studies of the Phase-3 configuration architecture were initiated.



Avionic Systems

Avionic systems design, manufacturing and integration activities regarding Turkish Utility Helicopter, Turkish Light Utility Helicopter (GOKBEY), Gendarmerie Helicopter Modernization, Turkish Special Forces Helicopter Modernization, IFF Mode 5/S Integration to Airborne Platforms, ATAK, ANKA, TEMREN and HÜRKUŞ-B New Generation Basic Trainer Aircraft Programs, for which ASELSAN is the main avionics integrator, were carried out successfully.

Helicopter Programs

ASELSAN is responsible for the development of hardware and software of Avionic Central Control Computer (ACCC), development and integration of all other avionic and weapon systems managed by ACCC for the ATAK Program. Besides, serial production, delivery of avionic systems

and technical support activities for the program are performed. Deliveries of 9 EDH Helicopters, 29 ATAK Phase-1 Helicopters, 21 ATAK Phase-2 Helicopters were completed in the Program. 21 kits were delivered for 24 EGEMEN Helicopters needed for the Republic of Turkey, Ministry of Interior.

Flight qualification tests were carried out with the Integrated Central Control Computer developed for the ATAK Phase-2 Helicopter, and the development studies of the Phase-3 configuration architecture were initiated.

Flight management, navigation, electro-optics, communication, radar, electronic warfare, weapon and mission systems developed by ASELSAN are successfully used in operations performed by the Turkish Armed Forces and foreign users. In addition to the activities in the military field, activities on civilian avionics has also been accelerated.

In the Turkish Utility Helicopter Program, development, production and integration of mission, navigation, communication and electronic warfare systems are conducted by ASELSAN as per the contracts signed with Sikorsky Aircraft Company and TAI. Development, testing and verification processes have been continued under the Program. Platform initial flight tests are scheduled to be performed in the second half of year 2021.

Within the scope of the 6 S-70A Helicopters of the Special Forces Command Avionics Modernization Program (DOĞAN), the modernization of 2 helicopters were completed, and serial integration activities have been continued successfully.

“Program Management and ILS” service was completed for the modernization of AH-1 Cobra Helicopters of a foreign customer with the completion of kits and supply materials deliveries. Regarding the program field support is being provided to TAI during the serial integration phase.

As a part of GOKBEY Light Utility Helicopter Program, for military and civilian purpose light utility helicopter prototypes, development of cockpit avionics, automatic flight control computers, health and usage monitoring computers, mission and flight management software as a national project, and integration of the systems into helicopters were performed by ASELSAN as per civil certification. In this regard, deliveries of systems for civilian helicopters were completed. Certification flights of GOKBEY civil configuration helicopter have been still ongoing.

Within the scope of contract for the supply of HTAWS (Helicopter Terrain Awareness and Warning System) signed with STM, serial integration activities were continued for the helicopters of 7 different end users.

The integration activities of the TEMREN Guidance Missiles to S-70B Sea Hawk Helicopters of Turkish Naval Forces have been still continued.

ASELSAN Avionic Suit Development and Civil Certification Internally Funded R&D Project Board Evaluation were completed.



Aircraft Programs

Under ANKA UAV Program, Flight Control Computer Mission Computer, Inertial Navigation System, Electro-Optical Reconnaissance, Surveillance and Targeting System (CATS) are indigenously developed and integrated by ASELSAN.

Under the New Generation Basic Trainer Aircraft Project (HÜRKUŞ-B), mission computer and digital cockpit display units, ASELSAN Navigation System and Internal Communication System were developed, and the integration of other platform equipment to the mission computer was completed. In addition, Digital Map Software was developed and integrated to Operational Flight Program (OFP) within the scope of the program.

In order to be used in HÜRKUŞ-B aircraft simulator as part of the HÜRSİM Project, the software (MKB and GMFD-68) developed by ASELSAN which is running on a real-time operating system is transformed into simulated software running in the Windows operating system environment. The first delivery of this software version is completed in accordance with the program schedule.

Regarding the negotiations between TAI and ASELSAN for the involvement of ASELSAN avionic systems in the HÜRJET aircraft program, orders were received from TAI for off-to-shelf

ASELSAN - Internal Communication, Navigation, Airborne Radio and IFF Systems.

Radio Navigation Equipment (RNE) and its subsystems (TACAN/DME/VOR/ILS/ADF), which are currently procured from foreign countries in the use of airborne platforms, are being developed with ASELSAN's own resources together with the subcontractor company ESEN, and the Critical Design phase has been completed in the project.

Within the scope of the ELMAS project signed with SSB, it is aimed to develop 10 inch ruggedized LCD Display Unit, Graphene-based OLED and ITO-based Polymer OLED display modules. Acceptance tests of 3 out of 6 different prototypes to be delivered were completed.

ASELSAN Avionic Suit Development and Civil Certification Internally Funded R&D Project Board Evaluation were completed and project is initiated.

The Airborne Platform Capability Enhancement Project Contract was signed between a brother country and ASELSAN, the serial integration activities for two platforms were completed within the scope of the program.

As a part of the TF-X National Fighter Aircraft Program, contract negotiations have been continued for Flight Control System Sensors and Helmet Integrated Display System, and the contracts are expected to be signed in 2021.

Microelectronics, Guidance and Electro-Optics

Factory acceptance tests of 12 Naval Gyro systems for Gabya and Barbaros class frigates for the needs of the Naval Forces Command were completed.

ASELSAN's indigenous navigation system ANS-600 was integrated into a foreign customer's fighter aircraft, and the platform was used effectively in the field as the aircraft's capability was significantly increased.



Within the scope of Turkish Air Forces and Turkish Naval Forces IFF Mode 5/S Air Platform Integration Project and Turkish Land Forces Digital Radio and IFF Mode-5 Integration Projects, integration activities of ASELSAN indigenous systems into the platforms are carried out. ASELSAN Mode 5/S Transponder integration activity was completed with the 1st HBF Directorate for F-16 BLOK 30TM model prototype aircraft, and Flight Tests were successfully concluded.

for the New Generation FIRTINA Howitzer Program were delivered for the requirements of the Turkish Land Forces. Within the scope of the Special Purpose Tactical Wheeled Armored Vehicle Project (OMTTZA), it is aimed to complete the development activities of the tactical grade national ANS-420K device and start deliveries in 2021.

Factory acceptance tests of 12 Naval Gyro systems for Gabya and Barbaros class frigates for the needs of the Naval Forces Command were completed.



Navigation Programs

The navigation requirement of Turkish Armed Forces has been satisfied by manufacturing and integration of tactical and navigation grade inertial navigation systems to land, naval and airborne platforms through different programs since 2010.

With the Precision Guidance Kit integrated with the Kılavuz-20, great success was achieved in firing without GPS support. In this direction, studies were maintained to use the Kılavuz-20 Inertial Measurement Unit in other versions of the guidance kits.

A total of 251 land navigation systems were delivered in 2020, including STR EIRS, Kalkan, ADESTIM, KORKUT, KORKUT AIC, Sakarya, Boran, New Generation Firtina, Siper and our export project AGAMA. Full national 3 ANS-600K Inertial Land Navigation Systems



Guidance and Unmanned Systems

Miniature Bomb (MB) Development Project

Under the project, a long-range, GPS/INS guided MB that can be used against reinforced concrete surface targets, and a Smart Quadruple Carriage Rack which can carry 4 MBs has been developed, and certification tests for the F-16 fighter aircraft have been successfully completed with the firing on the concrete target.

Precision Guidance Kit (HGK-82/84) Mass Production Project

Within the scope of the contract signed with the Turkish MoD, HGK-84 kits were produced and delivered. The HGK-84 Laser Seeker (LAB) mass production line was established, and the first batch of LAB was produced and delivered to the Turkish Air Force Command. As a part of the contract signed with SSB, the mass production line for the Precision Guidance Kit (HGK-82) that can be used with MK-82 utility bombs was established, and the produced kits were delivered to the Air Force Command.

Project of Integration of National Munitions into TF-X

Within the scope of the contract signed with TAI, studies for the integration of the Miniature Bomb, Smart Multiple Carriage Rack and Laser Guided Bomb into the National Fighter Aircraft were started.

HİSAR A+ and HİSAR O+ Infrared Seeker Development Projects

Within the scope of the HİSAR A+ project, the seeker firing tests were carried out. In the HİSAR A+ acceptance test, the missile, which was guided by the seeker in the terminal guidance phase, destroyed its target in the air with a direct hit.

Within the scope of the development activities of the HİSAR O+ Project, studies were carried out with firing tests.

Laser Guidance Kit - 82/84 Mass Production Project

The deliveries of Laser Guidance Kits (LGK-82, LGK-84), which transform MK-82 and MK-84 bombs into laser guided bombs, continued regarding the need of the Air Force Command.



KARAOK Infrared Seeker Development Project

The KARAOK Anti-Tank Missile using the delivered Infrared Seeker hit the target with a direct hit in the first test launch of the guided missile.

Mass Production Project of Long Range Anti-Tank Missile (UMTAS) Infrared Seeker

UMTAS Infrared Seeker mass production activities continued and an additional supply contract was signed within the scope of the project.

Mass Production Project of OMTAS (Medium Range Anti-Tank Missile) Infrared Seeker

OMTAS anti-tank missiles, to which the delivered Infrared Seekers were integrated, have entered in the inventory of the TAF.

Within the scope of the Kubbe Project, OMTAS Infrared Seekers using domestic domes produced at ASELSAN MGEO facilities were produced.

Within the scope of the contract signed with the Turkish MoD, HGK-84 kits were produced and delivered.



Microelectronics, Guidance and Electro-Optics

Development activities continued within the scope of the Middle Class 1st Level Unmanned Ground Vehicle Competition and Proposal to be held by SSB.



Ertuğrul Explosive Ordnance Disposal Robot

Within the scope of the contract signed with SSB, deliveries were completed. Improvement activities continued on the robot based on customer feedback.

Middle Class 1st Level Unmanned Ground Vehicle

Development activities continued within the scope of the Middle Class 1st Level Unmanned Ground Vehicle Competition and Proposal to be held by SSB.

Middle Class 2nd Level Unmanned Ground Vehicle

Middle Class 2nd Level Unmanned Ground Vehicle Project was signed with SSB. Development activities continued within the scope of the project.

Unmanned Surface Target Boat Purchase Service

Within the scope of the project, 2 ALBATROS-T deliveries were made in the Eastern Mediterranean and North Aegean.

New Type Semi-Autonomous Survey Boat

Within the scope of the contract signed with the Turkish MoD, 2 Survey Boats were delivered to the Naval Forces Command.





The delivery activities of SERÇE-1 and SERÇE-2 systems have been successfully completed in the 2020 operating period.



Saka Unmanned Aerial Vehicle R&D Project

Flight tests were successfully carried out with the aerial vehicle weighing less than 500 grams, which incorporated the original propulsion system and flight controller hardware, software and algorithms.

Karagöz Aerostat Wide Area Surveillance (BGAG) System

Aerostat Integration Studies of 2 ATMACA and 1 Wide Area Surveillance Systems, the delivery of which was performed, were successfully completed.

SERÇE Multi-Rotor Unmanned Aerial System

The delivery activities of SERÇE-1 and SERÇE-2 systems have been successfully completed in the 2020 operating period. SERÇE-3 system, which includes additional features in line with the needs of the users, was developed. With this system, studies were carried out for jamming scenarios common in the field, and flight tests were realized in various regions under intense jamming.

Kamikaze Multi-Rotor UAV System

Studies continued to develop versions of the Kamikaze Multi-Rotor UAV system, which was designed within the scope of the cooperation agreement

signed with ROKETSAN, with different operating principles.

ARI-1T Rotary Wing Mini UAV System

With TURKCELL, studies were carried out to meet the temporary communication need with the ARI-1T Rotary Wing Mini UAV System in a certain region in case of disasters and similar emergencies.

Swarm UAV R&D Project

Within the scope of the project, swarm algorithm and flight controller development and integration studies continued. The demonstration of formation and avoidance movements with 4 UAVs was successfully completed.

Tepegöz Tethered Persistent Surveillance System R&D Project

System development and business development activities continued within the scope of the project. Flight demonstrations were successfully carried out for the EGM Communication Department.

Tepegöz-JEMUS Tethered Persistent Drone System Project

Within the scope of JEMUS 8 Project, of which HBT Business Sector was the main contractor, a 7-system "Tethered Drone" contract was signed with SSB.

Radar and Electronic Warfare Systems

Within the scope of the Sectoral Directorate of Radar and Electronic Warfare, development and production activities are continued in order to meet the radar and electronic warfare needs of domestic, especially the Turkish Armed Forces, and foreign users, with products that are capable of beyond the capabilities of peer systems in a way to cover the solutions for current and future threats. ASELSAN will be determined to continue creating cost-effective solutions in a very short time for different usage needs with its expanding product range on land, sea, air and space with the aim of being the first to come to mind on the subject of radar and electronic warfare manufacturer in the world, the leader in technology, and a respected and trusted company.





Radar and Electronic Warfare Systems

For studies in Electronic Warfare field, ASELSAN has been working with several strategic partners who are specialized in the field.



High-tech Electronic Warfare Systems used extensively in national defense, asymmetric warfare and civilian usage are developed genuinely and domestically in order to increase the survivability of platforms, estimate the direction and location of the targets, provide situational awareness, disrupt and monitor target communication and radar systems. Besides ASELSAN's domestic programs, ASELSAN also focused on export activities to meet the needs for electronic warfare systems of friendly and allied countries. ASELSAN also undertook several concept development activities to introduce latest technologies and improve existing systems in line with the developing technology.

Threats and operational concepts are constantly evolving; in light of these developments, EW systems also have to exhibit a continuous development. In this direction, 10-year comprehensive road maps were created considering the current and future threat factors, spectrum usage needs of friendly forces, domestic and international market needs; internally funded R&D activities for critical areas were initiated.

For studies in Electronic Warfare field, ASELSAN has been working with several strategic partners who are specialized in the field. For this purpose; working with universities, SMEs and sub-industry companies, studies have been intensively carried out in accordance with the strategic plans to supply any materials and services that are possible to access in the country from domestic and national sources.

Electronic Warfare (EW) Systems play a critical role as a force multiplier in the battlefield with state-of-the-art solutions.

Electronic Warfare Systems

The role of ASELSAN's activities in the field of electronic warfare in times of peace and war, its importance for our country, and the necessity of being indigenous and national was uncontroversibly proven with the successes achieved in 2020. Electronic warfare activities have been continued in cooperation with the Turkish Armed Forces and public institutions without slowing down even under pandemic conditions.

Electronic Warfare (EW) Systems play a critical role as a force multiplier in the battlefield with state-of-the-art solutions. In accordance with the goals in 2020, business development, design, production, platform integration, delivery and post-delivery support activities related to EW systems that would serve on different platforms were continued within the scope of various projects.

In 2020, business development activities were carried out to meet the EW needs, and contracts were signed for many systems, products and services.

KARAKULAK System was introduced to the use of our country with the ceremony attended by our President on November 12th, 2020. Systems have already taken their place in the field and started to work. As announced at the same ceremony, one of the most critical steps towards the protection of our country against future threats was taken by starting the studies of the Next Generation KORAL system.

PULAT, the first Tank Electronic Warfare Active Protection System of our country, entered the inventory in 2020 and took its place in the field, making our country the third country in the world to use a product of this level in the field. While intensely continuing the development activities for the AKKOR Active Protection System, it is aimed to be completed by 2021.

The verification of the new generation radar electronic support system (REDET-2) was completed, and it was put into use by having been transferred to its duty stations in the field. Similarly, the RAKAS system was put into use by taking its place in the field.

ARES series surface and underwater electronic support systems were delivered to many users in Turkey and abroad, and started to perform their duties.

Hundreds of systems from suitcase, manpack and vehicle type GERGEDAN™, KANGAL™, KIRPi™, İHASAVAR™ and MİRKET™ products were delivered, and all successfully proven their effectiveness in many operations.

KARTACA, the new generation Countermeasure Launcher System compatible with the world standards and Smart Store Communication Interface (SSCI), was made ready for use.

KARETTA, the first 8-channel, jam-resistant GPS receiver product of our country, was put into use in the field.

In order to meet the needs in the civilian usage, a National Spectrum Monitoring System was provided to the



Information Technologies Authority and was put into use.

3 sets of Electronic Support Systems for New Type Submarines were delivered and the acceptances were completed.

EW systems development and production activities were continued within the scope of the Airborne SOJ project.

Within the scope of the National Fighter Aircraft Integrated RF System Development Project, both critical technology development and product requirements definition activities were continued.

BARBAROS Class Frigates Mid-Life Modernization design, development and production activities were carried out within the scope of the EW Suite Contract.

The design, development, verification and production activities of Electronic Support (ES) systems for surface and submarine platforms belonging to the Pakistan Navy were carried out.

Under the HEWS RWR/RFJ/LWR/SCPU Procurement and Integration Contract, ASELSAN continued the mass-produced HEWS deliveries, and delivered a large number of systems and Group-A kits within the scope of mass production.

Technical support was provided for the EW Self-Protection Systems in ATAK Helicopters regarding the helicopter integration of the Phase-2 systems; system deliveries were made. Within the scope of the Utility Helicopter

Project, EW Self-Protection System deliveries were made, and technical documentation and support were provided.

Activities for UAV and Swarm UAV EW solutions, deep learning, cognitive electronic warfare, network-based EW, and directed energy solutions for different uses, which are among the technologies of the future, were continued; the goals of each solution were defined with road maps.

Business development, concept definition, design and production activities continued for many other projects which were carried out confidentially due to the nature of electronic warfare activities.

ASELSAN aims to continue to work with all its might to meet all the electronic warfare needs of our country and its allied forces, to provide our country with the most critical capabilities that concern its survival, and to develop this capability, which has become the force multiplier of wars, day by day.



Radar and Electronic Warfare Systems

Business development, conceptual definition, design, production, platform integration, testing, delivery and post-delivery support activities for radars developed to serve on different platforms for different operational needs were continued.



From this point of view, all new threat types transmitted by the Turkish Armed Forces were rapidly analyzed, and these were ensured to be added to the target set of radars.

Radar Systems

Product development, improvement and production activities to meet the needs of the Turkish Armed Forces for radar systems with domestic and national products were carried out intensely in cooperation with the leading universities and domestic solution partners of our country through the design, production and test infrastructures installed in the ASELSAN Gölbaşı Radar and Electronic Warfare Technology Center.

Business development, conceptual definition, design, production, platform integration, testing, delivery and post-delivery support activities for radars developed to serve on different platforms for different operational needs were continued. In line with the international demands received during the year, several bids were submitted for radars. In addition, business development and demo/test activities were carried out with customers.

In these studies carried out in the radar activity field; it was aimed to meet the radar needs of the Turkish Armed Forces in short delivery times with high-tech original systems. The ability of existing radars and the ones under development to produce solutions suitable for today's and future threat environment in parallel with the rapidly developing and changing technology was determined as the main purpose. From this point of view, all new threat types transmitted by the Turkish Armed Forces were rapidly analyzed, and these were ensured to be added to the target set of radars.

Thanks to the high level of capability reached by our radar systems, short production times and our after-sales support offering fast solutions, it is aimed to increase the sales volume of our radar systems abroad and to expand the field of activity with civilian radar applications.



The mass production of our Medium Altitude Air Defense Radar Systems proceeded, and the deliveries of the lot were made as planned.

Mass production of Search and Track Radar for Low Altitude Air Defense Gun and Missile Systems carried out with the Presidency of Defense Industry was continued. Firing tests were successfully carried out within the scope of the HiSAR A Project.

The mass production of our Medium Altitude Air Defense Radar Systems proceeded, and the deliveries of the lot were made as planned.

Production and verification activities of the Portable Early Warning Radar Systems with Active Phased Array, Electronic Scanning (AESA) antenna structure carried out for the Early Warning Radar System needs of our Air Force Command were continued.

The system and subsystem design activities of the radar systems needed within the scope of the Long Range Region Air and Missile Defense System were continued. In this context, prototype production activities have been started.

After the low and medium altitude air defense radars, the development studies of the high altitude long range air defense radar system are also aimed to be completed by the end of 2021.

Studies in the field of Weapon and Explosive Locating Radar Systems were continued. In this direction, the deliveries within the scope of the contract were made, and development studies for long-range AESA Weapon Locating Radar, short-range locating radars used for armored vehicle protection and underground imaging radar were carried out.

Deliveries for gaining additional capabilities to SARPER synthetic aperture radar systems integrated into ANKA Unmanned Aerial Vehicles were completed. Business development activities for domestic and international sales of the SARPER system were carried out, and discussions were held with platform manufacturers and user authorities about needs and technical solutions.

Studies on the evaluation of the outputs produced by Synthetic Aperture Radars were continued with our solution partners.

Studies on localization of critical components of radars were continued. In this regard, prototype production stages were started in the projects carried out with AB Micro Nano, which is a subsidiary of ASELSAN. Components produced by AB Micro Nano are aimed to be used in AESA radars.

Radar and Electronic Warfare Systems



Design and development activities were continued to introduce new radar systems.

In 2020, important decisions were taken and studies were initiated in Radar studies for the Naval Platform. As of the end of 2020, development and production activities were continued to completely provide Search, Track, LPI Navigation Radars for all platforms from small platforms such as assault boats to large platforms of destroyer class. Radar systems were produced and integrated into the relevant platforms within the scope of the urgent needs of the Turkish Navy. Deliveries and platform integration activities of ALPER FMCW Naval LPI Radars produced for foreign customers were carried out.

Development works were continued for a large number of missiles with the mission of domestic Radar Seeker for domestic missiles. As part of the live firing tests of the missiles, it was

observed that the Radar Seekers were successfully operating. Studies on surface navigation, air defense, air-to-air and air-to-ground missiles were successfully carried out.

Within the scope of the contracts for the use of ACAR Surveillance Radars Family in different applications in the country and abroad, production, installation and delivery activities were continued intensely. In addition to the production of different configurations of ACAR Radar developed for land and UAV targets, capability enhancement activities were also carried out for existing configurations. Considering the developing speed and maneuverability of the UAV targets, the radar features were improved. This capability increase was quickly applied to the radars that played an active role in protecting the most critical facilities in the country.

In line with the urgent need of the Turkish Armed Forces, the foliage penetration radar, which has been developed to perform tasks such as identifying and tracking moving targets within the vegetation and forest, was produced in a very short time, brought into the inventory and put into service in the field.

IHOR, which has been developed by ASELSAN as the first national Muzzle Velocity Measurement Radar, was integrated on the Firtina Howitzer, and proved itself by measuring the muzzle velocity of the bullet with high accuracy in artillery launch at different gunpowder quantities and projectile speeds in the launches.

IHOR production for land and naval platforms was continued, and its first export was completed by having delivered its international sales. Within the scope of the contract signed with the General Directorate of Coastal Safety, the Ministry of Transport for coastal surveillance and ship traffic management, all REIS radars, the new version of the SERDAR-7M radar system, were installed and put into service. With the completion of the acceptance activities, the entry-exit traffic of the Istanbul and Çanakkale Straits will be managed by ASELSAN REHİS Radars.

Sectoral interest in SERDAR Radars, which is the Coastal Surveillance Radar System, is increasing. Production for new orders and factory acceptance tests were completed. Radar production continues for similar needs of the Naval Forces Command for different positions.

Prototype development and system integration tests of the Meteorology Radar, developed by ASELSAN to meet the X-Band Meteorology Radar need of the General Directorate of Meteorology in the future, were successfully completed, and field tests have been ongoing.

In the near future, the production of radar systems that will provide the broadest coverage and fill gaps in the airspace of Turkey and its surroundings will be completed. It is aimed to start integration activities with existing and new aerial vehicles as a result of



high-tech radar development studies for aerial vehicles, together with the systems on land and at sea.

Emphasis is placed on signal processing and software technologies in order to bring new usage features to systems in which large amount of data obtained in the digitized world are used in a more detailed way and also more efficiently with machine learning-based intelligent processes. It is aimed to continue the development studies of radar systems that work autonomously, make decisions and produce more effective results by combining the data from other radars in the upcoming period.

ASELSAN has reached a level to compete with the leading radar manufacturers in the world thanks to its activities in the field of radar for 30 years.

Thanks to the vision created by the company, it is planned to continue to meet the radar needs of both our country and friendly and allied countries with constantly developing products, together with new design and production technologies.



Radar and Electronic Warfare Systems

REHİS Business Sector's Management System is in confidence with AS9100, AQAP2310, ISO20000 standards and CMMI Ver1.3 Model Level 3 requirements. Certification activities followed in 2020 for these standards and models. In addition, Design Organization activities are accomplished in accordance with EASA Part 21.

Quality Management Activities



REHİS AS9100D Recertification Audit Completed

- » REHİS management system is continuously improved by keeping AS9100D Quality Management Systems Requirements for Aviation, Space and Defense Organizations certificate since 2011. REHİS has been awarded this certificate for the fourth time in 2020.
- » Due to COVID-19 pandemic conditions, the audit was completed online between May 4th-8th, 2020. On-site audit of production, delivery, installation and calibration functions performed on October 14th-15th, 2020. The certificate –which is also including ISO9001:2015- will be valid until July 2023.



REHİS Design Organization Manual (DOM) Approved by SSB (Presidency of Defense Industry)

- » Within the scope of activities for DOA (Design Organization Approval), following the field audits, REEK-SY-03 REHİS Design Organization Manual which was prepared in accordance with the EASA Part 21 Aviation Standard is approved in April 2020 by Presidency of Defense Industry. Compliance Verification Engineer (CVE) interviews were completed and CVEs were approved by Presidency of Defence Industries Certification Board.



REHİS AQAP2310 and AQAP2110 Certificates Surveillance Audit Completed

- » With the Surveillance Audit conducted by the Quality Management Department of the Ministry of National Defense on October 2nd, 2020, the certificate – which also includes AQAP 2110- will be valid until September 27th, 2021.



REHİS EMC Laboratory TS EN ISO/IEC 17025 Audit Completed

» Surveillance audit within the scope of the ISO/IEC 17025 General Requirements for the Competence of Test and Calibration Laboratories accreditation certificate, which was received for the first time in December 2018 by the EMC Laboratory affiliated to REHİS Business Sector, was carried out by the Turkish Accreditation Agency (TURKAK) on July 1st-2nd and 6th, 2020, and the permanence of certification was deemed appropriate. Follow-up audits for the scope expansion activities were also carried out on November 20th and November 27th-30th, 2020. Improvements were done after the audit was completed and reported to Turkish Accreditation Agency (TURKAK). TURKAK approved that the certificate will be valid until December 13th, 2022.



REHİS ISO20000 Recertification Audit Completed

» REHİS Business Sector Integrated Logistics Support activities is certified in accordance with ISO/IEC 20000-1: 2011 Service Management System Standard since 2014 and 3rd recertification audit has been performed in accordance with ISO/IEC 20000-1: 2018 on December 7-8-9, 2020. It is the first one and only certificate for the integrated logistics support services in Turkish Defense Industry.

Transportation, Security, Energy, Automation and Healthcare Systems

In 2020, Sectoral Directorate of UGES continued its technology, hardware, software, device and system development, manufacturing, domestic and international sales and after-sales support activities within the scope of transportation, security, energy, automation and health systems for Rail Vehicle Systems, Electric Vehicle Systems, Signalization Systems, Field Security Systems, Facility Security Systems, Urban Security Systems, Intelligent Transportation Systems, Industrial Automation Systems, Life Support and Diagnostic Systems, and Medical Imaging Systems.





Transportation, Security, Energy, Automation and Healthcare Systems

The Auxiliary Power Unit was produced within the scope of the Hybrid Shunting Locomotive and device verification tests were completed within the CESUR unit.



The site acceptance testing for the products developed for the National Train was continued.



Transportation Systems

Rail Vehicle Systems

Traction (Cer) Control Systems

In the traction chain development project, the National Train prototype units have been successfully verified, customer acceptance tests have been performed and the mass production has already begun. ASELSAN products were mounted on the prototype train produced within the scope of the National Train Project, and static and dynamic commissioning tests were completed. The device verification tests of the CESUR Power Unit produced within the scope of the Hybrid Shunting Locomotive were successfully completed, and the customer acceptance stage was reached.

Auxiliary Power Systems

As a part of the auxiliary power units for rail system vehicles such as trams, subways, regional trains, locomotives, etc. during 2020;

- » The site acceptance testing for the products developed for the National Train was continued,
- » Deliveries for ANKARAY vehicles were completed,
- » The Auxiliary Power Unit was produced within the scope of the Hybrid Shunting Locomotive and device verification tests were completed within the CESUR unit.



Halkalı-Istanbul New Airport Signalization System Project was signed in September 2020.

Train Control and Management System

In accordance with the contract signed with TÜVASAŞ, development and prototype production of the Train Control and Monitoring System developed for National Train was finished. The customer acceptance testing were completed. In addition, the hardware of the train control and management system developed for the Hybrid Shunting Locomotive project was produced.

Electrical Main Line Locomotive

With internally funded R&D Projects for Electrical Main Line Locomotives, design and development studies were initiated for train control and management system, traction system and on-board signaling system.

Main Line and Metro Signalization System

On-board ERTMS Level Train Protection (ATP) system development activities continue, and a cooperation agreement has been signed with ALSTOM company. As a part of Metro Signalization System Projects, Automatic Train Control System (ATC), Automatic Train Surveillance System (ATS) and Communication Systems are developed.

The work in Gayrettepe-Istanbul New Airport Signalization System Project has come to an end and the integration activities of the subsystems are continued. Halkalı-Istanbul New Airport Signalization System Project was signed in September 2020.

Transportation, Security, Energy, Automation and Healthcare Systems

The first TEMSA Avenue EV 12 m Electrical Buses with ASELSAN electrical traction system came off the mass production line in 2020.

Besides the development activities realized together with TEMSA and ANADOLU ISUZU automotive groups, sales of electrical vehicle systems to BMC company also started.



Electrical Vehicle & Energy Systems

Electrical Vehicle Systems

Military Electrical Vehicles

Activities on electrical traction systems for both land vehicles and marine vehicles on military platforms also continued successfully in the 2020 operating period. Preliminary studies were initiated on motor, motor drive and power electronics systems for electrical traction systems that could be jointly used especially in military wheeled vehicles. Tests for engine and drive systems, which can also be used for armored tracked vehicles, were completed and made available for use in systems.

Civilian Electrical Vehicles

Besides the development activities realized together with TEMSA and ANADOLU ISUZU automotive groups, sales of electrical vehicle systems to BMC company also started. The mass production work of TEMSA Avenue EV 12 m Electrical Buses with ASELSAN electrical traction system was completed in 2020.

In line with the needs of the municipalities, joint studies were carried out with major metropolitan municipalities, and the promotion and marketing activities of the solutions were carried out.



Within the scope of Alaçatı Wind Power Plant Modernization, development studies for a wind turbine platform with a minimum capacity of 4.0 MW have been initiated. A project supported by ASELSAN's own resources was initiated also to develop a >MW full-scale power converter.

Energy Systems

Renewable Energy Systems

- » In 2020, R&D and design activities were carried out on power conversion in solar systems, and the production of 250 kW series type photovoltaic inverter prototype was completed. In addition, an agreement was signed with the UPS manufacturer Tescom.
- » Within the scope of Alaçatı Wind Power Plant Modernization, development studies for a wind turbine platform with a minimum capacity of 4.0 MW have been initiated. A project supported by ASELSAN's own resources was initiated also to develop a >MW full-scale power converter.

- » Collaboration with ODTÜ GÜNAM in the field of photovoltaic solar energy was continued, and the development of new cell cutting techniques for Shingled PV modules and glass/glass PV module production were included in the TÜBİTAK project.
- » The production of hybrid energy system solutions that provide reliable, economical and clean energy from solar and wind was continued. Production and delivery of GURU Compact Systems to the Turkish Armed Forces have been realized.
- » Also R&D activities to develop a hybrid renewable micro-grid network system have started. This project, which is a joint effort with the METU-TLF, is funded by ASELSAN.

Transportation, Security, Energy, Automation and Healthcare Systems

A part of the Border Security Project (KAYI), systems such as surveillance cameras (EKINOKS), electro-optic sensors (ŞAHİNGÖZÜ), acoustic gunshot detection system (SEDA), ground surveillance radar (ACAR) and the Manned Surveillance Tower, which was applied for the first time under the responsibility of the Turkish MoD, were delivered to the user.



The components to meet the “electronic and physical security,” “Ballistic Protection” and “Surviving” needs along with the requirements to be defined by the Land. System maintenance and logistics support activities have continued at the bases where the system was installed.

Security Systems

Field Security Systems

Activities of Border Security and Security Systems Integrated on Mobile Platforms

A part of the Border Security Project (KAYI), systems such as Surveillance Cameras (EKINOKS), Electro-optic Sensors (ŞAHİNGÖZÜ), Acoustic Gunshot Detection System (SEDA), Ground Surveillance Radar (ACAR) and the Manned Surveillance Tower, which had been applied for the first time under the responsibility of the Turkish MoD, were delivered to the user.

Within the scope of the Supply Project for Increasing the Surveillance Capacity of the Western and Eastern Borders of Turkey (EU-SGS Project), the design activities and factory acceptance tests were successfully completed, and the installation works at the delivery points are carried out rapidly.

SEDA Acoustic Gunshot Detection System demonstrated a very high performance in the shooting tests.

Regarding the urgent security needs of the Turkish Land Forces Command and Turkmenistan Armed Forces, the Portable Mast Surveillance System (MUGAS) was installed, which enables the detection, recognition and tracking of potential threats without the need for infrastructure.

Border Patrol and Base Security

Within the scope of “Batman 14th UAS Base Command, Physical Security and Emergency Operation Needs” Project; Perimeter Security System, Remote Controlled Weapon System Towers, Thermal Camera System poles, Military Security Dogs Dwelling and Unit Perimeter wall installation and commissioning activities were carried out and acceptance activities were completed. In addition, the Remote Controlled Weapon System towers and security management center were installed and acceptance activities were carried out at the Diyarbakir 8th Main Jet Base Command.



In 2020, activities for MGUB-7th, 8th and 9th phases were successfully continued and MGUB-10th Phase Contract was signed. The components to meet the “Electronic and Physical Security,” “Ballistic Protection” and “Surviving” needs along with the requirements to be defined by the Land. System maintenance and logistics support activities have continued at the bases where the system was installed.

Mine/Improvised Explosive Devices (IED) Counter Measures

With the contract signed with BMC for the production of the CAKI system that provides Mine/IED detection and response from a safe distance and inside a safe vehicle via an 8 meter long Robot Arm, explosive ordnance disposal experts were able to fight safely against the Mine/IED threat.

Petroleum and Gas Pipeline Security

Infrastructure Security Systems established within the scope of the Petroleum and Gas Pipeline Security Project was commissioned, and use of Line Security Systems was maintained.

Threats such as sabotage and theft are prevented by using ASELSAN Multipurpose Intelligent Distributed Acoustic Sensor (MIDAS) and other subsystems. Within the project, preparatory activities of deployment were initiated for petroleum and gas pipelines and facilities along Iraq-Turkey Crude Oil Pipeline (ITP).

Coastal Security

The warranty period activities continued for Aksaz and Foça Surface/Underwater Surveillance and Detection System (YUNUS) Project. The YUNUS Project ensures an uninterrupted monitoring of underwater and above-water activities at the port entrances and provides a full protection for bases. Within the scope of the Turkish Straits Vessel Traffic Services (TBGTH) Management System Upgrade and Addition Project, which is being carried out to meet the needs of the General Directorate of Coastal Safety, the production of Coastal Surveillance Radar Systems, Radio Direction Finder Systems and Electro-Optical Systems with the spare parts of the related systems and their installations in the fields were carried out.

Urban Security Systems

Urban Security Management System (KGYS) and Plate Recognition System (PTS)

Under the Urban Security Management System (KGYS) and Plate Recognition System (PTS) Project, the acceptance and delivery activities of the main contract and additional demand package including Turkish Republic of Northern Cyprus (TRNC) were completed. As a part of KGYS and PTS projects, Additional Demand Package-4 was signed on April 8th, 2020, and Additional Demand Package-5 was signed on December 31st, 2020.

Face Recognition System was also installed at ASTI and Sabiha Gökçen Airport within the scope of the KGYS and PTS project. The project was implemented in cooperation with ASELSAN-TÜBİTAK-EGM.

JEMUS Plate Recognition System Project

The Plate Recognition System (PTS) network of Gendarmerie General Command will expand with additional 650 Fixed Plate Recognition Systems and 100 Mobile Plate Recognition Systems. Through new systems with single camera, high-resolution plate recognition systems, AI algorithms and big data analysis, more effective findings for decision support will be provided to Gendarmerie Plate Recognition System network, Public Order, Traffic, Anti-Smuggling & Organized Crime Departments.

Smart Control Point (AKN) and Gendarmerie Smart Patrol Application (JADU)

Criminals will be detected more quickly with the AI-supported mobile application, JADU, developed for Gendarmerie General Command by using national sources, and traffic control points will be transformed into smart control points. With the systems to be installed, the vehicles will be stopped at the traffic control points according to the alarms generated by the system through data-based decision mechanism and AI algorithms rather than at the discretion of the constables, and the necessary checks for the vehicles and the passengers will be made with ASELSAN products.

Transportation, Security, Energy, Automation and Healthcare Systems

Criminals will be detected more quickly with the AI-supported mobile application, JADU, developed for Gendarmerie General Command by using national sources.



As a part of the AI-supported Big Data Analysis studies conducted for EGM, big data environment was established and PoC studies were performed in it.

Exhaust Electronic Monitoring System Development (EGEDES)

The Exhaust Electronic Monitoring System Development (EGEDES) Project was signed on March 20, 2020 between the Presidency of Defense Industry and ASELSAN to meet the needs of the Ministry of Environment and Urbanization. Mobile Plate Recognition Systems that will work together with the Exhaust Gas Emission Measurement Tracking System (ETS) will be used in order to detect the vehicles that do not have Exhaust Emission measurement. 81 Mobile Plate Recognition Systems will be delivered within the scope of the project.

Delivery of ASELSAN Clip On Camera

Delivery of 1,800 ASELSAN Clip On Camera, which has been designed and produced in line with the requirements of the Gendarmerie General Command, will be conducted in 2021. After the delivery, ASELSAN Clip On Camera will be used in the field for the first time.

Big Data Platform

Under the cooperation of EGM BTH Directorate, ASELSAN and HAVELSAN, PoC studies were performed on PTSPlate Recognition System () data within the scope of AI-supported Big Data Analysis. In this regard, big data infrastructure was established, and real-time data flow integration was realized. Data analysis activities on PTSPlate Recognition System () data were successfully completed.

Ministry of National Education BKGS Project

Project activities were conducted for identification of students who study at 2,700 special education and rehabilitation centers and their teachers via face recognition and validation systems.



Infrastructure Security Systems

All facilities with internal and external threats are considered within the scope of critical facility:

- » Public Institutions
- » Public Infrastructure Investments
- » Military Facilities and Security Units
- » Commercial Facilities
- » Industrial Facilities
- » Civil Settlements

The projects in which site survey and requirement analysis, system design, electronic and mechanical production, system integration, installation, commissioning and after-sales support services are handled as a whole are implemented.

Product Management activities of IP Camera, Recording Infrastructures and Vehicle Recognition Systems Product Families included in projects developed by Smart Systems and other Business Sectors, especially Security Systems, were maintained.

IP Camera Product Family

It has fixed, pan/tilt/zoom (PTZ), panoramic, civil uncooled thermal,

thermographic and wearable camera groups that offer superior image quality 24/7.

Recording Infrastructures Product Family

It offers scalable solutions that can provide expanding channel and recording capacity, from small systems with a few cameras to large-scale systems with thousands of cameras.

Vehicle Recognition Systems Product Family

It includes fixed and mobile systems that automatically detect the plates of stationary and moving vehicles within the traffic flow with very high performance in all light and weather conditions.

Terahertz Real Time Passenger Imaging System

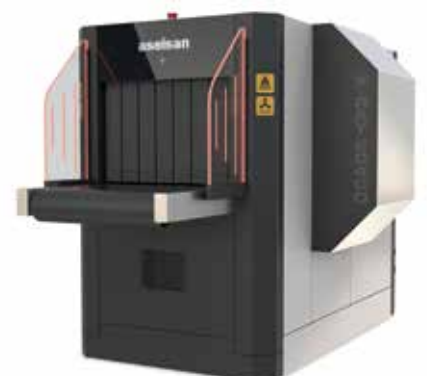
It detects explosive devices hidden in the human body, as well as weapons such as pistols, rifles, knives and drugs, tobacco, cigarettes, meat, alcohol and similar substances using the natural THz radiation emitted by the body.

Biometric Identification and Access Control Systems

From the farthest point of the security systems to the center, it is ensured that the right people are in the right place at the right time, thus preventing possible security gaps.

Security X-Ray Baggage Scanning Systems

It has a critical importance in ensuring the security of many facilities such as airports, ports, border gates, customs and government buildings.



Transportation, Security, Energy, Automation and Healthcare Systems

In 2020, new highway toll collection systems were established to cover the Northern Marmara Highway and the Ankara Niğde Highway, and having signed a contract for the Çanakkale 1915 road, works were started to be completed in 2021.



have been carried out on Electronic Monitoring Systems to ensure traffic order such as Red Light, Average Speed, Smart Intersection as well as many sub-components such as Parking Lot Management, City Bicycle, Public Transportation Vehicle Management. Needs assessment studies were carried out with many municipalities, and the first establishment works were started by having signed contracts with Kırıkkale and Rize municipalities.

Industrial Automation Systems

Mass Notification Siren System

In 2020, deliveries regarding the mass notification siren system in Gaziantep, Hatay and Kilis provinces were carried out on the planned dates, and all activities were successfully completed. On 30.11.2020, a new contract was also signed between AFAD and ASELSAN for the provinces of Kırklareli, Iğdır and Sinop.

SCADA Systems

Works on the Batman-Dörtüol Crude Oil Pipeline SCADA Supply and Installation Project were successfully carried out throughout 2020.

Energy Management and Smart Grid Systems

As a part of the National Smart Grid Management System Project, the development of the National Electricity SCADA and National Energy Management Systems successfully continued. For this purpose, collaborations were established with different companies and universities.

ASELSAN ARTU, which is an advanced telemetry system used at the end points of smart grids, has started to be used in real field environment in different grids. ASELSAN ARTU has proven itself in the

Smart Systems

Smart Transportation Systems

Toll Collection Systems

Toll Collection Systems were developed to maximize the performance level and expanded to cover all private and state highways in Turkey in 2020. In 2020, new highway toll collection systems were established to cover the Northern Marmara Highway and the Ankara Niğde Highway, and having signed a contract for the Çanakkale 1915 road, works were started to be completed in 2021.

Smart City Support Systems

Smart City Studies were initiated with the goal to support the management needs of municipalities across Turkey with information systems in order to use city resources efficiently and ensure traffic safety. For this purpose, development and design studies

Works on the Batman-Dörtüol Crude Oil Pipeline SCADA Supply and Installation Project were successfully carried out throughout 2020.



operational environment with different application areas such as electricity, natural gas, oil and water networks as well as railways, and micro grids.

MIDAS

MIDAS product, which was developed to monitor and ensure the safety of lines such as oil pipeline, border line, railway line, city infrastructure, and critical facility environment, has been used in many projects, and installations of 60 systems are being realized.

- » Detection and classification algorithms of the system were developed based on Artificial Intelligence technology. The first contribution to the literature in this subject was made by ASELSAN, and a relevant patent was obtained.
- » Field experiments have been conducted on better performance on railway security and carriage tracking and signalization for MIDAS to be enhanced.
- » A pilot project with Istanbul Municipality (IBB)–Istanbul Gas Distribution Inc. (IGDAS) were signed for monitoring excavations without a permit that may damage the gas pipelines under the city roads.
- » Within the scope of road and convoy safety, MIDAS has been put into service.
- » Studies have been initiated to develop an Earthquake Detection and Early Warning System using the

MIDAS System, and negotiations with AFAD are ongoing for the nationwide use of the innovative system.

- » A cooperation agreement was signed with the American origin Fiber SenSys company to allow MIDAS to take place in the whole world market.

Smart City Monitoring and Management System

With the Smart City Monitoring and Management System, collection of data from applications of many vertical sectors such as transportation, traffic, security, energy, infrastructure, environment and health in a single center was conducted, and it is ensured that these data are monitored, analyzed and interpreted, and that strategic planning based on data is made.

- » Smart City Monitoring and Management System was initiated as an internally funded project. A software prototype was developed by working with subcontractors in technoparks on development studies and with expert SMEs on data centers.
- » The software was considered as a Software-as-a-Service (SaaS) solution, and can also be used with on-premise data centers.
- » It was agreed to launch the Smart City Monitoring and Management Software with the Union of Municipalities of Turkey (TBB).

ASIL Cafe Mobile Application and Mobile Payment System

ASELSAN has become the technology sponsor of the cafes operated by ASIL Association, and ASIL Cafe Mobile Application and Mobile Payment System were developed. With this application, ASELSAN employees are enabled to order remotely, make easy payments and donate to ASIL Association.

Recycle ATM Device

In 2020, domestic ATM business development and design development studies were continued for the ATM needs of banks.

Transportation, Security, Energy, Automation and Healthcare Systems

Design activities in the projects of developing a Mobile Digital X-Ray System and Magnetic Resonance (MR) Imaging System, which were aimed to be developed with ASELSAN's own resources, and development studies of High Frequency X-Ray Generator were continued.



Activities were carried out for the tender of the "Industry Cooperation Project Concerning the Supply of Five Item Medical Devices (Magnetic Resonance Imaging, Computed Tomography, Ultrasonography, Patient Monitor, Digital Radiography)" by Ministry of Health.

Together with RiTİM A.Ş. company, studies for the development of automatic external defibrillators (AED) were carried out, and the sale started in 2020 through ASELSAN Heartline brand. Moreover, activities for development of defibrillator/monitor for professional use still continue.

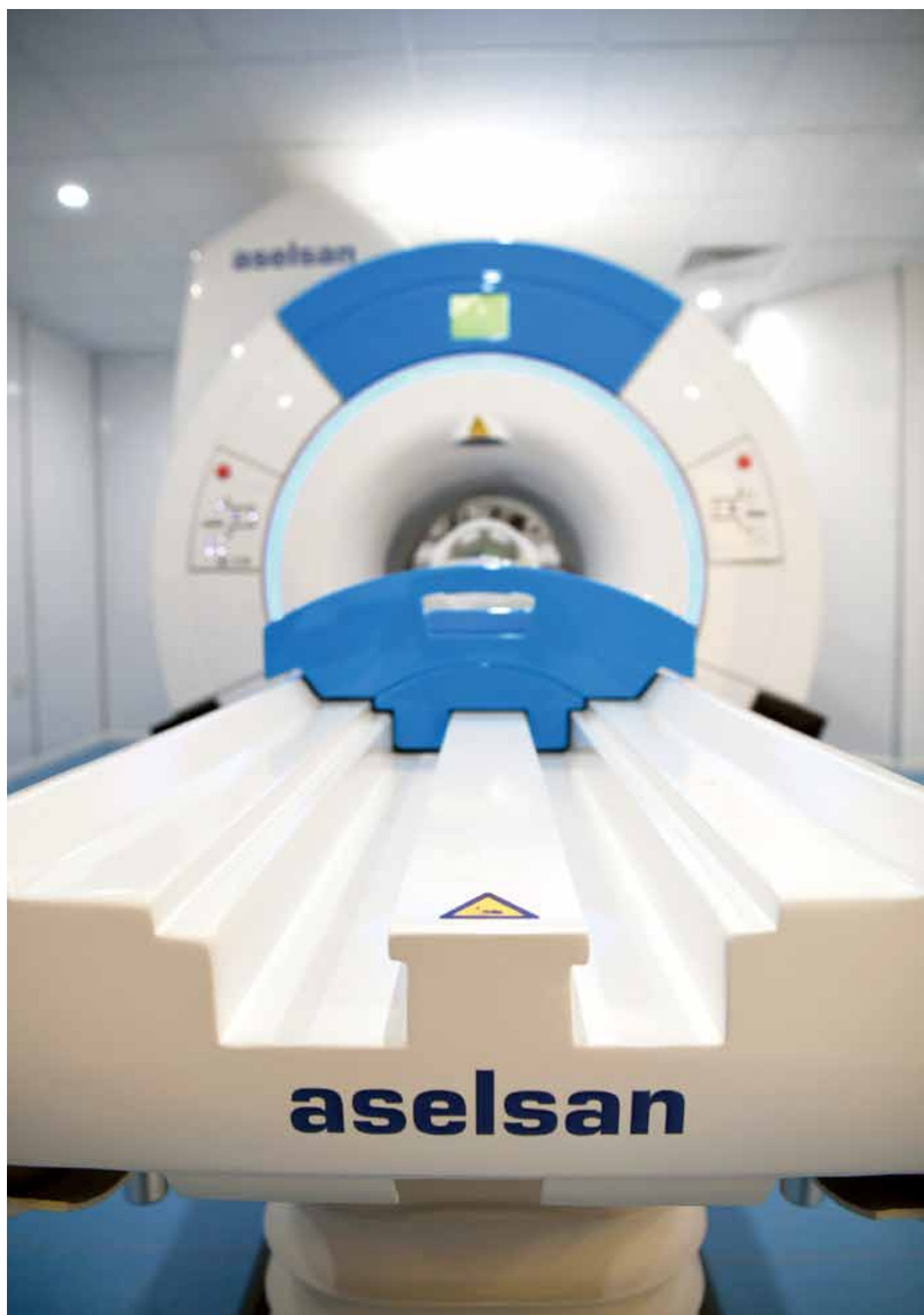
Biovent medium level intensive care ventilator, which was developed by Biosys company in cooperation with ASELSAN, Baykar Savunma and Arçelik companies under the leadership of the Ministry of Industry and Technology and the Ministry of Health, were made ready for mass production, and passed to mass production. With the product production contract signed between ASELSAN and USHAŞ, the production responsibility of the device in question was transferred to ASELSAN. ASELSAN successfully completed the production and realized the export of the products, and also carried them in the domestic market through USHAŞ.

As a part of medical device development, collaborative studies are carried out with domestic and foreign companies and research centers to develop floor and ceiling-mounted digital X-ray systems, continuous glucose monitoring system, real-time PCR and Implantable Loop Recorder (ILR) devices.

Together with RiTİM A.Ş. company, studies for the development of automatic external defibrillators (AED) were carried out, and the sale started in 2020 through ASELSAN Heartline brand.

Healthcare Systems

Design activities in the projects of developing a Mobile Digital X-Ray System and Magnetic Resonance (MR) Imaging System, which were aimed to be developed with ASELSAN's own resources, and development studies of High Frequency X-Ray Generator were continued. The application for TÜBİTAK's Industry Innovation Network Mechanism (SAYEM) program with "ASELSAN Medical Imaging Product Group" was accepted. Within the scope of SAYEM Phase-2, an application right has been gained.



aselsan

FINANCIAL
INFORMATION
2020

Contents

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

Mehmet Akif Ersoy Mahallesi 296. Cadde No. 16 06200 Yenimahalle/Ankara

Financial Information for the Year 2020

Prepared as per CMB Serial II, No:14.1

2	Consolidated Statement of Financial Position
2	Consolidated Statement of Profit or Loss and Other Comprehensive Income
2	Consolidated Statement of Changes In Equity
2	Consolidated Statement of Cash Flows
3	Notes For The Consolidated Financial Statements
4	Independent Auditor's Report
5	Annual Report of the Board of Directors
6	Independent Auditor's Report for the Annual Report of the Board of Directors
7	Statement of Responsibility
8	ASELSAN A.Ş. Board of Directors Assessment Report Regarding Committee Activities In 2019
8	Committee Work Directives
8-1	Audit Committee Work Directives
8-2	Early Detection and Management of Risk Committee Work Directives
8-3	Corporate Governance Committee Work Directives

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement Of Financial Position as of 31 December 2020

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

		Audited	
	Note References	31 December 2020	31 December 2019
ASSETS			
Current Assets		19.594.261	13.976.498
Cash and Cash Equivalents	3	4.081.654	3.513.842
Financial Investments	29	17.914	6.039
Trade Receivables	6	7.146.519	3.884.933
From Related Parties	5	3.486.689	1.118.103
From Third Parties		3.659.830	2.766.830
Other Receivables	7	672.391	380.554
From Related Parties	5	75.181	1.150
From Third Parties		597.210	379.404
Inventories	9	5.532.703	4.473.927
Prepaid Expenses	10	1.778.726	1.320.266
From Related Parties	5	586.400	284.767
From Third Parties		1.192.326	1.035.499
Other Current Assets	18	364.354	396.937
Non-Current Assets		14.499.968	11.656.545
Financial Investments	29	1.183.215	988.464
Trade Receivables	6	7.469.380	5.584.899
From Related Parties	5	5.893.276	4.266.624
From Third Parties		1.576.104	1.318.275
Other Receivables	7	1.235	1.064
From Third Parties		1.235	1.064
Equity Accounted Investments	8	150.210	121.769
Property, Plant and Equipment	11	2.342.223	1.573.931
Intangible Assets	12	1.555.318	1.276.578
Prepaid Expenses	10	373.625	584.653
From Related Parties	5	72.313	299.369
From Third Parties		301.312	285.284
Deferred Tax Assets	27	352.900	785.951
Other Non-Current Assets	18	1.071.862	739.236
TOTAL ASSETS		34.094.229	25.633.043

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement Of Financial Position as of 31 December 2020

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

		Audited	
	Note References	31 December 2020	31 December 2019
LIABILITIES			
Current Liabilities		12.319.765	7.743.870
Short-term Financial Liabilities	30	1.618.175	1.612.321
Short-term Portion of Long-term Financial Liabilities	30	1.388.850	611.198
Trade Payables	6	4.251.469	3.120.513
<i>To Related Parties</i>	5	847.988	649.738
<i>To Third Parties</i>		3.403.481	2.470.775
Employee Benefit Obligations	17	205.506	145.939
Other Payables	7	101.022	58.500
<i>To Related Parties</i>	5	87.803	--
<i>To Third Parties</i>		13.219	58.500
Government Grants and Incentives	13	29.513	43.194
Deferred Income	10	2.656.573	1.067.732
<i>To Related Parties</i>	5	1.548.603	532.026
<i>To Third Parties</i>		1.107.970	535.706
Corporate Tax Liability	27	4.635	12.847
Short-term Provisions		2.046.616	1.067.379
<i>For Employee Benefits</i>	17	108.854	72.819
<i>Other</i>	15	1.937.762	994.560
Other Current Liabilities	18	17.406	4.247
Non-Current Liabilities		3.676.361	4.320.274
Long-term Financial Liabilities	30	883.448	9.098
Trade Payables	6	311	20.896
<i>To Related Parties</i>	5	--	--
<i>To Third Parties</i>		311	20.896
Other Payables	7	36.394	4.929
<i>To Third Parties</i>		36.394	4.929
Deferred Income	10	1.764.157	3.677.396
<i>To Related Parties</i>	5	1.314.874	2.688.409
<i>To Third Parties</i>		449.283	988.987
Long-term Provisions		992.051	607.561
<i>Long-term Provisions for Employee Benefits</i>	17	264.964	225.731
<i>Other</i>	15	727.087	381.830
Other Non-Current Liabilities		--	394

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement Of Financial Position as of 31 December 2020

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

	Note References	Audited	
		31 December 2020	31 December 2019
EQUITY		18.098.103	13.568.899
Equity Attributable to Equity Holders of the Parent		17.881.761	13.498.388
Share Capital	19	2.280.000	1.140.000
Inflation Adjustments on Share Capital Differences	19	98.621	98.621
Share Premiums		2.796.723	2.796.723
Other Comprehensive Income / (Expense) that will not be Reclassified to Profit or (Loss)		248.103	175.077
<i>Gain on Revaluation of Property, Plant and Equipment</i>		309.535	207.431
<i>Gain/ Loss on Remeasurement of Defined Benefit Plans</i>		(61.432)	(32.354)
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		1.164.981	968.740
Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income		1.118.100	933.298
<i>Cumulative Translation Adjustments</i>		46.881	35.442
Restricted Reserves	19	312.371	276.827
Retained Earnings		6.531.856	4.701.953
Net Profit for the Year		4.449.106	3.340.447
Non-Controlling Interests		216.342	70.511
TOTAL LIABILITIES AND EQUITY		34.094.229	25.633.043

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Statement of Profit Or Loss and Other Comprehensive Income for The Twelve-Month Period Ended 31 December 2020

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

		Audited	
	Note References	1 January- 31 December 2020	1 January- 31 December 2019
PROFIT OR LOSS			
Revenue	20	16.104.455	13.012.551
Cost of Sales (-)	20	(11.499.440)	(9.640.818)
GROSS PROFIT		4.605.015	3.371.733
General Administrative Expenses (-)	21	(399.590)	(343.456)
Marketing Expenses (-)	21	(280.867)	(204.118)
Research and Development Expenses (-)	21	(282.580)	(211.565)
Other Operating Income	22	7.099.337	3.818.370
Other Operating Expenses (-)	22	(5.464.926)	(3.253.702)
OPERATING PROFIT		5.276.389	3.177.262
Income From Investing Activities	23	7.936	6.379
Shares of Profit of Equity Accounted Investees	8	12.408	2.325
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		5.296.733	3.185.966
Financial Income	24	1.057.589	985.207
Financial Expense (-)	25	(1.469.171)	(862.642)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		4.885.151	3.308.531
Tax Income from Continuing Operations		(423.885)	44.142
- Current Corporate Tax Expense(-)	27	(4.635)	(14.868)
- Deferred Tax Income	27	(419.250)	59.010
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		4.461.266	3.352.673
Profit for the Period Attributable to		4.461.266	3.352.673
Non-Controlling Interest		12.160	12.226
Owners of the Company	28	4.449.106	3.340.447
		4.461.266	3.352.673
Earnings for per 100 Shares (in full kuruş)	28	195,14	146,51

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Statement of Profit Or Loss and Other Comprehensive Income for The Twelve-Month Period Ended 31 December 2020

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

	Note References	Audited	
		1 January- 31 December 2020	1 January- 31 December 2019
PROFIT FOR THE YEAR		4.461.266	3.352.673
OTHER COMPREHENSIVE INCOME			
Items that will not to be Reclassified Subsequently in Profit or Loss		73.026	(14.281)
Gain on Remeasurement of Defined Benefit Plans	17	(36.348)	(17.851)
Gain on Revaluation of Property, Plant and Equipment	26	113.449	--
Deferred Tax Expense	26-27	(4.075)	3.570
Items that may be Reclassified Subsequently to Profit or Loss		196.241	213.621
Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income	26	194.528	214.406
Cumulative Translation Adjustments	26	11.439	9.935
Deferred Tax Expense	26-27	(9.726)	(10.720)
OTHER COMPREHENSIVE INCOME		269.267	199.340
TOTAL COMPREHENSIVE INCOME		4.730.533	3.552.013
Total Comprehensive Income Attributable to			
Non-Controlling Interest		12.160	12.226
Owners of the Company		4.718.373	3.539.787
		4.730.533	3.552.013

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement Of Changes In Equity For the Year Ended 31 December 2020

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

	Share Capital	Inflation Adjustments on Share Capital	Share Issuance Premiums/ (Discounts)	Other Comprehensive Income / Expense that will not to be Reclassified Subsequently to Profit or Loss		Other Comprehensive Income / Expense that may not to be Reclassified Subsequently to Profit or Loss		Retained Earnings					Total
				Revaluation Reserves	Remeasurement of Defined Benefit Plans	Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income	Translation Reserves	Restricted Reserves	Retained Earnings	Net Profit/ (Loss) for the Year	Equity Attributable to Owners of the Company	Non-Controlling Interests	
Balance as of 1 January 2019	1.140.000	98.621	2.796.723	207.431	(18.073)	729.612	25.507	172.687	2.661.896	2.318.197	10.132.601	44.420	10.177.021
Transfers	--	--	--	--	--	--	--	104.140	2.040.057	(2.144.197)	--	--	--
Total Comprehensive Income	--	--	--	--	(14.281)	203.686	9.935	--	--	3.340.447	3.539.787	12.226	3.552.013
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	13.865	13.865
Dividends	--	--	--	--	--	--	--	--	--	(174.000)	(174.000)	--	(174.000)
Balance as of 31 December 2019 (Closing Balance)	1.140.000	98.621	2.796.723	207.431	(32.354)	933.298	35.442	276.827	4.701.953	3.340.447	13.498.388	70.511	13.568.899
Balance as of 1 January 2020	1.140.000	98.621	2.796.723	207.431	(32.354)	933.298	35.442	276.827	4.701.953	3.340.447	13.498.388	70.511	13.568.899
Transfers	--	--	--	--	--	--	--	35.544	2.969.903	(3.005.447)	--	--	--
Capital Increase	1.140.000	--	--	--	--	--	--	--	(1.140.000)	--	--	--	--
Total Comprehensive Income	--	--	--	102.104	(29.078)	184.802	11.439	--	--	4.449.106	4.718.373	12.160	4.730.533
Consolidation Effect of New Establishment	--	--	--	--	--	--	--	--	--	--	--	133.671	133.671
Dividends	--	--	--	--	--	--	--	--	--	(335.000)	(335.000)	--	(335.000)
Balance as of 31 December 2020 (Closing Balance)	2.280.000	98.621	2.796.723	309.535	(61.432)	1.118.100	46.881	312.371	6.531.856	4.449.106	17.881.761	216.342	18.098.103

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

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

	Note References	Audited	
		1 January- 31 December 2020	Revised 1 January- 31 December 2019
A.Cash Flows from Operating Activities		1.718.600	976.852
Profit for the Period		4.461.266	3.352.673
Adjustments to Reconcile Profit for the Period		3.465.308	1.924.377
- Adjustments for Depreciation and Amortization Expense	11-12	285.498	241.216
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		(31.191)	64.450
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	6	(36.518)	56.742
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	9	5.327	7.708
- Adjustments for Provisions		1.643.549	729.803
Adjustments for (Reversal of) Provisions Related with Employee Benefits	17	79.296	76.847
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	15	1.026.290	198.240
Adjustments for (Reversal of) Warranty Provisions	15	533.451	448.790
Adjustments for (Reversal of) Other Provisions	15	4.512	5.926
- Adjustments for Interest (Income) Expenses		(207.223)	(152.226)
Adjustments for Interest Income	22-24	(736.632)	(581.638)
Adjustments for Interest Expense	22-25	529.409	429.412
- Adjustments for Retained Profit of Equity Accounted Investees	8	(12.408)	(2.325)
- Adjustments for Tax (Income)/Expenses	27	423.885	(44.142)
- Other Adjustments for which Cash Effects are Investing or Financing Cash Flow		658.136	137.302
- Other Adjustments to Reconcile Profit (Loss)		705.062	950.299
Changes in Working Capital		(5.878.957)	(4.060.678)
- Decrease (Increase) in Trade Receivables		(3.468.468)	(3.374.680)
- Decrease (Increase) in Other Receivables Related with Operations		(292.008)	(176.737)
- Decrease (Increase) in Inventories		(1.012.940)	(877.880)
- Decrease (Increase) in Prepaid Expenses	10	(204.986)	(49.364)
- Increase (Decrease) in Trade Payables		1.183.552	1.302.132
- Increase (Decrease) in Employee Benefit Obligations		59.567	111.066
- Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(1.062.025)	83.418
- Increase (Decrease) in Other Operating Payables		(8.816)	60.591
- Increase (Decrease) in Government Grants and Subsidies		(13.681)	(10.624)
- Increase (Decrease) in Deferred Income		(780.047)	(891.292)
- Other Increase (Decrease) in Working Capital		(279.105)	(237.308)
Cash Flows From Operations		2.047.617	1.216.372
Payments Related with Provisions for Employee Benefits	17	(40.376)	(44.141)
Payments Related with Other Provisions	15	(275.794)	(190.520)
Income Taxes Refund (Paid)		(12.847)	(4.859)
B.Cash Flows From Investing Activities		(2.001.277)	(1.695.069)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		13.249	2.939
Purchase of Property, Plant and Equipment	11	(859.463)	(355.248)
Purchase of Intangible Assets	12	(1.221.326)	(1.301.610)
Proceeds from Derivative Instruments		6.039	(6.039)
Dividends Received	23	5.436	4.618
Other Cash Outflows		54.788	(39.729)
C.Cash Flows From Financing Activities		742.088	1.130.660
Proceeds from Borrowings		6.854.552	3.568.237
Repayments of Borrowings		(5.860.267)	(2.263.577)
Dividends Paid	19	(252.197)	(174.000)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		459.411	412.443
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		105.942	13.573
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		565.353	426.016
E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		3.513.403	3.087.387
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3	4.078.756	3.513.403

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

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

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

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

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

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

The Company is registered to Capital Markets Board of Turkey ("CMB") and its shares have been quoted in Borsa İstanbul Anonim Şirketi ("BİST") since 1990. As of 31 December 2020, 25,80 percent of the Company's shares are publicly traded (31 December 2019: 25,80 percent) (Note 13).

The Company's trade registry address is Mehmet Akif Ersoy Mahallesi 296. Cadde No:16 06200 Yenimahalle/Ankara. The average number of personnel employed by the Group as of 31 December 2020 is 8.692 (31 December 2019: 6.797).

The Company's consolidated subsidiaries are ASELSAN Baku ("ASELSAN Baku"), Mikroelektronik Ar-Ge Tasarım ve Ticaret Ltd. Co. ("Mikro AR-GE"), ASELSANNET Elektronik ve Haberleşme Sistemleri Sanayi Ticaret İnşaat ve Taahhüt Ltd. Co. ("ASELSANNET"), ASELSAN Malaysia Sdn. Bhd. ("ASELSAN Malaysia"), Aselsan Konya Silah Sistemleri Anonim Şirketi ("ASELSAN Konya"), BİTES Savunma Havacılık ve Uzay Teknolojileri Yazılım A.Ş. ("BİTES"), Aselsan Global Dış Ticaret ve Pazarlama A.Ş. ("ASELSAN GLOBAL"), ASELSAN UKRAINE LLC. ("ASELSAN Ukrayna") and ULAK Haberleşme A.Ş. ("ULAK"). They are collectively referred as the "Group" in the accompanying notes.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis of Presentation

Statement of Compliance to TAS

The accompanying consolidated financial statements are prepared in accordance with the requirements of CMB Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("Communiqué"), which were published in the Official Gazette No: 28676 on 13 June 2013 and in accordance with the Turkish Accounting Standards ("TAS") and Interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements has been presented with examples of Financial Statement and User Guide in the Official Gazette No:30794 on 7 June 2019 by the POA. All reports have suited the TFRS formats.

The consolidated financial statements are prepared according to historical cost accounting except for the revaluation of land and financial instruments.

Approval of the Consolidated Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors with the resolution number 1101 on 23 February 2021. There is no authority other than General Assembly and legal entities has the right to amend the consolidated financial statements.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment ("Functional Currency") in which the entity operates.

The Company's reporting currency is Turkish Lira ("TL"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional, and presentation currency of the Company for the consolidated financial statements. Amounts are expressed in thousands of TL or Foreign Currency unless otherwise stated. Kuruş, Turkish Currency subunit and 1 TL is equal to 100 Kuruş.

Preparation of Financial Statements in Hyperinflationary Periods

CMB, with its resolution dated 17 March 2005 numbered 11/367 declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflationary accounting. Consequently, in the accompanying financial statements ("TAS/TAS 29") "Financial Reporting in Hyperinflationary Economies" has not been applied since 1 January 2005.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation

Subsidiaries:

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

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 December 2020	31 December 2019	
ASELSANNET	Turkey	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Turkey	TL	100	100	Export
Mikro AR-GE	Turkey	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Turkey	TL	51	51	Weapon and weapon systems
BITES	Turkey	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	--	Marketing and sales of the group products
ULAK	Turkey	TL	51	51	Communication systems

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

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

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Subsidiaries (continued):

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

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

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

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

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures

The details of the Group's interests in joint ventures as of 31 December 2020 and 2019 are as follows:

Joint Ventures	Principal Activity	Country of establishment and operation	Group's proportion of ownership and voting power held (%)	
			31 December 2020	31 December 2019
ASELSAN Hassas Optik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Optik")	Sensitive optic technologies	Turkey	50	50
Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Bilkent")	Production of micro and nano sized devices which contains semi-conductive and similar technological materials	Turkey	50	50
International Golden Group ("IGG") ASELSAN Integrated Systems LLC ("IGG ASELSAN")	Production, integration, sales and technical maintenance service of high technology product	United Arab Emirates	49	49
Kazakhstan ASELSAN Engineering LLP ("ASELSAN Kazakhstan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Kazakhstan	49	49
ASELSAN Middle East PSC ("ASELSAN Jordan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Jordan	49	49
Saudi Arabian Defence Electronics Corporation ("SADEC LLC")	Production and sale of radar, electronics, warfare and electro-optic products	Saudi Arabia	50	50
TÜYAR Mikroelektronik Sanayi ve Ticaret Anonim Şirketi ("TÜYAR")	Production of micro and nano-sized devices containing semiconductor	Turkey	51	51
BARQ QSTP LLC. ("BARQ QSTP LLC.")	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	Qatar	48	48
Teknohab Teknoloji Geliştirme Bölgesi Yönetici Anonim Şirketi ("TEKNOHAB")	To create investment opportunities in technology intensive areas, provide job opportunities to researchers and skilled people, help technology transfers and facilitate foreign capital to enter our country that will enable high technology	Turkey	15	30
EHSİM Elektronik Harp Sistemleri Müh. Tic. A.Ş. ("EHSİM")	Electronic Warfare and Tactical Command Systems	Turkey	50	50
TR Eğitim ve Teknoloji A.Ş.	Realizing Human Resources studies, Consultancy with respect to HR studies, accreditation services and trainings for every level, educational, cultural, art, sports, fair organizations and digital marketing operations.	Turkey	35	50
DASAL Havacılık Teknolojileri A.Ş.	Aviation technologies	Turkey	40	--

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures (continued):

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

A share transfer agreement for the acquisition of 40% of the total shares of DASAL Havacılık Teknolojileri A.Ş. was completed by making the payment to Altınay Havacılık ve İleri Teknolojiler Sanayi Ticaret A.Ş. on April 2nd, 2020.

The Group's joint ventures; IGG ASELSAN and ASELSAN Kazakhstan have been established in 2011, ASELSAN Jordan has been established in 2012 and ASELSAN Optik and ASELSAN Bilkent which were established in 2014, SADEC LLC has been established in 2016, TÜYAR has been established in 2017, TEKNOHAB has been established in 2018, EHSİM has been established in 1998 and DASAL Havacılık Teknolojileri A.Ş. has been established in 2020 were included in the condensed consolidated financial statements by using the equity method. Since BARQ QSTP LLC and TR Eğitim Teknoloji have not started to operate yet, there is no material consolidation effect on the Group's financial statements.

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to determine the financial position and performance trends, the Group's consolidated financial statements are presented comparatively with the corresponding figures. For the purpose of having consistency with the current term's presentation of consolidated financial statements, comparative information is reclassified and significant differences are explained if necessary.

In the financial statements of 31 December 2019, TL 2.326.751, classified under the trade payables, reclassified to Deferred Income.

As a result of the evaluations made within the scope of TAS 7 "Cash Flow Statements" standard, the interest paid/received and dividends are classified as cash flow from operating activities since those are considered in determining profit or loss.

The reclassification of 31 December 2019 is as below.

Cash Flow Statement	31 December 2019 (Previously Reported)	Reclassification	31 December 2019 Reported
Adjustments Related to Interest (Income) and Expenses	(278.178)	125.952	(152.226)
Interest Paid	(88.153)	88.153	--
Interest Income	214.105	(214.105)	--

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.3 Accounting Policies, Changes in Accounting Estimates and Errors

Significant changes in accounting policies and errors are applied retrospectively and prior period financial statements are restated, changes in accounting estimates are reflected to the financial in current period profit/loss.

When change in estimate in accounting policies are related with only one period, changes are applied on the current period but if the estimated changes are for the following periods, changes are applied both on the current and following periods prospectively.

2.4 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRYK interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's consolidated financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

Amendments to TFRS 3 - Definition of a Business

Determining whether a transaction results in an asset or a business acquisition has long been a challenging but important area of judgement. The IASB has issued amendments to IFRS 3 Business Combinations to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. In May 2019, POA has also published the Definition of Business (Amendments to TFRS 3). With this amendment confirmed that a business shall include inputs and a process and clarified that the process must be substantive, and the inputs and process must together significantly contribute to creating outputs. It narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a concentration test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. The amendment has no impact on the consolidated financial position and performance of the Group.

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

Interest Rate Benchmark Reform, which amended TFRS 9, TAS 39 and TFRS 7 issued in September 2019, added Section 6.8 and amended paragraph 7.2.26. About this issue, IASB identified two groups of accounting issues that could affect financial reporting. These are: pre-replacement issues—issues affecting financial reporting in the period before the reform; and replacement issues—issues that might affect financial reporting when an existing interest rate benchmark is either reformed or replaced.

IASB considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements as a priority in the first phase of the project:

- The highly probable requirement,
- Prospective assessments,
- IAS 39 retrospective assessment, and
- Separately identifiable risk components.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

a) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows (continued)

Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7) (continued)

All other hedge accounting requirements remain unchanged. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. The amendment has no impact on the consolidated financial position and performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

On 21 June 2019, the amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in TFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all TFRS Standards. These amendments have an effective date of 1 January 2020, but companies can apply it earlier. The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. The amendment has no impact on the consolidated financial position and performance of the Group.

The Revised Conceptual Framework

The revised Conceptual Framework issued on 11 May 2019 by the KGK. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing TFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors, lenders and other creditors. The Conceptual Framework also assists companies in developing accounting policies when no TFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards. The revised Framework is more comprehensive than the old one – its aim is to provide the Board with the full set of tools for standard setting. It covers all aspects of standard setting from the objective of financial reporting, to presentation and disclosures. For companies that use the Conceptual Framework to develop accounting policies when no TFRS Standard applies to a particular transaction, the revised Conceptual Framework is effective for annual reporting periods beginning on or after 1 January 2020, with earlier application permitted.

TFRS 16 COVID-19 Related Rent Concessions for Lessees

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

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2020

TFRS 17 – Insurance Contracts

On 16 February 2019, KGK issued TFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier. The Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

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

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1. The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current – that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

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

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

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

Classification of Liabilities as Current or Non-current effective for annual reporting periods beginning on or after 1 January 2022. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year to provide companies with more time to implement any classification changes resulting from those amendments. Classification of Liabilities as Current or Non-current is now effective for annual reporting periods beginning on or after 1 January 2023. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TMS 1.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2020 (continued)

Reference to the Conceptual Framework (Amendments to TFRS 3)

In July 2020, KGK issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations. The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

In July 2020, KGK issued Property, Plant and Equipment - Proceeds before Intended Use, which made amendments to TMS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

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

In July 2020, KGK issued Onerous Contracts - Cost of Fulfilling a Contract, which made amendments to July 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The Group shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

IBOR Reform and its Effects on Financial Reporting—Phase 2

In August 2020, IASB issued amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The Phase 2 amendments, Interest Rate Benchmark Reform—Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.4 New and Revised Turkish Accounting Standards (continued)

b) Standards Issued But Not Yet Effective and Not Early Adopted as of 31 December 2020 (continued)

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

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments:

Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities,
- hedge accounting, and
- disclosures.

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

Annual Improvements to IFRS 2018–2020

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

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS later than its parent – i.e. if a subsidiary adopts TFRS later than its parent and applies TFRS D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS. This amendment will ease transition to TFRS for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TMS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TMS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with IFRS 13.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity;
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

Revenue

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

It replaces existing revenue recognition guidance, including TAS 18 Revenue, TAS 11 Construction Contracts and TFRYK 13 Customer Loyalty Programmes.

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract with customers

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Step 2: Identifying the performance obligations

Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service.

As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Revenue Recognition

The Group recognises revenue over-time if any of the following conditions is met:

- customer simultaneously receives and consumes the benefits as the entity performs, or
- the customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Group recognise revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Group recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract.

If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract.

If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories are valued on the basis of the project according to the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to realize sales. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any increase in the fair value arising on the revaluation of such land is recognized in gain on revaluation of property.

A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance in the accumulated in the equity, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve inequity is transferred directly to retained earnings.

Land is not depreciated. Property, plant and equipment other than lands are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Borrowing cost is capitalized when the assets took a substantial period of time to get ready for their intended use or sale.

These assets are classified to property, plant, and equipment when the assets are completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. If the ownership of the finance lease is not obvious at the end of the leasing period, it is depreciated over their expected useful lives or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The maintenance and repair expenses arising from changing any part of the fixed assets can be realized if the economic benefit of the asset is increased. All other expenses are recognized in the expense accounts in the consolidated profit and loss when they are realized.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

The useful lives of Property, Plant and Equipment are as follows:

	Useful life
Buildings	5-50 years
Land improvements	7-25 years
Machinery and equipment	2-35 years
Motor vehicles	3-18 years
Furniture and fixtures	2-50 years
Leasehold improvements	2-11 years
Other tangible assets	2-20 years

Intangible Assets

Intangible assets acquired

Intangible assets acquired are recognized at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis.

Trademarks and Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Right-of-use assets

The Group reflects the non-cancellable operating leases over one year, which include the right to control the use of the asset defined in the contract, as a right-of-use asset in the accounting records. The right of use is calculated by discounting the lease payments to their present value over the interest rate stated in the contract, either explicitly or secretly. Right-of-use asset is amortized over the lease term.

Internally generated intangible assets – Research and Development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Intangible Assets (continued)

Internally generated intangible assets – R&D expenditure (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of the intangible assets are as follows:

	<u>Useful life</u>
Rights	1-15 years
Computer software	2-3 years
Development expenditures	1-5 years

Impairment of Assets

Non-derivative Financial Assets

For financial assets that are not recognized in profit or loss, including shares in investments accounted for by equity method, it is assessed if there is objective evidence of impairment at each reporting period.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Non-derivative Financial Assets (continued)

Objective evidence of impairment in financial assets includes the sentences below.

- failure to fulfill the commitment or obligation by debtor;
- depending on the circumstances that the Group may not take into consideration;
- the possibility of bankruptcy of the debtor or the issuer;
- arise of a negative status in debtor or issuer's payment status;
- elimination of a marketable asset from the active market or
- observable information indicating a measurable decrease in expected cash flows from a group of financial assets.

The fact that the fair value of an investment based on stocks falls permanently below the cost price for an important period or for a long period of time is also an objective evidence of impairment. The Group considers a 20 percent decline to be significant and a 12-month period as long-term and permanent.

Available-for-sale financial assets

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the gain on revaluation of available for sale financial assets reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment loss is recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

If there is an increase in the fair value of a debt instrument classified as impaired or available for sale and if that increase is recognized as reliably correlated to an event occurred after the impairment loss is recognized, withdrawal of impairment loss is accounted for in profit or loss, otherwise in comprehensive income. Impairment losses recognized in profit or loss by associating with investments in equity instruments classified as available-for-sale cannot be withdrawn through profit or loss.

Equity Accounted Investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments

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

i. Classification – Financial assets

TFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

TFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income ("FVOCI") and Fair Value Through Profit or Loss ("FVTPL"). The standard eliminates the existing TAS 39 categories of held to maturity, loans and receivables and available for sale. Financial investments classified as "Available for Sale Financial Assets" in accordance with TAS 39 are classified as FVOCI in accordance with TFRS 9.

Under TFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group does not have any embedded derivatives as of reporting date.

ii. Impairment – Financial assets and contract assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under TFRS 9, loss allowances are measured on either of the following bases:

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

Lifetime ECL measurement (simplified approach) is always applied to trade receivables and contract assets without a significant financing component.

iii. Classification – Financial liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification of financial liabilities.

However, under TAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under TFRS 9 these fair value changes are generally presented as follows:

The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of change in the fair value is presented in profit or loss.

The Group has not identified any liability for the fair value recognized in profit or loss and has no objective purpose.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

iv. Hedge accounting

When initially applying TFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of TAS 39 instead of the requirements in TFRS 9. During selection of the accounting policies, TFRS 9 gives option of continuing with TAS 39 hedge accounting principles and deferring hedge accounting rules in accordance with TFRS 9. The Group does not apply hedge accounting.

Capital

Common Stocks

Common stocks are classified as equity. Incremental costs that can be directly attributable to the issue of ordinary shares are recognised as a deduction from equity considering the tax effect.

Leasing

Leasing- the group as lessor

The Group recognizes the contracts that include the right to control the use of an asset, the transfer of it for a specified period and for a certain price, as lease agreements and accounts for the relevant contractual rights as "right-of-use asset".

The right-of-use asset includes the initial measurement amount of the lease liability, all lease incentives and discounts related to the lease, all direct costs incurred and all costs related to dismantling / moving the defined asset. The Group applies the short-term lease registration exemption for assets that have a lease term of twelve months or less from the start date and do not have a purchase option.

The Group depreciates the right-of-use asset based on the lease term and values it at cost.

The lease obligation, on the other hand, is measured over the present value of unrealized lease payments at the actual start date. Lease payments are discounted using the implied interest rate, if any, otherwise the lessee's alternative borrowing interest rate.

Foreign Currency Transactions

Foreign currency transactions and balances

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates as its "functional currency". For the purpose of the consolidated financial statements, the operational results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation for consolidated financial statements.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.6 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

Foreign currency transactions and balances (continued)

In preparing the financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items (including advances) denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are accounted for the period in profit or loss in which they are incurred except for the following cases:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings per Share

Earnings per share, disclosed in the consolidated statement of profit or loss, are determined by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the weighted average number of shares is computed by taking into consideration of the retrospective effects of the share distributions.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Events After the Reporting Period

Events after the reporting periods include all events that take place between the balance sheet date and the date of authorization for the release of the financial statements, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Group adjusts the amount recognized in its consolidated financial statements to reflect the adjustments after the balance sheet date.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties related with the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Operating Segments

Operations of the Company are technical system design, development, production and after-sales services for various products for defense industry. One kind of operating segment has occurred in consequence of similarities between methods that are used for products, quality of services and processes, client's type and class, and distribution or presentation of products. It is not required to disclose segment reporting for the consolidated subsidiaries, since revenue profit/loss and assets are below 10 percent of consolidated amounts.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of the Company's Earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that future taxable profits will be available against which they can be used.

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

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

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of the Company's Earnings (continued)

Current and deferred tax for the period

Tax, provided that it is not related with a transaction directly recognized in equity, is classified in the statement of profit or loss. Otherwise, tax is recognized under equity.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation.

The actuarial gains and losses are recognized in other comprehensive income.

Dividend and bonus plans

The Group recognizes a liability and an expense for bonuses and dividend, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

The Group recognizes the cost of providing additional retirement bonuses to employees who have completed 20 years of service and earned the right to retirement benefits. In 26 November 2015, according Board of Directors' resolution numbered 869/6c, the Company has decided to terminate payment of retirement bonus employees worked for 20 years for the Company and is qualified pensioner, beginning from 30 July 2016. These compensations are deducted from the net present values of the unrealized liability amounts and are recognized in the accompanying consolidated financial statements.

Statement of Cash Flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-Current Assets Held for Sale

Non-current assets are classified as "assets held for sale" when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. The assets can be a part of the Entity, disposal group as a single fixed asset.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

2.6 Critical Accounting Judgments and Estimates

Critical judgments in applying the Group's accounting policies

In the process of applying the accounting policies, which are described in note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then provision is set for some portion of or all of the deferred tax assets (Note 27).

Liabilities with respect to employee benefits

The Group makes various assumptions on discount, inflation rate, wage increase rate, the probability of quitting voluntarily for calculating provisions for employee benefits and retirement pays (Note 17).

Useful lives of tangible and intangible assets

The Group amortizes the non-current assets based on the useful lives of those assets stated in the accounting policies (Note 11-12).

Escalation

As of the reporting dates, the amounts of the projects subject to escalation are calculated with respect to the provisions of the contracts and estimated in accordance with TFRS 15 "Revenue from Contracts with Customers".

Provision for guarantee expenses

The Group calculates provision, according to the budgeted estimations for specific parts of the sales under the scope of warranty that needs specific guarantee calculations, and according to the realizations in previous years for the remaining part of the sales (Note 15).

Development Expenses

As of reporting dates, the Management assess the recoverability of the expenses regarding the Group's development activities. These expenses are started to be amortized with respect to their useful lives when their development phases are completed and it becomes probable that there is an associated economic benefit. When the development phase is completed and no economic benefit is foreseen, the related expenses are recognized in consolidated income statement (Note 12).

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

3. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash	298	261
Bank		
- Time deposit	3.767.013	3.159.194
- Demand deposit	224.295	82.257
Lease Certificate (Sukuk)	80.000	267.676
Other	7.150	4.015
Cash and cash equivalents on the cash flow statement	4.078.756	3.513.403
Interest income accruals	2.898	439
	4.081.654	3.513.842

As of 31 December 2020, the Group has time deposits denominated in foreign currencies with maturities on January 2021 (31 December 2019: January 2020), with the interest rates between 0,25 percent and 2,35 percent (31 December 2019: 0,20 percent and 2,50 percent) amounting to TL 606.150 (31 December 2019: TL 1.030.178) in several banks.

As of 31 December 2020, the Group has time deposits denominated in TL terms with maturities between January-March 2021 (31 December 2019: January-February 2020) with the interest rates between 14,00 percent and 18,75 percent (31 December 2019: 10,25 percent and 11,00 percent) amounting to TL 3.160.863 (31 December 2019: TL 2.129.016) in several banks.

As of 31 December 2020, the Group has leasing certification denominated in TL terms with maturities January 2021 (31 December 2019: March 2020) with 17,15 percent interest rates (31 December 2019: 10,00 percent).

4. INTERESTS IN OTHER ENTITIES

a) Subsidiaries

Details of the Group's material subsidiaries as of 31 December are as follow:

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 December 2020	31 December 2019	
ASELSANNET	Turkey	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of the group products
ASELSAN GLOBAL	Turkey	TL	100	100	Export
Mikro AR-GE	Turkey	TL	85	85	Microelectronic R&D projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN Konya	Turkey	TL	51	51	Weapon and weapon systems
BITES	Turkey	TL	51	51	Defense, Aerospace, Space Technologies, Software
ASELSAN Ukraine	Ukraine	UAH	100	--	Marketing and sales of the group products
ULAK	Turkey	TL	51	51	Communication systems

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

4. INTERESTS IN OTHER ENTITIES (continued)

a) Subsidiaries (continued)

Composition of the Group

Explained in Note 1.

Change in the Group's ownership interest in a subsidiary:

Change in the Group's subsidiaries ownership is explained in Note 2.1

b) Joint Ventures

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

5. RELATED PARTY DISCLOSURES

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

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

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

Total amount of salaries and other short-term benefits paid for key management for the period ended 31 December 2020 is TL 25.657 (31 December 2019: TL 21.333).

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

5. RELATED PARTY DISCLOSURES (continued)

31 December 2020					
	Receivables				
	Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses
Balances with related parties					
Main shareholder					
TSKGV	52	--	--	--	--
Main shareholder's subsidiaries and associates					
EHSİM Elektronik Harp Sis. Müh. Tic. Anonim Şirketi ("EHSİM")	--	601	--	--	--
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	36.215	43.453	--	862	7.365
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	1.213	39.266	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	32.205	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	--	15.405	--	--	4.206
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	124.672	4.772	--	311.625	--
Türk Havaçılık ve Uzay Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	219.235	40	--	219.908	--
Financial Instruments					
Askeri Pil Sanayi ve Ticaret Anonim Şirketi ("ASPILSAN")	--	256	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	268.176	308.928	--	93.602	53.593
Joint ventures and its related parties					
ASELSAN Bilkent Nano	--	25.593	--	--	3.939
İhsan Doğramacı Bilkent Üniversitesi	--	833	--	--	--
ASELSAN Optik	6.729	78.184	1.550	--	--
IGG	68.260	--	--	4.236	--
IGG ASELSAN	10.721	1.561	--	--	--
ASELSAN Kazakistan	47.720	--	--	6.270	--
ASELSAN Jordan	70.416	--	--	2.258	--
TÜBİTAK BİLGEM	--	9.508	--	--	359
TÜBİTAK-UME	--	161	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	14.173	4.506	--	138.414	--
TÜBİTAK SAGE Savunma Sanayii	--	21.128	--	6.041	2.851
TÜBİTAK UZAY TEKNOLOJİLERİ	--	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	2.603.849	--	--	5.110.060	--
SSTEK	14.549	--	73.631	--	--
DASAL	--	--	--	--	--
SADEC LLC	709	--	--	--	--
	3.486.689	586.400	75.181	5.893.276	72.313

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

Payables					
Short-term			Long-term		
Trading	Deferred Income	Other Payables	Trading	Deferred Income	
--	--	--	--	--	--
2.078	--	--	--	--	--
99.826	528	--	--	--	--
26.885	1.683	--	--	--	2.245
21.441	--	--	--	--	--
70.695	--	--	--	--	--
19.143	--	--	--	--	9.656
324	45.160	--	--	--	224.140
11.092	--	--	--	--	--
374.567	37.391	--	--	--	77.983
29.601	--	--	--	--	--
2.967	--	--	--	--	--
44.791	--	--	--	--	--
--	--	--	--	--	--
6.048	--	--	--	--	--
60	322	--	--	--	--
47.569	--	--	--	--	--
25.739	--	--	--	--	--
145	--	--	--	--	--
3.574	1.300	--	--	--	11.067
59.995	660	--	--	--	--
--	--	--	--	--	--
--	1.461.559	--	--	--	989.783
--	--	5.000	--	--	--
1.448	--	--	--	--	--
--	--	--	--	--	--
		82.803			
847.988	1.548.603	87.803	--	1.314.874	

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

5. RELATED PARTY DISCLOSURES (continued)

31 December 2019					
Balances with related parties	Receivables				
	Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses
Main shareholder					
TSKGV	29	--	--	--	--
Main shareholder's subsidiaries and associates					
EHSİM Elektronik Harp Sis. Müh. Tic. Anonim Şirketi ("EHSİM")	--	774	--	--	--
Hava Elektronik San. ve Tic. Anonim Şirketi ("HAVELSAN")	16.521	49.336	--	605	676
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi ("HTR")	1.235	17.875	--	--	22.861
İşbir Elektrik Sanayii Anonim Şirketi ("İŞBİR")	--	20.781	--	--	1.892
NETAŞ Telekomünikasyon Anonim Şirketi ("NETAŞ")	207	18.246	--	--	4.626
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi ("STM")	64.763	4.408	--	107.483	341
Türk Havaçılık ve Uzak Sanayi ve Ticaret Anonim Şirketi ("TUSAŞ")	111.118	110	--	118.031	--
Financial Instruments					
ASPILSAN Enerji Sanayi ve Ticaret Anonim Şirketi ("ASPILSAN")	--	1.853	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi ("ROKETSAN")	136.186	85.042	--	108.367	251.901
Joint ventures and its related parties					
ASELSAN Bilkent Nano	--	6.503	--	--	4.869
İhsan Doğramacı Bilkent Üniversitesi	--	566	--	--	--
ASELSAN Optik	2.548	62.575	1.150	--	6.464
IGG	49.009	--	--	5.019	--
IGG ASELSAN	6.694	1.561	--	--	--
ASELSAN Kazakistan	75.858	--	--	15.427	--
ASELSAN Jordan	85.924	--	--	205	--
TÜBİTAK BİLGEM	--	3.133	--	--	2.549
TÜBİTAK-UME	--	173	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	2.416	1.022	--	93.404	3.190
TÜBİTAK SAGE Savunma Sanayii	--	10.809	--	6.003	--
TÜBİTAK UZAY TEKNOLOJİLERİ	470	--	--	--	--
Savunma Sanayi Başkanlığı ("SSB")	563.585	--	--	3.812.080	--
SSTEK	878	--	--	--	--
SADEC LLC	662	--	--	--	--
SADEC LLC					
	1.118.103	284.767	1.150	4.266.624	299.369

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

Payables					
Short-term			Long-term		
Trading	Deferred Income	Other Payables	Trading	Deferred Income	
--	--	--	--	--	--
5.130	--	--	--	--	--
69.347	3	--	--	--	--
10.339	--	--	--	--	--
19.473	--	--	--	--	--
75.100	--	--	--	--	--
3.606	11.415	--	--	--	21.784
618	52.747	--	--	--	329.670
16.511	--	--	--	--	--
349.496	39.722	--	--	--	77.123
13.307	--	--	--	--	--
6.693	--	--	--	--	--
14.343	--	--	--	--	--
--	--	--	--	--	--
319	--	--	--	--	--
538	4	--	--	--	--
54.099	1.654	--	--	--	--
4.755	--	--	--	--	--
3	--	--	--	--	--
1.136	2.797	--	--	--	13.001
4.806	2.678	--	--	--	--
--	--	--	--	--	--
--	421.006	--	--	--	2.246.831
30	--	--	--	--	--
89	--	--	--	--	--
649.738	532.026	--	--	--	2.688.409

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

5. RELATED PARTY DISCLOSURES (continued)

	1 January- 31 December 2020	1 January- 31 December 2019
Transactions with related parties	Purchases	Purchases
Main Shareholder		
TSKGV	540	928
Main shareholder's subsidiaries and associates		
NETAŞ	93.867	133.535
STM	24.055	19.331
İŞBİR	50.204	57.029
HTR	69.012	63.854
TUSAŞ	669	1.657
HAVELSAN	47.988	45.697
Financial Instruments		
ROKETSAN	116.124	328.570
ASPİLSAN	36.957	40.202
Joint ventures and its related parties		
İHSAN DOĞRAMACI BİLKENT ÜNİVERSİTESİ	9.365	16.301
TÜBİTAK BİLGEM	49.427	27.395
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	4.967	1.674
TÜBİTAK UME	672	892
TÜBİTAK SAGE SAVUNMA SANAYİİ	70.572	35.126
TUBİTAK UZAY TEKNOLOJİLERİ	150	--
SSB	--	514
SSTEK	--	25
	574.569	772.730

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

5. RELATED PARTY DISCLOSURES (continued)

	1 January- 31 December 2019	1 January- 31 December 2019
Transactions with related parties	Sales	Sales
Main Shareholder		
TSKGV	357	290
Main shareholder's subsidiaries and associates		
TUSAŞ	829.755	384.259
STM	229.502	738.160
HAVELSAN	42.951	9.792
HTR	6.699	21.137
İŞBİR	40	--
NETAŞ	124	1.380
TEI	747	--
Financial Instruments		
ROKETSAN	375.702	194.459
ASPILSAN	900	--
Joint ventures and its related parties		
İHSAN DOĞRAMACI BİLKENT ÜNİVERSİTESİ	--	521
TÜBİTAK BİLGEM	1.135	546
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	53.654	1.483
TÜBİTAK SAGE SAVUNMA SANAYİİ	3	506
TÜBİTAK UZAY TEKNOLOJİLERİ	171	220
SSB	8.706.935	5.733.028
SSTEK	156.885	39.442
	10.405.560	7.125.223

Transactions with related parties are generally related to the purchases and sales of goods and services related to projects under TFRS 15 "Revenue from Contracts with Customers".

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

6. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

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

Short-term trade receivables	31 December 2020	31 December 2019
Trade receivables	3.639.819	2.722.650
Trade receivables from related parties (Note 5)	3.486.689	1.118.103
Notes receivable	20.011	44.180
Doubtful trade receivables	22.442	58.960
Allowance for doubtful trade receivables (-)	(22.442)	(58.960)
	7.146.519	3.884.933

Long-term trade receivables	31 December 2020	31 December 2019
Unbilled receivables from contracts with customers	1.358.501	1.057.620
Trade receivables	217.603	260.655
Unbilled receivables from contracts with customers -Related party (Note 5)	5.886.034	4.260.764
Trade receivables from related parties (Note 5)	7.242	5.860
	7.469.380	5.584.899

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

	31 December 2020	31 December 2019
Opening balance	58.960	2.218
Provision for the period	--	56.743
Provisions no longer required	(36.518)	(1)
Closing balance	22.442	58.960

The sectorial distribution of trade receivables is as follows:

	31 December 2020	31 December 2019
Public sector	8.895.771	4.990.685
Private sector	3.412.251	2.528.297
Receivables from companies operating abroad	2.307.877	1.950.850
Total receivables	14.615.899	9.469.832

Receivables from public sector represent the receivables are due from the Presidency of Defense Industry and other public entities. The Group's operations are based on contracts and no other collaterals are obtained from the customers.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

6. TRADE RECEIVABLES AND PAYABLES (continued)

a) Trade payables

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

Short-term trade payables	31 December 2020	31 December 2019
Trade payables	2.640.978	2.220.802
Due to related parties (Note 5)	847.988	649.738
Notes Payable	743.932	246.029
Other trade payables	18.571	3.944
	4.251.469	3.120.513

Long-term trade payables	31 December 2020	31 December 2019
Other trade payables	311	20.896
	311	20.896

7. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

Short-term other receivables	31 December 2020	31 December 2019
Receivables from tax office ¹	565.613	356.238
Deposits and guarantees given	1.964	1.903
Other receivables from related parties (Note 5)	75.181	1.150
Other ²	29.633	21.263
	672.391	380.554

Long-term other receivables	31 December 2020	31 December 2019
Deposits and guarantees given	1.235	1.064

b) Other payables

Short-term other payables	31 December 2020	31 December 2019
Short-term other payables	5.569	56.986
Deposits and guarantees received	4.790	380
Leasing Liabilities	2.860	1.134
Short-term other payables to related parties (Note 5)	87.803	--
	101.022	58.500

Long-term other payables	31 December 2019	31 December 2019
Deposits and guarantees received	1.182	1.093
Other payables	5.873	--
Leasing Liabilities	29.339	3.836
	36.394	4.929

¹ Mainly comprises Value Added Tax (VAT) returns and are expected to be offsetted in the following periods.

² Consists of R&D Center social security premium incentive and R&D Center income tax exceptions.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

8. EQUITY ACCOUNTED INVESTMENTS

The Group's financial information for its shareholdings consolidated with equity method , that are not presented, according to the Group's ownership rates are as below:

31 December 2020	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
ASELSAN KAZAKHSTAN	49	106.828	133.602	240.430	82.957	22.586	105.543
ASELSAN JORDAN	49	85.288	34.114	119.402	64.547	8.057	72.604
ASELSAN OPTİK	50	76.745	71.138	147.883	46.342	60.476	106.818
IGG ASELSAN	49	38.026	183	38.209	18.108	1.179	19.287
ASELSAN BİLKENT	50	62.169	151.279	213.448	68.974	124.198	193.172
TEKNOHAB	15	41.796	861	42.657	197	--	197
EHSİM	50	122.108	3.300	125.408	29.625	95.783	125.408
DASAL	40	8.743	4.230	12.973	2.255	--	2.255
TÜYAR	51	15.016	1.756	16.772	53	--	53
		556.719	400.463	957.182	313.058	312.279	625.337

31 December 2020	Ownership Rate (%)	Revenue	Expenses	Net Profit /(Loss)	Group Share of Net Assets	Group Share of Profit/ (Loss)
ASELSAN KAZAKHSTAN	49	298.077	(268.228)	29.849	66.094	14.627
ASELSAN JORDAN	49	111.311	(106.802)	4.509	22.931	2.210
ASELSAN OPTİK	50	168.336	(152.530)	15.806	20.533	7.903
IGG ASELSAN	49	9.246	(8.474)	772	9.272	378
ASELSAN BİLKENT	50	89.858	(99.244)	(9.386)	10.138	(4.693)
SADEC LLC ¹	50	--	(4.085)	(4.085)	--	(2.043)
BARQ QSTP LLC.	48	--	--	--	834	--
TEKNOHAB	15	3.645	(1.289)	2.356	6.369	353
EHSİM	50	63.969	(77.896)	(13.927)	--	(6.964)
TR EĞİTİM VE TEKNOLOJİLERİ	35	--	--	--	1.225	--
DASAL	40	3.245	(2.528)	717	4.287	287
TÜYAR	51	1.592	(906)	686	8.527	350
		749.279	(721.982)	27.297	150.210	12.408

¹ The liquidation process of the company is about to be completed.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

8. EQUITY ACCOUNTED INVESTMENTS (continued)

31 December 2019	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
ASELSAN KAZAKHSTAN	49	102.720	121.328	224.048	119.149	11.809	130.958
ASELSAN JORDAN	49	94.927	22.335	117.262	82.531	--	82.531
ASELSAN OPTİK	50	93.400	61.703	155.103	57.863	68.880	126.743
IGG ASELSAN	49	5.202	806	6.008	--	880	880
ASELSAN BİLKENT	50	48.554	141.191	189.745	39.661	120.423	160.084
SADEC LLC	50	4.927	1.073	6.000	1.472	443	1.915
TEKNOHAB	30	7.456	283	7.739	51	--	51
EHSİM	50	82.258	3.023	85.281	10.800	60.553	71.353
TÜYAR	51	15.644	525	16.169	132	3	135
		455.088	352.267	807.355	311.659	262.991	574.650

31 December 2019	Ownership Rate (%)	Revenue	Expenses	Net Profit/(Loss)	Group Share of Net Assets	Group Share of Profit/(Loss)
ASELSAN KAZAKHSTAN	49	83.928	(86.879)	(2.951)	45.613	(1.447)
ASELSAN JORDAN	49	83.132	(82.069)	1.063	17.018	521
ASELSAN OPTİK	50	130.643	(120.604)	10.039	14.180	5.019
IGG ASELSAN	49	8.760	(7.393)	1.367	8.803	670
ASELSAN BİLKENT	50	39.363	(28.462)	10.901	14.831	5.455
SADEC LLC	50	2.136	(10.389)	(8.253)	2.043	(4.128)
BARQ QSTP LLC.	48	--	--	--	834	--
TEKNOHAB	30	346	(2.658)	(2.312)	2.306	(694)
EHSİM	50	15.483	(20.535)	(5.052)	6.964	(2.527)
TR EĞİTİM VE TEKNOLOJİLERİ	50	--	--	--	1.000	--
TÜYAR	51	1.865	(2.931)	(1.066)	8.177	(544)
		365.656	(361.920)	3.736	121.769	2.325

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

9. INVENTORIES

	31 December 2020	31 December 2019
Raw materials	2.531.001	2.268.578
Work in progress	2.198.693	1.728.108
Goods in transit ¹	284.201	178.206
Finished goods	403.829	234.811
Other inventories	75.805	28.654
Trade goods	60.329	51.398
Allowance for impairment on inventories (-)	(21.155)	(15.828)
	5.532.703	4.473.927

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

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

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

	2020	2019
Opening balance	15.828	8.120
Provision for the period	5.327	8.347
Provision released	--	(639)
Closing balance	21.155	15.828

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 December 2020	31 December 2019
Order advances given for inventory purchases	845.857	930.628
Short-term order advances given to related parties for inventory purchases (Note 5)	586.400	284.767
Work advances	113.278	--
Prepaid expenses	233.191	104.871
	1.778.726	1.320.266

Long-term prepaid expenses	31 December 2020	31 December 2019
Long-term order advances given to related parties for inventory purchases (Note 5)	72.313	299.369
Order advances given for inventory purchases	134.384	172.382
Order advances given for fixed assets purchases	134.894	92.447
Prepaid expenses	32.034	20.455
	373.625	584.653

Short-term deferred income	31 December 2020	31 December 2019
Order advances received	230.881	131.022
Order advances received from related parties (Note 5)	1.548.603	532.026
Deferred income	877.089	404.684
	2.656.573	1.067.732

Short-term order advances received comprises advances received from 86 customers (31 December 2019: 69 customers) of which first 10 customers constitutes 99 percent of the total (31 December 2019: 99 percent).

Long-term deferred income	31 December 2020	31 December 2019
Order advances received	321.721	575.385
Order advances received from related parties (Note 5)	1.314.874	2.688.409
Deferred income	127.562	413.602
	1.764.157	3.677.396

Long-term order advances received comprises advances received from 42 customers (31 December 2019: 62 customers) of which the first 10 customers constitutes 99 percent of the total (31 December 2019: 98 percent).

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment
Cost and revaluation				
Opening balance as of 1 January 2020	319.679	36.900	224.884	1.154.971
Additions ³	--	--	2.662	173.150
Revaluation fund	106.783	--	--	--
Disposals	--	--	--	(2.181)
Transfers	(16.360)	3.191	32.010	--
Closing balance as of 31 December 2020	410.102	40.091	259.556	1.325.940
Accumulated depreciation				
Opening balance as of 1 January 2020	--	13.876	90.845	633.108
Charge for the period	--	2.247	8.280	99.429
Disposals	--	--	--	(1.634)
Transfers	--	--	--	--
Closing balance as of 31 December 2020	--	16.123	99.125	730.903
Net book value as of 31 December 2020	410.102	23.968	160.431	595.037

¹ Comprises the mould model devices manufactured by the Group with net book value of TL 61.426.

² Includes of investments in molds, models, devices and construction works.

³ TL 6.035 of additions are free of charge investment income (31 December 2019: TL 43.225).

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

Vehicles	Furniture and fixtures	Other fixed assets ¹	Leasehold improvements	Financial leasing	Construction in progress ²	Total
7.058	295.791	124.865	209.621	6.264	246.614	2.626.647
2.031	160.683	7.532	5.650	36.946	476.844	865.498
--	--	--	--	--	--	106.783
(287)	(272)	--	(1.340)	--	(2.676)	(6.756)
--	--	21.685	--	--	(40.526)	--
8.802	456.202	154.082	213.931	43.210	680.256	3.592.172
3.172	190.041	79.179	41.014	1.481	--	1.052.716
849	56.420	13.477	8.945	10.028	--	199.675
(287)	(230)	--	(291)	--	--	(2.442)
--	--	--	--	--	--	--
3.734	246.231	92.656	49.668	11.509	--	1.249.949
5.068	209.971	61.426	164.263	31.701	680.256	2.342.223

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Land improvements	Buildings	Machinery and equipment
Cost and revaluation				
Opening balance as of 1 January 2019	302.045	35.554	204.961	1.002.686
Additions	17.634	1.346	19.923	152.825
Revaluation fund	--	--	--	--
Disposals	--	--	--	(540)
Closing balance as of 31 December 2019	319.679	36.900	224.884	1.154.971
Accumulated depreciation				
Opening balance as of 1 January 2019	--	11.744	80.704	549.024
Charge for the period	--	2.132	10.141	84.624
Disposals	--	--	--	(540)
Closing balance as of 31 December 2019	--	13.876	90.845	633.108
Net book value as of 31 December 2019	319.679	23.024	134.039	521.863

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

Vehicles	Furniture and fixtures	Other fixed assets	Leasehold improvements	Financial leasing	Construction in progress	Total
5.492	238.723	105.946	202.083	--	133.711	2.231.201
1.668	57.116	18.919	7.538	6.264	115.240	398.473
--	--	--	--	--	--	--
(102)	(48)	--	--	--	(2.337)	(3.027)
7.058	295.791	124.865	209.621	6.264	246.614	2.626.647
2.568	150.680	67.529	32.655	--	--	894.904
669	39.361	11.650	8.359	1.481	--	158.417
(65)	--	--	--	--	--	(605)
3.172	190.041	79.179	41.014	1.481	--	1.052.716
3.886	105.750	45.686	168.607	4.783	246.614	1.573.931

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of the depreciation expenses with respect to the plant, property and equipment is as follows:

	31 December 2020	31 December 2019
Cost of sales	121.074	111.957
General administrative expenses	54.756	29.689
Inventories	22.956	16.114
Marketing expenses	889	657
	199.675	158.417

There is no tangible assets acquired through financial leasing as of 31 December 2019 and 2020.

There is no collateral, pledges, and mortgages on tangible assets as of 31 December 2019 and 2020.

There is no capitalized interest expense as of 31 December 2019 and 2020.

Fair value measurement of the Group's land

The lands owned by the Group are revalued and presented at fair value as of 31 December 2020. The fair value of the lands owned by the Group is revalued on 5 November 2020 by Açık Kurumsal Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi ("Açık Değerleme"), an independent appraisal company. Açık Değerleme is authorized by the CMB and provides real estate appraisal services in accordance with the capital market legislation. The fair value of the lands is determined according to "Market Value Approach (Equivalent Comparison Method)". Gains resulting from revaluation are recognized under "Gain on Revaluation of Property" in other comprehensive income.

In accordance with TFRS 13 "Fair Value Measurement" standard, since measurement techniques do not include observable market inputs, fair values of the lands are considered as level 3 in respect of fair value hierarchy.

There are no restrictions on the distribution of revaluation funds. The valuation difference on the lands is TL 337.174 (31 December 2019: TL 230.391).

Change in Revaluation	31 December 2020
Opening balance as of 31 December 2019:	230.391
Appreciation (Other Comprehensive Income)	113.449
Depreciation (Profit / Loss)	(6.666)
TOTAL	337.174

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurement of the Group's land and buildings (continued)

Details of the Group's lands and information regarding fair value hierarchy are as follows:

	Fair value as of reporting date			
	31 December	Level 1	Level 2	Level 3
	2020	TL	TL	TL
Macunköy	280.272	--	--	280.272
Akyurt	89.000	--	--	89.000
Gölbaşı	880	--	--	880
Oğulbey	39.480	--	--	39.480
Gölbek	380	--	--	380
Denizli	90	--	--	90
	410.102			410.102

	Fair value as of reporting date			
	31 December	Level 1	Level 2	Level 3
	2019	TL	TL	TL
Macunköy	173.421	--	--	173.421
Akyurt	92.147	--	--	92.147
Gölbaşı	1.110	--	--	1.110
Oğulbey	52.780	--	--	52.780
Gölbek	166	--	--	166
Denizli	55	--	--	55
	319.679			319.679

The fair value level action table as of 31 December 2020 are as follows:

	Fair Value Level as of Reporting Date		
	Level 1	Level 2	Level 3
	TL	TL	TL
1 January 2020	--	--	319.679
Additions (Net)	--	--	90.423
31 December 2020	--	--	410.102

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

12. INTANGIBLE ASSETS

	Rights	Development Costs	Other intangible assets ¹	Total
Cost				
Opening balance as of 1 January 2020	80.797	1.475.337	225.092	1.781.226
Additions	5.802	1.135.700	79.824	1.221.326
Disposals	--	(805.599)	--	(805.599)
Closing balance as of 31 December 2020	86.599	1.805.438	304.916	2.196.953
Accumulated Amortization				
Opening balance as of 1 January 2020	51.765	282.578	170.305	504.648
Charge for the period	13.394	78.165	45.428	136.987
Closing balance as of 31 December 2020	65.159	360.743	215.733	641.635
Net book value as of 31 December 2020	21.440	1.444.695	89.183	1.555.318

	Rights	Development Costs	Other intangible assets ¹	Total
Cost				
Opening balance as of 1 January 2019	51.569	1.247.730	177.480	1.476.779
Additions	23.052	1.230.946	47.612	1.301.610
Disposals	--	(997.163)	--	(997.163)
Transfers	6.176	(6.176)	--	--
Closing balance as of 31 December 2019	80.797	1.475.337	225.092	1.781.226
Accumulated Amortization				
Opening balance as of 1 January 2019	32.783	231.611	130.318	394.712
Charge for the period	18.982	50.967	39.987	109.936
Closing balance as of 31 December 2019	51.765	282.578	170.305	504.648
Net book value as of 31 December 2019	29.032	1.192.759	54.787	1.276.578

The details of amortization expenses regarding intangible assets is as follows:

	31 December 2020	31 December 2019
Research and development expenses	76.279	49.831
Cost of sales	26.045	41.596
Inventories	28.208	11.023
Marketing expenses	377	356
General administrative expenses	6.078	7.130
	136.987	109.936

¹ Other intangible assets include licences related to computer software.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

13. GOVERNMENT GRANTS AND INCENTIVES

The deferred incentive income shown under consolidated statement of financial position is as follows:

	31 December 2020	31 December 2019
Current government grants and incentives	29.513	43.194

As part of the Decision on Government Incentives on Investments, there are 6 investment incentives taken from General Directorate of Turkish Undersecretariat of the Treasury. The incentives allow VAT exemption and customs tax exemption. VAT exemption is applied in both domestic and international purchases while customs tax exemption is applied for international purchases.

In Corporate Tax Calculation, no tax payable is calculated because of R&D deduction and deductions due to investment incentive certificates cannot be applied. For this reason, no deferred tax effect is calculated for the temporary differences arising from investment incentives.

Government grants show the unearned proportion of the grant after the costs related with the completed parts of the projects are deducted from the grants taken by the Group for the ongoing projects that was obtained as of the reporting date.

The incentive obtained consists of the incentives that are accrued in accordance with TÜBİTAK's R&D recognition letter prepared with respect to the Group's ongoing projects.

The Group obtains capital support from "Support and Price Stabilization Fund" of Central Bank of Turkey via Undersecretariat of Foreign Trade's consent. The Scientific and Technological Research Council of Turkey ("TÜBİTAK") and Technology Development Foundation of Turkey ("TTGV") act as intermediary in accordance with Communiqué No:98/10 published by the Money-Loans and Coordination Board.

In accordance with Law on Technology Development Zones numbered 4691, Group utilizes withholding income tax incentive, social security premium incentive and stamp tax exceptions. Such incentives are utilized through not paying withholding income tax incentive, social security premium incentive and stamp tax exceptions calculated based on research and development and software personnel payroll. Income generated in accordance with law on Technology Development Zones numbered 4691 is exempt from corporate income tax until 31 December 2028.

The research and development expenditure deduction rate used as a tax benefit has been increased from 40 percent to 100 percent in accordance with the amended article 10 of the Tax Law numbered 5520, the amended article 89 of Law numbered 193 and 5746 with respect to the Support of Research and Development Activities. The aforementioned law was enacted of April 2008 after its issue in the Official Gazette dated 12 March 2008, numbered 26814. In accordance to the Law regarding the Incentive of Research and Development Activities numbered 6676 published on Official Gazettes numbered 29636 on 26 February 2016 and The Law Regarding the Amendments on Delegated Legislation, the content of the law and incentives has been broadened and additional exceptions has been given. Research and development expenditure may be used as a tax deduction in the determination of the taxable income. If taxable income levels are not sufficient to absorb all available tax deductions, any unused research and development tax deduction is allowed to be carried forward to the next tax period. The remaining amount from previous year is increased according to revaluation ratio defined at Tax Procedure Law. According to the item No. 8 of the related law, all the costs related with research and development can be subjected to deduction until 31 December 2028.

14. BORROWING COSTS

As of 31 December 2020, there is no borrowing cost regarding the qualifying assets. (31 December 2019: None).

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions

Other short-term provisions	31 December 2020	31 December 2019
Provision for warranties ¹	1.045.215	731.395
Provision for onerous contracts	483.283	129.518
Provision for delay penalties ¹	368.124	100.508
Provision for legal cases	27.990	24.501
Provision for cost expenses	11.820	7.525
Other	1.330	1.113
	1.937.762	994.560

The movement of the provision for warranties is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	731.395	442.777
Provision during the period	533.910	448.790
Realized during the period	(219.631)	(160.172)
Provision reversed during the period	(459)	--
Closing balance	1.045.215	731.395

The movement of the provision for onerous contracts is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	129.518	87.772
Provision during the period	372.432	41.746
Provision reversed during the period	(18.667)	--
Closing balance	483.283	129.518

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Provisions (continued)

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	100.508	41.403
Provision during the period	359.379	93.963
Realized during the period	(56.163)	(30.348)
Provision reversed during the period	(35.600)	(4.510)
Closing balance	368.124	100.508

The movement of the provision for legal cases is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	24.501	10.905
Provision during the period	7.406	17.173
Realized during the period	(3.917)	(3.577)
Closing balance	27.990	24.501

Other long-term provisions

	31 December 2020	31 December 2019
Provision for delay penalties	66.357	--
Provision for onerous contracts	660.730	381.830
	727.087	381.830

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	--	--
Provision during the period	66.357	--
Provision reversed during the period	--	--
Closing balance	66.357	--

The movement of the provision for onerous contracts is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	381.830	328.385
Provision during the period	373.249	53.445
Provision reversed during the period	(94.349)	--
Closing balance	660.730	381.830

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

b) Legal cases

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

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

Description	2020	2019
a) Ongoing lawsuits filed by the Group	109.899	70.374
b) Execution proceedings carried out by the Group	260.595	193.568
c) Ongoing lawsuits filed against the Group	27.990	24.501
d) Executions against the Group	2.888	485
e) Lawsuits finalized against the Group within the period	3.294	1.505
f) Lawsuits finalized in favor of the Group within the period	1.432	1.975

- Ongoing lawsuits filed by the Group are comprised of lawsuits for patents, trademarks and lawsuits filed by the Group due to the disagreements related to previous lawsuits. These lawsuits will not be recognised in the financial statements until they are finalized.
- Execution of proceedings carried out by the Group are comprised of lawsuits that would result in favor of the Group that will be recognised as revenue under "Other Operating Income" line when they are collected.
- The Company made provisions for all lawsuits filed against the Group and recognised as "Provisions" in the statement of financial position and "Other Operating Expense" in the statement of profit or loss and other comprehensive income.
- Executions against the Group are not included in Financial Statements.
- Lawsuits finalized against the Group are recognised in the statement of profit or loss to the extent that the amount differs from the amount previously provided. Amounts in excess of the amount previously provided are recognised under 'Other Operating Expense' when the penalty is paid.
- Lawsuits finalized in favor of the Group are recognised in statement of profit or loss and other comprehensive income under "Other Operating Income" line when the final judgement is determined.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

16. COMMITMENTS AND CONTINGENCIES

a) Operating lease

As of 31 December 2020, the Group has two lands that are rented for 49 years and 46 years. In 2020 the Group has paid rent amounting to TL 307 (31 December 2019: TL 306) and TL 617 (31 December 2019: TL 542) for property lands rented for 49 years and 46 years respectively. Rent payments escalated every year based on the "Producer Price Index (PPI)" rate. The rental period will end on 23 January 2061 both for two lands.

As of 31 December 2020, the Group has paid rent amounting to TL 8.624 (31 December 2019: TL 4.484) for vehicles rented during the year.

b) Guarantees received

	31 December 2020	31 December 2019
Letters of guarantees received from the suppliers	2.545.759	2.125.852
Collaterals received from the customers	27.024	19.952
Letters of guarantees received from the customers	19.655	6.450
Collaterals received from the suppliers	106.909	28.155
Letters of guarantees received from the suppliers	25.818	8.042
Mortgages received from the customers	265	265
	2.725.430	2.188.716

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

The collaterals/pledges/mortgages ("CPM") given by the Group as of 31 December 2020 and 31 December 2019 is as follows:

In accordance with the terms of the Patrol and Anti-Submarine Warfare Ship Projects ("MİLGEM"), the Company is a guarantor if HAVELSAN cannot be able to fulfill the obligations in this project of an amount of USD 942.590.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

16. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given (continued)

31 December 2020	TL Equivalent	TL	USD
A. Total amount of CPM given on behalf of the legal entity			
-Collateral	23.612.275	6.650.560	1.245.021
-Pledge	--	--	--
-Mortgage	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
D. Total amount of other CPM given			
i. Total Amount of CPM on behalf of the main partner			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹			
-Collateral	22.529	--	3.069
-Pledge	--	--	--
-Mortgage	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
Total	23.634.804	6.650.560	1.248.090

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

EURO	UAE Dirham	Polish Zloty	Indian Rupee	British Pound	Qatar Rial
868.214	--	1.000	10.000	--	25
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868.214	--	1.000	10.000	--	25

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

16. COMMITMENTS AND CONTINGENCIES (continued)

c) Guarantees given (continued)

31 December 2019	TL Equivalent	TL	USD
A. Total amount of CPM given on behalf of the legal entity			
-Collateral	19,163,727	5,678,746	1,209,264
-Pledge	--	--	--
-Mortgage	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
D. Total amount of other CPM given			
i. Total Amount of CPM on behalf of the main partner			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C			
-Collateral	18,231	--	3,069
-Pledge	--	--	--
-Mortgage	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover			
-Collateral	--	--	--
-Pledge	--	--	--
-Mortgage	--	--	--
Total	19,181,958	5,678,746	1,212,333

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

¹ The ratio of the other CPM given by the Group to equity as of 31 December 2019 is 0,13 percent. TL 18,231 is the collateral amount pertaining to guarantee letter given on behalf of the entities' joint venture ASELSAN Bilkent.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

EURO	UAE Dirham	Indian Rupee	British Pound	Qatar Rial
947.409	--	10.000	--	25
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
947.409	--	10.000	--	25

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

17. EMPLOYEE BENEFITS

a) Obligations for employee benefits

	31 December 2020	31 December 2019
Social security premiums payable	48.909	37.643
Taxes and funds payable	66.271	39.259
Due to personnel	90.326	69.037
	205.506	145.939

b) Short-term provisions for employee benefits

	31 December 2020	31 December 2019
Provision for vacation pay and overtime	108.854	72.819

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

	2020	2019
Opening balance	72.819	49.382
Provision for the period	63.365	53.771
Provision paid during the period	(21.904)	(26.372)
Provision realized during the period	(5.426)	(3.962)
Closing balance	108.854	72.819

c) Long-term provisions for employee benefits

	31 December 2020	31 December 2019
Provision for severance pay	245.256	206.040
Provision for retirement pay	19.708	19.691
	264.964	225.731

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

	2020	2019
Opening balance	225.731	198.611
Service cost	14.683	21.193
Interest cost	6.674	6.100
Actuarial gains/(loss)	36.348	17.851
Payments	(18.472)	(18.024)
Closing balance	264.964	225.731

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

17. EMPLOYEE BENEFITS (continued)

Provision for severance pay:

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

Certain provisions regarding services before retirement, has been annulled on 23 May 2002 during the revision of the related law. As of 31 December 2020 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 7.117,17 (31 December 2019: TL 6.380¹)

As of 1 January 2021, the ceiling for the severance payments is TL 7.638,96.¹

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans.

Provision for retirement grant:

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

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

	31 December 2020 (%)	31 December 2019 (%)
Interest rate	13,60	12,88
Inflation rate	9,90	8,90
Discount ratio	3,37	3,35
Estimation of probability of retirement ratio	97	97

¹ Amounts are shown in original Turkish Lira values.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2020	31 December 2019
VAT carried forward ¹	268.348	219.828
Restricted cash ²	53.119	49.949
Other VAT	19.176	70.185
Other ¹	23.711	56.975
	364.354	396.937

b) Other non-current assets

	31 December 2020	31 December 2019
VAT carried forward ¹	1.024.221	695.137
Prepaid taxes and funds	43.316	34.377
Other ³	4.325	9.722
	1.071.862	739.236

c) Other short-term liabilities

	31 December 2020	31 December 2019
Taxes and funds payable	11.314	3.596
Other ³	6.092	651
	17.406	4.247

19. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

Shareholders	Share (%)	31 December 2020	Share (%)	31 December 2019
TSKGV	74,20	1.691.652	74,20	845.826
Publicly held	25,80	588.348	25,80	294.174
Nominal capital	100	2.280.000	100	1.140.000
Share capital adjustment		98.621		98.621
Inflation adjusted capital		2.378.621		1.238.621

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

¹ Taxpayers (Contractor/the Group) who deliver goods and provides services to the Natural Security Institutions (such as MOD and UDI) are to be approved by purchasers (contacting authority) in terms of content and nature accordingly. Value Added Tax (VAT) is exempted as of 1 March 2009 in accordance with General Declaration on Value Added Tax with the Serial Number 112 in the Official Gazette as of 12 February 2009. These amounts usually are not collected, but they are offset with other tax liabilities.

² The amount consists of the restricted cash with regard to 1007 and the European Union projects.

³ Mainly comprises of other assets and liabilities of consolidated subsidiaries.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

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

Restricted reserves

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

As of 31 December 2020, The Group's restricted reserves set aside from profit comprises legal reserves. The total of the Group's legal reserves are TL 312.371 (31 December 2019: TL 276.827).

Retained Earnings

Accumulated profits apart from net profit for the year and extraordinary reserves which is accumulated profit by nature are shown under retained earnings. As of 31 December 2020 the extraordinary reserves balance presented in retained earnings is TL 5.164.028 (31 December 2019: TL 2.987.028). According to the statutory records, the Company's profit for the period is TL 3.947.820 (31 December 2019: TL 3.686.183) and its other funds available for profit distribution is TL 5.211.369 (31 December 2019: TL 3.034.425) and the details are as followings.

Profit distribution

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

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

On 19 June 2020, in accordance with the consolidated financial statements, the General Assembly of the Company has decided to allocate legal reserve amounting to TL 34.184 of the TL 3.308.531 which is based on the profit distribution, and to distribute TL 335.000 in cash to shareholders for dividend payment, TL 1.140.000 for capital increase by bonus issue and the remaining TL 2.177.000 to be within the Group. Thus, the cash gross dividend amount for TL 1 nominal value per share is Kuruş 14,69 net (31 December 2019: 7,63 Kuruş net).

Within 2020, dividend amounting to TL 335.000 in gross, 14,69 Kuruş per share of TL 1 (net profit amounting to TL 284.750, 12,49 Kuruş per share of TL 1) will be paid to shareholders. (31 December 2019: TL 174.000 in gross, 7,63 Kuruş per share of TL 1 (TL 147.900 in net , 6,49 Kuruş per share of TL 1) was paid).

On 20 March 2020, General Assembly of ASELSANNET has decided to distribute TL 2.000 as dividend payments to shareholders and reserve TL 125 as retained earnings from net profit of the year 2019. TL 10.000 is decided to be added on the capital in order to allocate capital issue by bonus to shareholders and remaining TL 11.364 is to decided to be allocated as extraordinary reserves (31 December 2019: 10.000).

The dividend which amounted TL 252.197 has been paid to shareholders.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

20. REVENUE AND COST OF SALES

a) Revenue	1 January - 31 December 2020	1 January - 31 December 2019
Domestic sales	14.591.151	11.503.350
Export sales	1.539.914	1.573.783
Other revenues	25.139	20.746
Sales returns (-)	(47.828)	(82.069)
Sales discounts (-)	(3.921)	(3.259)
	16.104.455	13.012.551

Revenue Recognized Regarding Performance Obligation	1 January - 31 December 2020	1 January - 31 December 2019
Over time	12.043.445	8.852.909
Point in time	4.061.010	4.159.642
	16.104.455	13.012.551

b) Cost of sales(-)	1 January - 31 December 2020	1 January - 31 December 2019
Cost of raw materials and supplies	9.793.088	7.475.716
Cost of merchandise goods sold	142.675	91.917
Cost of services sold	1.121.089	1.702.925
Cost of other sales	442.588	370.260
	11.499.440	9.640.818

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2020	1 January - 31 December 2019
General administrative expenses (-)	399.590	343.456
Marketing expenses (-)	280.867	204.118
Research and development expenses (-)	282.580	211.565
	963.037	759.139

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (continued)

a) General administrative expenses (-)	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	248.253	202.003
Depreciation and amortization expenses	60.834	36.819
Personnel meal expenses	9.978	3.743
Service procurement	9.674	7.236
Rent expenses	9.594	5.491
Expertise and consultancy expenses	8.582	8.261
Electricity expenses	6.910	7.119
IT repair and maintenance expenses	5.266	2.959
Insurance expenses	4.011	6.628
Course and seminar expenses	3.375	1.637
Personnel transportation expenses	3.326	2.765
Property and environmental cleaning tax	2.304	2.055
Legal expenses	1.854	4.409
Travel expenses	1.624	6.508
Water expenses	622	658
Other	23.383	45.165
	399.590	343.456

b) Marketing expenses (-)	1 January- 31 December 2020	1 January- 31 December 2019
Subcontractor service expenses	86.129	40.335
Commission expenses	64.923	27.834
Personnel expenses	50.487	34.498
Exhibition expenses	15.351	37.794
Travel expenses	10.118	10.576
Stamp duty expenses	9.861	3.382
Packaging expenses	5.987	4.592
Shipping and delivery expenses	4.457	11.550
Advertising expenses	3.514	7.316
Expertise and consultancy expenses	3.464	5.288
Samples expenses	2.935	4.586
Depreciation and amortization expenses	1.266	1.013
Representation expenses	1.002	1.442
Other	21.373	13.912
	280.867	204.118

c) Research and development expenses (-)	1 January- 31 December 2020	1 January- 31 December 2019
Personnel expenses	98.418	75.061
Depreciation and amortization expenses	76.279	49.831
Equipment costs	55.950	33.760
Other	51.933	52.913
	282.580	211.565

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

22. OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign currency exchange gains	6.961.194	3.650.791
Rediscounted interest income	73.181	63.436
Granted fixed assets income ¹	6.035	43.225
Other income	58.927	60.918
	7.099.337	3.818.370

b) Other operating expenses (-)

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign currency exchange losses	5.276.151	3.175.862
Rediscounted interest expense	122.330	48.902
Other expense and losses	66.445	28.938
	5.464.926	3.253.702

23. INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2020	1 January- 31 December 2019
Gain/(loss) on sales profit of marketable securities	231	1.243
Dividend income	5.436	4.618
Gain/(loss) on sales profit of fixed assets	2.269	518
	7.936	6.379

24. FINANCIAL INCOME

	1 January- 31 December 2020	1 January- 31 December 2019
Interest income	75.022	259.744
TFRS 15 financial component effect	652.816	472.563
Foreign currency exchange gains on bank loans	329.751	246.553
Gain/(loss) on derivative instruments(forward)	--	6.347
	1.057.589	985.207

¹ Granted fixed assets income comprises of fixed assets donated by public bodies and utilized within the scope of research projects conducted with universities. Subsequent to the completion of these projects, the subject matter fixed assets have been incorporated to the Group without any charge.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

25. FINANCIAL EXPENSES

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign currency exchange losses from bank loans (-)	994.004	387.879
TFRS 15 financial component effect (-)	407.079	380.510
Interest cost related with employee benefits (-)	6.674	6.100
Interest cost of borrowings (-)	61.414	88.153
	1.469.171	862.642

26. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	31 December 2020	31 December 2019
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	1.118.100	933.298
Revaluation of property	309.535	207.431
Cumulative Translation Adjustments	46.881	35.442
Loss on remeasurement of defined benefit plans	(61.432)	(32.354)
	1.413.084	1.143.817

Gain from revaluation of financial assets that fair value reflect in other comprehensive income:	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance	933.298	729.612
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	194.528	214.406
Deferred tax liability arising from revaluation	(9.726)	(10.720)
Closing balance	1.118.100	933.298

Gain from revaluation of financial assets that fair value reflect in other comprehensive income arises due to revaluation of financial investments. When available for sale financial assets are sold, any related amount included in revaluation reserve is transferred to profit or loss.

Revaluation of property	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance (Previously reported)	207.431	207.431
Increase arising from revaluation of property	113.449	--
Current period value increase deferred tax effect	(11.345)	--
Closing balance	309.535	207.431

Revaluation of property increase arises from revaluation of the lands. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The fair value of the lands owned by the Group is revalued on 5 November 2020 by Açık Kurumsal Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi ("Açık Değerleme"), an independent appraisal company.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

26. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (continued)

	1 January- 31 December 2020	1 January- 31 December 2019
Foreign currency exchange differences:		
Opening balance	35.442	25.507
Currency differences from net asset currency translation investent in foreign operations	11.439	9.935
Closing balance	46.881	35.442

	1 January- 31 December 2020	1 January- 31 December 2019
Gain/Loss on remeasurement of defined benefit plans		
Opening balance	(32.354)	(18.073)
Gain/Loss on remeasurement of defined benefit plans	(36.348)	(17.851)
Deferred tax on gain/loss on remeasurement of defined benefit plans	7.270	3.570
Closing balance	(61.432)	(32.354)

27. INCOME TAXES

	31 December 2020	31 December 2019
Corporate tax liabilities:		
Current corporate tax provision	4.635	14.868
Less: Prepaid taxes and funds	--	(2.021)
	4.635	12.847

	1 January- 31 December 2020	1 January- 31 December 2019
Tax income:		
Current corporate tax (expense)	(4.635)	(14.868)
Deferred tax income / (expense)	(419.250)	59.010
	(423.885)	44.142

	1 January-31 December 2020		
Tax effects related to components of other comprehensive income	Amount before tax	Tax income /expense	Net of tax amount
Defined benefit plan revaluation gains/losses	(36.348)	7.270	(29.078)
Cumulative Currency Translation Adjustments	113.449	(11.345)	102.104
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	11.439	--	11.439
Other comprehensive income in the period	194.528	(9.726)	184.802
	283.068	(13.801)	269.267

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

27. INCOME TAXES (continued)

	1 January-31 December 2019		
Tax effects related to components of other comprehensive income	Amount before tax	Tax income /expense	Net of tax amount
Defined benefit plan revaluation gains/losses	(17.851)	3.570	(14.281)
Cumulative Translation Adjustments	9.935	--	9.935
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	214.406	(10.720)	203.686
Other comprehensive income in the period	206.490	(7.150)	199.340

	1 January-31 December 2019	1 January-31 December 2019
Tax recognized directly in equity		
Deferred tax:		
- Revaluation of property	(11.345)	--
- Gain from revaluation of financial assets that fair value reflect in other comprehensive income	(9.726)	(10.720)
- Actuarial gain/loss	7.270	3.570
Deferred tax recognized directly in equity	(13.801)	(7.150)

Corporate tax

The Group is subject to Turkish corporate taxes. The corporate income tax is declared until the relevant accounting period-end's following fourth month, twenty-fifth day's evening and it is batch paid until the end of the related month. In accordance with the tax legislation, quarterly 22 percent (31 December 2019: 22 percent) on profits of advance tax is being calculated and paid. The amounts paid in this way are deducted by the tax on annual earning.

In accordance with the tax legislation in Turkey, financial losses could be carried forward for a maximum of five years that the year they appeared. Besides, tax returns and the related accounting records may be reviewed within five years by the tax administration.

Provision is made in the accompanying consolidated financial statements for the estimated change based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate entity bases.

Corporate tax rate that will be accrued based on rate able profit of the company is calculated on a basis by including disallowed deductions written of as expense when determining commercial profit with excluding tax-exempt profits and other discounts (also previous year losses and investments allowances used, if preferred)

The tax rate in 2020 is 22 percent (31 December 2019: 22 percent).

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

27. INCOME TAXES (continued)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and the differences are given below.

In Turkey, corporate tax rate is 22 percent as of 31 December 2020 (2019: 22 percent). However, according to the Article 91 of the Law numbered 7061 "Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation" which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the provisional clause 10 added to the Corporate Tax Law numbered 5520; corporate tax rate for the taxation periods of 2018, 2019 and 2020 is amended to be 22 percent, which would later be applied as 20 percent at the end of these periods.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 75 percent of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2020. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent with regard to immovable properties and tax declarations starting from 2019 will be calculated using 50 percent for immovable properties. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

The details of deferred tax assets and liabilities of the Group are as follows:

Deferred Tax Assets:	31 December 2020	31 December 2019
Discount on receivables	23.386	10.394
Adjustment to costs and provision for expected losses of construction contracts	2.180.101	1.656.545
Allowance for impairment on inventories	(930)	1.878
Provision for delay penalties	86.896	22.112
Provision for warranties	210.441	161.501
Provision for severance pay	48.621	41.187
Provision for retirement bonus pay	3.942	3.931
Provision for annual leave	21.771	16.020
Provision for legal cases	--	326
Provision for doubtful receivables	2.932	990
Accumulated research and development incentive	587.234	849.723

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

27. INCOME TAXES (continued)

Deferred tax (continued)

Deferred Tax Liabilities:	31 December 2020	31 December 2019
Discount on payables	(6.786)	(2.664)
Adjustment of progress payments for long- term construction projects	(2.641.171)	(1.854.233)
Depreciation of fixed assets / amortization of intangible assets	(70.052)	(49.540)
Fixed assets revaluation fund	(34.384)	(23.039)
Gain on revaluation of available for sale financial assets	(58.847)	(49.121)
Other	(254)	(59)

Deferred tax assets	3.164.394	2.764.607
Deferred tax liabilities	(2.811.494)	(1.978.656)
Deferred tax assets – net	352.900	785.951

Movement of deferred tax assets/(liabilities):	1 January- 31 December 2020	1 January- 31 December 2019
Opening balance as of 1 January	785.951	734.091
Charged to statement of profit or loss	(419.250)	59.010
Charged to equity	(13.801)	(7.150)
	352.900	785.951

Tax reconciliations:	Effective Tax Rate (%)	1 January- 31 December 2020	Effective Tax Rate (%)	1 January- 31 December 2019
Profit before tax from continuing operations		4.885.151		3.308.531
Income tax rate		%22		%22
Tax at the domestic income tax rate	22	1.074.733	22	727.877
Tax effects of:				
- revenue that is exempt from taxation	(1)	(58.549)	(1)	(32.452)
- expenses that are not deductible in determining taxable profit	1	53.462	1	39.091
- R&D incentives and other income exempt from taxation	(13)	(649.372)	(23)	(750.333)
- Change effect of determining statutory tax rate as 20 percent to 22 percent for 3 years	--	16.697	(1)	(22.085)
- effect of other adjustments	--	(13.086)	--	(6.240)
Tax income / expense recognized in profit or loss	9	423.885	(1)	(44.142)

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

28. EARNINGS PER SHARE

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

For the years ended 31 December 2020 and 2019, earnings per share calculations are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Number of shares outstanding (in thousands)	2.280.000	2.280.000
Net profit – TL	4.449.106	3.340.447
Earnings per 100 shares	195,14	146,51
Diluted earnings per 100 shares	195,14	146,51

29. FINANCIAL INVESTMENTS

Financial Investments

Short-term Financial Investments

	31 December 2020	31 December 2019
Eurobond	17.914	--
Realization of derivative instruments(forward)	--	6.039
	17.914	6.039

Non-Current Financial Investments

	31 December 2020	31 December 2019
a) Available for sale financial investments	1.182.088	987.560
b) Financial investments valued at cost that do not have a quoted market value	1.127	904
	1.183.215	988.464

a) Fair Value Difference Reflect in Other Comprehensive income

	31 December 2020	31 December 2019
Fair value difference reflect in other comprehensive income that are not traded in an active market	1.183.215	988.464
	1.183.215	988.464

ROKETSAN which is Group's equity investment is revalued and stated at fair value. As of 31 December 2020, the revaluation was performed by Oyak Yatırım Menkul Değerler Anonim Şirketi which is an independent valuation company. The fair value was determined according to "Discounted Cash Flow", "Similar Company Comparison" and "Realized Company Mergers and Acquisitions" methodologies. Discount ratio used in "Discounted Cash Flow" method is 18,5 percent (31 December 2019: 19 percent).

Company Name	Ratio(%) 31 December 2020	Ratio (%) 31 December 2019
ROKETSAN	14,897	14,897

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

29. FINANCIAL INVESTMENTS (continued)

a) Available for sale financial investments (continued)

Financial Investments (continued)

Roketsan shares, shown under available for sale financial investments, are reported on the third level in the fair value hierarchy (Note 32).

b) Financial investments valued at cost that do not have a quoted market value

The Group's equity investment and participation rate and the amount shown in financial investments are as follows:

Company Name	Ratio (%)	31 December 2020	Ratio (%)	31 December 2019
ASPILSAN	1	1.127	1	904
		1.127		904

The above available-for-sale equity investment amounting to TL 1.127 (31 December 2019: TL 904) does not have a quoted market value and the fair value cannot be reliably measured due to a wide range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. For this reason they are stated at cost less provision for diminution in value, if any.

30. FINANCIAL LIABILITIES

Financial Liabilities

		31 December 2020	31 December 2019
Short-term financial liabilities	Unsecured loan	1.521.433	1.522.010
Other short-term financial liabilities	Unsecured loan	96.742	90.311
Current portion of long-term financial liabilities	Unsecured loan	1.388.850	611.198
Total short-term financial liabilities		3.007.025	2.223.519
Other long-term financial liabilities	Unsecured loan	883.448	9.098
Total long-term financial liabilities		883.448	9.098
Total financial liabilities		3.890.473	2.232.617

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

30. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

As of 31 December 2019, TL 475.216 of the short term financial borrowings are USD Rediscount Credits, which have maturity dates due between January 2020 -April 2020 and interest rates between 2,73 – 4,99 percent. Short term borrowings in terms of EUR, which have maturity dates due between January 2020 -July 2020 amounting to TL 1.046.794 which has interest rate between 0,65-1,60 percent. Current portions of long-term financial liabilities are EUR and "İvme" Credit which have amounted to TL 506.198 and TL 105.000, respectively. They have interest rates between 2,75- 10,55 and maturity dates between July 2020-November 2020.

The TL 6.045 amounted portion of short term and long term financial liabilities have consisted of loans for supplier payments with 12 month maturity and interest rate of 11,50 percent. The rest of the short term other financial liabilities consist of loans borrowed for social security payments with 45 days maturity and interest rate of 1 percent from Ziraat Bank.

Bank Loans

31 December 2020			
Currency	Weighted average interest rate (%)	Short-term	Long-term
Euro	0,70	2.468.164	630.553
TL	7,17	416.519	8.212
USD	2,29	122.342	244.683
		3.007.025	883.448

31 December 2019			
Currency	Weighted average interest rate (%)	Short-term	Long-term
Euro	1,02	1.551.585	--
TL	10,55	196.718	9.098
USD	3,79	475.216	--
		2.223.519	9.098

The breakdown of the loan repayments with respect to their maturities is as follows:

	31 December 2020	31 December 2019
Within 1 year	3.007.025	2.223.519
Between 1-2 years	883.448	9.098
	3.890.473	2.232.617

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as explained Note 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's board of directors review capital structure regularly in the meetings. The risks that are associated with every equity item together with the Group's cost of capital are evaluated by the board of directors. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends.

Net debt and share capital as of 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Total liabilities	3.890.473	2.232.617
Less: Cash and cash equivalents	(4.081.654)	(3.513.842)
Net debt (asset)	(191.181)	(1.281.225)
Total equity	18.098.103	13.568.899

b) Financial Risk Factors:

It refers to the risks arising from the financial structure and financial preferences of the Group. Exchange rate, liquidity and interest rate risks are some risks under this heading. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

ASELSAN's Enterprise Risk Management Policy aims; to take proper actions against uncertainties that threaten the existence of the Company and to protect corporate identity and stakeholders' interest at all conditions. Risk management is an integrated element of Corporate Management. The information gathered within the scope of risk management activities in ASELSAN is integrated into decision making mechanisms.

The "top-down" and "bottom-up" approach is being applied into Enterprise Risk Management activities together. Risks, which are significant enough to affect ASELSAN's achievement of its targets, are identified, evaluated, monitored and reported along with the risk responses and precautions to be taken. At ASELSAN; The Enterprise Risk Management process is regularly reviewed and improved. ASELSAN's employees and business processes are at the center of the Enterprise Risk Management System.

Group's finance department identifies and evaluates financial risks and use tools to reduce risks by working in cooperation with the group's operating units.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is mainly working with public sector and obtaining advance payments where appropriate, both from public sector and private sector entities. The Group management does not foresee significant credit risk. Additionally, receivables are monitored regularly to minimize the collection risk.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

31 December 2020

	Receivables					
	Trade Receivables		Other Receivables		Bank Deposits	Other
	Related party	Third party	Related party	Third party		
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	9.379.965	5.235.934	75.181	598.445	4.127.325	25.064
- The part of maximum risk under guarantee with collateral etc. ²	--	19.655	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	9.379.965	4.015.042	75.181	598.445	4.127.325	25.064
B. Net book value of financial assets that are past due but not impaired	--	1.220.892	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	22.442	--	--	--	--
- Impairment (-)	--	(22.442)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

¹ While determining the amount, components which provide increase on credit reliability, like guarantees received are not taken into consideration.

² The guarantees consist of the letters of guarantees, collaterals, checks and mortgages.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

31 December 2019

	Receivables					
	Trade Receivables		Other Receivables		Bank Deposits	Other
	Related party	Third party	Related party	Third party		
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	5.384.727	4.085.105	1.150	380.468	3.559.515	10.053
- The part of maximum risk under guarantee with collateral etc. ²	--	6.450	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	5.384.727	2.727.841	1.150	380.468	3.559.515	10.053
B. Net book value of financial assets that are past due but not impaired	--	1.357.264	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	58.960	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	(58.960)	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

The aging of the overdue receivables is as follows:

	31 December 2020	31 December 2019
Overdue by 1-30 days	98.638	74.658
Overdue by 1-3 months	82.013	76.222
Overdue by 3-12 months	430.569	481.981
Overdue by 12 months	609.672	724.403
Total receivables	1.220.892	1.357.264

No collateral has been received for the overdue receivables.

Management has assessed its aged receivables and does not expect any collection problem arising from its aged receivables.

¹ While determining the amount, components which provide increase on credit reliability, like guarantees received are not taken into consideration.

² The guarantees consist of the letters of guarantees, collaterals, checks and mortgages.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. ASELSAN eliminates the liquidity risk, which is known as the risk arising from default and inability to fund the assets, it monitors forecasted and actual cash flows regularly and ensures the continuity of adequate funds and credit lines by matching the maturity of financial assets and liabilities. In order to manage the interest rate risk arising from changes in assets and / or liabilities as a result of fluctuations in interest rates in the future, it conducts transactions with fixed interest rates and uses financial derivative instruments when necessary.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The table includes both interest and principal cash flows. When receivables and payables are not constant, amounts are determined in accordance with interest rates generated from return rates as of the reporting date.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2020 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Financial liabilities	3.890.473	3.890.473	--	3.007.025	883.448	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Trade payables	4.251.780	4.284.876	3.218.461	1.066.104	311	--
Other payables	137.416	137.416	--	101.022	36.394	--

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Liquidity Risk (continued)

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2019 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Financial liabilities	2.232.617	2.232.617	775.358	1.448.161	9.098	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments						
Trade payables	3.141.409	3.154.420	3.128.706	--	25.714	--
Other payables	63.429	63.429	58.500	--	4.929	--

Market risk management

The Group's activities, as detailed below, expose primarily to the financial risks from changes in foreign currency exchange rates and interest rates.

Market risk exposures are evaluated by sensitivity analysis, and stress scenario analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk in the current year compared to prior year.

Foreign currency risk management

The exchange rate risk, which is any kind of change that may occur in assets and / or liabilities as a result of exchange rate fluctuations in the future, ASELSAN aims to minimize the effect of exchange rate fluctuations by keeping the long and short foreign exchange position at a minimum level. The balance sheet methods have been used in managing the exchange rate risk. Implementations such as; making use of foreign exchange denominated loans in line with the company's export volume, matching the contract currency with the currency of the costs of the project, and signing the subcontractor contracts in line with the main contract currency are used.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

	FOREIGN EXCHANGE POSITION					
	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other ¹
31 December 2020						
1. Trade receivables	5,218.519	451.080	3,311.153	210.535	1,896.476	10.890
2a. Monetary financial assets (including cash, bank)	708.690	69.039	506.782	21.985	198.044	3.864
2b. Non- monetary financial assets	575.245	52.316	384.026	28.905	260.371	60.099
3. Other	78.674	3.370	24.735	5.985	53.911	28
4. Current assets (1+2+3)	6,581.128	575.805	4,226.696	267.410	2,408.802	74.881
5. Trade receivables	5,449.954	487.910	3,581.501	207.424	1,868.453	0
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	339.959	1.362	10.000	82.297	741.323	7.591
7. Other	8.933	679	4.981	438	3.945	7
8. Long-term assets (5+6+7)	5,798.846	489.951	3,596.482	290.159	2,613.721	7.598
9. Total assets (4+8)	12,379.974	1,065.756	7,823.178	557.569	5,022.523	82.479
10. Trade payables	1,292.674	92.035	675.581	65.310	588.305	28.788
11. Financial liabilities	2,590.506	16.667	122.342	274.000	2,468.164	--
12a. Other monetary financial liabilities	965	121	889	8	76	--
12b. Other non-monetary financial liabilities	425.925	89.316	655.625	115.665	1,041.903	--
13. Current liabilities (10+11+12)	4,310.070	198.139	1,454.437	454.983	4,098.448	28.788
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	875.236	33.333	244.683	70.000	630.553	--
16a. Other monetary financial liabilities	1.128	150	1.101	3	27	--
16b. Other non-monetary financial liabilities	1,459.314	179.532	1,317.856	126.717	1,141.458	--
17. Non-current liabilities (14+15+16)	2,335.678	213.015	1,563.640	196.720	1,772.038	--
18. Total liabilities (13+17)	6,645.748	411.154	3,018.077	651.703	5,870.486	28.788
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9-18+19)	5,734.226	654.602	4,805.101	(94.134)	(847.963)	53.691
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	6,616.654	865.723	6,354.840	30.623	275.848	(14.034)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	979.056	110.916	785.769	21.995	189.286	4.001
26. Imports	3,825.534	351.887	2,583.028	118.337	1,065.972	176.534

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

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION

31 December 2019	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other ¹
1. Trade receivables	3.205.720	267.003	1.586.053	242.283	1.611.329	8.338
2a. Monetary financial assets (including cash, bank)	1.028.481	47.173	280.219	112.018	744.984	3.278
2b. Non-monetary financial assets	448.065	58.665	348.484	24.294	161.569	52.714
3. Other	6.435	254	1.511	735	4.891	33
4. Current assets (1+2+3)	4.688.701	373.095	2.216.267	379.330	2.522.773	64.363
5. Trade receivables	4.018.835	547.674	3.253.291	115.109	765.544	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	315.941	13.765	81.766	93.322	620.649	10.020
7. Other	14.357	979	5.814	1.199	7.970	573
8. Long-term assets (5+6+7)	4.349.133	562.418	3.340.871	209.630	1.394.163	10.593
9. Total assets (4+8)	9.037.834	935.513	5.557.138	588.960	3.916.936	74.956
10. Trade payables	1.288.961	117.435	697.584	77.841	517.692	73.685
11. Financial liabilities	2.026.801	80.000	475.216	233.300	1.551.585	--
12a. Other monetary financial liabilities	715	111	659	8	56	--
12b. Other non-monetary financial liabilities	821.201	119.973	712.668	115.336	767.046	--
13. Current liabilities (10+11+12)	4.137.678	317.519	1.886.127	426.485	2.836.379	73.685
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	--	--	--	--	--	--
16a. Other monetary financial liabilities	1.038	171	1.018	3	20	--
16b. Other non-monetary financial liabilities	2.300.574	427.817	2.541.315	212.269	1.411.719	--
17. Non-current liabilities (14+15+16)	2.301.612	427.988	2.542.333	212.272	1.411.739	--
18. Total liabilities (13+17)	6.439.290	745.507	4.428.460	638.757	4.248.118	73.685
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9-18+19)	2.598.544	190.006	1.128.678	(49.797)	(331.182)	1.271
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	4.935.521	664.133	3.945.086	158.258	1.052.504	(62.069)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	1.573.783	258.181	1.533.613	4.983	34.149	--
26. Imports	3.543.961	405.543	2.409.006	134.467	894.286	240.669

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

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

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

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity

The Group is exposed to foreign currency risk with respect to USD and EURO. As of 31 December 2020, USD 1: TL 7,3405 (31 December 2019: TL 5,9402), EURO 1: TL 9,0079 (31 December 2019: TL 6,6506).

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

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

Foreign currency sensitivity table				
31 December 2019				
	Profit/Loss		Equity ¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	394.509	(394.509)	394.509	(394.509)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	394.509	(394.509)	394.509	(394.509)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/(liabilities)	105.250	(105.250)	105.250	(105.250)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	105.250	(105.250)	105.250	(105.250)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/ (liabilities)	(6.207)	6.207	(6.207)	6.207
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(6.207)	6.207	(6.207)	6.207

¹ Comprises of profit/loss effect.

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

31. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

As of 31 December 2020 and 31 December 2019, since all of the loans obtained by the Group are fixed-rate loans, the Group is not exposed to significant interest rate risk.

As of 31 December 2020, the Group does not have interest bearing financial assets, therefore there is no exposure to interest risk (31 December 2019: None).

Price risk

The Group usually enters into fixed price contracts, therefore, is not exposed to any major price risk.

Hierarchy of fair value

As of 31 December 2020 and 31 December 2019, the Group's financial assets at their fair values are as in the following page:

32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING

31 December 2020	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	--	4.081.654	--	--	4.081.654	3
Blocked deposits	--	53.119	--	--	53.119	18
Financial investments	19.041	--	1.182.088	--	1.201.129	29
Equity accounted investments	150.210	--	--	--	150.210	8
Trade receivables	--	14.615.899	--	--	14.615.899	6
Financial liabilities	--	--	--	--	--	
Borrowings	--	--	--	3.890.473	3.890.473	30
Trade payables	--	--	--	4.251.780	4.251.780	6
Other payables	--	--	--	137.416	137.416	7

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

32. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

31 December 2019	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	--	3.513.842	--	--	3.513.842	3
Blocked deposits	--	49.949	--	--	49.949	18
Financial investments	6.943	--	987.560	--	994.503	29
Equity accounted investments	121.769	--	--	--	121.769	8
Trade receivables	--	9.469.832	--	--	9.469.832	6
Financial liabilities						
Borrowings	--	--	--	2.232.617	2.232.617	30
Trade payables	--	--	--	3.141.409	3.141.409	6
Other payables	--	--	--	63.429	63.429	7

The Group's management assesses that the carrying value reflects the fair value of financial instruments. Related financial assets are presented at cost after deducting impairment allowance if any.

The fair values of financial assets and financial liabilities are determined as follows:

- **Level 1:** The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- **Level 2:** The fair value of other financial assets and financial liabilities are determined in accordance with data which can be observed by directly or indirectly and which excludes the registered prices described in Level 1 ; and
- **Level 3:** The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Fair value hierarchy of financial assets that are measured at fair value:

ROKETSAN has presented under Group's financial assets that fair value reflect in other comprehensive income as of 31 December 2020. The fair value of ROKETSAN as of 31 December 2020 is TL 1.182.088 and was determined according to "Discounted Cash Flow", "Similar Company Comparison" and "Realized Company Mergers and Acquisitions" methodologies and its fair value hierarchy is Level 3.

Reconciliation of the Group's assets and liabilities that are measured at Level 3 fair value are presented as follow:

Available for sale financial assets	31 December 2020	31 December 2019
	Marketable Equity Shares	Marketable Equity Shares
Opening balance	987.560	773.154
Total gain/loss		
- transferred to other comprehensive income	194.528	214.406
Closing balance	1.182.088	987.560

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Financial Statements For the Year Ended 31 December 2020

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

33. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

31 December 2020	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
Financial Investments	--	--	1.182.088
	--	--	1.182.088

31 December 2019	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
Financial Investments	--	--	987.560
	--	--	987.560

The movement of the fair value level as of 31 December 2020 is as follows:

	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
1 January 2020	--	--	987.560
Additions	--	--	194.528
31 December 2020	--	--	1.182.088

33. EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOW

Reconciliation of the movements related to cash flows from financing activities and liabilities

	31 December 2019	Cash Movements	Non-cash movements			31 December 2020
			Additions	Exchange rate change	Other non-cash movements	
Financial Liabilities (Note 30)	2.232.617	996.849	(2.565)	663.572	--	3.890.473
Total liabilities arising from financing activities	2.232.617	996.849	(2.565)	663.572	--	3.890.473

The table above represents the changes in the cash amounts related to "Proceeds from Borrowings" and "Repayments from Borrowings" which are presented under cash flows from financing activities.

34. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the Group has signed contracts amounting to USD 63 Million.

ASELSAN has opened a branch named "ASELSAN Elektronik Sanayi ve Ticaret A.Ş. QSTP-B" to support its increasing activities in Qatar.

Independent Auditor's Report



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi

A. Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics published by the Public Oversight Accounting and Auditing Standards Authority. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

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

Key Audit Matters

How the Matter is Handled

Revenue – Accounting of Revenue Recognised Over Time

An important part of Group's revenue is generated from construction contracts which are recognised over time. Revenue recognised over time is mainly due to contracts made with the Presidency of Defense Industry. The Group recognises revenue over-time if any of the following conditions is met:

- a) The customer simultaneously receives and consumes the benefits as the entity performs
- b) The customer controls the asset as the entity creates or enhances it,
- c) Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date

Due to the fact that over-time revenue is one of the Group's core business volume and size indicators, implementation of related accounting standards is complex and includes management estimates and judgements, this issue has been considered to be a key audit matter.

Accounting policies and amounts of the revenue detailed in Note 2.5 and Note 20 respectively.

Our audit procedures included, in addition to others, the following;

Controlling the terms of the contract in accordance with the criteria of over time accounting

Cross-check of the amounts subject to revenue calculation with contracts,

Controlling monthly changes of variables that directly affect revenue such as profitability on project basis,

Analytical review of the accuracy of expected loss provision,

Performing control tests and test of details for contract cost,

Performing test of details for financing components

Questioning the annual changes of over-time revenue and related costs.

Independent Auditor's Report



Key Audit Matters (continued)

Key Audit Matters

How the Matter is Handled

Capitalization of Development Cost

The Group capitalizes development costs which are related with development activities and approved by the management.

Capitalized development costs amount to a net book value of TRL 1.444.695 as 31 December 2020 in the accompanying consolidated financial statements.

Capitalized development costs on the consolidated financial statements as of 31 December 2020 is significant for our audit due to variety of nature of costs, management judgments involved in the capitalization process and projects contract costs.

Explanations about intangible assets including the capitalized development costs have been disclosed in Note 12.

Our audit procedures included, amongst others, the following ;

Examinations of nature of capitalized development costs related to each project,

Examinations of the suitability of management assessments for projects at development phase

Performing test of details for development costs,

Assessment of Group's management approval process,

Additionally, inquiries have been performed with project engineers and executives involved in research and development activities in related division of the Group.,

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In independent audit, the responsibilities of us as independent auditors are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.).



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Reports on Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

1) Pursuant to Article 398 of the Turkish Commercial Code ("TCC") no. 6102, the auditor's report on early detection of risk system and the authorized committee is submitted to the Company's Board of Directors on 23 February 2021.

2) Pursuant to subparagraph 4, Article 402 of "TCC", no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2020 is not in compliance with the code and provisions of the Parent Company's articles of association in relation to financial reporting.

3) Pursuant to subparagraph 4, Article 402 of "TCC", the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Mehmet Nadi Abbasoğlu is the auditor responsible for conducting and finalizing this independent audit.

Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate Member of Praxity AISBL)



Mehmet Nadi Abbasoğlu
Partner
İstanbul, 23 February 2021

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CONTENT	Page Number
1. Principles of Preparation	1
2. Company Information and Organizational Structure	1
3. The Company's Shareholder Structure	3
a. Members of the Board of Directors and Senior Executives	4
b. Information on Business Partnerships, Associates, Subsidiaries, Joint Ventures and Branches	5
4. Main Factors That Affect the Performance, Investment and Dividend Policy of the Company	7
5. Enterprise Risk Management	8
a. Main Risk Categories	8
b. Early Detection and Management of Risk Committee Works	9
6. Financial Information of the Company	10
a. Financial Resources of the Company	10
b. Research and Development Activities	11
c. Progress in Investments and Degree of Incentive Utilization	11
i. Investments	11
ii. Incentives	12
d. Production, Capacity and Revenue	13
e. Financial Ratios	13
7. Changes in the Legislation Which Would Have Significant Impact on the Activities of the Company	14
8. Compliance Report on Corporate Governance Principles	14
9. Information Regarding the Lawsuits of the Group	14
10. Information Regarding the Transactions Made within the Reporting Period	14
a. Changes in the Articles of Association	14
b. Collective Agreement Implementations, Rights and Benefits Provided to the Personnel and Workers	14
c. If it is an affiliate company, the legal transactions carried out in favor of the parent company or its affiliate with the parent company, with an affiliate company connected to the parent company with the direction of the parent company and all other measures taken or avoided to be taken in favor of the parent company or its affiliate in the previous activity year	14
d. If it is an affiliate company, whether any counter performance was realized for each legal transaction according to the known status and conditions at the time the legal transaction mentioned in article iii was realized or at the time the measures were taken or avoided to be taken and whether the company incurred losses due to the taken or avoided measure and if the company incurred losses to observe whether this was equalized or not	15
e. Information Regarding the Donations and Social Responsibility	15
11. Events After the Reporting Period	15
APPENDIX I. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	16

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

1. Principles of Preparation

The interim report of the Board of Directors is prepared on the basis of Communiqué Series II, No: 14.1 “Principles of Financial Reporting in Capital Markets” dated 13 June 2013.

The report comprises the events took place during the period 1 January – 31 December 2020. The title of the main shareholder in the report is ASELSAN Elektronik Sanayi ve Ticaret A.Ş. and will be referred as “the Company” in the accompanying notes.

The Company’s consolidated subsidiaries are ASELSAN Bakı (“ASELSAN Bakı”), Mikroelektronik Ar-Ge Tasarım ve Ticaret Ltd. Co. (“Mikro AR-GE”), ASELSANNET Elektronik ve Haberleşme Sistemleri Sanayi Ticaret İnşaat ve Taahhüt Ltd. Co. (“ASELSANNET”), ASELSAN Konya Silah Sistemleri Anonim Şirketi (“ASELSAN Konya”), ASELSAN Malaysia Sdn. Bhd. (“ASELSAN Malaysia”), BITES Savunma Havacılık ve Uzay Teknolojileri Yazılım A.Ş. (“BITES”), ASELSAN Global Dış Ticaret ve Pazarlama A.Ş. (“ASELSAN GLOBAL”), ULAK Haberleşme A.Ş. (“ULAK”) and ASELSAN Ukraine LLC (“ASELSAN Ukraine”).

Three branch offices; Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi EP Co. (“ASELSAN South Africa”), ASELSAN Makedonya Corridor-10 Highway Toll Collection System Project (“ASELSAN Macedonia”) and ASELSAN Kıbrıs İleri Teknolojiler Araştırma Merkezi (“ASELSAN Cyprus”) located in South Africa, Macedonia and Turkish Republic of Northern Cyprus (“TRNC”), respectively.

They are collectively referred as the “Group” in the accompanying notes.

2. Company Information and Organizational Structure

The Company is a leading defense industry establishment developing advanced technology system solutions within land, air, naval and aerospace platforms.

The Company, being an establishment of Turkish Armed Forces Foundation (“TSKGV”), stands in a position of a technology center within the fields of design, development, manufacturing, system integration, modernization and after sales services of military and civil communication systems, avionics systems, electronic warfare and intelligence systems, radar systems, command and control systems, naval warfare systems, security systems, transportation systems, energy systems, traffic and automation systems, medical systems, electro-optic systems and products.

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

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

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

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

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Rankings of Company's international, nation-wide and sectoral rankings are summarized in the table below;

Corporation	Research / Study	Related Period	Ranking	
			Current	Prior
• International Rankings				
Defense News Magazine	Defense News Top 100	2020	48	52
European Commission	Industrial R&D Investment Scoreboard Top 2500	2020	627	1.356
• National Rankings				
Istanbul Chamber of Industry	ICI 500 Top Industrial Entreprises	2020	11	15
	ICI 500 - Private Entreprises	2020	11	15
Fortune Magazine	Top 500 Companies	2020	25	32
Capital Magazine	Top 500 Private Companies	2020	35	42
BIST (Borsa Istanbul)	Sustainability Index	2020	No Ranking	
	Corporate Management Index	2020	No Ranking	
	BIST Top 30 Index	2020	No Ranking	
	BIST Top 30 Market Value Ranking	2020	6	6
TEA (Turkish Exporters Assembly)	Top 1000 Exporters	2020	81	108
Turkish Time Journal	“Research and Development Expenditures Turkey Top 100”	2020	2	1
Deloitte	Technology Fast 50 / Big Star Category	2020	No Ranking	
Brand Finance	Most Valuable Firms (100 Brands)	2020	30	33
Bloomberg Businessweek	Top 50 Firms (Between Universities)	2020	5	7
Universum	Ideal Employers (Engineering and IT)- 100 Companies)	2020	1	1
CDP (Carbon Disclosure Project)	Climate Change Ranking (Turkey)	2020	Our Company is among the first 5 companies in “CDP Turkey Leaders”	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Commercial title and trade registration number of the company and contact information pertaining to its headquarters, branches and its website addresses are shown below;

Company	Type	Country / City	Trade Register No	Address	Telephone/Fax	Web site
ASELSAN Elektronik Sanayi ve Ticaret A.Ş.	Headquarters	Türkiye/ Ankara	31177	Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06200 Yenimahalle/Ankara	Tel: +90 (312) 592 1000 Faks: +90 (312) 354 1302	www.aselsan.com.tr
ASELSAN South Africa	Branch	Republic of South Africa/ Pretoria	--	Building 4, Room 005 CSIR Campus, Meiring Naude Drive, Pretoria Gauteng, 0001, South Africa	Tel: +27 (0) 12 349 2613 Faks: +27 (0) 12 349 2544	--
ASELSAN Macedonia	Branch	Macedonia/ Skopje	--	Ankarska 29A, 1000 Skopje/Macedonia	--	--
ASELSAN Cyprus Advanced Technology Research Center	Branch	TRNC/ Güzelyurt	--	Orta Doğu Teknik Üniversitesi Kuzey Kıbrıs Kampüsü ODTÜ KALTEV AR-GE Binası No: E-19 99738 Kalkanlı/Güzelyurt/ Turkish Republic of Northern Cyprus	--	www.aselsan.com.tr
Saudi Arabia Contact Office	Project Office	Saudi Arabia/ Riyad	--	A. Building 17B, 1st Floor, The Business Gate, Riyadh, 11422, Saudi Arabia	Tel: +966 11 211 1111 Faks: +966 11 268 1111	--
Pakistan Contact Office	Project Office	Pakistan / Islamabad	--	Serena Business Complex 3rd Level, Office No:3 Sector G-5/1 Ramna Suhrwardy Islamabad	--	--

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

3. The Company's Shareholder Structure

Registered capital ceiling of the Company is TL 2.000.000.000 (TL two billion). The nominal capital of the Company is TL 2.280.000.000 (TL two billion, two hundred and eighty million) and is divided into 2.280.000.000 (two billion, two hundred and eighty million) shares, each having a nominal value of 1 TL.

1.210.909.090 (one billion, two hundred and ten million, nine hundred and nine thousand and ninety) of the shares are Group A shares and 1.069.090.910 (one billion, sixty nine million, ninety thousand and nine hundred and ten) of the shares are Group B Shares. All shares are in the name of the holder.

Group A shares are nominative preferred shares and 6 of the Members of the Board of Directors are elected among the Group A preferred shareholders or among the candidates presented by them.

In the accounting period, in line with the resolution of the Ordinary General Assembly of the Company, dated 19.06.2020, regarding the distribution of %100 shares of the Company's issued capital in the form of non-paid up shares to shareholders as dividend, it was resolved that the issued Capital of the Company shall be increased from TL 1.140.000.000 to TL 2.280.000.000.

After the capital increase, updated share distribution table of the Shareholders is presented as below.

Partners	Share (%)	31 December 2020 (TL Thousand)	Share (%)	31 December 2019 (TL Thousand)
Turkish Armed Forces Foundation (TSKGV)	74,20	1.691.652	74,20	845.826
Quoted on BIST (Free float)	25,80	588.348	25,80	294.174
Paid-in capital	100	2.280.000	100	1.140.000
Inflation adjusted capital	--	2.378.621	--	1.238.621

a. Members of the Board of Directors and Senior Executives

Within the framework of the provisions of the Company's Articles of Association, the Board of Directors consists of total 9 members comprising of 6 members to be elected from privileged shareholders or candidates nominated by group A and 3 independent members to be elected under Capital Markets Board (CMB) regulations. Information regarding the Members of the Board of Directors and Senior Executives as of publishing date of the report are as follows:

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

MEMBERS OF THE BOARD OF DIRECTORS and SENIOR EXECUTIVES

List No	Name and Surname	Position	Positions In Other Company's	Date of First Assignment
1.	Haluk GÖRGÜN	Chairman of the Board/ Executive Director/CEO	Member Of The Board Of Directors Of IGG ASELSAN Integrated Systems LLC, Member of the Board of Directors of SASAD, Vice Chairman Of The Board Of Directors Saudi Arabian Defense And Electronics Company LLC, Member of the Board of Directors Of BARQ, Associate Member of Turkey Academy of Sciences, Chairman of the Board of Trustees And Board of the Gebze Technical Education And Research Foundation, Board of Trustees of Basic Science Research Foundation of Turkey, Member of the Board of Trustees of Yildiz Technical University Foundation And A Member of the Board of Trustees of OSTİM Technical University	15 March 2017
2.	Celal Sami TÜFEKÇİ	Deputy Chairman of the Board/ Executive Director	Vice President at Presidency of Defence Industries, Chairman of the Board of Directors of ULAK A.Ş., Chairman of the Board of Directors of TEKNOHAB Teknoloji Geliştirme Bölgesi Yönetici A.Ş., Chairman of the Board of Ankara Space and Aerospace Industrial Zone, Member of the Board of Directors of METU MEMS	2 April 2018
3.	Ercüment ARVAS	Independent Member	Professor at İstanbul Medipol University Electrical Engineering Department, Member of the Board of Directors of Kardemir Karabük Demir Çelik Sanayi ve Ticaret A.Ş.	31 March 2016
4.	Yavuz ÇELİK	Member	--	19 June 2020
5.	Turan EROL	Independent Member	Professor at İstanbul Sabahattin Zaim University Business and Management Sciences Faculty	19 June 2020
6.	Mehmet Fatih KACIR	Member	Deputy Minister of Republic of Turkey Ministry of Industry and Technology, Member of Board of Trustees of Turkey Technology Team Foundation, Member of the Board of Directors of E-Sports Federation, Member of the Board of Directors Prof. Dr. Fuat Sezgin Islamic Science History Research Foundation	26 April 2019
7.	Alpaslan KAVAKLIOĞLU	Member	Deputy Minister of Ministry of Defense, Member of the Board of Directors of Turkish Parliamentarians Union	26 April 2019
8.	Salih KUL	Member	--	26 April 2019
9.	İbrahim ÖZKOL	Independent Member	Professor at İstanbul Technical University Department of Aeronautical Engineering, ARC Center Director, Founder Manager of İTÜ Aviation Institute	15 March 2017
10.	Mehmet Fatih GÜÇLÜ	Vice General Manager (Financial Management)	Member of the Board of Directors of Saudi Arabian Defense and Electronics Company LLC, Member of the Board of Directors of Bites Savunma Havacılık Ve Uzay Teknolojileri Yazılım Elektronik Ticaret A.Ş.	1 October 2019
11.	Bayram GENÇCAN	Vice General Manager (HBT Sector President)	ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Member of the Directors Committee of Overseas Foreign Company (ASELSAN Cyprus)	15 March 2017

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

MEMBERS OF THE BOARD OF DIRECTORS and SENIOR EXECUTIVES

List No	Name and Surname	Position	Positions In Other Company's	Date of First Assignment
12.	Mustafa KAVAL	Vice General Manager (MGEO Sector President)	Deputy Chairman of IGG ASELSAN Integrated Systems LLC, Member of the Board of Directors of Kazakhstan ASELSAN Engineering LLP, Member of the Board of Directors of Savunma ve Havacılık Sanayi İhracatçılar Birliği, Chairman of the Board of ASELSAN Konya Silah Sistemleri Anonim Şirketi, Member of the Board of Directors of BARQ	1 September 2014
13.	Behçet KARATAŞ	Vice General Manager (SST Sector President)	Chairman of the Board of BİTES Savunma Havacılık ve Uzay Teknolojileri Yazılım Elektronik Ticaret A.Ş.	2 November 2020
14.	Oğuz ŞENER	Vice General Manager (REHİS Sector President)	Vice Chairman of ASELSAN Bilkent Mikro Nano A.Ş., Chairman of the Board of Managers of Mikroelektronik	1 September 2014
15.	Mehmet ÇELİK	Vice General Manager (Technology & Strategy Management)	Member of CoHe, Teaching Professor in KTO Karatay University Mechanical Engineering Department, Member of Presidency of Science, Technology and Innovation Policies Council, Member of the Board of the Directors of ASELSAN Konya Silah Sistemleri A.Ş., Member of the Board of Directors of TR Eğitim ve Teknoloji A.Ş.	14 May 2017
16.	İbrahim BEKAR	Vice General Manager (UGES Sector President)	Chairman of the Board of Managers of Aselsannet, Member of the Board of Directors of ASELSAN Hassas Optik A.Ş., Advisory Board Member of Özyeğin University Mechanical Engineering Department, Advisory Board Member of Medipol University Faculty of Engineering and Natural Sciences Department of Biomedical Engineering, Member of Technology Advisory Commission of Information Valley, Member of Advisory Committee ITU Mechanical Engineering Faculty, Member of Advisory Committee of ITU Energy Institute	12 February 2018
17.	Sezai ELAGÖZ	Vice General Manager (R&D Management)	Vice President, of ASELSAN Middle East PSC LTD, Member of Board of Directors of ASELSAN Bilkent Mikro Nano A.Ş., Chairman of Board of Directors of ASELSAN Hassas Optik A.Ş., Member of Board of Directors of Tübitak Ar-Ge Destek ve Süreç Yönetim Hizmetleri Grubu, Member of Board of Directors of TÜYAR A.Ş., Member of Executive Board of Presidency of Defence Industries / Air Defence	18 July 2018
18.	Hakan KARATAŞ	Vice General Manager (Corporate Management)	Associate Professor in UAK, Member of the Board of Directors of Teknohab Teknoloji Geliştirme Bölgesi Yönetici A.Ş., Member of the Board of Directors of ÜRTEM A.Ş., Visiting Professor of OSTİM Technical University, Chairman of ASIL Solidarity Foundation	2 July 2018
19.	Osman Devrim FIDANCI	Vice General Manager (Business Development and Marketing)	Chairman of the Board of Directors of ASELSAN Global Dış Ticaret ve Pazarlama A.Ş., Vice Chairman of the Board of Directors Of ULAK A.Ş., Member of the Board of Directors of ASELSAN Middle East Psc Ltd, Institute of Electrical and Electronics Engineers (IEEE), Association of Record for Bid, Proposal, Business Development, Capture and Graphics Professionals (APMP)	1 February 2019
20.	Abdülkadir GÖKTAŞ	Internal Audit President	--	1 September 2014

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

The Members of the Board of Directors are entitled with the authorizations stipulated in the Turkish Code of Commerce ("TCC") and in article 13 of the Articles of Association of the Company.

Entitled shareholders, members of the board of directors, senior executives and to their spouses as well as relatives up to second degree are not authorized to perform transactions which may cause conflict of interest or competition with the Company and/or subsidiaries. There is not any ban on trading for board members with the Company, which they performed on their own or on behalf of a third party. There is no operation regarding the non-compete obligation by the members of the board.

The controls are carried out by the Internal Audit Presidency ("IAP") and Audit Committee within the parent company in order to minimize the substantial error risk on the financial statements of the Group. IAP and Audit Committee carry out their duties independent from each other but within the guidance of common objectives and targets, with the aim of maintaining an internal control system, which provides required controls in matters such as the reliability of the financial reporting system, the efficiency of the activities in order to eliminate the operational risks and compliance with the law. Furthermore, the efficiency and sufficiency of the internal control are supported with the directives in effect.

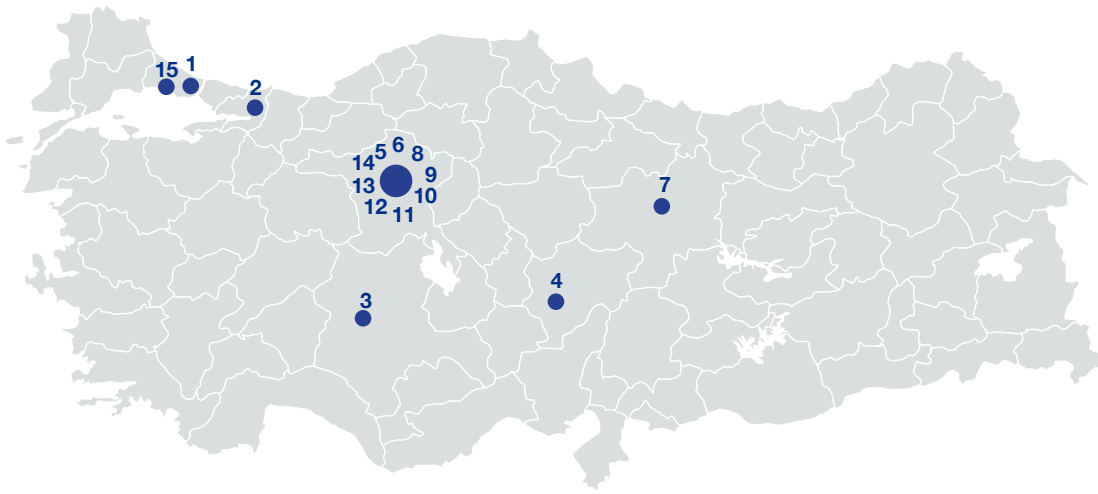
Total Amount of the Financial Benefits Given To Senior Executives:

The total amount of the remuneration and similar benefits paid to the senior executives by the Company as for the period that ended on 31 December 2020 is TL 25.657 Thousand.

Total amount of domestic and foreign allowances, travel, accommodation and representation expenses and financial benefits in kind and total amounts of insurances granted to the senior executives and members of the Board of Directors of the Group for the period ended by 31 December 2020 is TL 332 Thousand.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

b. Information on Business Partnerships, Associates, Subsidiaries, Joint Ventures and Branches



1- MİKROELEKTRONİK

Share: 85%
Shareholder: İTÜ ETA Vakfı
Partnership: 2010
(Establishment Date: 2004)
Total Assets: 6.2 million US dollar

2- TÜYAR

Share: 51%
Shareholders: TÜBİTAK, SSM
Establishment Date: 2017
Total Assets: 2.7 million US dollar

3- ASELSAN KONYA Silah Sist. A.Ş.

Share: 51%
Shareholder: Konya Savunma Sanayii
Establishment Date: 2018
Total Assets: 17.2 million US dollar

4- ASPİLSAN A.Ş.

Share: 1%
Shareholder: TSKGV
Establishment Date: 1981
Total Assets: 10.3 million US dollar ^(*)

5- ASELSAN GLOBAL

Share: 100%
Establishment Date: 2019
Total Assets: 9 thousand US dollar

6- ROKETSAN

Share: 14.897%
Shareholder: TSKGV
Establishment Date: 1988
Total Assets: 1.2 billion US dollar ^(*)

7- ASELSAN HASSAS OPTİK

Share: 50%
Shareholder: Sivas OptikMalzemeleri
Establishment Date: 2014
Total Assets: 26.1 million US dollar

8- ULAK A.Ş.

Share: 51%
Shareholder: SSTEK A.Ş.
Establishment Date: 2017
Total Assets: 16.9 million US dollar

9- ASELSANNET

Share: 100%
Establishment Date: 2004
Total Assets: 26.1 million US dollar

10- BİTES A.Ş.

Share: 51%
Shareholder: Uğur COŞKUN
Partnership: 2019
(Establishment Date: 2001)
Total Assets: 2.9 million US dollar

11- ASELSAN BİLKENT MİKRO NANO

Share: 50%
Shareholder: BİLKENT Üniversitesi
Establishment Date: 2014
Total Assets: 31.9 million US dollar

12- TEKNOHAB A.Ş.

Share: 15%
Shareholder: HAB, TUSAŞ, GAZİ Üniversitesi
Establishment Date: 2018
Total Assets: 3.3 million US dollar

13- TR EĞİTİM VE TEKNOLOJİ A.Ş.

Share: 35%
Shareholder: TUSAŞ
Ortaklık: 2019
(Establishment Date: 2018)
Total Assets: 0.20 million US dollar

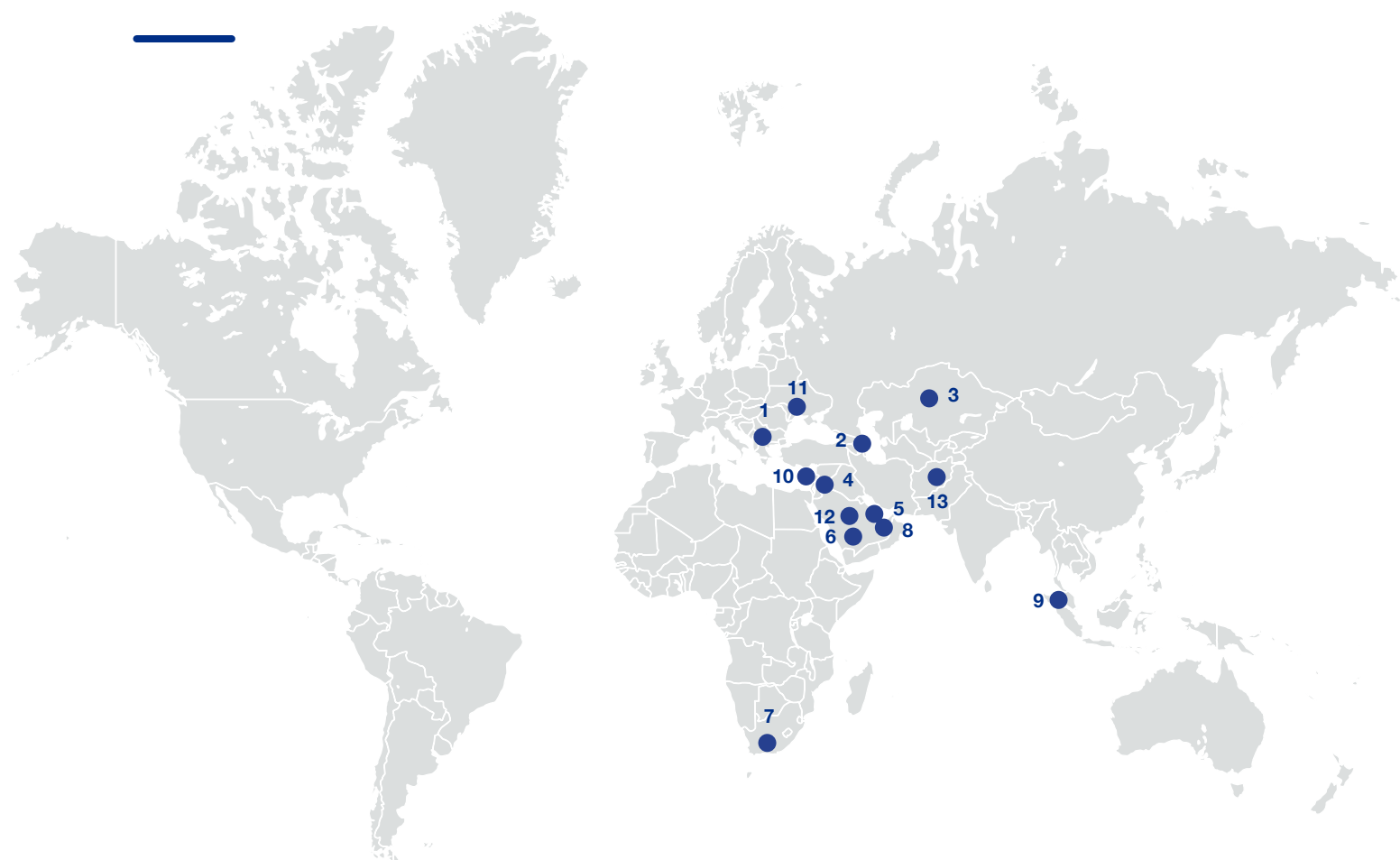
14- EHSİM A.Ş.

Share: 50%
Shareholder: Havelsan, SSTEK
Partnership: 2019
(Establishment Date: 1998)
Total Assets: 14.4 million US dollar

15- DASAL HAVACILIK TEKNOLOJİLERİ A.Ş.

Share: 40%

Report of the Board of Directors for the Period Between 1 January – 31 December 2020



1- MACEDONIA BRANCH

Share: 100%
Establishment Date: 2014
Total Assets: 3.8 million US dollar

2- AESEAN BAKU COMPANY (AZERBAIJAN)

Share: 100%
Establishment Date: 1998
Total Assets: 1.7 million US dollar

3- KAZAKHSTAN AESEAN ENGINEERING (KAZAKHSTAN)

Share: 49%
Shareholder: Kazakhstan Engineering
Establishment Date: 2011
Total Assets: 37.9 million US dollar

4- AESEAN MIDDLE EAST (JORDAN)

Share: 49%
Shareholder: KADDB Investment Group
Establishment Date: 2012
Total Assets: 19.7 million US dollar

5- BARQ QSTP LLC. (QATAR)

Share: 48%
Shareholder: BARZAN Holding, SSTEK A.Ş.
Establishment Date: 2018
Total Assets: 0.3 million US dollar

6- SADEC (SAUDI ARABIA)

Share: 48%
Shareholder: TAQANIA DST
Establishment Date: 2016
Total Assets: 1.1 million US dollar ^(*)

7- SOUTH AFRICA BRANCH

Share: 100%
Establishment Date: 2011
Total Assets: 1.4 million US dollar

8 - IGG AESEAN INTEGRATED SYSTEMS (UAE)

Share: 49%
Shareholder: IGG
Establishment Date: 2011
Total Assets: 2.1 million US dollar

9- AESEAN MALAYSIA

Share: 100%

10 - AESEAN TRNC BRANCH

Share: 100%

11 - AESEAN UKRAYNA LLC.

Share: 100%

12 - AESEAN SAUDI ARABIA OFFICE

13 - AESEAN PAKISTAN OFFICE

Asset sizes were provided as of 31.12.2019.

^(*) Data dated 31.12.2018.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

The business partnerships and affiliates of the Group recorded as financial investments and investments valued by equity method, with their participation ratios and amounts are as follows;

Company	Business Segment	Share (%)	31 Aralık 2020 Group Share of Net Assets (Thousand TL)
ROKETSAN – Roket Sanayi ve Ticaret A.Ş.	All kinds of missiles, rockets, guided ammunition and their launch systems and propulsion systems and rocket fuels, guidance and control systems, algorithms and softwares related to these systems, warheads and other parts of these systems, all kinds of plugs and all kinds of ballistic protection (armor) system	14,9	1.182.089
Kazakhstan ASELSAN Engineering LLP (ASELSAN Kazakhstan)	Manufacturing, sales and technical services of electronic and electro-optical devices and systems	49	66.094
ASELSAN Middle East PSC LTD (ASELSAN Ürdün)	Marketing, sales and joint production of group products	49	22.931
ASELSAN Hassas Optik Sanayi ve Ticaret Anonim Şirketi (ASELSAN Optik)	Precision optic technology	50	20.533
ASELSAN Bilkent Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi (ASELSAN Bilkent)	Manufacturing of micro and nano-sized devices containing semiconductors and similar technological materials	50	10.138
IGG ASELSAN Integrated Systems LLC (IGG ASELSAN)	Production, integration, sales and technical service of high technology products	49	9.272
TÜYAR Mikroelektronik Sanayi ve Ticaret A.Ş. (TÜYAR A.Ş.)	Production of micro and nano-sized devices containing semi-conductor and similar technological materials	51	8.527
Teknohab Teknoloji Geliştirme Bölgesi Yönetici A.Ş. (TEKNOHAB)	Creating investment opportunities in technology intensive areas, provide job opportunities to researchers and skilled people, help technology transfers and facilitate to attract foreign capital to country that will enable high technology	15	6.369
Dasal Havacılık Teknolojileri A.Ş. (DASAL)	Aviation technologies	40	4.287
TR Eğitim ve Teknolojileri A.Ş. (TR Eğitim)	Realizing Human Resources studies, Consultancy with respect to HR studies, accreditation services and trainings for every level, educational, cultural, art, sports, fair organizations and digital marketing operations.	50	1.225
ASPILSAN Enerji Sanayi ve Ticaret A.Ş.	Manufacturing and sales of Ni-Cd, Ni-MH, Li-Ion battery / battery blocks and aircraft battery systems	1	1.126
BARQ QSTP LLC firması (BARQ QSTP LLC)	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	48	834
Saudi Arabian Defense Electronics Corporation (SADEC LLC)	Production and sale of radar, electronics, warfare and electro-optic products	50	-
EHSİM Elektronik Harp Sistemleri Müh. Tic. A.Ş. ("EHSİM")	Electronic Warfare and Tactical Command Systems	50	-

Both our subsidiaries and joint ventures subject to consolidation fulfill their obligations regarding the tax legislation of the countries in which they operate and submit their audited financial statements and declarations regarding their tax assets/liabilities to the relevant authorities.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

4. Main Factors That Affect the Performance, Investment and Dividend Policy of the Company

The Company carries on its business interests mainly in defense industry as well as in non-defense industry.

Rank	Country	Expenditure (m\$)	2019/18 Change (%)	Expenditure / GDP (%)	Share in the World (%)
	World	1.917	3,6	2,2	
1	USA	732	5,3	3,4	38,2
2	China	261	5,1	1,9	13,6
3	India	71	6,8	2,4	3,7
4	Russia	65	4,5	3,9	3,4
5	Saudi Arabia	62	-16,0	8,0	3,2
16	Turkey	20	5,8	2,7	1,1

According to the latest data, world defense expenditures has increased by 3,6 % reaching USD 1,9 Trillion which is the highest level in the last 31 years and the ratio of expenditures to GDP has realized as 2,2%.

The summary table on the right side contains information about the top five countries which accounted for 62% of the defense expenditure in 2019 and Turkey.

As of 2019, Turkey's annual defense expenditures increased by 6% to USD 20,4 Billion and ranks 16th in the world. The ratio of defense spending to GDP tends to increase steadily over the years, and reached the highest level in the last 15 years with a rate of 2.7%.

Due to the industry's nature, defense projects spread over years, furthermore a system project lasts approximately 4 to 5 years from its start to its delivery. As of 31 December 2020 long term plans which have been accordingly signed as contracts spread over years amounts to USD 9,5 Billion. The determination of target regions/countries and focusing on these markets for marketing and direct sales as well as engaging in joint productions, transfer of technology to/from international platform producers and strategic initiatives for sales to third countries are concurrent to our sustainable growth objectives.

Our structure coincides with our objective to operate in non-defense electronic fields which require high technology.

The Company's profit distribution policy is posted on www.aselsan.com.tr website under Investor Relations/ Corporate Governance/Policies. According to the policy, at least 10% of the net profit is planned to be distributed.

Resolved at the 45th Ordinary General Assembly Meeting that was held on 19.06.2020 that; of the net profit generated by our company from its activities in 2019;

- In accordance with Article 519/(1) of the Turkish Commercial Code, General Legal Reserves amounting to TL 6.383.631,38 is going to be allocated,
- The net distributable profit calculated within the scope of the profit distribution decision taken at the Ordinary General Assembly Meeting held on 19.06.2020 within the framework of the Capital Markets Law and other legal regulations and the provisions of the articles of association, is equal to TL 335.000.000 gross (14,69285 Kurus per 1 TL share, gross 14,69285% over the issued capital), (net 284.750.000, -TL, 12,48904 Kurus per 1 TL share, 12,48904% net over the issued capital) as cash dividends,
- In accordance with Article 519/(2) of the Turkish Commercial Code, General Legal Reserves amounting to TL 27.800.000,- is going to be allocated,
- The remaining profit is going to be allocated as Extraordinary Legal Reserves, and distribution of the cash dividends to the shareholders are to be distributed as of July 17, 2020, October 16, 2020, and December 18, 2020 in 3 equal installments and the non paid-up share is to be distributed following the completion of the legal process.

The payment of the dividends was completed. Transactions regarding the profit distribution within the scope of 100% capital increase by bonus issue were completed on August 5, 2020. The issued capital has increased from TL 1.140.000.000 to TL 2.280.000.000.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

5. Enterprise Risk Management

ASELSAN's Enterprise Risk Management Policy aims; to take proper actions against uncertainties that threaten the existence of the Company and to protect corporate identity and stakeholders' interest at all conditions. Risk management is an integrated element of Corporate Management. The information gathered within the scope of risk management activities in ASELSAN is integrated into decision making mechanisms.

The "top-down" and "bottom-up" approach is being applied into Enterprise Risk Management activities together. Risks, which are significant enough to affect ASELSAN's achievement of its targets, are identified, evaluated, monitored and reported along with the risk responses and precautions to be taken. At ASELSAN; The Enterprise Risk Management process is regularly reviewed and improved. ASELSAN's employees and business processes are at the center of the Enterprise Risk Management System.

At ASELSAN, enterprise risks are followed under four main categories.

a. Main Risk Categories

Strategic Risks: Risks that may prevent ASELSAN from reaching its targets in short, medium or long terms are classified under this heading. Risks under this heading include factors such as; growth and continuity, changing customer expectations, technological changes and market share.

While ASELSAN manages its strategic risks effectively; it aims to increase its backlog, increase exports and to take part in sustainable works. In order to increase ASELSAN's market share and offer new products / services, ASELSAN seizes company mergers / acquisition opportunities both at home and abroad. ASELSAN also conducts business development activities successfully. ASELSAN increases its research and development activities in order to meet changing customer expectations and changes in technology, and realizes the necessary infrastructure and technological investments. ASELSAN diversifies the geographical regions in sales, customer portfolio and the sectors in order to maintain its growth and continuity in the medium and long term.

Operational Risks: It is defined as the risks arising from errors and negligence that may occur while performing the operational activities of the company. Risks under this section include factors such as; production, supply chain, human resources, information technologies, natural disaster and terrorist attacks.

In order to ensure the continuity of the processes, in-house directives and functors have been prepared and necessary updates are being made when needed. Within the scope of the Internal Audit plan and work schedule prepared in ASELSAN, business processes are being audited and process improvements are made in line with the audit outputs.

Quality is not compromised in production processes involving both internal operations and suppliers; subcontractor and supplier development activities are carried on unabated. In terms of managing Human Resources and increasing employee motivation; activities were made with the participation of employees from every level and process improvements were made. Security policies are sustained at the highest level in Information Technology applications. In this area, internal and external audits are carried out periodically and precautions are taken against probable cyber-attacks and in the field of Information Technologies, business continuity in-house is provided.

Our all processes are administered by directives, quality plans, standards, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standards. These certificates are renewed every year with the audits performed. Changes and improvements of international standards are being followed and our processes are developed accordingly.

Regarding risks, such as natural disasters, terrorist attacks, necessary precautions are taken, primarily insurances have been made, and drills are carried out.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Financial Risks: It refers to the risks arising from the financial structure and financial preferences of the company. Exchange rate, liquidity and interest rate risks are some risks under this heading.

The exchange rate risk, which is any kind of change that may occur in assets and / or liabilities as a result of exchange rate fluctuations in the future, ASELSAN aims to minimize the effect of exchange rate fluctuations by keeping the long and short foreign exchange position at a minimum level. The balance sheet methods have been used in managing the exchange rate risk. Implementations such as; making use of foreign exchange denominated loans in line with the company's export volume, matching the contract currency with the currency of the costs of the project, and signing the subcontractor contracts in line with the main contract currency are used.

ASELSAN eliminates the liquidity risk, which is known as the risk arising from default and inability to fund the the assets, it monitors forecasted and actual cash flows regularly and ensures the continuity of adequate funds and credit lines by matching the maturity of financial assets and liabilities. In order to manage the interest rate risk arising from changes in assets and / or liabilities as a result of fluctuations in interest rates in the future, it conducts transactions with fixed interest rates and uses financial derivative instruments when necessary.

Compliance Risks: It refers to the risks associated with the Company's financial losses and / or loss of reputation as a result of the company's activities or the attitudes and behaviors of the company employees that are not in compliance with the legislation, regulations and standards. While conducting its activities, ASELSAN closely follows national and international standards with the best practices in the sector, and compliance with legislation and regulations is ensured at the highest level. In addition, by Internal Audit Presidency; the effectiveness of controls, compliance with legislation and ASELSAN regulations, compliance with ethical principles and controls to eliminate risks are being evaluated.

b. Early Detection and Management of Risk Committee Works

The Early Detection and Management of Risk Committee, which consists of the members of the Board of Directors, has been operating at ASELSAN since 2012 in order to ensure early detection of risks that may endanger the existence, development and continuity of the Company, to take necessary measures related to the identified risks and to manage the risks. The Chairman of the Committee is an Independent Board Member.

Committee; carries out its own activities in full compliance with the regulations of the Capital Markets Board and all the related legislation, especially article 378 of the Turkish Commercial Code No. 6102.

In addition, the Early Detection of Risk System and Committee, established by ASELSAN, is subjected to independent audits annually and the Auditor Report stating that the activities performed is sufficient, is submitted to the Board of Directors.

Committee conducted 6 meetings in 2020 in order to follow the works on early detection and management of risks and to make evaluations about this issue. The reports containing the works of the Committee were being submitted to the Board of Directors periodically.

COVID - 19

From the first statements announced by the World Health Organization and Ministry of Health of Republic of Turkey regarding the Corona Virus (COVID-19) threat, ASELSAN has taken all the necessary preventive measures and decisions to protect the health of all employees working in its campuses and to provide a suitable working environment for them. Maintaining the health of all employees working in ASELSAN campuses, as well as ensuring the continuity and sustainability of production and design activities in terms of the nature of the area in which it operates and its importance for the country have been determined as the main target.

COVID-19, which has influenced the world and our country, has been at the center of ASELSAN's Corporate Risk Management System. In order to reduce the impact of the outbreak, measures covering all internal and external stakeholders at ASELSAN have been implemented. In addition, all possible effects of epidemic disease on ASELSAN's strategic goals, operations, financial situation, and all laws and regulations it is subject to were evaluated through scenario-based analysis.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

ASELSAN, which is Turkey's largest defense electronics organizations operates in a wide area that meets the needs of domestic and foreign authorities especially the Turkish Armed Forces' in the field of communication and information technologies, microelectronics, radar, electronic warfare, electro-optics, avionics systems, unmanned systems, land, naval, army systems, air defense, missile systems, command and control systems, transportation, security, traffic, automation and health technologies. ASELSAN Family continues to work with great faith, determination and sacrifice.

In this context, ASELSAN has started working on mass production of the ventilator device in order to maximize its contribution to our country. The ventilator device, which is one of the most important devices that support vital functions, is used to support the patient's breathing and breathing can take over if this function is not fulfilled.

6. Financial Information of the Company

The forecasts under the normal conditions regarding the Group's consolidated financial results for the 2021 year are presented below;

Financial Targets of 2021*	Financial Targets 2021
(Ratio / Amount)	
Consolidated Revenue Growth (TL)	%40 - %50
EBITDA Margin (Consolidated and Adjusted without Foreign Exchange Rate Differences)	%20 - %22
Consolidated Capital Expenditures	TL 2.000 Million

*These expectations are based on the yearly average of USD/TL parity to be 8,26 and EURO/TL parity to be 9,83.

The Company, which has been in the most prestigious Defense Industry list since 2008, "Defense News Top 100", published by "Defense News" magazine, aims to increase its ranking in the list in following years. In 2019, the Company raised its ranking to 48th in the list of 2020 with a USD 2,2 Billion defense sales.

45th Ordinary General Assembly Meeting held on 19 June 2020.

In order to achieve the sustainable growth:

- The quality and technological perspectives of the cooperation formed with the universities have been increased.
- ASELSAN employees are provided with the opportunity to study in the work environment with the initiation of ASELSAN Academy Postgraduate Training Program. The program serves the purpose of having the necessary technologies and developing existing technologies.
- The eco-system with the sub-industry companies and SME's is formed.
- Company is continuing its operations in civil electronic areas which requires high technology.
- Inorganic growth will be also evaluated as well as organic growth.

a. Financial Resources of the Company

The most substantial financial resources of the Company comprise the advance and interim payments taken within the scope of the contracts signed and profits generated by the main activities.

During the period between 1 January – 31 December 2020, the cash requirements were met with the available cash, cash inflows from operations and Turkish Eximbank Export loans. During the period between 1 January - 31 December 2020, Turkish Eximbank Export loans maturity of 240-360-720 days, amounting to EUR 195 Million, USD 50 Million and TL 50 Million with fixed interest rate and commercial bank loans amounting to EUR 149 Million and TL 250 Million with fixed interest rate were used.

As of 31 December 2020, there is a loan balance amounting to USD 530 Million, including USD 296 Million used from Turkish EximBank, USD 217 Million used from commercial banks, USD 13 Million used from Social Security Institution and USD 4 Million from consolidation effect.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Planned Measures To Improve the Financial Structure of the Company

As for the annual budgets and implementations for the period 2020-2022, the Group has adopted the principles as the basis to take care of savings in all kinds of expenditures, to follow up the advances and receivables closely, to pay attention to the proportion of the term and currency in purchasing and sales agreements and the risk status of the domestic/foreign suppliers and sub-contractors.

b. Research and Development Activities

The Group, as a leading defense industry establishment, develops advanced technology system solutions on land, air, naval and aerospace platforms, places great importance to Research and Development activities and technological gains since it was founded.

By following up on all kinds of technological developments pertaining to land, air, naval and aerospace platform product/system technologies, the Company not only applies technology but also designs, develops and produces product/system technologies in order to share or sell with/to national and international collaborations.

Projects are striving at maximum level in order to benefit from the technological opportunities existing in the country aiming to increase the national contribution share. For this purpose, cooperation is made with universities and various R&D organizations and importance is given to the use of local suppliers and subcontractors.

As for the projects carried out within the Group, Research and Development center application pursuant to the Law regarding the support of Research and Development activities numbered 5746 is being implemented. As for non-public R&D projects, the approval of TEYDEB (Technology and Innovation Support Programs Directorate) and ARDEB (Research Support Programs Presidency) are received and supported by the institutions.

Within the Company, there are six Research and Development centers within the scope of Defense System Technologies (SST), Radar Electronic Warfare and Intelligence Systems (REHİS), Microelectronics, Guidance and Electro-optics (MGEO-1), Microelectronics, Guidance and Electro-optics (MGEO-2), Communication and Information Technologies (HBT), Transportation, Security, Energy, Automation and Medical Systems (UGES) Vice Presidencies as well as ASELSAN Research Center of Vice Presidency of Technology and Strategy Management (GY). Currently, 4.216 staff are employed at the Group's Research and Development centers.

Besides, in this context, in January 2021, R&D Management Vice Presidency is established.

The Company also carries on its activities in METU Teknokent, Hacettepe Teknokent, Teknopark Ankara and Teknopark İstanbul within the scope of the Law numbered 4691 on Technology Development Regions. Group employed 829 staff within this region. 298 staff at Teknopark İvedik, 216 staff at Teknokent ODTÜ, 126 staff at Titanyum ODTÜ, 99 staff at Teknopark İstanbul, 90 staff at Teknopark Hacettepe are employed.

c. Progress in Investments and Degree of Incentive Utilization

i. Investments

Directing the Company's resources to profitable, high value added fields, where advanced technology is used, is anticipated in the first place by considering the global tendencies, technological developments and the actual and prospective requirements of all customers, particularly Turkish Armed Forces. The investments within the Company are carried out after detailed consideration of the technological plans, strategic plans and project requirements.

During the current period, the investments, which will meet the needs of substructure and equipment in order to be used in research and development project have been sustained in compliance with the investment scheme in accordance with the policy of efficient use of resource.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

ii. Incentives

Income tax withholding incentive, insurance premium support, stamp tax exemption and Research and Development incentives are utilized within the scope of the Law numbered 5746. In accordance to the Law regarding the Incentive of Research and Development Activities numbered 6676 published on Legal Gazette numbered 29636 on 26 February 2016 and The Law Regarding the Amendments on Delegated Legislation, the content of the law and incentives has been broadened and additional exceptions has been given. Income tax withholding incentive, insurance premium support and stamp tax exemption is utilized by being calculated over the salaries of the Research and Development personnel and not being paid to the relevant institution and the Research and Development discount is utilized by means of applying a discount on the corporate tax return. Aforesaid law is valid until the date of 31 December 2023.

Within the scope of the Teknokent Law numbered 4691, incentive on withholding income tax, insurance premium support and stamp tax exemption is applied. These are utilized by making calculations on Research and Development and software personnel wages and not being paid to the related institution. The gain obtained with reference to the execution of Technology Development Zones Law numbered 4691 is exempted from the corporate tax of 31 December 2023.

Between the period 1 January – 31 December 2020 because of having Research and Development centers, TL 240.193 Thousand within the scope of income tax withholding incentive, promotion of insurance premium, stamp duty exception; as a result of being active at ODTÜ Teknokent, İstanbul Technology Development Area Technopark and ITU An Technopark 65.019 Thousand TL incentives have been used.

Within the scope of the Research and Development Law No 5746 and Teknokent Law No 4691, 906.890 Thousand TL Corporate Tax advantage has been gained as of 1 January - 31 December 2020 period.

At the periods when Group's Research and Development expenses, which is subject of Research and Development discount, is higher than the principal amount of Research and Development discount which is indicated at corporate tax return, Corporate Tax ratio is 22% (for the years 2018 - 2020 and 20% for the remaining years) of distinction amount is evaluated as deferred tax income at financial tables.

Subject to the Tübitak Academic Support Programs; there are 6 ongoing projects in the 1003 –Priority Areas R&D Projects Support Program, and 1 ongoing projects in the 1004-Center of Excellence Support Program.

Subject to the Tübitak Industry Support Programs, 5 in the 1511-Priority Areas Research, Technology Development and Innovation Projects, and 7 ongoing projects in the 1501-Industry R&D Projects Support Program. The application was removed from the programs for large-scale organizations; SMEs were left under the program based on the changes made on the 1501-Industry R&D Projects Support Program on 1 July 2019.

The 1007 Public Institutions Research and Development Project Support Program has been formed in order to meet the requirements of the Public Institutions with Research and Development or to support the projects aimed at solving their problems. In scope of this support 10 Research and Development projects are still ongoing.

2232 The International Fellowship for Outstanding Researchers Program within the Tübitak scholarship category aims to support qualified researchers with leading scientific and/or technological achievements and international work experience to conduct their research in leading academic, industrial or public institutions to contribute in areas that are strategic value to Turkey. 1 personnel is assigned to this program.

The incentives for the related programs are used periodically. In addition, there are 1 projects carried out in the Tübitak 1005 Ardep- National New Ideas and Products Research Funding Program.

Incentives were received from Support and Price Stability Fund (DFIF) due to the Market research, fair, and library support activities (1.456 Thousand TL).

Supports are received within the scope of TUBITAK projects (100 Thousand TL)

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Within the context of “Taxes and Funds Exemption Certificate” received from Republic of Turkey Ministry of Trade in order to increase exports and gain competitiveness in international markets, stamp duty and fee exemptions are used in export sales and deliveries and foreign exchange gain activities. (28.450 Thousand TL)

Within the Decision Regarding the Governmental Grant in Investments, there are seven Investment Incentive Certificates taken from the Turkish Republic Ministry of Industry and Technology General Directorate of Incentives and Implementation. With such incentive certificates, VAT exemption and customs tax exclusion are utilized (53.350 Thousand TL).

VAT exemption is applied to our purchases, which are used for our deliveries subject to VAT 13/f Article and our exports (413.640 Thousand TL).

d. Production, Capacity and Revenue

The Company can conduct complicated projects through its own integrated system architecture by means of knowledge, highly developed R&D infrastructure, well-equipped production lines and facilities.

According to the relevant sales agreement terms and conditions, the Company's revenue from projects contains order based production, mass production product sales, services, commodities and progress billing sales. Sales terms and conditions are subject to change as for the respective agreements.

Substantial part of production has been realized based on orders. All related processes are being managed efficiently since product requirements, quantities and prices are different.

Works in order to perform distinctive business development and marketing activities in global markets to increase efficiency in international markets and exports have been continued.

As of 2020, net sales increased by %24 to 16,1 Billion TL and export to net sales ratio is %9.

e. Financial Ratios

As of 31 December 2020, the Group's financial statements prepared in accordance with the Communiqué Series II, No: 14.1 “Communiqué on Capital Market Financial Reporting Standards” issued by Capital Markets Board. Based on this, financial ratios are presented as below.

Financial Ratios	31.12.2020	31.12.2019
Current Ratio	1,59	1,80
Liquidity Ratio	0,97	1,00
Short Term Current Liabilities / Total Financial Liabilities	77,3%	99,6%
Total Financial Liabilities / Total Assets	11,4%	8,7%
Gross Profit Margin	28,6%	25,9%
Operating Profit Margin (EBIT)	22,6%	20,1%
Adjusted EBITDA Margin ⁽¹⁾	24,4%	21,9%
Net Profit Margin	27,7%	25,8%
Return On Equity (ROE)	28,1%	28,1%
Net Working Capital / Net Sales	38,5%	38,0%
Return on Assets (ROA)	14,9%	14,8%

⁽¹⁾ General administrative expenses, marketing expenses and research and development expenses are subtracted from and current period's depreciation and amortization expenses are added to the gross profit in calculation of EBITDA value. Other operating income and other operating expenses are not included in the calculation.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

7. Changes in the Legislation Which Would Have Significant Impact on the Activities of the Company

There is no material change in the legislation within the reporting period.

8. Compliance Report on Corporate Governance Principles

"Corporate Governance Compliance Report" will be announced in the year-end report of the Board of Directors.

9. Information Regarding the Lawsuits of the Group

The lawsuits and execution proceedings filed by or against the Group as of 31 December 2020 are summarized in the table;

Detail	31 December 2020 (Thousand TL)
Ongoing lawsuits filed by the Group	109.899
Execution proceedings carried on by the Group	260.595
Lawsuits proceedings carried against the Group	27.990
Execution proceedings carried against the Group	2.888
Lawsuits finalized in favor of the Group within the period	1.432
Lawsuits finalized against the Group within the period	3.294

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

10. Information Regarding the Transactions Made within the Reporting Period

a. Changes in the Articles of Association

Within the scope of the dividend distribution of the Company in 2019, the issue of increasing the capital from TL 1.140.000.000 to TL 2.280.000.000 and amending the 6th article of our Company's Articles of Association was registered by Ankara Chamber of Commerce on 27.07.2020.

b. Collective Agreement Implementations, Rights and Benefits Provided to the Personnel and Workers

The Group recruited a total number of 1.871 people (20 of which fixed-term contract) as the personnel including fixed-term contracted personnel, disabled and terror-stricken personnel during the period 1 January – 31 December 2020 and the number of people quit for the same period is 405 (9 of which fixed-term contracted).

The rights and benefits provided to the personnel by the Company are bonus payments, meal allowances, marriage benefits, maternity benefits, death allowances, transportation, private health insurance, and childcare and kindergarten benefits. The average number of personnel employed by the Group as of 31 December 2020 is 8.692.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

c. If it is an affiliate company, the legal transactions carried out in favor of the parent company or its affiliate with the parent company, with an affiliate company connected to the parent company with the direction of the parent company and all other measures taken or avoided to be taken in favor of the parent company or its affiliate in the previous activity year

There has not been such an event within the reporting period.

d. If it is an affiliate company, whether any counter performance was realized for each legal transaction according to the known status and conditions at the time the legal transaction mentioned in article iii was realized or at the time the measures were taken or avoided to be taken and whether the company incurred losses due to the taken or avoided measure and if the company incurred losses to observe whether this was equalized or not

There has not been any material event that affects the Company's financial statements within the period.

e. Information Regarding the Donations and Social Responsibility

Within the period of 1 January – 31 December 2020, the donations made by the Group are as below.

Institution	31 December 2020 (Thousand TL)
Ministry of Education	6.150
Ministry of Health	3.942
Biz Bize Yeteriz Türkiye Campaign	1.500
General Command of Gendarmerie	1.400
ASİL Foundation	484
Others	1.260
TOTAL	14.737

* Tablet PC's were donated to Ministry of Education, ventilators were donated to Ministry of Health.

11. Events After the Reporting Period

After the reporting period, the Group has signed contracts amounting to USD 63 Million.

ASELSAN has opened a branch named "ASELSAN Elektronik Sanayi ve Ticaret A.Ş. QSTP-B" to support its increasing activities in Qatar.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2020

CHAPTER I - STATEMENT FOR COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

ASELSAN, in scope of the Corporate Governance Principles which has been implemented by Capital Markets Board (CMB) since 2003, has been making efforts to work in compliance with the principles under the titles shareholders, public disclosure and transparency, stakeholders and Board of Directors.

ASELSAN, adopting the corporate governance understanding as a principle, was rated with a grade of 8,77 out of 10 as the result of the corporate rating studies carried out by SAHA Corporate Governance and Credit Rating Services Inc (SAHA) first in 2012 and therefore was included in the Borsa İstanbul Corporate Governance Index. According to the report of SAHA, which was published on 11.12.2020, ASELSAN'S corporate governance rating grade, which was 9,29 in 12.12.2019, was confirmed as 9,29 out of 10 points.

Corporate governance rating grade shows to what extent the companies comply with the corporate governance principles set out by the CMB. The Company's compliance level with the principles is defined with a methodology measuring under the main titles Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. Within this context, the methodology that is based on the "Corporate Governance Principles" published by CMB in January 2014, was used in the rating made by SAHA.

The ratings of 2019 and 2020 and the subtitles are given below:

2019 Rating Distribution	2020 Rating Distribution
Shareholders : 89,57 / 100	Shareholders : 89,57 / 100
Public Disclosure and Transparency : 99,01 / 100	Public Disclosure and Transparency : 98,72 / 100
Stakeholders : 98,13 / 100	Stakeholders : 99,17 / 100
Board of Directors : 88,67 / 100	Board of Directors : 88,55 / 100
Average 9,29 / 10,00	Average 9,29 / 10,00

ASELSAN Corporate Governance Rating Reports published by SAHA can be accessed at the company website: www.aselsan.com.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

ASELSAN is in full compliance with all the mandatory principles of Corporate Governance Principles. There are no conflicts of interest arising because of the arbitrary principles where compliance has not been achieved. The titles regarding the arbitrary principles, where compliance has not been achieved yet, are given below and are explained in detail through the Compliance Report.

- The fact that although the mechanisms enabling the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association.
- Non-existence of a judgement in the Articles of Association; declaring that shareholders may individually demand special audit of certain incidents from the General Assembly even if it is not on the meeting agenda, under the condition that the right to ask to obtain information and to examine has been used before and if the exercise of shareholders rights is necessary,
- The article "Group A shares shall not be sold or transferred without the consent of the Board of Directors because of the Company's operations in security and defence industry; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records" in the Articles of Association of the Company,
- Non-existence of a female member in the Board of Directors, the fact that a target, where the ratio of the female members should not be less than 25%, was not set and that there is not a written company policy on that issue,
- The Chairman of the Board and the Chief Executive Officer being the same person and the lack of material event disclosure through Public Disclosure Platform (PDP) explaining the situation with the reasoning behind it.
- Not disclosing the remuneration of board of directors and executive managers or the benefits provided to them per each individual.

With the resolution of CMB, numbered 2/49 and dated 10.01.2019, it has been decided that companies shall make their Corporate Governance Compliance Reporting, which is made in accordance with the Corporate Governance Communiqué numbered II-17.1, by filling the Corporate Governance Compliance Report and Corporate Management Information Form templates via the PDP. In accordance with this decision, our Company filled the relevant templates in PDP and added the templates to the end of the report as Appendix-1.

Corporate Governance Committee will carry on the necessary efforts in order to achieve full compliance with Corporate Governance Principles.



Prof. Dr. Ercüment ARVAS
Independent Member of Board of Directors
Corporate Governance Committee Chairman



Dr. Celal Sami TÜFEKÇİ
Member of Board of Directors
Member of Corporate Governance Committee



Salih KUL
Member of Board of Directors
Member of Corporate Governance Committee



Pınar ÇELEBİ
Investor Relations Manager
Member of Corporate Governance Committee

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CHAPTER II - SHAREHOLDERS

2.1. Investor Relations Department

The information regarding Investor Relations Department responsible for the relations with shareholders is given below.

Mehmet Fatih GÜÇLÜ :	Chief Financial Officer / Vice President
Nuh YILMAZ :	Finance Director
Pınar ÇELEBİ :	Investor Relations Manager
Gülru SELÇUK FİLİZ :	Investor Relations Department / Specialist

Contact Information

Phone: 0850 828 1 828

e-mail: aselsan.ir@aselsan.com.tr

Investor Relations Department has submitted the report regarding the tasks carried during 2019, to Board of Directors on 09.01.2020.

Pınar ÇELEBİ, Investor Relations Manager, has Capital Markets Transactions Level-3 and Corporate Governance Rating Expertise Licenses.

Main operations carried out by Investor Relations Department during 2020 are as follows:

- Maintenance of the exercise of partnership rights of shareholders, updated and safe records regarding shareholders,
- Coordination of public disclosure of material events,
- Answering the written inquiries of shareholders regarding the company, excluding the information considered as confidential, trade secret and which was not disclosed to public,
- Ensuring the execution of General Assembly meeting in compliance with the regulation in force, Articles of Association and other company regulations, records being kept regarding the ballots and the results being reported to shareholders,
- Monitoring of every issue regarding the public disclosure including the regulations and company policies on information,
- Execution of tasks assigned by Corporate Governance Committee,
- Operation of transactions regarding dividend distribution and tasks regarding Corporate Governance Principles,
- Coordination of updating the list of people who have access to insider information; informing those people in purpose of protecting the insider information and making sure they follow the confidentiality rules until financial and operational results are disclosed to public,
- Coordination of preparation and publishing of Sustainability Report in a more professional format with consultancy,
- Performing the tasks regarding the compensation of the beneficiaries with the capital market instruments, the property of which has been lapsed to the Investor Compensation Center (ICC) and have become valid again,
- Complete the setup process of Voice Response System, report the phone calls.
- Manage the content of the Investor Relations section on corporate website.

Most of the meetings with investors were made online due to pandemic in the world in 2020. In this context, total of 95 meetings, 33 of which were held online at corporate investors conference and a road-show event specially organized for our company, 62 of which were teleconference calls and online meetings, In addition to the meetings with corporate investors held by means of investor conferences and teleconferences, approximately 1.000 retail shareholders' questions regarding bonus share issue, fluctuations in the stock price, exercising shareholder rights, material event disclosures made, financial tables, etc. were answered either written or verbally in 2020.

The information and explanations, which may affect the exercise of shareholders rights, are provided in the company website.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

2.2. Exercising of Information Acquisition Rights of the Shareholders

Investor Relations Department has taken care of every written and verbal inquiry of all shareholders in 2020 with the most accurate and fastest way. It has paid attention to respond to all the information demands of shareholders with complete and comprehensible responses.

Investor Relations Department has been using Turkish and English website www.aselsan.com.tr actively in order to inform ASELSAN's investors on a timely and accurate basis and has been updating the information given on the web constantly. The electronic platform on our website is being effectively used regarding the issues that may affect exercising of the shareholders rights. The material event disclosures made through Public Disclosure Platform incorporated under Borsa Istanbul are being disclosed both in Turkish and in English from 26.10.2015 onwards, the material event disclosure and other notifications are being published on our corporate website in Turkish and in English on the same day. In general, any changes occurred in the Company structure are immediately announced on our website and the investor presentations are constantly updated. Information on capital increases and dividend distribution is also submitted to our investors' knowledge on the website. In addition, notifications regarding the attendance of shareholders to the General Assembly and electronic general assembly principles within the context of the new Turkish Code of Commerce (TCC) are being made.

Full compliance of both Turkish and English chapters on "Investor Relations" of our company's website as per the regulations was achieved.

Within the context of regulations of CMB, in 2020;

- General Assembly documents within legal deadlines,
- General Assembly minutes and participants list,
- 2019 Annual Report,
- The reports for the 1st quarter, 2nd quarter' and 3rd quarter period for 2020,
- The investor presentations which are updated every 3 months,
- Disclosure of material events made in 2020,
- Our Company's consolidated financial statements and basic performance indicators for the last 5 years along with the Financial Report,
- Earnings Release has been published,
- Investor Calendar updates.

were published on the website in Turkish and English.

Due to the reason that a regulation is present within the TCC numbered 6102 according to which the shareholders will be able to request from the General Assembly the assignment of a special auditor for the inspection and disclosure of the financial status, and due to the reason that the law and the relevant legislation are considered for the issues not present in the Articles of Association of the Company, there is no respective provision with regard to this issue in the Articles of Association. There was no request of any shareholders with respect to the assignment of a special auditor in 2020.

2.3. General Assembly Meetings

The agenda and invitation related to the 45th Ordinary General Assembly Meeting dated 19.06.2020 with regard to 2019 operations realized at the Company headquarters were duly announced comprising all the necessary information in a daily newspaper published in Turkey and on the website and in the Turkish Trade Registry Gazette dated 28.05.2020. Furthermore, the invitation was sent to the main shareholders and the shareholders who attended the previous meeting via mail two weeks prior to the General Assembly. The General Assembly meeting was held with a total of 926.501.934,999 TL of shares, of which 845.914.302,999 TL of shares were represented by the representatives of 80.587.632 TL shares out of 1.140.000.000 shares representing the issued capital of 1.140.000.000 TL. Media members did not participate in the General Assembly Meeting, which was held simultaneously both physically and electronically.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

In scope of the Communiqué on Corporate Governance numbered II.17-1 of CMB, three weeks before the Ordinary General Assembly on date 28.05.2020, the Ordinary General Assembly Document including the meeting agenda, place, time, copy of the power of attorney, total number of shares as of 28.05.2020 and the voting rights, the number of shares representing the privileged shares and their voting rights, the reasons for the changes in the members of Board of Directors, which is present in the agenda, the list of independent members of the Board of Directors, the proposal of the Board of Directors with respect to the year 2019 dividend distribution, the CVs of the independent members of the Board of Directors and their statements of independence and explanations regarding the agenda items were disclosed on Public Disclosure Platform and were published on our Company website. The annual report was made available for the review of the shareholders at the headquarters 15 days prior to the general assembly meeting and handed to the shareholders participating in the general assembly and to the ones who made requests.

For the facilitation of physical attendance to Ordinary General Assembly Meeting in 2020, transportation from central spots to our Akyurt facility was provided for our shareholders, and our shareholders who attended the general assembly had a site visit.

In the Ordinary General Assembly Meeting in 2020, the shareholders were informed regarding the presence of managing members, all the Board of Directors members and auditors at the meeting. No proposals were set forth by the shareholders during the meeting regarding the agenda. The shareholders exercised their rights to ask questions regarding the topics in the agenda and the answers to the questions took place in the General Assembly Meeting minutes. There are no questions, which has not been answered in the Ordinary General Assembly Meeting and answered by the Investor Relations Department later on. Within the period, there have not been any transactions of which their resolutions were submitted to General Assembly because the confirmative vote of the majority of the independent board members are required where as they have voted negatively. The minutes of the General Assembly Meeting held in 2020 can be accessed from the website of our Company.

No Extraordinary General Assembly Meeting was held during the year 2020.

The shareholders were informed about donations and aids were made in 2019, with a separate agenda item at the 45th Ordinary General Assembly Meeting.

2.4. Right to Vote and Minority Rights

In article 25 of the Articles of Association titled "Right to Vote", there is a provision stating that "the Shareholders and their representatives who are present at the Ordinary and Extraordinary General Assemblies shall have one right to vote for each share" and there is no privilege or no upper limit pertaining to the numbers of votes. The right to vote arises as soon as the share is acquired and there is no regulation setting forth that the vote shall be used when a certain time passes after the acquisition date of the share.

The regulations regarding the voting of the shareholders through their representatives are followed by; in the event of a legal representation, it is certified and the open proxy rule is applied.

Particular attention is paid in exercising the minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is. All shareholders are treated equally in our Company, including the minority and foreign shareholders.

There are no prevailing partners in our Company. In the Articles of Association, there is no provision with respect to the representation of the minority shares in the management and their accumulated casting of votes. Due to the voluntary implementation of this issue regarding the capital market legislation, provision with respect to the current General Assembly quorum is applied.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

2.5. Dividend Rights

There are no privileges with respect to the participation in the profit gained by the Company. The dividend policy was last revised in 2016 and was submitted to following ordinary general assembly meeting. The dividend policy published on our website is given below.

"The dividend amounts which shall be calculated considering the sustainable growth rate, market capitalization, net working capital requirements, dividend yield and cash flows, equity ratio, with the relevant legislation and the provisions of the articles of association over the distributable profit amount calculated taking the period profit as the basis which is shown on the financial statements of our Company prepared pursuant to the existing legal regulations (after the compulsory legal reserves are reserved and the taxes, funds and financial liabilities and losses of the previous year, if any, are deducted and the donations are added), the profit distribution proposal which shall be prepared by the Board of Directors in order for the shares which shall be issued by means of adding the cash or the dividend on the capital on the date(s) determined pursuant to the regulations of the Capital Markets Board to be distributed targeting at least %10 of net profit in cash in the defined amounts or as bonus shares or partly in cash, partly as bonus shares in defined amounts, shall be submitted to the approval of the General Assembly. Following the approval of the General Assembly, the determined dividends are distributed to the shareholders within the legal periods on the date determined by the General Assembly.

There is no privilege to participate to the profit of our Company. The dividends are distributed equally regardless of all the existing shares and their issue and acquiring dates.

In case of a revision made on the Dividend Policy, the resolution of Board of Directors regarding this revision and the reason for revision shall be publicly announced with respect to the legislation of Capital Markets Board."

The net distributable profit calculated within the scope of the profit distribution decision taken at the Ordinary General Assembly Meeting held on 19.06.2020 within the framework of the Capital Markets Law and other legal regulations and the provisions of the articles of association, is equal to TL 335.000.000 gross (14,69285 Kurus per 1 TL share, gross 14,69285% over the issued capital), (net 284.750.000, -TL, 12,48904 Kurus per 1 TL share, 12,48904% net over the issued capital) as cash dividends. The said profit distribution rates, which were decided at the Ordinary General Assembly meeting, were announced on the PDP. Of the dividends decided to be distributed, 94.916.667 TL was distributed as cash dividends on 17.07.2020, 94.916.667 TL on 16.10.2020, 94.916.667 TL on 18.12.2020, in 3 installments. In addition, it was decided to distribute the bonus shares to shareholders as dividends from the profit of 2019, at the rate of 100% (1.140.000.000 TL) of the issued capital, and the registration procedures regarding the capital increase were completed on 27.07.2020. The capital of our company has increased from 1.140.000.000 TL to 2.280.000.000 TL on 05.08.2020. Our share, which was 34,52 TL before the capital increase, was divided by 100% on 05.08.2020 and started to trade at 17,26 TL.

2.6. Transfer of Shares

The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa İstanbul has been restricted with the provision of article 6 of the Articles of Association stating "As the company operates in security and defense sector; Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records".

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and its Content

In order to inform our shareholders in a timely and accurate manner within the context of public disclosure and transparency; the website of the Company at the address www.aselsan.com.tr in Turkish and English is actively used and the information published on the web are updated regularly.

The section “Investor Relations” is included on our website also comprising the issues listed in article 2.1.1 of the corporate governance principles of Communiqué on Corporate Governance numbered II-17.1 issued by CMB on 03.01.2014.

Under “Investor Relations” section;

1. Corporate Governance

- 1.1 Shareholder Structure and Privileged Shares
- 1.2 Board of Directors
- 1.3 Key Resolutions of Board of Directors
- 1.4 Board Committees
- 1.5 Articles of Association
- 1.6 Company Profile and Trade Register Information
- 1.7 Policies
- 1.8 Ethical Principles
- 1.9 Corporate Governance Rating
- 1.10 General Assembly Meeting
- 1.11 Compliance with Corporate Governance Principles
- 1.12 Sustainability

2. Financial and Operational Data

- 2.1 Financial Reports
- 2.2 Financial Highlights
- 2.3 Investor Presentations
- 2.4 Board of Directors Reports
- 2.5 Earnings Release

3. Stock Info

- 3.1 Stock ID
- 3.2 Capital Increases
- 3.3 Analyst Coverage
- 3.4 Dividend Info
- 3.5 Investor Tools

4. BIST Disclosures

5. Annual Reports

6. Investor Calendar

7. FAQ

8. Contact

chapters exist. Necessary records and information are included under these titles. The information given on the Turkish website under “Investor Relations” section is included entirely on the English website.

3.2. Annual Report

The Board of Directors prepare the annual report in detail regarding the operations of the Company and enable the public to reach complete and accurate information that can be comprehensive. The 2019 annual report of our Company was prepared as per the Turkish Code of Commerce numbered 6102, the Regulation Regarding the Determination of the Minimum Content of the Annual Reports of Companies issued by the Ministry of Customs and Trade, the Communiqué Regarding the Principles Related to Financial Reporting in the Capital Market and the Communiqué Regarding the Determination and Implementation of the Corporate Governance Principles, both issued by the CMB.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CHAPTER IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The information requests of stakeholders are keenly handled and attention is paid in responding these accurately and in an understandable manner. Our employees are informed with an employee hand book and informative presentations over the intranet; continuous access to data and support is provided through help desk application over the intranet. Nonetheless, general and personal data that can be necessary outside the company are provided to access over the internet.

On the supplier side, ASELSAN Supplier Portal, which was already developed in order to provide efficient information transfer, dissemination facilities, are promoted. Besides supplier communication and improvement operations are combined into a supplier specific web-based platform which is launched on April 2020, "Powerful Together". Products that are selected for localization process are shared and coordinated with our suppliers via informative brochures and application for this brochures are also collected via this platform. Moreover, information is also shared by ASELSAN website, joint organizations/workshops and face to face meetings.

High quality standards and high technological solutions are offered for services or delivered products with regard to customer needs and expectations so as to meet customer satisfaction. Requirements of these quality standards are met and inspections, tests are applied through every process from projects' start till the delivery phases. Our all processes are administered by directives, quality plans, standards, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standards. These certificates are renewed every year with the audits performed. Changes and improvements of international standards are being followed and our processes are developed accordingly. Customer satisfaction, which is the primary objective, is evaluated and reported for the access of related executives. In addition, results and trends are evaluated by the senior management on an annual basis and required improvement activities are planned.

It is possible to increase the quality of product and service correspondingly increasing customer satisfaction by supplying the materials used in products from the right and trusted sources. For this purpose, suppliers are subject to product and/or field of activity based selection and evaluation processes. These activities that target continuous improvement and high quality standards for suppliers are regarded as playing an important role in eventual product quality. In this direction, trainings, technology/equipment transfers, on the job trainings are for creating a high quality supplier portfolio. All information is shared within the context of confidentiality with our suppliers, who have the status of our business partners, and it is not permitted to share this information with unauthorized persons and third party firms. Through related directives, handling any kind of relations between ASELSAN and the suppliers within the scope of law and ethical values, minimizing the occurrence of unsuitable conditions for protecting parties and securing the justice and transparency.

ASELSAN Magazine, published in Turkish and English every 3 months and A Bülten published in Turkish every month, provide information regarding the activities, technical issues and up-to-date social events. Hard copies of ASELSAN Magazine is delivered to the end users of products, shareholders who participated to the General Assembly Meeting, company employees and other related parties. A Bülten is uploaded to the social media, Turkcell Dergilik application and the corporate website right after it is publication.

The Compensation Policy can be accessed from our Company's website under Corporate Governance title.

The members of the Board of Directors and the executives do not perform any activities that may cause shareholders to incur losses or may diminish the Company assets. The subject that no debt shall be given, no loans shall be granted or no pledges such as guarantees in favor thereof may be extended to any members of the Board of Directors or to any employees through the use of ASELSAN assets, is declared within the "ASELSAN Ethical Principles, Values and Conduct Rules Document", which is available on our Company's website.

The e-mail mechanism for the stakeholders to report their complaints regarding the transactions of the company, which are against the legislation or deemed unethical, is stated in the ASELSAN Ethical Principles Policy. The policy has been published on the Turkish and English web site following the approval of the policy. Within the context of the policy, the Ethics Committee is informing the Corporate Governance Committee.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

4.2. Participation of Stakeholders in the Management

In the Articles of Association, there are no provisions regulating the participation of the stakeholders in the management. However, their participation to management shall be supported provided that it does not corrupt the Company activities.

The corporate governance structure of the Company gives the opportunity to all stakeholders including the employees and representatives to convey their worries with regard to transactions, which are inappropriate in terms of legality and ethics.

Our employee suggestion system with the theme of “Development Workshop”, which aims to live, keep alive and take our values of development and excellence further together, continued to work in 2020.

Throughout the year, our employees conveyed suggestions to Development Workshop with the following topics; increasing productivity and efficiency, developing business processes, raising the level of quality, reducing cost / increasing income, enhancing employee and customer satisfaction, providing occupational health and safety, improving working conditions and the company image. With the beginning of COVID-19 pandemic in March 2020, suggestions on this issue were conveyed to Development Workshop. Each suggestion was evaluated attentively and necessary actions were ensured to be taken.

In addition, our company has a Personnel Representation system. Our Personnel Representatives also work as one of the channels through which opinions and suggestions collected from our employees are transferred to the Senior Management.

4.3. Human Resources Policy

The human resources policy of our Company is to adopt an understanding which adds successful and dynamic talents to ASELSAN family required pursuant to the vision of ASELSAN, which contributes to the sustainable success of ASELSAN with employee oriented approaches, adds value and which takes side of its employee at all times.

60% of our employees stand for the engineering group, 30% for the technician group, 6% for the administrative group, 2% for the office personnel and 2% of the worker group.

There were no complaints related to discrimination from the employees in 2020. Performance and rewarding policies are announced to all of our employees through Company directives.

4.4. Ethical Rules and Social Responsibility

4.4.1. Ethical Rules

The ethical rules of our Company have been written and were published on our website. Furthermore, in order to integrate and develop the ethical rules with the implementations, an Ethical Committee was established to meet the evaluation, direction, consulting and recommendation requirements and create shared knowledge.

“ASELSAN Ethical Principles Instruction” document is announced to all ASELSAN personnel with all its exhibits and the personnel makes a written commitment that s/he acknowledges the information and ethical values. When an amendment or an update is made on this document, the changes are made known to all the personnel and training programs about these changes are organized if deemed necessary.

ASELSAN Ethical Principles Committee comprises of seven members, the chairmanship of the Committee is executed by the Vice President for Corporate Management and the secretariat is handled by Human Resources Directorate. Other members consist of the representatives of Legal Affairs Department, Industrialization and Procurement Department, Internal Audit Chairmanship, Human Resources Directorate who are assigned by the suggestion of the CEO, plus two personnel whereas one shall have at least 15 years and the other shall have 5-10 years of ASELSAN experience, chosen among the top 10 ranked nominees with the votes of ASELSAN personnel. None of the members should have any disciplinary penalty or ethical issues. If there are no changes in the organization, the Ethical Committee members serve at least for two years.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Ethical Committee meets as soon as possible when there is an application. However, Committee, Board of Directors, Corporate Governance Committee, CEO or the Chairman of the Ethical Committee can call a meeting. Beyond evaluating applications, Ethical Committee represents reason and conscience of ASELSAN and works to increase the awareness about ethical values in ASELSAN family.

When there is an application, ethical committee conducts the required assessment and submit a report to the CEO. At the end of this investigation, necessary steps are taken in accordance with relative law and ASELSAN regulations and directives. The applications for last one year and assessment result is reported to Board of Directors each year in January.

In 2020, our employees were informed about the applications and evaluation process by the Ethical Committee.

4.4.2. Social Responsibility

An independent British institution, Carbon Disclosure Project (CDP), which reports how the companies manage the risks of climate changes, has announced 2020 reporting ranking results on November 2020. By performing a climate change management above the country and global average, ASELSAN has been placed in the A- list of CDP, which is assumes to be one of the most prestigious environmental project of the world. According to the study that evaluates the big companies listed on Borsa İstanbul, by its sustainable environment management, ASELSAN has protected its place among the firms that most successfully manage climate change risks through production process and has the highest gas emission performance.

In ASELSAN, where decreasing carbon emission is one of the strategic goals, carbon emission has been monitored since 2009. Among defense companies in Turkey, ASELSAN was the first company that participated in CDP and has been ranked between important global defense companies with its climate change management.

ASELSAN aims a sustainable carbon emission management and continues to work on increasing energy efficiency in production, giving priority to energy production technologies that will decrease carbon emission and production of environmentally friendly products as a responsible manufacturer with increasing momentum.

Zero Waste is a system, which gives importance to reuse, decrease in waste production due to service and production, collection of the waste separately according to its type and recycling. By aiming protection of environment and human health, ASELSAN has strengthen its zero waste management system during 2020. Wastes are collected separately to be recycled in a manner that will add value to the environment and the economy. The lunch leftovers are being shipped to animal shelters and used as organic waste composting and office waste is recycled. Garment and toy collection boxes has been placed in the campus parking areas and delivered to those in need within the scope of social responsibility. With the help of vegetable waste oilcans placed in the parking lots, the vegetable waste oils brought by the personnel from their homes were sent for recycling.

ASELSAN gives importance to creating and ensuring the continuity of a secure and healthy working environment. By its applications, ASELSAN was awarded with "International Occupational Safety" in 2020. Having certifications for ISO 45001:2018 Occupational Health and Safety, ISO 14001:2015 Environmental and ISO 14064: 2006 Greenhouse Gas Integrated Management System, we will proceed to take part in pioneer applications through actualization of national and international initiatives.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

In November 2014, Borsa Istanbul (BIST) has launched Sustainability Index that display the performance of January-March 2014 time period for BIST-30 firms in the fields of financial, environmental, social issues and corporate governance. With respect to that, as of this date, ASELSAN started publishing sustainability reports. As a result of the evaluation of our Company on the ASELSAN Sustainability Report, published in Turkish and English for the first time before the Index assessments, ASELSAN was among the 15 firms that were approved to be included in BIST Sustainability Index. In 2020, ASELSAN kept its place in the index as a consequence of the re-evaluation of ASELSAN Sustainability Report that was published in July 2020.

Sustainability reports that are published on our website (www.aselsan.com.tr) include the details of sustainable applications in the fields of strategic governance, corporate governance, ethical principles, internal audit, bribery and corruption, risk management, communication with stakeholders, supply chain, information systems, facility management, employee development, human rights, occupational health and safety, environmental management.

The year 2020 has also placed a conscientious responsibility on ASELSAN with the emergence of pandemic and increasing impact of earthquakes and disasters. During these difficult times, the steps taken in order to become one and united turned into projects that benefit society through our ASİL Association.

In this context, many important projects were implemented by the “ASİL Association” throughout 2020.

- With the Elazığ-Malatya Earthquake Aid Campaign, a total aid of 271.150 TL was collected.
- The kindergarten in Kurucaova Village of Malatya's Doğanşehir district, which was destroyed in the earthquake, was rebuilt.
- During the pandemic period, medical equipment support was provided to 21 hospitals across the country.
- 200.000 TL of donation was made to the “Biz Bize Yeteriz Türkiye” national solidarity campaign.
- Food parcels were delivered to 2.000 families in need during the month of Ramadan.
- Nearly 2.000 children in need were provided with eid clothing support before the Religious Feast.
- 250 food parcel support was provided to our citizens who were victims of the flood in our Black Sea Region.
- 3 EBA Support Points were established in 3 villages.
- After the earthquake in İzmir, many sleeping bags, camping chairs, lighting and wood stoves were donated.

In order to provide resources for all these activities, 3 cafés, 5 canteens and 1 corner café in ASELSAN's Macunköy, Akyurt and Gölbaşı campuses started to be operated by ASİL Association.

In the year 2020, our company supported the following events through sponsorship:

- Turkish Armed Forces Rehabilitation and Nursing Center's Handicapped Sports Club's sport activities held in 2020,
- Online Event of SAHA EXPO 2020,
- 2nd Sector Summit of Turkey Cyber Security Clustering,
- Military School Yearbooks,
- TEKNOFEST 2020, İstanbul Aerospace and Technology Festival,
- 2nd Intelligent Transportation System Summit,
- Career Fair of “TALENT FOR BIZ” coordinated by the Presidency of the Republic of Turkey,
- Introduction Film prepared by General Commandership of Gendarmerie,
- The Week of Cyber Security.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CHAPTER V - BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

In our Company, 3 members of 9 members of Board of Directors are independent members. The duties of Nomination Committee are executed by Corporate Governance Committee. The reports regarding the evaluation of the list of Independent Members of Board of Directors prepared by Corporate Governance Committee on 11.02.2020 and 10.03.2020 were presented to Board of Directors. Within the scope of CMB's Communiqué on Corporate Governance numbered II.17-1, CMB has not stated any adverse opinion on the nominee list and the evaluation report. The CVs and independence statements of the 7 nominees were announced to public on our website on 28.05.2020. As a result of the voting at the General Assembly Meeting on 19.06.2020, 3 nominees were elected as Independent Members of Board of Directors. There were no cases to eliminate the independency of the Independent Members of the Board of Directors in 2020.

The CVs of the Members of the Board of Directors are included in the annual report and the information with respect to their duty terms is provided in the table below.

Name Surname	Duty	Election Date
Haluk GÖRGÜN	Chairman / Managing Member / CEO	March 2017
Celal Sami TÜFEKÇİ	Vice Chairman / Managing Member	April 2018
Ercüment ARVAS	Independent Member	March 2016
Yavuz ÇELİK	Member	June 2020
Turan EROL	Independent Member	June 2020
Mehmet Fatih KACIR	Member	April 2019
Alpaslan KAVAKLIOĞLU	Member	April 2019
Salih KUL	Member	April 2019
İbrahim ÖZKOL	Independent Member	March 2017

In article 13 of the Articles of Association titled "Duties and Authorization of the Board of Directors", the duties and authorization of the Board of Directors have been defined. Besides, the Board of Directors Working Directive also describes the Duties and Authorization of the Board of Directors. With the article 14 of the Articles of Association titled "Assignment of the Authorization to the CEO", the assignment of the authorization of the Board of Directors to the CEO has been set out. The duties and authorization of the executives are described in the "Duties and Responsibilities Directive" formed within the Company.

The duties of the Members of the Board of Directors and of the CEO carried out outside the Company, information regarding the term of office and the statements of the board of members with respect to their independencies were given below.

- There is an executive member in the Board of Directors.
- The statements of independence of the Independent Members of the Board of Directors have been provided at the annex of the Compliance Report.
- The Members of the Board of Directors fulfill their duties without any interest or benefit and pursuant to the liabilities and authorizations undertaken by the Board of Directors and to the regulations of the Turkish Code of Commerce and CMB.
- Members of the Board of Directors, in accordance with the Working Directive of Board of Directors, are liable not to enter into any commercial treatments directly or indirectly with the Company that coincides with the Company objectives, on their behalf or on behalf of others without the consent of the General Assembly.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

5.2. Principles of Activity of Board of Directors

Board of Directors carries out its duties and responsibilities determined with reference to TCC, Capital Market Law and Articles of Association. In this context, the basis of duties and operations are indicated in details in ASELSAN Board of Directors Working Directives.

The agenda of the Board of Directors meetings is formed with the proposals of the Members of the Board of Directors and the committees and the CEO, it is afterwards evaluated by the Board of Directors Chairman and finalized. The subjects emerged as urgent and which are considered worthwhile to discuss may be added to the agenda during the Board of Directors meeting.

As per article 10 of the Articles of Association, the Board of Directors assemble when required and at least once a month. The number of Board of Directors Meetings in 2020 was 31, where 19 of the decisions in the meetings are interim decisions. 90% of the Members of the Board of Directors attended all of the meetings.

The place, date, time and agenda of the next meeting is decided at the Board of Directors Meetings. Documents pertaining to the meeting agenda are sent to the members of Board of Directors at least 3 work days before the meeting by the Presidency.

The Members of the Board of Directors attend the meetings and fulfill their duties as per their authorization and responsibilities. The members who do not attend the meetings submit their excuses.

Board Office is established under Board of Directors in order to coordinate necessary issues in the name of the Board, particularly the relationships with the Presidency and TAFF, to execute planning and support the Board of Directors' operations.

All members have one right to vote, including the chairman. If the numbers of votes are equal, the vote of the chairman does not change the result. Abstaining is not possible, either rejection or acceptance is voted. The vote of the abstaining member is considered as a rejecting vote. The member casting a reject vote states the ground for this in the meeting minutes and undersigns it. According to the article 11 of the Articles of Association titled "Quorum of Meeting and Decision Making"; "The provisions of the TCC, Capital Market Law, regulations of the Capital Markets Board in connection with corporate governance and other relevant legislation are taken into account with respect to the meetings and decision making quorums of the Board of Directors as well as with respect to any Board of Directors members assuming duties and positions outside the Company. Any action and resolutions taken by the Board of Directors without complying with the Corporate Governance Principles, which are made mandatory as to be complied by the Capital Markets Board, are invalid and considered as in contrary to the Articles of Association". In the operation year 2020, there were no related party transactions or any other significant issue, which had to be submitted to the approval of the general assembly since they were not approved by the Independent Members of the Board of Directors.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

The signed decisions are made available to the follow up of the Members of the Board of Directors and Executive Committee Members in the electronic platform.

In accordance with the article 4.2.8 of Capital Markets Board Corporate Governance Communiqué; Executive Liability Insurance Policy was signed for Board of Directors members on 05.08.2020 with the total liability amount of USD 42.000.000,- which corresponds to more than 25% of the paid-in-capital of our Company, with a validity period of 1 year.

5.3. Number of Committees Formed in the Board of Directors with Their Structures and Independency

As per the title “Committees Formed in the Board of Directors” in the Communiqué Regarding Determination and Implementation of Corporate Governance Principles by the Capital Markets Board, our Company's Board of Directors, in the meeting dated 10.04.2012, formed an Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee and announced this to the public. There are no Nomination and Remuneration Committees within the Board of Directors and the duties of these are carried out by the Corporate Governance Committee.

The directives of Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee are made available at the website of our Company. The Independent Members of the Board of Directors have duties in more than one committee. This is because it is mandatory that all members of the Audit Committee and the chairman of the other committees should be Independent Members of the Board of Directors.

Boards of Directors have made the annual evaluation of the committees composed under its structure and the evaluation report is available in Annual Report.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

AUDIT COMMITTEE

Committee Members (January – June 2020)

İbrahim ÖZKOL: Chairman / Independent Member of Board of Directors

Ercüment ARVAS: Member / Independent Member of Board of Directors

Mehmet ARIK: Member / Independent Member of Board of Directors

Committee Members (June – December 2020)

İbrahim ÖZKOL: Chairman / Independent Member of Board of Directors

Ercüment ARVAS: Member / Independent Member of Board of Directors

Turan EROL: Member / Independent Member of Board of Directors

The main duties of the Audit Committee that were set out in the “ASELSAN Audit Committee Work Directives” regulating the working principles of Audit Committee are as follows;

- To enable the disclosure of the financial data of ASELSAN, to pursue the operation and efficiency of the accounting system, independent audit, internal audit and internal control system of the company,
- To assemble at least every 3 months, to share the meeting minutes with the Board of Directors

Meetings were held by Audit Committee on dates 11.02.2020, 02.06.2020, 18.08.2020 and 27.10.2020 regarding the financial statements with the participation of the related independent audit company in 2020.

In order to increase the efficiency of internal audit, attention was paid to strengthen the cooperation with Internal Audit Presidency and to the supervision of internal audit activities, direct and continuous communication was established between Audit Committee and Internal Audit Presidency. A dimension of this communication; Audit Committee-Internal Audit Presidency coordination meetings in 2020, were held 10 times on dates 20.01.2020, 11.02.2020, 18.02.2020, 02.06.2020, 07.07.2020, 18.08.2020, 15.09.2020, 27.10.2020, 10.11.2020 and 15.12.2020.

The Committee was active in two main topics in 2020.

i. Independent Audit Activities and Works Regarding the Audited Financial Statements:

“Communiqué on Financial Reporting in Capital Markets” Serial: II, 14.1 regulated the preparation of financial reports and their basis, principles of presentation to the relevant parties. December 2019, March 2020, June 2020 and September 2020 financials and Board of Directors reports were prepared in accordance with the communiqué numbered II, 14.1, and submitted to Board of Directors by Audit Committee and presented to the public via Public Disclosure Platform.

The procurement process for independent audit services for the year 2020 as per the CMB'S communiqué numbered II-14:1, was handled by the Industrialization and Procurement Directorate and the procurement proposal resolution of the Board of Directors regarding procurement of services from “YEDİTEPE Bağımsız Denetim A.Ş.” was submitted for approval on the General Assembly Meeting dated 19.06.2020 and was accepted.

ii. Internal Audit Presidency:

Within the scope of the internal audit activities of the Company, the relations between the Internal Audit Presidency and the Board of Directors have been carried out through Audit Committee. A direct and continuous contact between Audit Committee and Internal Audit Presidency is present.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMMITTEE

Committee Members (2020)

Ercüment ARVAS: Chairman / Independent Member of the Board of Directors

Celal Sami TÜFEKÇİ: Member / Member of the Board of Directors

Murat ÜÇÜNCÜ: Member / Member of the Board of Directors

Pınar ÇELEBİ: Member / Investor Relations Manager

The main duties of the Corporate Governance Committee were set out in the “ASELSAN Corporate Governance Committee Work Directives” as follows:

- To carry out studies for the implementation of Corporate Governance Principles in the Company,
- To observe whether the Corporate Governance Principles have been implemented or not and if not implemented to determine the grounds for this and the conflicts of interest arising due to not complying with these principles and to make proposals for improving the status,
- To monitor the activities of the Investor Relations Department.
- Corporate Governance Committee assembles every 3 months and in every situation when necessary. The meeting minutes are submitted to the Board of Directors.

The Corporate Governance Committee assembled 4 times within the activity year 2020 on dates, 27.01.2020, 11.02.2020, 10.03.2020 and 24.12.2020. The meeting minutes of the Committee may be reached on our website. The committee was active in 3 respective tasks in 2020:

i. Operations of Investor Relations Department:

Investor Relations Department have attended all the meetings in 2020 and performed secretariat procedures of the committee with regard to “ASELSAN Corporate Governance Committee Working Directive”. Information was provided to the committee about the activities of the Investor Relations Department in the Committee meetings.

In 2020, the subjects discussed and tasks carried by the Corporate Governance Committee within the context of the meetings are given below:

- Corporate Governance Committee Evaluation Report,
- Preparation of ASELSAN Corporate Governance Principles Compliance Report and the submission of the report to Board of Directors,
- Independent Board Members selection process,
- Corporate Governance Rating,
- Preparation of Corporate Governance Committee Evaluation Report and the submission of the report to Board of Directors.

ii. Corporate Governance Rating:

The evaluation of corporate governance rating performed by SAHA Corporate Governance and Credit Rating Services were concluded during the last quarter of 11.12.2020, ASELSAN'S corporate governance rating grade, which was 9,29 in 12.12.2019 was confirmed as 9,29 out of 10 points.

Our Company's share has been listed in the corporate governance index since the date 14.12.2012, which it first entered the index. Rating reports can be accessed on the company website.

iii. Election of Independent Board Members

As given by Corporate Governance Principles, the responsibility of evaluating and reporting the nominations and their independency status is given to the Nomination Committee, in companies where this committee is not formed because of the structure of the Board of Directors, the responsibility is given to Corporate Governance Committee. Within this context, the evaluation of nominations was carried on by the Committee and the resulting nominee list was presented at the Board of Directors meetings on dates 11.02.2020 and 10.03.2020.

CMB has not stated any opposing opinions regarding the nominees' list and evaluation report which was submitted by the Board of Directors. The final list was submitted to shareholders' voting on General Assembly Meeting on 19.06.2020 and as a result, Ercüment ARVAS, Turan EROL and İbrahim ÖZKOL were elected as independent members to serve for 1 year.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

ASELSAN Board of Directors established the “Early Detection and Management of Risk Committee” with the resolution dated 10.04.2012 and numbered 720/1. The Committee executes as per the directive numbered ASY-01-066.

Committee Members (January – June 2020)

Mehmet ARIK: Chairman / Independent Member of the Board of Directors

Salih KUL: Member / Member of the Board of Directors

Committee Members (June – December 2020)

Turan EROL: Chairman / Independent Member of the Board of Directors

Salih KUL: Member / Member of the Board of Directors

In 2020 the Committee continued to identify the risks which prevent ASELSAN from reaching its goals; manage the risks in accordance with the company's risk-taking profile; report the risk activities; build risk aware decision mechanisms and internal control. Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that important risks are monitored and reported. In this context, in 2020 the Committee held 6 meetings on 05.02.2020, 04.06.2020, 25.08.2020, 28.09.2020, 23.11.2020 and 28.12.2020.

Committee's activities are summarized below:

- “2019 Evaluation Report” was prepared and submitted to Board of Directors in February 2020. In 2020, a total of 6 Corporate Risk Evaluation Reports were prepared and submitted to the Board of Directors. In the reports;
 - Important risks of ASELSAN were evaluated and monitored. The risk classification, explanation, rating, strategy, owner/responsible, current control operations and relevant indicators and mitigating actions were included in the report.
 - Warning levels of benchmarks for risk indicators were determined and the risk indicators which divert from the benchmark and can signal the poor performance of a goal during the reporting period were also reported.
- Risk management chapters in the annual report and the other reports set by the legal authorities were prepared.

The secretariat formalities of the Committee were performed by Enterprise Risk and Process Management Department of Finance Directorate.

5.4. Risk Management and Internal Control Mechanism

In ASELSAN, the effectiveness of internal audit activities, corporate governance, risk management and internal control processes are improved and the Company contributes to the achievement of the Company's targets. The most important role of the internal audit activities, which is an important component of the internal control system, is the provision of assurance and consultancy services to the Audit Committee and the Board of Directors on the internal control system and enterprise risk management. The 3-year audit plan and work programs are prepared on a risk-based basis and the results of the audit are reported to the Audit Committee and regular meetings are held with the Committee. By the Internal Audit Department; compliance with legal regulations and company regulations, the application of ethical principles and the adequacy of controls to eliminate risks are evaluated.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

5.5. Strategic Objectives of the Company

The Board of Directors is the top level body to make strategic decisions and to execute and represent. As per the Articles of Association of the Company, the Board of Directors is responsible to determine the strategic plans and control its implementations.

Strategic Management Process is a part of Corporate Governance and is managed by the Chairman and CEO in the name of Board of Directors, following the approval of the Strategic Plan which is prepared with the coordination of Strategic Management Directorate. Reaching ASELSAN's long term goals and sustaining success can be achieved through environment friendly strategies.

ASELSAN's vision is to be a reliable, competitively preferred, environment-friendly and human conscious technology firm, which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes. Within this concept, annually updated 5-year Strategic Plan and 3-year Budgets are prepared. With this methodology, short and medium term targets are specified by considering long term goals. The operations to be carried out for these targets are executed by Sector Presidencies/Vice Presidencies and performance evaluations are made based on Balanced Scorecard method, which is widely used in the world.

5.6. Financial Rights

Remuneration procedures for Board of Directors Members and Managers with Executive Responsibility, which are set in written form in accordance with the Corporate Governance Principles, are published on our Company's website.

Monthly remunerations provided to our Members of the Board of Directors are determined by the General Assembly and no other benefits are granted apart from the monthly remuneration. Pursuant to the resolution taken at the 45th Ordinary General Assembly held on 19.06.2020, the Members of the Board of Directors are paid TL 4.000,- per month. As for the determination of the financial rights of the board members, no reward system is applied to reflect the Company performance and which is based on the performance of the Members of the Board of Directors.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

ANKARA

Date: 28.01.2020

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- have not conducted membership of board of directors more than a term of six years in the last ten years,
- am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



Prof. Dr. Ercüment ARVAS

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

ANKARA

Date: 09.03.2020

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- k) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- l) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- m) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- n) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- o) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- p) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- q) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- r) have not conducted membership of board of directors more than a term of six years in the last ten years,
- s) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- t) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



Prof. Dr. Turan EROL

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

ANKARA

Date: 28.01.2020

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret A.Ş. (Company), I hereby agree, represent and undertake that I;

- u) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- v) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- w) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- x) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- y) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- z) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- aa) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- bb) have not conducted membership of board of directors more than a term of six years in the last ten years,
- cc) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- dd) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



Prof. Dr. İbrahim ÖZKOL

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

APPENDIX-1

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X	-	-	-	-	
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X	-	-	-	-	
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X	-	-	-	-	
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X	-	-	-	-	
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	-	X	-	-	-	The General Assembly meeting is not open to the media.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2-The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	-	-	-	-	X	
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	-	X	-	-	Utmost attention is paid for the execution of minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X	-	-	-	-	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	-	-	X	-	-	The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa Istanbul has been restricted with the provision of article 6 of the Articles of Association stating “As the company operates in security and defense sector, Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records”.
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X	-	-	-	-	
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles	X	-	-	-	-	
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	-	X	-	-	-	Although the mechanisms that enable the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2-Recruitment criteria are documented.	X	-	-	-	-	
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	-	X	-	-	-	Although there is an employee representative practice in our company, there is no union organization.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	-	X	-	-	-	Establishment of associations by employees about social responsibility, social activities, etc. is encouraged and there is no regulation regarding the recognition of the right to collective bargaining agreements.
3.3.9 - A safe working environment for employees is maintained.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-	
3.4.2-Customers are notified of any delays in handling their requests.	X	-	-	-	-	
3.4.3 - The company complied with the quality standards with respect to its products and services.	X	-	-	-	-	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY		-	-	-	-	
3.5.1-The Board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-	
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-	
4.1. ROLE OF THE BOARD OF DIRECTORS		-	-	-	-	
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-	
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1- The Board of Directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-	
4.2.7 - The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	-	X	-	-	There are no female members in the Board of Directors, and a target was not set to keep the female member ratio at a minimum of 25%. There is no written Company policy regarding this issue.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X	-	-	-	-	
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X	-	-	-	-	
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4-Each member of the board has one vote.	X	-	-	-	-	
4.4.5-The Board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7-There are limits to external commitments of board members. Shareholders are informed of Board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.	-	-	X	-	-	The independent members take part in more than one committee because the number of independent members is 3.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	-	-	-	-	X	
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

Compliance						
CORPORATE GOVERNANCE COMPLIANCE REPORT	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	-	X	-	-	There is no such practice within the company.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5-The individual remuneration of Board members and executives is disclosed in the annual report.	-	-	X	-	-	The remuneration of the members of the board of directors and senior managers are given as a sum.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year 2

1.2. Right to Obtain and Examine Information

The number of special audit request(s) -

The number of special audit requests that were accepted at the General Shareholders' Meeting -

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/en/Bildirim/847104>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time <https://www.kap.org.tr/en/Bildirim/847104>

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 -

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) -

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) <https://www.kap.org.tr/en/Bildirim/847104>

The name of the section on the corporate website that demonstrates the donation policy of the company Investor Relations > Corporate Governance > Policies

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved <https://www.kap.org.tr/en/Bildirim/852157>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting -

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any The representatives of the Independent Audit Company attended the general assembly meeting.

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. -

The percentage of ownership of the largest shareholder 74,20%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy Investor Relations > Corporate Governance > Policies

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend -

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends -

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
19/06/2020	0	81,27%	74,20%	7,07%	Investor Relations > Corporate Governance > General Assembly	Investor Relations > Corporate Governance > General Assembly > General Assembly Documents	Article 11	6	https://www.kap.org.tr/en/Bildirim/852157

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

Investor Relations >
Corporate Governance

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

-

List of languages for which the website is available

Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company is under Article 3/a of the Report of Board of Directors. Declarations on independence of board members are end of the Annual Report > Corporate Governance Principles Compliance Report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Principles of Activity of the Board of Directors title.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	The information is under Article 7 of the Report of Board of Director.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	The information is under Financial Information Note 15 and at the same time under Article 9 of the Report of Board of Directors.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	The information is under Article 3/b of the Report of Board of Directors.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Ethical Rules and Social Responsibility title.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations > Corporate Governance > Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	The information is under Article 9 of the Annual Report of Board of Directors.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	CEO
The contact detail of the company alert mechanism.	Chairman, President & CEO Prof. Dr. Haluk GÖRGÜN Phone Number: (0312) 592 60 00 Address: ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cadde No: 16 06200 Yenimahalle ANKARA, TURKEY

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	It was regulated by internal directives and it is not open to the public.
Corporate bodies where employees are actually represented	None.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	None.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Career > Being Part of Our Team
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Career > Our Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	The information is under Article 9 of the Annual Report of Board of Directors.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations > Corporate Governance > Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations > Corporate Governance > Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations > Corporate Governance > Policies

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	11/02/2020
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	It was resolved at the meeting of the Board of Directors of our Company, held on 19.06.2020 that; Haluk GÖRGÜN shall be appointed as the Chairman of the Board of Directors, Celal Sami TÜFEKÇİ shall be appointed as the Vice Chairman and Haluk GÖRGÜN and Celal Sami TÜFEKÇİ shall be appointed as the Managing Members. The details regarding the context of the authorities are included in the articles of association.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	15
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information is under Article 3/b of the Annual Report of Board of Directors.
Name of the Chairman	Prof. Dr. Haluk GÖRGÜN
Name of the CEO	Prof. Dr. Haluk GÖRGÜN
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	None.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/860250
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	0

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Haluk GÖRGÜN	Executive	Not independent	15/03/2017	-	Not considered	No	Yes
Celal Sami TÜFEKÇİ	Non-executive	Not independent	02/08/2018	-	Not considered	No	Yes
Ercüment ARVAS	Non-executive	Independent	31/03/2016	https://www.kap.org.tr/en/Bildirim/847104	Considered	No	Yes
Yavuz ÇELİK	Non-executive	Not independent	19/06/2020	-	Not considered	No	Yes
Turan EROL	Non-executive	Independent	19/06/2020	https://www.kap.org.tr/en/Bildirim/847104	Considered	No	Yes
Mehmet Fatih KACIR	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
Alpaslan KAVAKLIOĞLU	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
Salih KUL	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
İbrahim ÖZKOL	Non-executive	Independent	15/03/2017	https://www.kap.org.tr/en/Bildirim/847104	Considered	No	Yes

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	31
Director average attendance rate at board meetings	90%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	It was regulated by internal directives and it is not open to the public.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the committees are not disclosed on PDP, yet they are presented at the end of the Annual Report.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	İbrahim ÖZKOL	Yes	Board member
Audit Committee	-	Ercüment ARVAS	No	Board member
Audit Committee	-	Turan EROL	No	Board member
Corporate Governance Committee	-	Ercüment ARVAS	Yes	Board member
Corporate Governance Committee	-	Celal Sami TÜFEKÇİ	No	Board member
Corporate Governance Committee	-	Salih KUL	No	Board member
Corporate Governance Committee	-	Pınar ÇELEBİ	No	Not board member
Committee of Early Detection of Risk	-	Turan EROL	Yes	Board member
Committee of Early Detection of Risk	-	Salih KUL	No	Board member

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duties of the nomination committee is carried by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duties of the remuneration committee is carried by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 6 of the Report of Board of Directors.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations > Corporate Governance > Policies title.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 3/a of the Report of Board of Directors.

Report of the Board of Directors for the Period Between 1 January – 31 December 2020

KURUMSAL YÖNETİM BİLGİ FORMU

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	4
Corporate Governance Committee	-	75%	25%	4	5
Committee of Early Detection of Risk	-	100%	50%	6	7

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Signature Section of Annual Report of the Board of Directors for the Period Between 1 January - 31 December 2020



Prof. Dr. Haluk GÖRGÜN
Chairman of the
Board of Directors and CEO



Dr. Celal Sami TÜFEKÇİ
Vice Chairman of the
Board of Directors



Prof. Dr. Ercüment ARVAS
Member of the
Board of Directors



Yavuz ÇELİK
Member of the
Board of Directors



Prof. Dr. Turan EROL
Member of the
Board of Directors



Mehmet Fatih KACIR
Member of the
Board of Directors



Alpaslan KAVAKLIOĞLU
Member of the
Board of Directors



Salih KUL
Member of the
Board of Directors



Prof. Dr. İbrahim ÖZKOL
Member of the
Board of Directors

Independent Auditor's Report for the Annual Report of the Board of Directors



(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the Board of Directors

Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period of 1 January 2020 – 31 December 2020.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 23, 2021 on the full set consolidated financial statements of the Group for the period of 1 January 2020 – 31 December 2020.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,

The Responsibility of the Board of Directors on the Annual Report (continued)

- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion. The independent audit we have performed is conducted in accordance with the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Mehmet Nadi Abbasoğlu.



Yeditepe Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
(Associate Member of Praxity AISBL)

Mehmet Nadi Abbasoğlu
Partner
İstanbul, 23 February 2021

Statement of Responsibility

BORSA İSTANBUL A.Ş.
34467-Emirgan-İSTANBUL

Date: 23/02/2021
No: AS011-2021-0004

ASELSAN ELEKTRONİK
SANAYİ VE TİCARET A.Ş.

BOARD OF DIRECTORS MEETING ON APPROVAL OF FINANCIAL TABLES AND ANNUAL REPORTS

DATE OF RESOLUTION: 23/02/2021
RESOLUTION NUMBER: 1101


STATEMENT OF RESPONSIBILITY AS PER SECTION TWO, ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE
SERIAL NUMBERED II, NUMBERED 14.1

We hereby declare that;

- We have examined the consolidated balance sheet dated 31 December 2019 and comparative consolidated balance sheet dated 31 December 2020, consolidated income statement issued for the period 1 January 2019 - 31 December 2019 and comparative consolidated income statement issued for the period 1 January 2020 - 31 December 2020, consolidated additional financial tables, all audited independently, notes dated 31 December 2020 and annual report of the Board of Directors issued for the period ending on 31 December 2020,
- As per the information we obtained in line with our duties and responsibilities at the company, the financial tables and annual report of the Board of Directors do not include any comments which materially misrepresent the facts and any missing data which might be misleading as of the announcement date,
- As per the information we obtained in line with our duties and responsibilities at the Company, the consolidated financial statements prepared in accordance with the CMB Communiqué Serial II, No:14.1, accurately represents the assets, liabilities, financial position and profit or loss information of the Company and the companies in the scope of consolidation; the annual report accurately represents the development and performance of the business, the financial position of the Company and the companies in the scope of consolidation and the significant risks and uncertainties which may company faces.



Prof. Dr. İbrahim ÖZKOL
*Audit Committee
Chairman*



Prof. Dr. Ercüment ARVAS
*Audit Committee
Member*



Prof. Dr. Turan EROL
Audit Committee



Mehmet Fatih GÜÇLÜ
*Chief Financial Officer
Vice President*

ASELSAN Board of Directors Assessment Report Regarding Committee Activities in 2020

In accordance with the title “Committees Formed within the Structure of Board of Directors” of Capital Markets Board’s (CMB) “Communiqué on Determination and Application of Corporate Governance Principles”; Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee were formed and disclosed to public in our Company’s Board of Directors meeting held on 19.06.2020. There are no Nomination and Remuneration Committees within the formation of Board of Directors and in accordance with the Communiqué the duties of these are carried out by the Corporate Governance Committee.

At our Company’s Board of Directors meeting held on 19.06.2020 following the Ordinary General Assembly Meeting; in accordance with the Communiqué of CMB it was resolved that;

- Independent Member of Board of Directors İbrahim ÖZKOL shall be assigned as the chairman and Independent Member of Board of Directors Ercüment ARVAS and Independent Member of Board of Directors Turan EROL shall be assigned as members of the Audit Committee,
- Independent Member of Board of Directors Ercüment ARVAS shall be assigned as the chairman and Celal Sami TÜFEKÇİ, Salih KUL and pursuant to Capital Markets Board’s Communiqué on Corporate Governance numbered II-17.1, Investor Relations Manager Pınar ÇELEBİ, shall be assigned as the members of Corporate Governance Committee,
- Independent Member of Board of Directors Turan EROL shall be assigned as the chairman and Salih KUL shall be assigned as the member of the Early Detection and Management of Risk Committee.

While resolving on the forming of committees, Board of Directors paid attention for the members of the Audit Committee; the chairmen of Corporate Governance Committee and Early Detection and Management of Risk Committee to be chosen among the independent members of the Board of Directors and Investor Relations Department executive is a member of the Corporate Governance Committee within the framework of Capital Markets Board regulation.

The work directives, which regulate the field of activities and working principles of the committees, are approved by the Board of Directors and are submitted to public information on our Company website.

In 2020, each Board of Directors Committee fulfilled its duties and responsibilities and worked efficiently, with regard to Corporate Governance Principles and their own work directives.

Audit Committee assembled 4 times with the participation of authorities from the financial audit company within the year 2020 on dates 11.02.2020, 02.05.2020, 18.08.2020 and 27.10.2020. The issues submitted to the information and assessment of Audit Committee and the tasks carried out within the scope of the meetings held, are summarized below:

- The discussion of financial tables dated 31.12.2019, 31.03.2020, 30.06.2020 and 30.09.2020 and their submission to Board of Directors.
- The discussion of 2019 dividend distribution proposal.
- Assessments regarding the election of the independent audit company, which will carry the audit task in year 2020 and its submission to Board of Directors.

ASELSAN Board of Directors Assessment Report Regarding Committee Activities in 2020

In order to maintain the efficiency of internal audit, coordination meetings were held with the Internal Audit Presidency to strengthen the communication and establish direct and continuous communication between Audit Committee and Internal Audit Presidency. Audit Committee-Internal Audit Presidency coordination meetings are the most important factor in communicating between Audit Committee and Internal Audit Presidency and in this direction, 10 meetings were conducted on dates 20.01.2020, 11.02.2020, 18.02.2020, 02.06.2020, 07.07.2020, 18.08.2020, 15.09.2020, 27.10.2020, 10.11.2020 and 15.12.2020 within the year 2020.

Corporate Governance Committee assembled 4 times within the year 2020 on dates 27.01.2020, 11.02.2020, 10.03.2020 and 24.12.2020. The issues submitted to the information and assessment of Corporate Governance Committee and the tasks carried out within the scope of the meetings held, are summarized below:

- Corporate Governance Committee Evaluation Report,
- Preparation of ASELSAN Corporate Governance Principles Compliance Report and the submission of the report to Board of Directors,
- Independent Board Members selection process,
- Corporate Governance Rating,
- Preparation of Corporate Governance Committee Evaluation Report and the submission of the report to Board of Directors.

Corporate Governance Committee, which was formed in order to monitor our Company's compliance to Corporate Governance Principles, to conduct studies about the enhancement of compliance and to propose suggestions to the Board of Directors; have detected whether Corporate Governance Principles are applied in our Company or not, and if not, the reason for it along with the conflicts occurring because of not complying fully to these principles; have submitted proposals for improvement of Corporate Governance practices to the Board of Directors and monitored the activities of Investor Relations Department.

Early Detection and Management Risk of Committee has the duties of identifying and assessing the risks that may affect ASELSAN from reaching its goals; managing these risks in conformity with our company's risk taking profile, reporting them, include them in the decision mechanisms and in this direction, auditing and executing the activities for establishing internal control systems. For this reason, Early Detection and Management of Risk Committee assembled 6 times within the year 2020 on dates 05.02.2020, 04.06.2020, 25.08.2020, 28.09.2020, 23.11.2020 and 28.12.2020. The tasks carried out by Early Detection and Management of Risk Committee and assessment of Early Detection and Management of Risk Committee are summarized below:

- "2019 Evaluation Report" was prepared and submitted to Board of Directors in February 2020.
- In 2020, a total of 6 Corporate Risk Evaluation Reports were prepared and submitted to the Board of Directors. In the reports;
 - Important risks of ASELSAN are evaluated and monitored. The risk classification, explanation, rating, strategy, owner/responsible, current control operations and relevant indicators and mitigating actions were included in the report.
 - Warning levels of benchmarks for risk indicators were determined and the risk indicators which divert from the benchmark and can signal the poor performance of a goal during the reporting period were also reported
- Risk management chapters were prepared and included in the company annual report and the other reports prepared according to legislation.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

Audit Committee Work Directives

PURPOSE

The purpose of These Directives is to determine duties, authorities, responsibilities and work principles of the Audit Committee.

SCOPE

These Directives cover the works and activities to be performed by the Audit Committee as per the related regulations.

DEFINITIONS

3.1 Independent Auditing Firm (IAF): Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22, 4/c of the Act.

3.2 Auditor: Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms.

3.3 Audit Committee: Committee appointed among the company's Board of Directors as per Capital Markets Board Communiqué Serial numbered X, numbered 22.

3.4 Audit Committee Secretariat: ASELSAN personnel arranging operations and meetings of Audit Committee, archiving correspondences and coordinating communication between the members.

3.5 Financial Tables: Balance sheets and incomes statements issued as interim and annual documents, including the footnotes, and tables enclosed to such documents.

3.6 Financial Reports: Reports including financial tables, Board of Directors activity reports and states of responsibility.

3.7 Internal Auditor: Personnel assigned for internal auditing activities.

3.8 Internal Audit Department (IAD): ASELSAN Department in charge of internal audit activities.

3.9 Executives: Persons having titles such as under Financial Management Vice Presidency, Vice President, Director and Managers that are authorized to represent and bind the company.

3.10 Stakeholders: In achieving the objectives of the Company or with an interest in the activities of employees, creditors, customers, suppliers, various non-governmental organizations as well as individuals, institutions or interest groups.

RELATED REFERENCE DOCUMENTS

4.1 Capital Markets Board Communiqué on Independent Audit on Capital Market dated 12.06.2006, Serial numbered X and numbered 22.

4.2 Capital Markets Board Communiqué on Determination and Practice of Corporate Governance Principles dated 03.01.2014, Serial numbered II and numbered 17.

4.3 ASELSAN Board of Directors Work Directives numbered ASY-01-060.

4.4 Turkish Commercial Code (TCC).

DUTIES AND RESPONSIBILITIES

5.1. BOARD OF DIRECTORS' DUTIES AND RESPONSIBILITIES REGARDING THE AUDIT COMMITTEE

5.1.1. Appointing Audit Committee members,

5.1.2. Authorizing Committee Members,

5.1.3. Making separate Board of Directors Resolution for approving interim and annual financial tables and reports evaluated by the Committee and submitted to the Board of Directors,

5.1.4. Taking necessary actions for facilitating operations of Audit Committee members.

5.2. DUTIES, AUTHORITIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

5.2.1. GENERAL DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

5.2.1.1. The Audit Committee shall ensure; company's accounting system, public disclosure of financial information, independent audit of the Company's internal control and makes supervision of the operation and effectiveness of the internal control system. Selection of independent audit company, prepared independent audit contracts and the initiation of the audit process and the independent auditors' work in each stage is carried out under the supervision of Audit Committee.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Audit Committee Work Directives

5.2.1.2. The Audit Committee notify, their duties and responsibilities identified in the field and their evaluations and recommendations on the subject immediately to the Board of Directors.

5.2.1.3. The Audit Committee's duties include reviewing, settling the complaints forwarded to the Company about ASELSAN's accounting, internal audit system and independent audit; determining the methods and criteria to be practiced on assessing company personnel's statements on company's accounting and independent audit as per the confidentiality principles are determined by Audit Committee.

5.2.1.4. The Audit Committee might seek assistance of independent consultants on matters required for its operations provided that the costs shall be covered by ASELSAN. But in this case the person who received services / organizations with information about these people / organizations of any relationship with the company on the issue of whether information is given in the annual report.

5.2.1.5. The duties and responsibilities of the Audit Committee shall not relive Board of Directors from its responsibilities imposed by the Turkish Commercial Code.

5.2.2. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING INDEPENDENT AUDIT OF ASELSAN

5.2.2.1. The Audit Committee shall determine the services to be provided by the Independent Auditing Firm and services and submit to the Board of Directors approval.

5.2.2.2. It shall ensure signing a contract with IAF.

5.2.2.3. It shall monitor compliance with contract provisions during IAF operations.

5.2.2.4. It shall always be in contact with the independent auditor for monitoring any incidents having an impact on the independency or objectivity of the independent auditor and shall ensure elimination of such incidents, if any, and efficient performance of the auditor.

5.2.2.5. It shall evaluate the outcomes of audits performed by IAF and financial tables at the joint meetings to be scheduled.

5.2.2.6. It shall evaluate the important findings received from IAF about ASELSAN accounting policy and practices and the auditor's suggestions.

5.2.2.7. It shall obtain the correspondences made between IAF and ASELSAN Management from the Firm.

5.2.2.8. It shall ensure that Independent Audit activities are included on the Board of Directors agenda minimum every 3 months for the purpose of determining efficiency of IAF operations.

5.2.2.9. IAF shall immediately inform the Audit Committee in written about important issues related to ASELSAN's accounting policy and practices, alternative implementation and public disclosure options from Public Oversight Accounting and Auditing Standards Authority as per the firm's accounting standards and accounting principles previously declared to the Company management and possible outcomes, practice suggestions as well as important correspondences made with the Company management.

5.2.3. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING THE FINANCIAL REPORTS

5.2.3.1. The Audit Committee shall consult the company's authorized executives and IAF about interim and annual financial reports to be disclosed to the public in terms of compliance to the Company's accounting principles and to the actual figures and shall inform the Board of Directors in written with its own evaluation.

5.2.3.2. It shall sign the interim and annual financial tables, activity reports controlled and undersigned by the ASELSAN's authorized executives as well as the statement of responsibility enclosed as Annex-A quarterly and ensure public disclosure of these.

5.2.3.3. Financial Reports approved by the Audit Committee and Board of Directors shall be disclosed to the public on the Public Disclosure Platform and Company's website.

5.2.4. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO INTERNAL CONTROLS

5.2.4.1 It shall monitor efficiency and adequacy of the internal control system adopted by the company and its subsidiaries and ensures its acknowledgement by the personnel and support of the management.

5.2.4.2. It shall evaluate auditor and internal auditor suggestions related to internal control and whether or not the necessary ones are applied.

5.2.4.3. It shall monitor the process of forming a mechanism for reviewing and settling complaints received from Stakeholders related to company transactions, which violate the regulation and are unethical, and its operations as per the confidentiality principle.

5.2.5. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO THE INTERNAL AUDITS

5.2.5.1. It shall review efficiency of IAD directives, structure and activities and ensure settlement of particulars limiting the internal audit operations.

5.2.5.2. It shall monitor the coordination and communication between the IAD and Company's other departments, subsidiaries and independent audits for ensuring smooth processes.

5.2.5.3. It shall evaluate the audit plans and internal audit reports issued by IAD.

5.3. DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE SECRETARIAT

5.3.1. It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.

5.3.2. It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.

5.3.3. It shall ensure timely communication all of kinds of information to the committee members.

5.3.4. It shall always keep the records available to the members.

STRUCTURE OF THE AUDIT COMMITTEE

6.1. The Audit Committee shall be as a member of Board of Directors and have minimum 2 (two) members. If the committee has two members the both members shall be Board of Directors Non-executive independent members. If there are more than two members, then the same rule shall be applicable for majority of the members. Members of the Audit Committee should have experience at least five (5) years at audit / accounting and finance subject.

6.2. As per the Capital Markets Board regulations, the Audit Committee shall be formed and authorized on the first Board of Directors Meeting held after the Annual Ordinary ASELSAN General Assembly Meeting.

6.3. At least two Audit Committee members shall be required for the committee meetings and at least two members are required for decisions.

6.4. The Audit Committee shall convene minimum every 3 months and four times a year and outcome of the meeting connecting with the minute submitted to the Board of Directors. The audit committee's activities and about the outcome of the meeting must be disclosed in the annual report. During the period how many times the audit committee makes written notification to the Board shall indicated in the annual report.

6.5. The Committee's secretariat duties related to the financial tables shall be performed by the Chief Office of Capital Markets Board Financial Control and Reporting attached to the Accounting Department and the secretariat duties related to internal control and internal audit activities shall be performed by IAD.

ENFORCEMENT

These Directives have been approved by the Board of Directors as per the resolution dated 22.09.2003 and numbered 443/16 and came into force as of 25.09.2003

EXECUTION

The Audit Committee shall be responsible for executing the provisions listed on these Directives.

CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

ANNEX-

STATEMENT OF RESPONSIBILITY

Statement of Responsibility

TO THE PRESIDENCY OF
BORSA ISTANBUL

.././20xx
AS300-16M-

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

BOARD OF DIRECTORS MEETING ON APPROVAL OF FINANCIAL TABLES AND ANNUAL REPORTS

DATE OF RESOLUTION:

RESOLUTION NUMBER:

STATEMENT OF RESPONSIBILITY AS PER SECTION TWO, ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUE
SERIAL NUMBERED II, NUMBERED 14

We hereby declare that;

- We have examined the consolidated balance sheet dated .././20xx and comparative consolidated balance sheet dated .././20xx, consolidated income statement issued for the period .././20xy - .././20xy and comparative consolidated income statement issued for the period .././20xx - .././20xx, consolidated additional financial tables, all audited independently, notes dated .././20xx and annual report of the Board of Directors issued for the period ending on .././20xx,
- As per the information we obtained in line with our duties and responsibilities at the company, the financial tables and annual report of the Board of Directors do not include any comments which materially misrepresent the facts and any missing data which might be misleading as of the announcement date,
- As per the information we obtained in line with our duties and responsibilities at the Company, the consolidated financial statements prepared in accordance with the CMB Communiqué Serial II, No:14.1, accurately represents the assets, liabilities, financial position and profit or loss informations of the Company and the companies in the scope of consolidation; the annual report accurately represents the development and performance of the business, the financial position of the Company and the companies in the scope of consolidation and the significant risks and uncertainties which may company faces.

REGARDS,
ASELSAN A.Ş.

Audit Committee
Chairman

Audit Committee
Member

Audit Committee
Member

Deputy General
Manager

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

Board of Directors' Early Detection and Management of Risk Committee Work Directives

1. PURPOSE

The purpose of these directives is to determine the duties, authorities, responsibilities and work principles of the Early Detection and Management of Risk Committee, which is established under Article 378 of the Turkish Commercial Code numbered 6102 and Board of Directors Resolution dated 10.04.2012, as per the Turkish Commercial Code and Corporate Governance Principles announced by the Capital Markets Board.

2. SCOPE

These directives cover works and actions to be performed as per the Turkish Commercial Code and Corporate Governance Principles by the Early Detection and Management of Risk Committee and/or Company personnel not a member of the Committee but assigned by the Committee.

3. DEFINITIONS

3.1. Independent Auditing Firm (IAF): Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22/d of the Act.

3.2. Auditor: Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms

3.3. Early Detection and Management of Risk Committee (Committee): A committee to be appointed by the Board of Directors among the Board of Directors members or third parties specialized in certain areas for the purpose of fulfilling the liabilities listed on the Turkish Commercial Code for systematic early detection and management of company risks and executing, coordinating related risks.

3.4. Early Detection and Management of Risk Committee Secretariat (Secretariat): ASELSAN personnel arranging operations and meetings of Early Detection and Management of Risk Committee, archiving correspondences and coordinating communication between the members.

3.5. Capital Markets Board: Public legal entity established as per Article 17 of the Capital Market Law.

3.6. Company: ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

4. RELATED REFERENCE DOCUMENTS

4.1. Turkish Commercial Code.

4.2. Capital Markets Board Regulations.

4.3. Corporate Governance Principles published by the Capital Markets Board

4.4. Regulations, provisions and principles on ASELSAN Articles of Association

5. DUTIES AND RESPONSIBILITIES

5.1. DUTIES AND RESPONSIBILITIES OF ASELSAN EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

5.1.1. The main function of the Early Detection and Management of Risk Committee is early detection of risks threatening existence, development and sustainability of ASELSAN as well as taking action for the risks determined and trying to manage the risks determined.

5.1.2. The Committee shall determine, identify the potential risks having an impact on ASELSAN beforehand and ensure duly management of the risks according to the risk-taking approach of the company.

5.1.3. It shall evaluate the situation by means of a report to be submitted to the Board of Directors every two months as well as pointing out the threats, if any, and suggesting solutions.

5.1.4. It shall review the changes suggested to the risk management systems by the Enterprise Risk and Process Management Department under Finance Directorate as often as the agenda permits but minimum once a year.

5.1.5. The Committee shall advise the Board of Directors on internal audit systems including risk management and information systems and processes minimizing the risks and related impacts to be suffered by the shareholders and company stakeholders.

5.1.6. The Committee shall prepare an annual assessment report, including meeting frequency of Committee members and activities performed, which shall be included in the Annual Company Activity Report and basis to the Board of Directors assessment related to the work principles and Committee's efficiency.

5.1.7. The resolutions taken at the meetings shall be documented and undersigned by the Committee Members and archived by the Secretariat.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

Board of Directors' Early Detection and Management of Risk Committee Work Directives

5.2. DUTIES AND RESPONSIBILITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE SECRETARIAT

- 5.2.1.** It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.
- 5.2.2.** It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.
- 5.2.3.** It shall ensure timely communication all of kinds of information to the committee members.
- 5.2.4.** It shall always keep the records available to the members.

6. STRUCTURE AND AUTHORITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

6.1. COMMITTEE'S STRUCTURE

- 6.1.1.** The Committee shall be formed and authorized at the first Board of Directors meeting held after the Annual Ordinary General Assembly Meeting of the company, as per the Capital Markets Board regulations.
- 6.1.2.** The Committee shall have minimum two members. If the committee has two members then both members shall be Board of Directors members not having executive function and if there are more than two members, then majority of the members shall not have executive functions. Third parties specialized in certain areas can also be appointed as Committee members. The Committee chairman shall be appointed among Independent Members of Board of Directors.
- 6.1.3.** The Chief Executive Officer / General Manager shall not take office in the committee.
- 6.1.4.** The secretariat formalities of the Committee including the preparation of the report submitted to the Board of Directors shall be performed by Enterprise Risk and Process Management Department under Finance Directorate.
- 6.1.5.** One more than half of the total members shall be required for committee meetings and majority is required for decisions.
- 6.1.6.** The Committee shall convene once every two months, unless otherwise is required, and, if required, it shall convene at the Company's registered office following a call to be made by the Secretariat on behalf of the Committee Chairman. The Committee Chairman might offer to reschedule the meeting date, hour and place provided that the Committee Members are informed beforehand.

6.2. AUTHORITIES OF THE COMMITTEE

- 6.2.1.** If required, the Committee shall start special inspections and appoint people specialized in their areas as consultant for the purpose of ensuring assistance in such inspections.
- 6.2.2.** If required, the Committee shall hold meetings with representatives of Company's related parties and specialists, including Company personnel or subsidiaries; and under the provision of the Board of Directors and coordinated with the General Manager, it shall seek external and professional consultancy service.
- 6.2.3.** The Committee shall act according to its authorities and responsibilities and make recommendations to the Board of Directors however the Board of Directors shall always have the final decision making responsibility and the Committee shall not relieve the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

7. ENFORCEMENT

These directives have been approved by the Board of Directors as per the resolution dated 29.11.2012 and numbered 750/4.3.e and came into force as of 29.11.2012.

8. EXECUTION

ASELSAN Early Detection and Management of Risk Committee shall be responsible for executing the provisions listed on these directives.

9. CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet. The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

Board of Directors' Corporate Governance Committee Work Directives

1. PURPOSE

The purpose of these directives is to determine the duties, authorities, responsibilities and work principles of the Corporate Governance Committee established as per the Corporate Governance Principles announced by the Capital Markets Boards (CMB).

2. SCOPE

These directives cover works and actions to be performed as per the Corporate Governance Principles by the Corporate Governance Committee and/or Company personnel not a member of the Committee but assigned by the Committee.

3. DEFINITIONS

3.1. Corporate Governance: Index of relations between the Board of Directors, shareholders and other stakeholders of a company.

3.2. Corporate Governance Committee (Committee): A committee to be appointed by the Board of Directors among the Board of Directors members or third parties specialized in certain areas for the purpose of executing and coordinating Corporate Governance Principles related formalities of the Company, provided that majority of the members are from the Board of Directors and the executive of Investor Relations Department shall be appointed as a member of the Committee.

3.3. Corporate Governance Committee Secretariat (Secretariat): ASELSAN personnel arranging operations and meetings of Corporate Governance Committee, archiving correspondences and coordinating communication between the members.

3.4. Capital Markets Board: Public legal entity established the Capital Market Law numbered 6362.

3.5. Company: ASELSAN Elektronik Sanayi ve Ticaret A.Ş.

4. RELATED REFERENCE DOCUMENTS

4.1. Capital Markets Board Regulations.

4.2. Corporate Governance Principles published by the Capital Markets Board.

4.3. Prepared as per the regulations, provisions and principles on ASELSAN Articles of Association.

5. DUTIES AND RESPONSIBILITIES

5.1. DUTIES AND RESPONSIBILITIES OF ASELSAN CORPORATE GOVERNANCE COMMITTEE

5.1.1. The Corporate Governance Committee shall mainly work on implementing corporate governance principles at the Company.

5.1.2. The Committee shall determine whether or not the Corporate Governance Principles are implemented and if not implemented, the Committee shall determine the reasons as well as conflicts of interest caused by failing to fully comply with these principles.

5.1.3. It shall monitor the operations of Investor Relations Department.

5.1.4. It shall play a leading part in maintaining effective communication between the Board of Directors, Company and shareholders, eliminating and settling any possible disputes as well as advising the Board of Directors accordingly.

5.1.5. The Committee shall advise the Board of Directors on due effectiveness of infrastructures related to management applications aiming at improving company performance as well as acknowledgement by the personnel and support of the management.

5.1.6. The Committee shall issue the Company's Corporate Governance Compliance Report.

5.1.7. The Committee shall revise the Company's Activity Report to be disclosed to the public and checks whether or not the information included in the Report conform to the information possessed by the Committee.

5.1.8. The Committee shall prepare an annual assessment report, including meeting frequency of Committee members and activities performed, which shall be included in the Annual Company Activity Report and basis to the Board of Directors assessment related to the work principles and Committee's efficiency.

ASELSAN Elektronik Sanayi Ve Ticaret A.Ş.

Board of Directors' Corporate Governance Committee

Work Directives

5.1.9. The Committee shall make suggestions ensuring compliance to the law and regulations, company's Information Policy in terms of public disclosures to be made.

5.1.10. The Committee shall present its operations and suggestions to the Board of Directors in the form of a report.

5.1.11. The resolutions taken at the meetings shall be documented and undersigned by the Committee Members and archived by the Secretariat.

5.1.12. If Nomination Committee and Remuneration Committee cannot be established separately due to the structure of the Board of Directors, the Committee shall perform the duties assigned to these committees as per the Corporate Governance Principles published by the Capital Markets Board.

5.1.13. Within the scope of the responsibilities of Nomination Committee; the Committee carries the duties on creating a transparent system for the evaluation of the nominees for Board of Directors and the nominees for the executives with administrative responsibility, their training and setting out policies and strategies regarding these matters. In this context, the Committee also regularly makes assessments on the structure and efficiency of Board of Directors and presents suggestions for improvement related to these issues.

5.1.14. Within the scope of the responsibilities of Remuneration Committee; the Committee determines and monitors the principles, criteria and the practices for the remuneration of the members of Board of Directors and executives with administrative responsibility, considering the long term objectives of the Company. In this context, the Committee also presents suggestions about the remuneration of the members of Board of Directors and executives with administrative responsibility, taking the level of achievement regarding the remuneration criteria met into account.

5.2. DUTIES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE SECRETARIAT

5.2.1. It shall provide communication between the members, prepare Committee meetings, keep meeting minutes and duly archive correspondences.

5.2.2. It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.

5.2.3. It shall ensure timely communication all of kinds of information to the Committee members.

5.2.4. It shall always keep the records available to the members.

5.2.5. It shall periodically submit reports on investor questions and content.

6. STRUCTURE AND AUTHORITIES OF THE CORPORATE GOVERNANCE COMMITTEE

6.1. COMMITTEE'S STRUCTURE

6.1.1. The Committee shall be formed and authorized at the first Board of Directors meeting held after the Annual Ordinary General Assembly Meeting of the company, as per the Capital Markets Board regulations.

6.1.2. The Committee shall be formed by at least 3 (three) members; two of whom shall be members of Board of Directors and one shall be the Investor Relations Department Executive. The majority of the members of Board of Directors in the Committee shall not have executive functions. Investor Relations Department Executive must have the "Capital Markets Activities Advanced Level" and "Corporate Governance Rating Expertise" certificates and must be working full time in the Company.

6.1.3. Third parties specialized in certain areas who are not members of Board of Directors can also be appointed as Committee members. The Committee Chairman shall be appointed among Independent Members of Board of Directors.

6.1.4. The Chief Executive Officer / General Manager shall not take office in the Committee.

6.1.5. The secretariat formalities of the Committee shall be performed by Investor Relations Department.

6.1.6. One more than half of the total members shall be required for Committee meetings and majority is required for decisions.

6.1.7. The Committee shall convene every 3 (three) months as a principle and, if required, it shall convene at the Company's registered office following a call to be made by the Secretariat on behalf of the Committee Chairman. The Committee chairman might reschedule the meeting date, hour and place provided that the Committee Members are informed beforehand.

6.2. AUTHORITIES OF THE COMMITTEE

6.2.1. If required, the Committee shall start special inspections and appoint people specialized in their areas as consultant for the purpose of ensuring assistance in such inspections.

6.2.2. If required, the Committee shall hold meetings with representatives of Company's related parties and specialists, including Company personnel or subsidiaries; and it shall seek external and professional consultancy service.

6.2.3. The Committee shall act according to its authorities and responsibilities and make recommendations to the Board of Directors however the Board of Directors shall always have the final decision making responsibility.

7. ENFORCEMENT

These directives have been approved by the Board of Directors as per the resolution dated 23.02.2006 and numbered 529/2.d and came into force as of 30.05.2006.

8. EXECUTION

ASELSAN Corporate Governance Committee shall be responsible for executing the provisions listed on these directives.

9. CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

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