

SDT
UZAY & SAVUNMA TEKNOLOJİLERİ

**Activity Report for the Period:
January 1, 2024 - December 31, 2024**





Vision

"To become the leading privately-owned company in Türkiye within the domains of defense electronics and/or software."

Mission

"We are committed to delivering competitive and innovative technological products, along with value-added engineering solutions, to all targeted sectors in Türkiye and beyond, with a special emphasis on defense, while upholding our brand's value."

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ON THE BOARD OF DIRECTORS' ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

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

1. Opinion

We have audited the annual report of SDT Uzay ve Savunma Teknolojileri Anonim Şirketi (referred as "Parent Company" and/or "the Company"), its subsidiaries and joint operations ("the Group"), for the period 01 January - 31 December 2024.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3- Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 11 March 2025 on the full set consolidated financial statements for the 01 January - 31 December 2024 period.

4- Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5- Independent Auditor's Responsibility in the Audit of the Annual Report

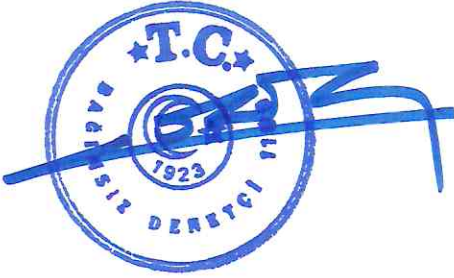
Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

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

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

Ömer Çekiç
Managing Partner



11 March 2025
Istanbul, Türkiye



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1. Company Overview

Report Period : January 1 to December 31, 2024
Company Name : **SDT SPACE AND DEFENCE TECHNOLOGIES INC.**
Trade Registry No : 200761
HQ Address : Üniversiteler Mah. İhsan Doğramacı Bulvarı, No: 37, İç Kapı No:1,
Çankaya/Ankara, Türkiye
Met 2 Branch Address : Mustafa Kemal Mah. 2082 Cad., No: 54 A Çankaya/Ankara, Türkiye
SDT - ASO Teknopark Branch : Ahi Evran OSB Mah. Erkunt Cad., No: 3/16 Sincan/Ankara, Türkiye
Telephone : (0312) 210 10 15
Fax : (0312) 210 11 21
Web Address : www.sdt.com.tr
KEP Address : sdtuzay@hs02.kep.tr
E-mail Address : info@sdt.com.tr
Mersis No : 0757030831100016

2. Capital Ownership Structure

a) Capital : 58.000.000,00 TL
b) Shareholding Structure

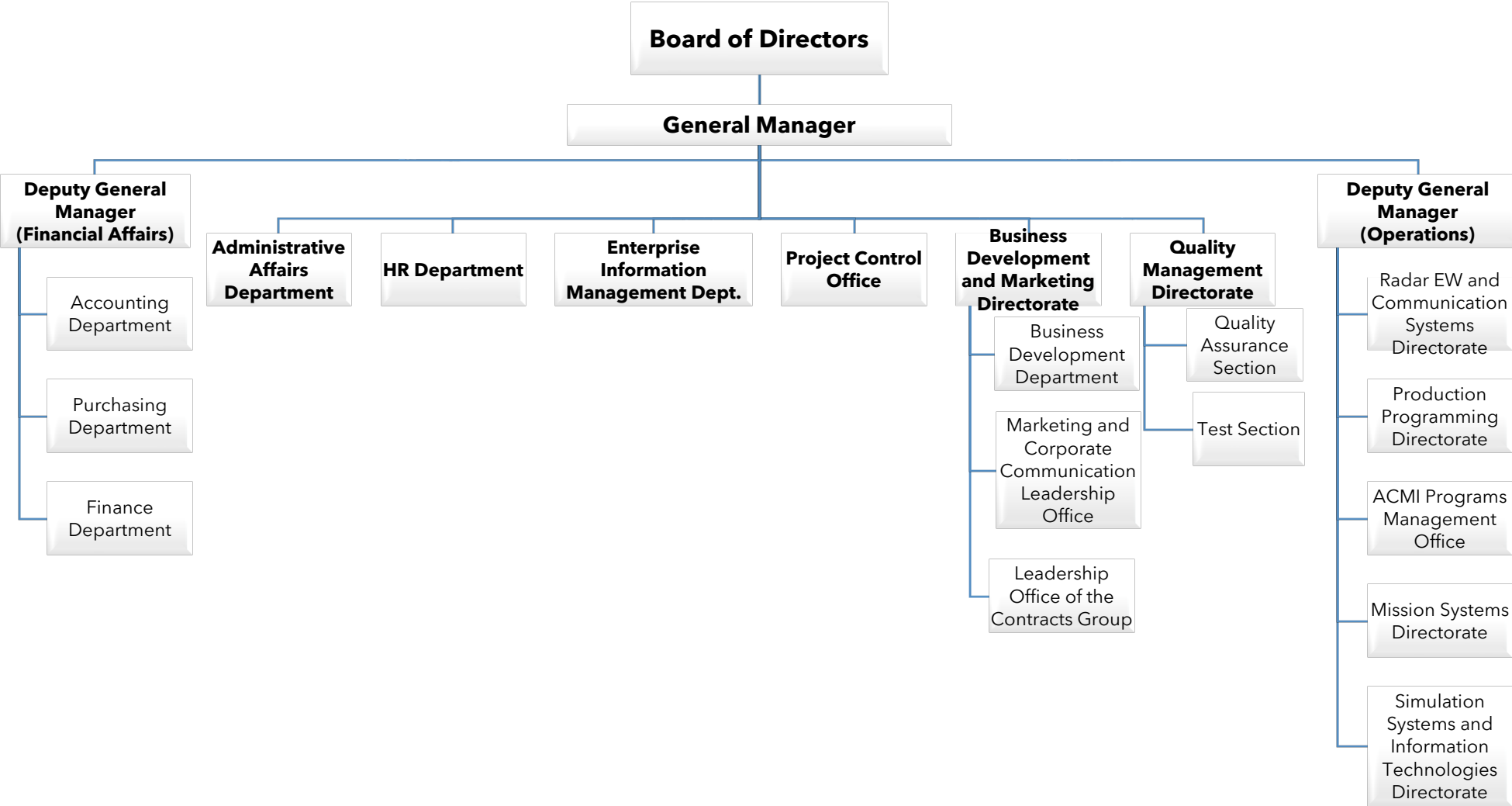
Company's Shareholding Structure		
Trade Name of the Partner/ Full Name	Share in Capital	
	Amount (TL)	Share Rate (%)
Mehmet DORA	36.602.500	63.11
Other	21.397.500	36.89
Total	58.000.000,00	100.00%

Shareholding Structure of the Legal Entity Holding the Largest Share in Capital:

The table below provides details on the information and shareholding structure of shareholders who hold 5% or more of the Company's capital.

SDT SPACE AND DEFENCE TECHNOLOGIES INC.		
Trade Name of the Partner/ Full Name	Share in Capital	
	Amount (TL)	Share Rate (%)
Mehmet DORA	36.602.500	63.11
Hedef Portföy Yönetimi A.Ş. Varlık Girişim Sermayesi Yatırım Fonu	4.060.000	7.00
Total	40.662.500	70.11

3. Organizational Structure



4. History and Development of the Company's Operational Domain

The company was founded on February 11, 2005, with the aim of delivering competitive and innovative technological products and value-added engineering services across various sectors in Türkiye and internationally, with a particular focus on the defense industry. Additionally, the company aims to develop products in specific verticals through research and development within the defense sector. On July 13, 2017, it underwent a title change and has since been operating under its current name.

Initially positioned as a technology-focused firm, SDT primarily engaged in subcontracting roles for significant projects during its initial developmental phase. This involvement spanned both the design and production of electronic subsystems and the creation of value-added software. Over time, the company garnered notable success through collaborations with prominent defense industry entities. In parallel with its project contributions, SDT transitioned into a key player within the defense sector.

This evolution marked the company's expansion into the development of subsystem-level products, a growth driven by comprehensive R&D initiatives. These efforts were supported not only by internal resources but also through funding from the Scientific and Technological Research Council of Türkiye (TÜBİTAK).

SDT specializes in the following main fields of activity:



- **Radar, Electronic Warfare, and Communication Systems:**

- Radar Systems
- Communication Systems
- Electronic Warfare Systems

- **Mission Systems:**
 - Platform Management Systems
 - Data Recording Systems
 - Launcher Management Systems

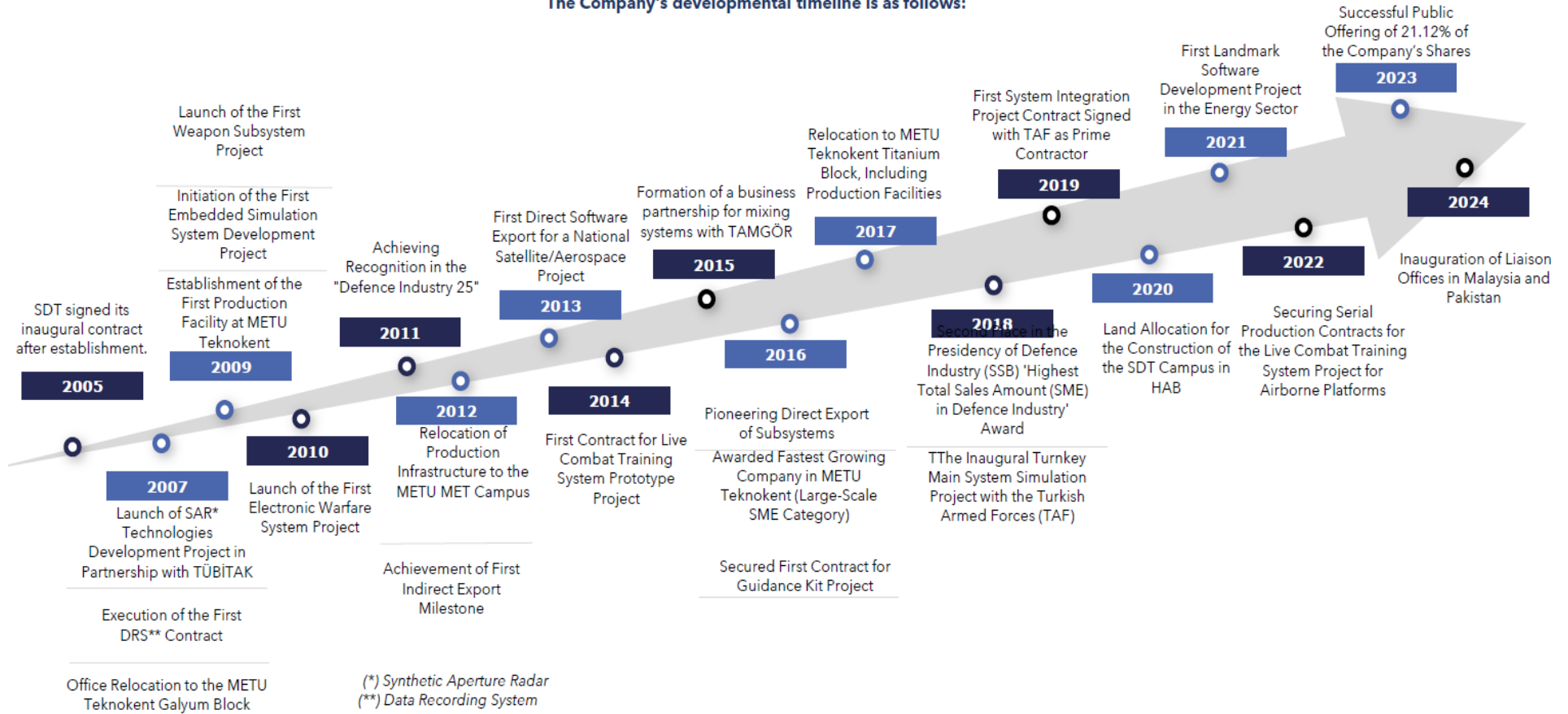
- **Simulation Systems and Information Technologies:**
 - Air Combat Training Systems
 - Land Combat Training Systems
 - Naval Combat Training Systems
 - Satellite and UAV Systems
 - Image Processing and Data Technologies
 - Geographic Information System-Based Digital Twin and Asset Management Technologies
 - Cloud-based Autonomous Data Processing Technologies (SaaS)

- **Production Program Offerings:**
 - RF Jamming Systems
 - Guidance Electronics Systems
 - Integrated System Solutions

The Company's revenue primarily derives from project-based sales, acquired through various channels including tender procedures, project-based orders, and spot sales. Additionally, the Company may execute certain projects through business partnerships and/or cooperation agreements. In cases where projects are completed through joint ventures, revenue is distributed proportionally based on each party's share in the venture. Furthermore, the Company recognizes revenue from maintenance and service contracts, as well as recurring revenue streams.

Key milestones in the Company's Development

The Company's developmental timeline is as follows:



5. Industry Focus and Market Position

An overview of the sectors or markets of operation, the exporter's positioning within these sectors or markets, and the related advantages and disadvantages

Defense Industry Sector:

In line with the principles of a social state, governments are tasked with safeguarding national integrity and ensuring the security of their nations. In the contemporary landscape marked by rising geopolitical tensions and persistent threats of terrorism, countries are increasingly allocating resources to bolster their defense capabilities. Consequently, many nations are enhancing their defense infrastructure and undertaking efforts to modernize and restructure their technological frameworks. The defense industry encompasses the industrial landscape involved in the production of defense equipment and the provision of essential services crucial for national security.

Its primary sectors include:

- Aerospace Industry
- Military Shipbuilding Industry
- Military Automotive and Armored Vehicle Industry
- Rocket and Missile Industry
- Electronic Industry
- Military Clothing Industry

Defence Industry Sector on a Global Basis:

The defense industry sector on a global scale saw a notable increase in total expenditures, as per data from the Stockholm International Peace Research Institute (SIPRI). In 2023, fueled by the impact of the Russia-Ukraine conflict, global defense spending surged by 6.8%, reaching a staggering \$2.443 trillion. This amount represents approximately 2.3% of the world's total Gross Domestic Product (GDP). According to SIPRI's findings, the most significant rise in military expenditures occurred in Africa, with a remarkable 22% increase, followed closely by Europe, which experienced a 16% uptick. In light of the growing threat posed by Russia in Europe, defense spending in Central and Western Europe increased by 10%, while Eastern Europe experienced a more substantial rise of 31%. In 2023, the five largest defense spenders—comprising the United States, China, Russia, India, and Saudi Arabia—accounted for a dominant 61% of global defense expenditure

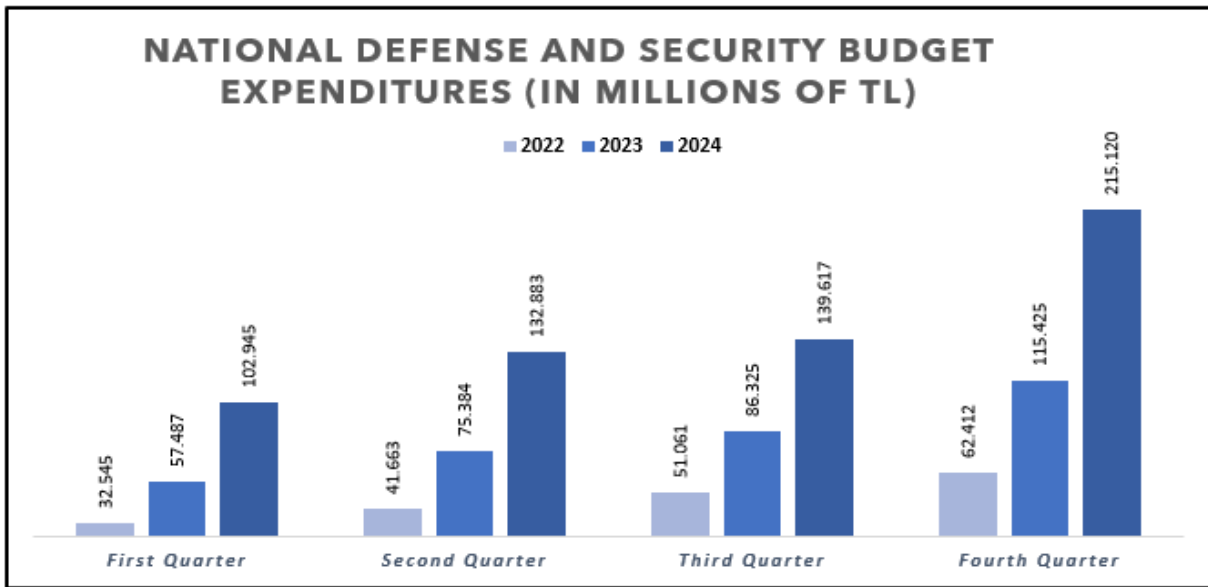
In 2023, the top five countries with the highest defense expenditures were as follows: the USA led the pack with 916 billion USD, followed by China at 296 billion USD, Russia at 109 billion USD, India at 83.6 billion USD, and Saudi Arabia at 75.8 billion USD. As per the SIPRI Report, Türkiye secured the 22nd position with a defense expenditure of 15.8 billion USD. Analyzing the surge in military expenditures between 2022 and 2023, Algeria topped the list with a staggering 76% increase, trailed closely by Poland at 75%, Finland at 54%, Ukraine at 51%, and Denmark at 39%, primarily attributed to the perceived Russian threat (*Source: SIPRI Military Expenditure Database, April 2024*).

Turkish Defence Industry:

According to the Citizen's Budget Guide for 2025, published by the Strategy and Budget Directorate of the Presidency of the Republic of Türkiye, the Central Government Budget Law allocated 971.8 billion TL for defense and security expenditures in 2024. For 2025, a 39% increase is projected, raising the allocation to 1 trillion 356 billion TL. This amount constitutes 9.2% of the total central government budget for 2025, compared to 8.8% in 2024.

Incorporating the 252.3 billion TL allocation for the Defence Industry Support Fund (SSDF) and the 7.4 billion TL allocated in the Ministry of Treasury and Finance's budget for the development of the Turkish defense industry, a total of 1 trillion 608.4 billion TL has been allocated to the defense and security sector for 2025. This reflects a 42% increase compared to 2024. The total allocation represents 10.9% of the central government's budget for 2025, compared to 10.2% in 2024.

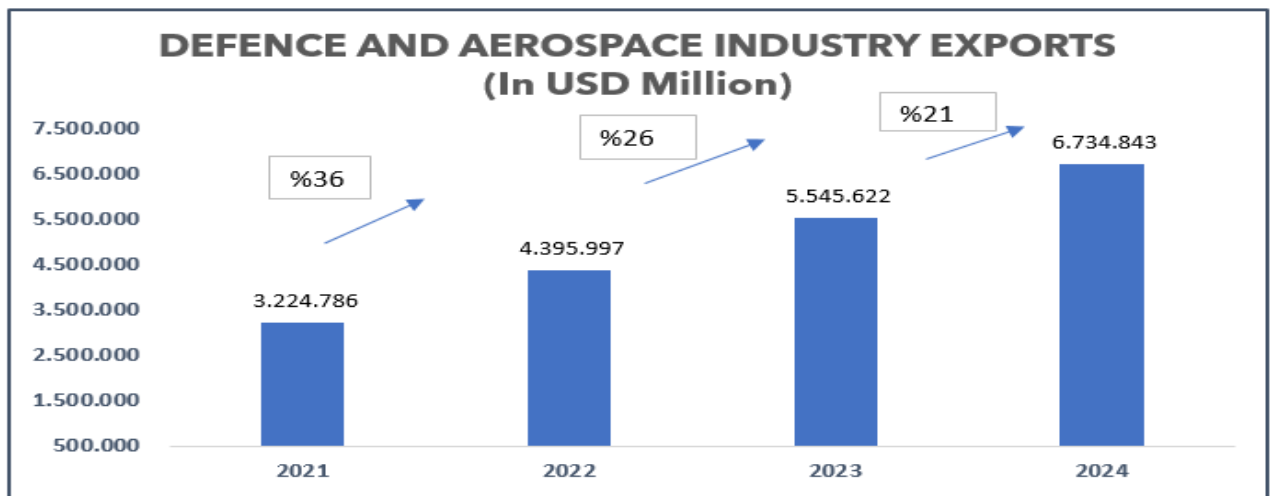
In 2023, the Central Government Budget allocated a total of 334 billion TL for National Defence and Security. In 2024, this expenditure increased by 77%, reaching 590 billion TL. This increase was primarily attributed to a significant rise in spending during the fourth quarter of 2024, which amounted to 215 billion TL, compared to 115 billion TL in the same period of 2023.



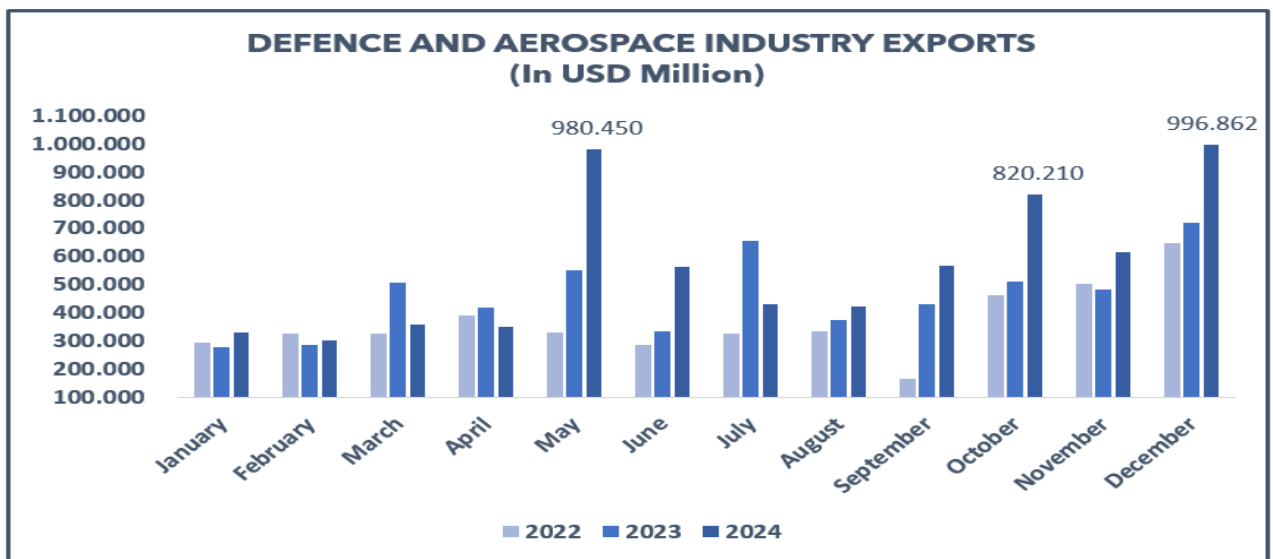
Source: Presidency of the Republic of Türkiye, Strategy and Budget Directorate, Central Government Budget Monthly Realization Reports

Based on data from the Turkish Exporters Assembly (TIM), exports of the Turkish Defence and Aerospace Industry totaled 6.735 billion USD in 2024, marking a 21% increase compared to 2023.

The evolution of exports within the Defence and Aerospace Industry is as follows:



Source: Turkish Exporters Assembly (TIM)



Source: Turkish Exporters Assembly (TIM)

The 2024-2028 Sectoral Strategy Document was published by the Presidency of Defense Industry. The document outlines targets and roadmaps to be followed over a five-year period, focusing on sub-sectors of the defense industry. It addresses key areas such as industrialization, export, R&D, logistics, and quality certification strategies, with the aim of minimizing foreign dependency in fulfilling the needs of the Turkish Armed Forces and security forces. The strategy also seeks to establish a competitive technological base, achieve the set export goals, and position Türkiye among the developed nations in the defense industry.

The International Cooperation and Export Strategy for 2024-2028 was released by the Presidency of Defense Industry. In recent years, Türkiye has achieved notable success in exports, particularly in unmanned aerial vehicles, missile systems, ammunition, land vehicles, and aircraft structural components, while establishing partnerships with a total of 185 countries. As a result, Türkiye now holds a 1.6% share of global arms exports, ranking 11th among the highest-exporting nations. By 2028, the strategy aims to increase defense and aerospace exports to USD 11 billion, with the goal of positioning Türkiye among the top 10 exporters worldwide.

The Twelfth Development Plan of the Presidency of the Republic of Türkiye, spanning the 2024-2028 period, designates the defense and aerospace industry as one of the “priority development areas,” alongside key sectors such as energy, tourism, and agriculture and food. The plan outlines the following targets for the defense and aerospace sector to be achieved by 2028:

2023-2028 Targets for the Defense and Aerospace Industry

INDICATOR	2023	2028
Defense and Aerospace Industry Turnover (Billion Dollars)	15	26
Defense and Aerospace Industry Exports (Billion Dollars)	6	11
Defense and Aerospace Industry Employment (Thousand People)	90	158
Defense Industry Localization Rate (%)	80	85

Source: Presidency of the Republic of Türkiye, Presidency of Strategy and Budget, Twelfth Development Plan (2024-2028).

6. Capital Structure

Capital Representation Share Information:

Group	Holder/Bearer	Privilege Type	Nominal Share Value (TL)	Total (TL)	Share Ratio (%)
A	Holder	Privileged	1,00	7.500.000	12.93
B	Holder	Unprivileged	1,00	50.500.000	87.07
TOTAL				58.000.000,00	100,00

As per Article 9 of the Company's Articles of Association, half of the Board of Directors, totaling five members, will be elected by the General Assembly from candidates proposed by the majority of Group A shareholders. If the calculated half-member is a fraction, it will be rounded down to the nearest whole number. In accordance with Article 12 of the Articles of Association, Group A shareholders are entitled to five voting rights each, while Group B shareholders hold one voting right each during General Assembly meetings.

7. Privileged Shares

The Company's capital is segmented into Group A and Group B shares, both of which are registered shares. As stipulated in Article 12, titled "General Assembly," of the Company's Articles of Association:

- Group A shares possess voting privileges, with each share valued at TL 1 granting its owner 5 votes during general assembly meetings.
- Conversely, Group B shares lack voting privileges, with each share valued at TL 1 entitling its owner to 1 vote in general assembly meetings.

Mehmet DORA exercises management control over the Company, which is derived from his shareholding and ownership of privileged Group A shares. As stipulated in Article 9 of the Company's Articles of Association, titled "Board of Directors and Its Term," at least half of the Board of Directors, which shall consist of a minimum of five members, is to be elected by the General Assembly from candidates nominated by the majority of Group A shareholders.

In cases where the total number of Board members is odd, resulting in a fractional division for the number of members to be nominated by Group A shareholders, the number of nominees shall be rounded up to the next whole number. Furthermore, in accordance with Article 12, titled "General Assembly," of the Company's Articles of Association, each Group A share grants its holder five votes at General Assembly meetings. Group B shares, by contrast, do not carry any special privileges.

8. Board of Directors Overview

The Company's management and representation in dealings with third parties are vested in the Board of Directors. The Board, composed of at least 5 members in compliance with Turkish Commercial Code and Capital Markets Law, oversees the Company's affairs and administration. Directors serve a maximum term of 3 years and may be re-elected upon the expiration of their term. The General Assembly retains the authority to change Board members if necessary.

To ensure accountability and impartiality, the General Assembly elects a sufficient number of independent directors in line with the principles of director independence outlined in the Corporate Governance Principles attached to the Capital Markets Board's Corporate Governance Communiqué No. 17.1. The selection and qualifications of independent directors adhere to the regulations of the Capital Markets Board on corporate governance.

Board members are permitted to hold positions on the boards of other companies. Meetings of the Board of Directors may be convened by the Chairman or, in their absence, by the Vice Chairman. Meeting and voting procedures are governed by the Turkish Commercial Code, requiring a majority of members for a quorum.

Decisions are made by a majority of members present, as stipulated in Article 390 of the Turkish Commercial Code, including when the board convenes electronically. Members of the Company's governing body are prohibited from engaging in transactions with the Company or participating in activities that compete with its interests.

During the period from January 1 to December 31, 2024, the Company's board of directors convened for a total of 17 meetings, achieving an attendance rate of 89%.

Full Name	Position	Last (5) Years Assignments	Current Term / Remaining Term*	Share of Capital	
				(TL)	(%)
Mehmet DORA	Chairman of the Board of Directors	Chairman of the Board of Directors	Until 30.05.2025	36.602.500	63.11
Mustafa Fatih ÜNAL	Vice-Chairman of the Board of Directors	Vice-Chairman of the Board of Directors, General Manager	Until 30.05.2025	1.347.500	2.32
Beril DORA	Board Member	Board Member	Until 30.05.2025	0	0,00
Mehmet Veysel YAYAN	Independent Board Member	Independent Board Member	Until 30.05.2025	0	0,00
Necip Yalçın PEHLİVANTÜRK	Independent Board Member	Independent Board Member	Until 30.05.2025	0	0,00

(*) The board members were elected during the Ordinary General Assembly Meeting held on May 30, 2024.

ROLES OF THE MEMBERS OF THE BOARD OF DIRECTORS APART FROM THE PARTNERSHIP						
Full Name	Company	Role	Continuity of Service	Capital Amount (TL)	Capital Share (TL)	Capital Share (%)
Mehmet DORA	Dormak İthalat İhracat Mümessillik ve Danışmanlık Ticaret A.Ş.	Chairman of the Board of Directors, Shareholder	Continues	27.000.000	27.000.000	100
	Dorsan Uzay ve Havacılık Savunma Sanayi Taahhüt ve Ticaret Ltd. Şti.	Manager, Shareholder	Continues	150.000	72.000	48
	Dorsav Teknik Lojistik ve Ticaret A.Ş.	Chairman of the Board of Directors, Shareholder	Continues	50.000	24.000	48
	Mehmet DORA-Real Person Enterprise	Business Owner	Continues	10.000	10.000	100
Necip Yalçın PEHLİVANTÜRK	-	-	-	-	-	-
Mehmet Veysel YAYAN	FNSS Savunma Sistemleri A.Ş.	Board Member	Continues	3.000.000	0	0
	İMSAT İnşaat Malzemesi Sanayicileri Derneği	Board Member	Continues	-	0	0
	Türkiye Çelik Üreticileri Derneği	General Secretary	Continues	-	0	0
Beril DORA	Dorsav Teknik Lojistik ve Ticaret A.Ş.	Shareholder	Continues	50.000	6.000	12

9. Board of Directors Committees

To ensure the effective fulfillment of its duties and responsibilities, and in accordance with Article 4.5 of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Board of Directors has resolved to establish the "Audit Committee," the "Early Detection of Risk Committee," and the "Corporate Governance Committee," with clearly defined roles and responsibilities. Furthermore, the Board has decided not to establish separate "Nomination" and "Remuneration" Committees; instead, the responsibilities of these functions will be carried out by the "Corporate Governance Committee."

Audit Committee

The Audit Committee is responsible for supervising the Company's accounting procedures, the public disclosure of financial information, independent audits, and the efficiency of the Company's internal control and internal audit system. The Company has established an Audit Committee to fulfill these duties.

AUDIT COMMITTEE			
Full Name	Position	Share in Capital	
		TL	%
Mehmet Veysel YAYAN	President	-	-
Necip Yalçın PEHLİVANTÜRK	Member	-	-

Early Risk Detection Committee

The Early Detection of Risk Committee is tasked with identifying potential risks (threats and opportunities) that could threaten the Company's existence, growth, and continuity. It is responsible for implementing measures to mitigate and manage these risks, as well as reviewing the Company's risk management systems at least annually. Furthermore, corporate opportunities are regularly assessed and evaluated by this committee. The Company has established an Early Detection of Risk Committee to fulfill these responsibilities.

EARLY RISK DETECTION COMMITTEE			
Full Name	Position	Share in Capital	
		TL	%
Necip Yalçın PEHLİVANTÜRK	President	-	-
Beril DORA	Member	-	-

Corporate Governance Committee

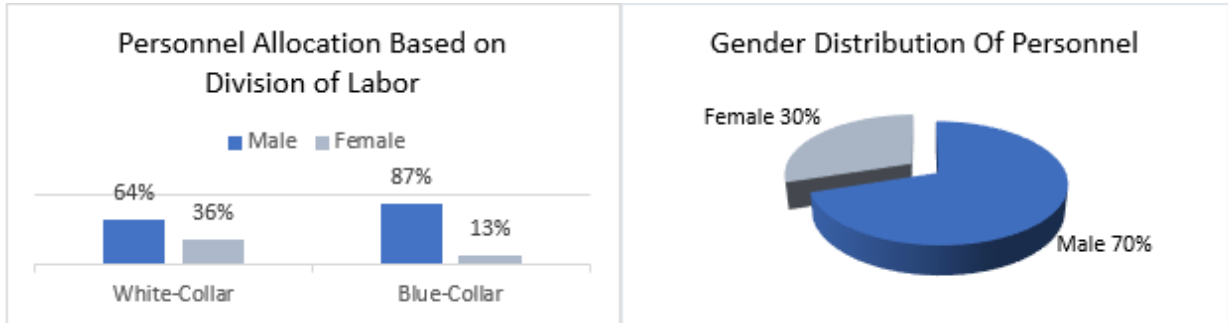
The Corporate Governance Committee is responsible for assessing the application of corporate governance principles within the company. In cases where these principles are not fully adhered to, the committee identifies the reasons behind such deviations and any conflicts of interest that may arise as a result. It provides recommendations to the board of directors aimed at enhancing corporate governance practices. Additionally, the committee oversees the activities of the investor relations department. A Corporate Governance Committee has been established to fulfill these duties.

CORPORATE GOVERNANCE COMMITTEE			
Full Name	Position	Share in Capital	
		TL	%
Mehmet Veysel YAYAN	President	-	-
Mustafa Fatih ÜNAL	Member	1.347.500	2.32
(*) Kadir Engin Solmaz	Member	-	-

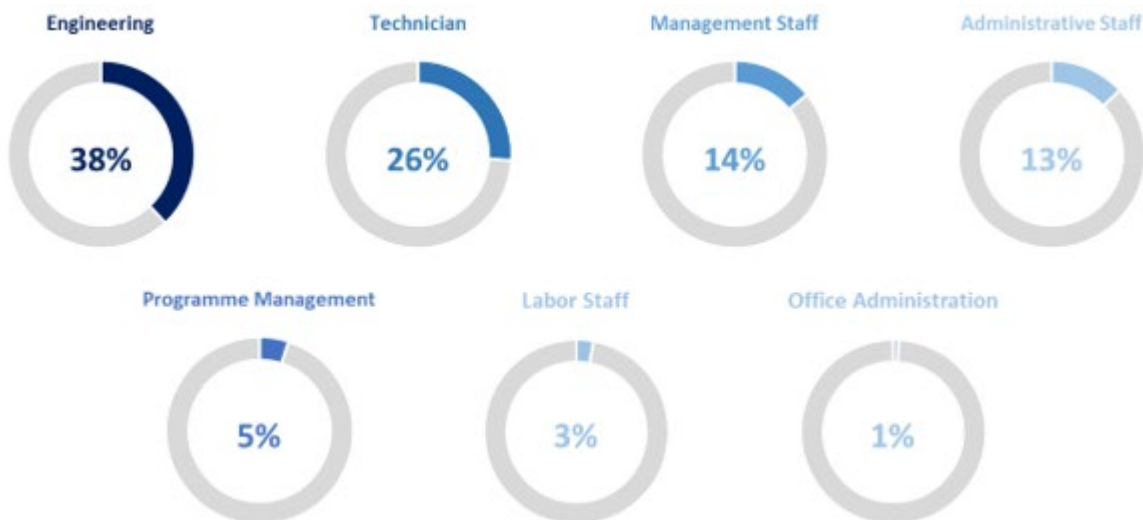
* He assumed office on December 27, 2024.

10. Human Resources

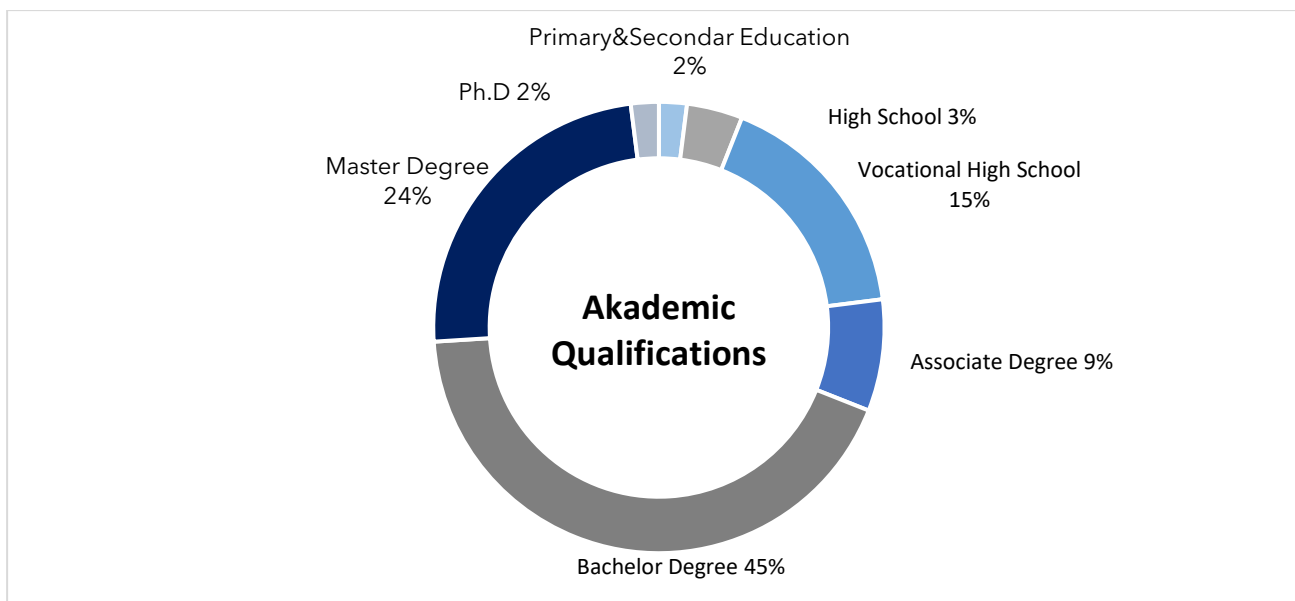
As of December 31, 2024, SDT employs a total of 266 personnel. The distribution of personnel at SDT Company is comprised of 70% white-collar employees and 30% blue-collar employees. In terms of gender distribution, 70% of the workforce is male, while 30% is female.



Among the SDT employees, the distribution based on job roles is as follows: 38% engineers, 26% technicians, 14% managers, 13% administrative staff, 5% program management, 3% laborers, and 1% office managers.



Seventy-one percent of the SDT staff possess a minimum of a bachelor's degree.



11. Sustainability Initiatives

The Sustainability Principles Compliance Framework was introduced into legislation following the announcement by the Capital Markets Board (CMB) as part of the amendment to the Corporate Governance Communiqué Serial: II-17.1, as published in the Official Gazette dated October 2, 2020, and numbered 31262. Since the company's shares commenced trading on BİAŞ on January 4, 2023, the sustainability report for 2022 has not been prepared. Adherence to sustainability principles is voluntary and is based on the "comply or disclose" principle. The company recognizes the importance of this matter. Accordingly, professional consultancy services were engaged in 2023, and efforts toward this process will continue in subsequent periods, with outcomes incorporated into the company annual reports as appropriate.

12. Corporate Policies

Information Policy

In accordance with the company disclosure policy, the company adheres to the principle of providing necessary information, excluding insider information, to all shareholders and stakeholders. This is done within the framework of principles such as equality, accuracy, impartiality, consistency, comprehensibility, accessibility at the lowest possible cost, and timely manner. Methods and tools used for disclosure in relations with stakeholders include Material Event Disclosures, Public Disclosure of Financial Reports, Annual Reports of the Board of Directors, and the Company Website.

Methods for Ensuring Information Confidentiality

The Company establishes a List of Individuals with Access to Inside Information and notifies the relevant authority of this list and any changes to it. Additionally, it periodically informs those concerned about the application of Silent Periods and Prohibited Periods.

Dividend Distribution Policy

The purpose of SDT A.Ş.'s Dividend Distribution Policy is to define the principles for profit distribution in accordance with the Turkish Commercial Code, the CMB's "Communiqué on Dividends" (Serial II No: 19.1, published in the Official Gazette on 23.01.2014, No. 28891), and other applicable legal regulations. In distributing dividends, the Company adheres to a balanced and consistent approach that considers both shareholder interests and the Company's objectives in accordance with Corporate Governance Principles. The Board of Directors presents its proposal on dividend distribution, including its form and content, along with a dividend distribution table, which is publicly disclosed in accordance with the Capital Markets Board's regulations on the disclosure of material events.

Remuneration Policy

The objective of the Remuneration Policy is to establish principles for determining the compensation of the Company's Board Members and senior executives in accordance with the CMB's "Corporate Governance Communiqué," Serial: IV No: 17.1, which came into effect upon publication in the Official Gazette dated 01.03.2014, and numbered 28871. The remuneration principles for Board Members and senior executives, given the absence of a separate Remuneration Committee, are documented by the Corporate Governance Committee. These principles consider the Company's long-term objectives and are then presented to the Board of Directors for approval. The approved remuneration principles are separately disclosed to shareholders during General Assembly meetings, providing them with an opportunity to express their views on the matter.

Information Security Policy

Given the critical nature of the defense sector in which SDT primarily operates, ensuring information security is paramount. With a keen awareness of this sensitivity, the company is dedicated to guaranteeing the confidentiality, integrity, and accessibility of information assets belonging to itself and its internal and external stakeholders in all organizational activities. This commitment is upheld through the implementation and maintenance of an Information Security Management System (ISMS) established within the framework of the TS ISO/IEC 27001 standard.

To achieve this, the company:

- Abides by its legal, regulatory, and contractual obligations concerning information security.
- Implements and sustains a risk management methodology to identify, evaluate, and control risks associated with information assets.
- Develops suitable business continuity plans and systems to ensure the continuity of business activities with minimal interruption. These plans are implemented, tested, and continuously enhanced.
- Conducts regular training and awareness-raising activities to enhance information security awareness among stakeholders.

- Constantly enhances the ISMS through regular audits and reviews based on objective measurements. Control targets are established to enhance information security performance.
- Ensures that appropriate measures are taken and necessary sanctions are imposed to manage and prevent the recurrence of information security violations.

Quality Policy and Quality Management System

SDT, as an institution committed to fulfilling the requirements of the Quality Management System, aims to:

- Meet customer needs in the most appropriate and competitive manner through its processes and applications.
- Ensure sustainable growth in both foreign and domestic markets by fostering effective and efficient teams with its employees and establishing strong collaborative relationships with other companies through its products/solutions.
- Achieve, enhance, and maintain balanced satisfaction among all stakeholders (customers, employees, shareholders, suppliers, subcontractors, business partners) and instill confidence in society through the development and production of products and services.
- Ensure that all functions within the company operate in an integrated manner with a process-oriented approach based on measurement and improvement, managing them with data.
- Increase and manage the competencies of all employees within the framework of the quality system in accordance with needs, focusing on continuous improvement and development. This is achieved by recognizing employees as integral parts of a larger whole and prioritizing internal information sharing.

Technology Infrastructure & Corporate Information Governance

In 2022, significant upgrades were made to the information system server and storage infrastructure as part of a comprehensive modernization initiative. By January 1, 2021, the implementation of the second phase functionalities of the Enterprise Resource Planning (ERP) application had been successfully concluded, aligning with the strategic plan's objectives to fortify the corporate infrastructure. In pursuit of bolstering corporate memory, streamlining processes through digitization, and transitioning towards a paperless office environment, the deployment and expansion of the content management system were completed. Furthermore, infrastructure investments pertaining to internet network IT services were finalized and implemented. SDT has obtained certifications for its Quality Management System in compliance with AS 9100 Rev D, TS EN ISO 9001:2015, TS EN ISO/IEC 27001:2017, AQAP 2310, and AQAP 2210 standards. Additionally, SDT's Quality Management System adheres to the requirements outlined in IEEE/EIA 12207, IEEE 1220, and MIL-STD-498 for engineering processes, and MIL-STD-973 and ANSI/EIA-649 for Configuration Management processes.

Moreover, in 2023, CMMI Ver2.0 certification efforts were successfully concluded. Following our assessments, it has been established that the company has attained Level-3 maturity in both Development (Development-DEV) and Supplier Management (Supplier Management-SPM). This achievement positions us as the third company globally and the second company in Türkiye to reach this level of maturity in these specific areas. Furthermore, in the evaluation conducted by the Presidency of Defense Industry in 2023 as part of the Industrial Competence Evaluation and Support Program (EYDEP), the company was recognized for maintaining its competence as a category A company in the Defense Industry Capability Inventory (YETEN). The completion of Level 3 evaluation processes in both CMMI DEV and CMMI SPM further underscores the company commitment to excellence and continuous improvement.

13. Financial Status

Financial Statements and Results as of December 31, 2024	Current period, subject to independent audit	Past period, subject to independent audit
	31.12.2024	31.12.2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	645.551.966	362.445.586
Financial Investments	-	550.073.844
Trade Receivables	357.878.370	705.555.244
- Trade receivables from related parties	1.989.573	5.611.148
- Trade receivables from third parties	355.888.797	699.944.096
Other Receivables	8.100.995	26.616.840
- Other receivables from related parties	-	-
- Other receivables from third parties	8.100.995	26.616.840
Stocks	1.222.079.399	1.044.234.845
Prepaid Expenses	121.864.533	137.542.913
Current Period Tax Related Assets	5.440.543	-
Other Current Assets	15.693.910	40.205.567
TOTAL CURRENT ASSETS	2.376.609.716	2.866.674.839
NON-CURRENT ASSETS		
Other Receivables	525.262	787.706
- Other receivables from related parties	-	-
- Other receivables from third parties	525.262	787.706
Financial Investments	9.188.661	21.284.863
Investments Accounted through Equity Method	7.714.973	2.795.008
Right of Use Assets	27.259.776	15.322.828
Tangible Fixed Assets	163.922.390	51.861.750
Intangible Assets	80.836.602	75.921.762
Prepaid Expenses	101.519.757	87.910.107
Deferred Tax Assets	111.245.232	71.934.709
TOTAL NON-CURRENT ASSETS	502.212.653	327.818.733
TOTAL ASSETS	2.878.822.369	3.194.493.572

	Current period, subject to independent audit	Past period, subject to independent audit
SOURCES	01.01. 31.12.2024	01.01- 31.12.2023
SHORT-TERM LIABILITIES		
Short Term Borrowings	140.484.083	146.425
Short-term portion of long-term borrowings	184.568.459	16.322.634
Trade Payables	91.453.070	212.890.727
- Trade payables to related parties	522.747	226.259
- Trade payables to third parties	90.930.323	212.664.468
Employee Benefit Payables	37.163.968	34.871.691
Other Payables	16.513.438	8.399.859
- Other payables to related parties	-	-
- Other payables to third parties	16.513.438	8.399.859
Deferred Income	425.220.563	697.268.266
Current Period Profit Tax Liability	-	31.396.062
Short Term Provisions	38.413.555	56.412.551
- Provisions for employee benefits	34.973.566	43.478.294
- Other short-term provisions	3.439.989	12.934.257
Derivative Instruments	6.131.331	-
TOTAL SHORT-TERM LIABILITIES	939.948.467	1.057.708.215
LONG TERM LIABILITIES		
Long Term Borrowings	11.285.131	434.615
Deferred Income	61.176.635	128.984.568
Long Term Provisions	22.209.571	20.558.051
- Provisions for employee benefits	20.245.790	15.625.163
- Other long-term provisions	1.963.781	4.932.888
TOTAL LONG-TERM LIABILITIES	94.671.337	149.977.234
TOTAL LIABILITIES		
EQUITY		
Equity attributable to equity holders of the parent	1.844.202.565	1.986.808.123
Paid-in Capital	58.000.000	58.000.000
Capital Adjustment Differences	169.598.954	169.598.954
Share Premiums/Discounts	515.654.085	515.654.085
Not to be Reclassified to Profit or Loss Accumulated		
Other Comprehensive Income or Expense	891.335	251.173
Gain (Loss) on Remeasurement	891.335	251.173
Gain on remeasurement of defined benefit plans (Losses)	891.335	251.173
Restricted Reserves	26.639.430	28.309.720
Retained Earnings	1.063.498.558	749.552.311
Net Profit / Loss for the Period	9.920.203	465.441.880
Non-controlling shares	-	-
TOTAL SHAREHOLDERS' EQUITY	1.844.202.565	1.986.808.123
TOTAL SOURCES	2.878.822.369	3.194.493.572

	Current period, subject to independent audit 01.01- 31.12.2024	Past period, subject to independent audit 01.01- 31.12.2023
PROFIT OR LOSS		
Revenue	1.833.671.204	1.646.420.445
Cost of Sales	(1.404.191.920)	(958.759.238)
GROSS PROFIT / (LOSS)	429.479.284	687.661.207
General Administrative Expenses	(161.158.134)	(156.526.624)
Marketing Expenses	(56.668.288)	(42.670.274)
Research and Development Expenses	(14.982.206)	(23.411.891)
Other Operating Income	228.474.832	54.627.807
Other Operating Expenses	(163.135.873)	(104.476.946)
OPERATING PROFIT / (LOSS)	262.009.615	415.203.279
Income from Investing Activities	94.430.019	400.872.572
Expenses from Investing Activities	(849.119)	(423.838)
Share of Profit/Loss of Investments Accounted Through Equity Method	4.919.965	(2.294.343)
BEFORE FINANCIAL INCOME / (EXPENSE) OPERATING PROFIT / (LOSS)	360.510.480	813.357.670
Financing Revenues	157.489.183	192.759.383
Finance Expenses (-)	(138.280.677)	(148.181.740)
Monetary Gain / (Loss), net	(409.300.523)	(369.019.564)
CONTINUING OPERATIONS BEFORE TAX PROFIT / (LOSS)	(29.581.537)	488.915.749
Tax Income / (Expense) from Continuing Operations	39.501.740	(23.473.869)
Current Period Tax (Expense) / Income	-	(94.757.568)
Deferred Tax (Expense) / Income	39.501.740	71.283.699
PROFIT / (LOSS) FOR THE CURRENT PERIOD	9.920.203	465.441.880
Distribution of Profit / (Loss) for the Period	9.920.203	465.441.880
Non-controlling Interests	-	-
Parent Company Shares	9.920.203	465.441.880
Per Share Earnings	0,17	8,11

14. Key Milestones in Company Activities and Operations

a. Company Investments in the Current Accounting Period

In line with its expanding business operations, SDT will consolidate all its current facilities, including those used for business partnerships, into a single campus. The new campus, covering approximately 16,000 m² of enclosed space, will be constructed on a 30,376 m² plot of land acquired through allocation in the Ankara Space and Aviation Specialized Organized Industrial Zone in 2020. The construction of the campus is currently in progress.

As part of the construction investment, the project is being carried out in accordance with the revised renovation license. The rough construction works, including column concretes, garden walls, and prefabricated structure assembly, have been completed. The selection of suppliers and subcontractors for interior and finishing works has been finalized. Production is scheduled to begin in the first quarter of 2025, following the signing of contracts with the relevant subcontractors



- b. No significant administrative sanctions or penalties have been imposed on the Company or its Board Members.**
- c. No significant changes in legislation impacting company operations**
- d. Internal Control System and Audit activities**

The Company currently does not have an internal control system in place. However, it undergoes independent audits and receives comprehensive certification services to ensure compliance with tax laws.

e. Resolving Conflicts of Interest between the Company and Service-Providing Institutions in Investment Consultancy and Rating

There is no conflict of interest between the Company and institutions that offer services such as investment consulting and ratings.

f. Mutual Associates with Ownership Exceeding 5%

Subsidiary Shareholding Structure	Parent Company's Equity Share in the Subsidiary		Uncontrollable Equity Capital
	(Direct)	(Direct+ Indirect)	Share
SDT Azerbaycan/Azerbaijan	%100.00	%100.00	-
Cey Savunma	%100.00	%100.00	-
Sirius Tasarım	%40.00	%40.00	%60.00

g. Company's acquisition of own shares

No shares were acquired by the Company.

h. Explanation regarding special and public audits conducted during the Accounting Period

RAM BAĞIMSIZ DENETİM VE DANIŞMANLIK RAM BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş. has been appointed to audit the Company's financial statements for the years 2022, 2023, and 2024.

i. Lawsuits impacting company's financial position and operations

There are no lawsuits filed against the Company.

j. Information regarding Company's direct or indirect subsidiaries and share ratios

Subsidiary Shareholding Structure	Parent Company's Equity Share in the Subsidiary		Uncontrollable Equity Capital
	(Direct)	(Direct+ Indirect)	(Share)
SDT Azerbaycan/Azerbaijan	%100.00	%100.00	-
Cey Savunma	%100.00	%100.00	-

Partnership Shareholding Structure	Parent Company's Equity Share in the Subsidiary		Uncontrollable Equity Capital
	(Direct)	(Direct+ Indirect)	(Share)
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	%40	%40	60

k. Legal Transactions and Measures with Controlling Company and Affiliates: If the Company is a subsidiary of a group of companies, this section includes details on legal transactions with the controlling company, any affiliated companies, directives from the controlling company benefiting itself or affiliated entities, as well as any other actions taken or avoided for the benefit of the controlling company or its affiliates during the previous activity year.

No such transactions occurred.

l. Evaluation of previous period targets and General Assembly resolutions

The company successfully achieved its targets for the period spanning from January 1 to December 31, 2024. All resolutions set forth by the General Assembly were duly fulfilled during this period.

m. Details regarding company donations and aid within the period, and expenditures on social responsibility projects

As of December 31, 2024, no donations or grants were issued during the interim accounting period.

n. Summary of Ordinary and Extraordinary General Assembly Meetings Held During the Period

The Company convened its Ordinary General Assembly Meeting for the year 2023 on May 30, 2024.

o. Corporate Social Responsibility (CSR) Activities

From January 1, 2024, to December 31, 2024, no social responsibility activities were conducted.

p. Dividend Distribution Policy

The Company's shareholders, Mehmet DORA and Mustafa Fatih ÜNAL, have unanimously agreed and committed to voting for the distribution of a minimum of 35% of the distributable profit in cash dividends for a duration of 5 years following the commencement of the Company's shares trading on the Stock Exchange.

q. Company Activities and Major Developments

A significant milestone was achieved with the signing of the "Live Virtual Simulated Training Integrated System Serial Production Project" with the Presidency of Defence Industries (SSB). This initiative aims to fulfill the requirements of the Turkish Air Force. The project involves the production and delivery of pods known as "Air Combat Maneuvering Instrument - ACMI," which will facilitate pilots in conducting combat readiness training in a live environment, utilizing ground stations and specialized software situated in their command centers.

In 2022, the second contract for ACMI Pod production was signed with the Pakistan Air Force as part of an export initiative. In a project analogous to the one planned in Türkiye, the pods have also been successfully integrated into the JF-17 aircraft, developed jointly by Pakistan and China. This achievement will mark a pioneering accomplishment for SDT, as it will be the first to

integrate this capability into both NATO inventory aircraft and those utilized by non-NATO countries. All pods associated with the project were delivered in June 2024, and the final delivery item, the O-I-D-Level Maintenance Devices, was completed in November 2024. With this, all deliveries were successfully concluded.

In the last quarter of 2023, the Company initiated design and development activities for a new work package, in addition to the ongoing "Cloud Based Satellite Ground Systems Project" in collaboration with the Italian company Telespazio. The factory acceptance of the project was finalized in November 2024, with final acceptance activities commencing in December 2024. Furthermore, an agreement has been signed with Telespazio to provide maintenance, support, and sustainment for the project over the next 18 months.

Moreover, SDT successfully completed the first two phases of the 'Seismic Data Processing, Analysis, and Imaging Application Development Project,' initiated in 2021 to meet the needs of Turkish Petroleum Corporation (TPAO), as of March 2024. Phase 3 of the project was successfully completed and accepted in December 2024, with a 90% completion rate. The remaining portion of Phase 3 is slated for completion by March 2025. Phase 4 has now begun, and the project is anticipated to be fully completed in the final quarter of 2025.

The Company commenced the "Spatial Data Management System Based Digital Twin and Asset Management Project" with Offshore Technology Center (OTC), a subsidiary of TPAO, in March 2022. By December 2022, the first phase was successfully concluded, and the developed application was launched for user service. As of 2024, the final version of the project was provided to the organization. The software developments for the digital twin infrastructure were transferred to the OTC software development team on March 31, 2024. Support, maintenance, and warranty contributions to the project continued until the end of 2024.

The preliminary design phase of the "Göktürk Renewal Satellite Ground Station Development Project," undertaken through a partnership between TAI and SDT, was successfully concluded in the final quarter of 2023. Subsequently, the critical design phase of the project has commenced.

Additionally, as part of the Göktürk-1 Mobile Satellite Ground Station Virtualization project, an agreement was established with the Italian principal contractor, Telespazio (TPZ). The project officially commenced in April 2024. The installations for the project at the Fixed Ground Station were successfully completed, and Phase 1 acceptances were finalized in November 2024. The installation and integration of the virtualization system into the Mobile Ground Station Shelter, which was accepted in December 2024, has now begun. Acceptance of the Mobile Ground Station is set to commence in February 2025, with the project expected to be fully completed in the first quarter of 2025.

The design and development activities for the Portable COMINT System are ongoing within the In-House R&D Project, which was initiated to develop a general-purpose mobile communication intelligence system capable of detecting broadband communication signals and performing precise direction-finding. The system is being designed with materials that are not subject to ITAR regulations. The Multi-Channel Digital Receiver, being developed as part of the portable COMINT system, is intended for use in a wide range of Electronic Warfare (EW) applications, including RF monitoring, broadcast direction finding, and communication intelligence.

In 2024, SDT received an order from LigNex1, a South Korean company, for the provision of a data link system. The delivery of the data link systems under this order is scheduled for completion in 2025 and 2026. SDT is continuing its work on the development of the air conditioning control unit for the Gökbey helicopter, as part of an agreement with a domestic customer.

In 2023, SDT secured an additional order for the Aircraft Control Hardware Unit, a product that was originally developed and is still actively used in unmanned aerial vehicle ground control stations. The deliveries for this order were completed successfully in 2024.

In 2023, alongside the additional orders received, SDT secured new orders for a range of VKS (Data Recording System) Devices developed for various avionic platforms. Deliveries of these orders are set to continue throughout 2025.

SDT has received additional orders for an aircraft control unit being developed for a domestic customer, with deliveries planned for 2025. Similarly, SDT has secured further orders for a different control unit, previously developed for land vehicles, with deliveries scheduled for 2025 and 2026. SDT has received orders for the production of Precision Guidance Electronics, including the Kâşif GPS device, various cards for guidance systems, and mission counters to be integrated into multiple land platforms. Contracts for these orders have been finalized, materials have been procured, and production has officially commenced. Deliveries for these projects are scheduled for completion in 2024 and 2025.

Additionally, between January 1, 2024, and December 31, 2024, the company secured new orders totaling USD 21,605,783.

r. Remuneration Provided to the Members of the Board of Directors and Senior Management for the Period January 1, 2024, to December 31, 2024

The Company's board of directors comprises 5 members, and there is no remuneration provided to these members as of the last annual accounting period. However, attendance fees are disbursed to the board members. During the period from January 1, 2024, to December 31, 2024, the total remuneration and benefits disbursed to the board of directors and senior executives amounted to TL 24.181.715 (compared to TL 41.567.687, during the same period in 2023).

s. Research and Development Activities

The Company persists in its research and development endeavors aimed at designing indigenous products in the fields of radar and electronics/warfare, utilizing SDT's internal resources. These R&D activities align with the "R&D Road Map" framework, wherein the Company endeavors to allocate 20% of the income derived from public offerings.

t. Transactions with Related Parties

To mitigate potential conflicts of interest arising from transactions between the Company, its subsidiaries, and related parties such as controlling shareholders, board members, senior executives, as well as their spouses and relatives up to the second degree, prior approval from the general assembly is mandatory. Full disclosure of such transactions is also required during general assembly meetings.

Receivables and Payables Involving Related Parties

1) The specifics of sales to related parties, classified under revenue, are as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	15.522.891	4.896.824
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.715.019	17.289.271
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	2.627.023	-
	19.864.933	22.186.095

2) The details of purchases from related parties, categorized under the cost of sales, are as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	3.604.351	-
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	2.263.972	2.083.113
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	561.464.019	161.567.038
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.645.422	17.289.271
	568.977.764	180.939.422

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

	01.01- 31.12.2024	01.01- 31.12.2023
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	564.656	1.031.069
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	1.146.837	-
	1.711.493	1.031.069

4) 7) The details of other expenses incurred from related parties, classified under investing activities, are as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	485.118	-
	485.118	-

5)The specifics of the tangible assets acquired from related parties and categorized under property, plant, and equipment are as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	118.202	1.031.884
	118.202	1.031.884

6) The details of property, plant, and equipment acquired from related parties and classified under intangible assets are as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Dorsan Uzay ve Hav.Sav. San.Taah.ve Tic. Ltd.Şti.	1.512.500	-
	1.512.500	-

7) The breakdown of other expenses incurred from related parties, classified under operating activities, is as follows:

	01.01- 31.12.2024	01.01- 31.12.2023
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	-	423.073
	-	423.073

u. Information regarding transactions of governing body members with the company on their own or others' behalf within general assembly permission, if any, and activities prohibited by competition

None.

v. Evaluation and analysis by the management body on financial position, operational results, achievement of planned activities, and alignment with strategic targets

None.

15. Risk Management and Board of Directors Evaluation

Details of the Company's Risk Management Policy to Address Anticipated Risks:

To manage foreign currency risk, the Company avoids taking on debt denominated in foreign currencies, particularly on the liability side, during the current period. Additionally, it employs derivative financial instruments to mitigate fluctuations in exchange rates. To address liquidity risk, the Company ensures a balance between purchase and payment terms, maintaining sufficient cash flow. When necessary, the Company also secures funding through loans to further minimize liquidity risks.

16. Miscellaneous

No other matters arose during the reporting period.

Mehmet DORA
Chairman of the Board of Directors

Mehmet Veysel YAYAN
Independent Board Member

Üniversiteler Mahallesi İhsan
Doğramacı Bulvarı No:37/1
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UZAY & SAVUNMA TEKNOLOJİLERİ