

SDT
UZAY & SAVUNMA TEKNOLOJİLERİ

**INVESTOR
PRESENTATION
1H2024**

September 19, 2024



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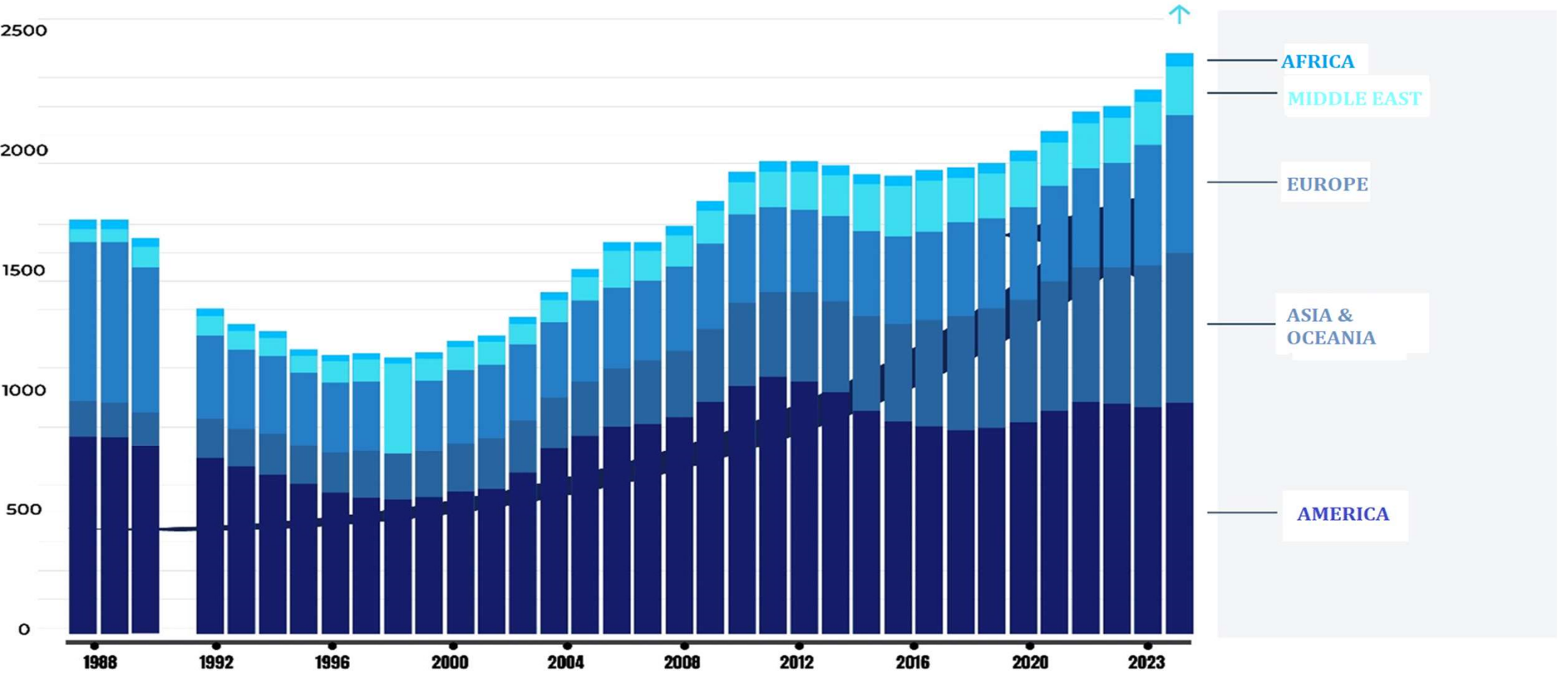
- Sectoral Overview
- SDT at a Glance
- Areas of Operation
- Sustainability Activities
- Financial Information
- Strategy and Objectives



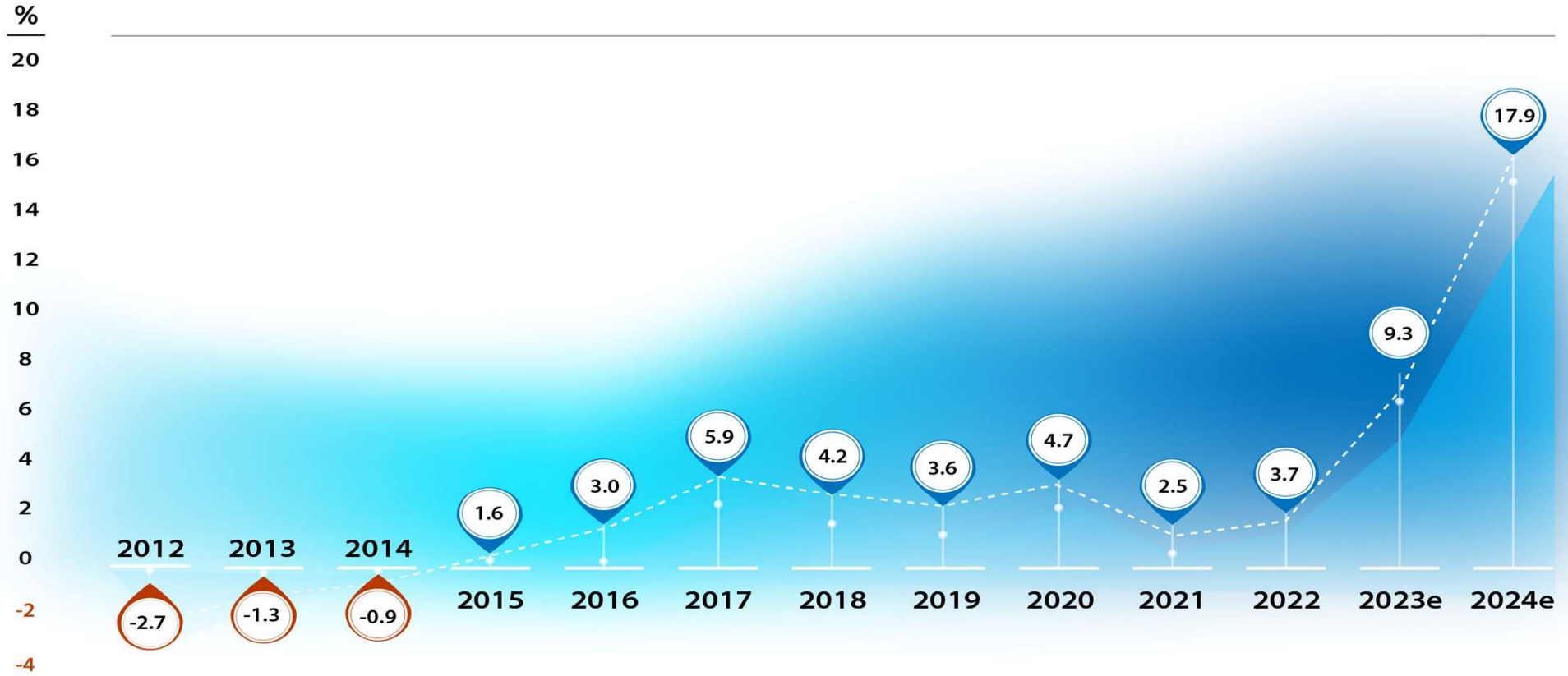
Sectoral Overview

Global Defense Expenditures

(in billions of U.S. dollars)

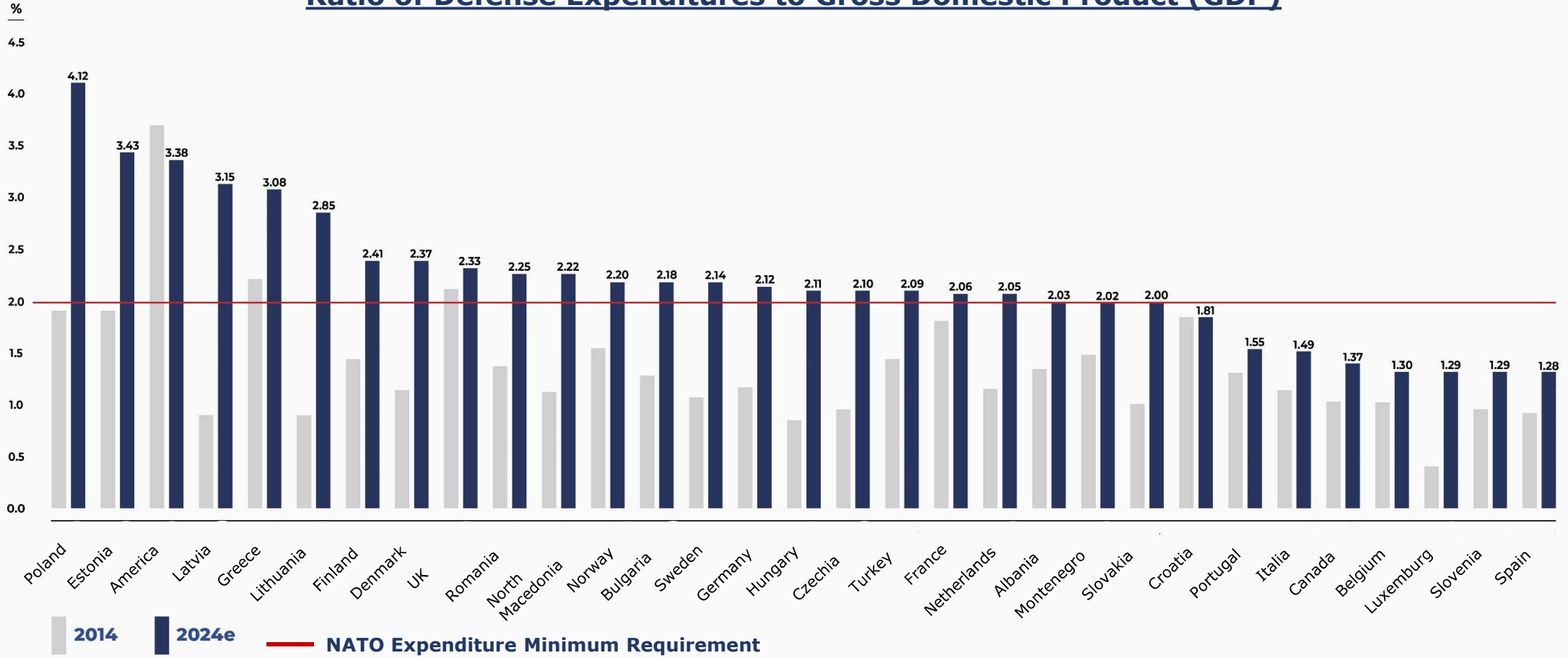


NATO Defense Expenditures (1/2)



NATO Defense Expenditures (2/2)

Ratio of Defense Expenditures to Gross Domestic Product (GDP)



Source: NATO Press Release, Defense Expenditures of NATO Countries (2014-2024)

Turkish Defense Budget Figures for 2023-2024

529 Billion TL



2023 Budget

1.3 Trillion TL



2024 Budget

Increase Rate: 114%

**10.2% of the
Central Budget**



SDT at a Glance

SDT Overview

Date of Establishment: February 11, 2005
Founder: Mehmet Dora, with four decades of expertise in the defense and aerospace sectors.

Technology Company Specializing in Space and Defense, Including Production and Testing Infrastructure

251 Staff Members + 19 Board of Directors/Candidate Engineers

4,538 m² Enclosed Area, METU Teknokent

Vision

- To establish a premier position as the leading privately-owned enterprise in Turkey within the domains of defense electronics and/or software development.

Mission

- To offer value-added engineering solutions through the provision of competitive and innovative technological products that are acknowledged for their brand value, targeting both domestic and international sectors, with an emphasis on the defense industry.



NATO
AQAP 2310

NATO
AQAP 2210

TS EN ISO 9001:2015

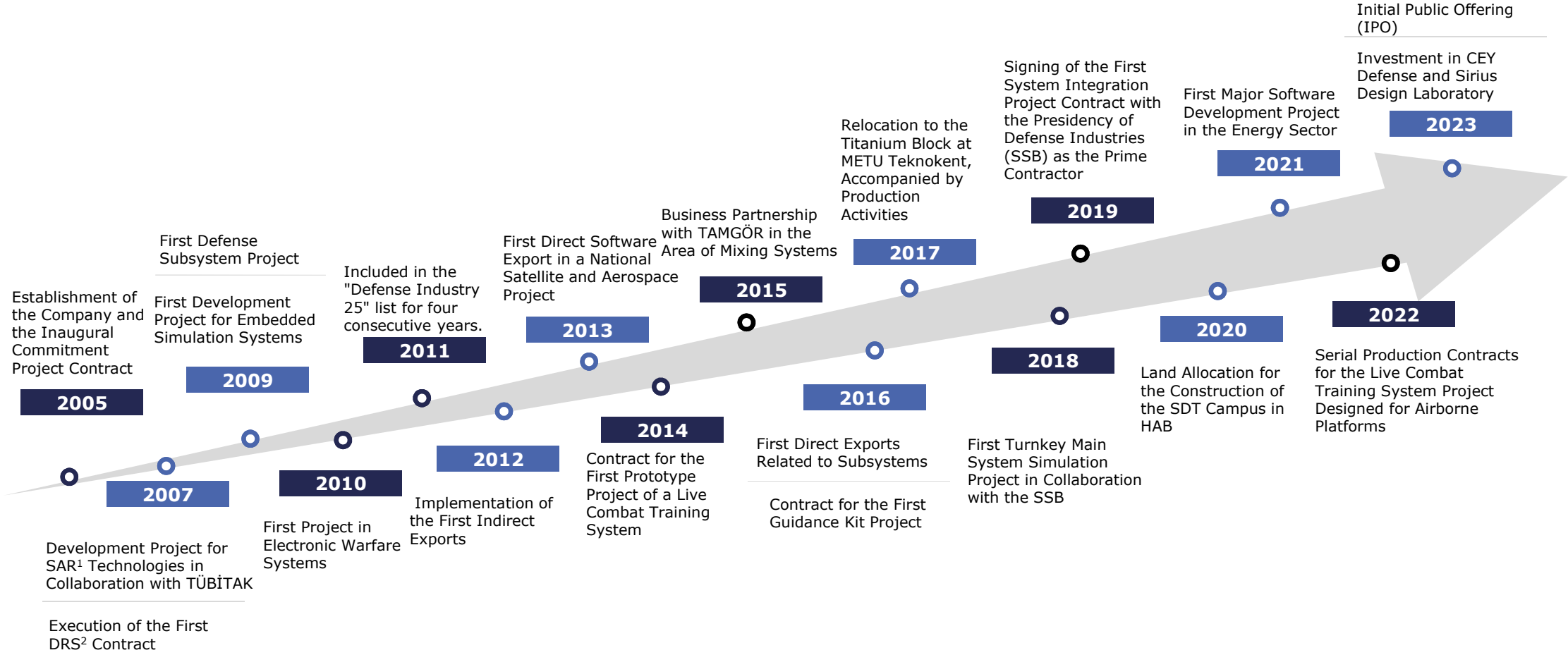


CMMI DEV | ML3
APPRAISED
Appraisal # 68235 | Exp. Dec 21, 2026

CMMI SPM | ML3
APPRAISED
Appraisal # 68235 | Exp. Dec 21, 2026



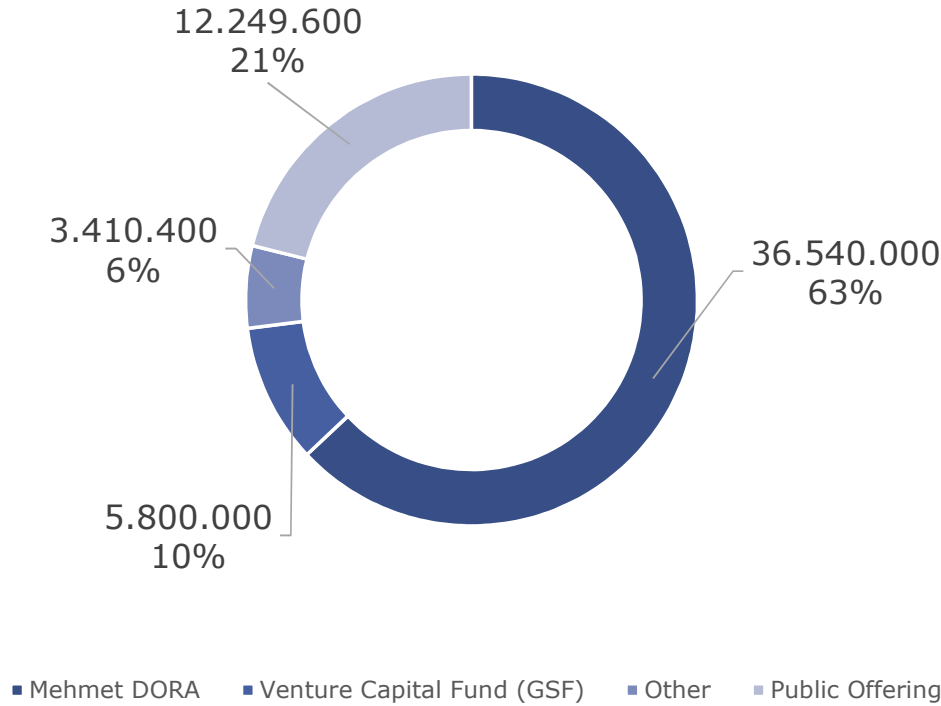
Milestones in Company Development



(1) Synthetic Aperture Radar
 (2) Data Recording System

Company Shareholding Structure, Group Companies, and Collaborations

Current Shareholding Structure



Equity: 58,000,000 TL

Group Companies & Partnerships



50%-50% Collaborative Initiative in the Field of RF Jamming Systems



40% Shareholding in R&D for Defense Electronics and Unique Product Development Capability



100% Share Ownership in Naval Warfare Modeling and Simulation Systems Expertise



100% Share Ownership: Facilitation of Potential Business Opportunities in Azerbaijan

Board of Directors and Senior Management

M. Fatih ÜNAL

Acting Chairman of the Board of Directors

Undergraduate : Middle East Technical University (METU)/ Electrical and Electronics Engineering
Master's Degree : Syracuse University, NY, USA
Electrical and Electronics Engineering

Mehmet DORA

Chairman of the Board of Directors

Undergraduate : Istanbul University - Economics

Beril DORA

Board Member

Undergraduate : Northwestern University, IL, USA-Economics and Politics
Master's Degree : Imperial College London, UK - Investment and Asset Management

Necip Yalçın PEHLİVANTÜRK

Independent Board Member

Undergraduate : METU - Metallurgy and Materials
Master's Degree : METU - Metallurgy and Materials
Ph.D : New Mexico Tech, NM, USA
Metallurgy and Materials

Mehmet Veysel YAYAN

Independent Board Member

Undergraduate : Ankara University - Political Sciences
Master's Degree : Istanbul University - Law
PhD : Istanbul University - Economics

Ömer KORKUT

General Manager

Undergraduate : Naval Academy - Operations Research/Management
Master's Degree : Naval Postgraduate School, CA, USA, Computer Science

C. Erkan DORA

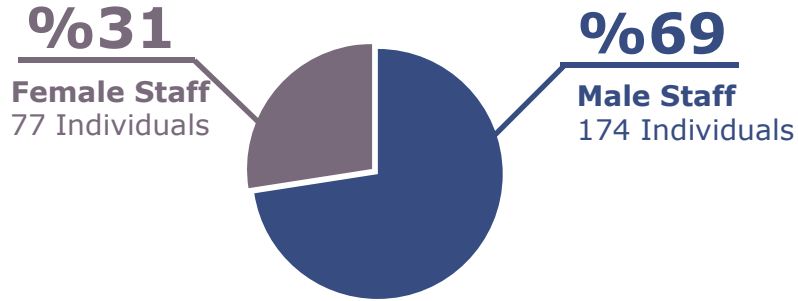
Deputy General Manager

Undergraduate : METU, Mechanical Engineering
Master's Degree : METU, Mechanical Engineering

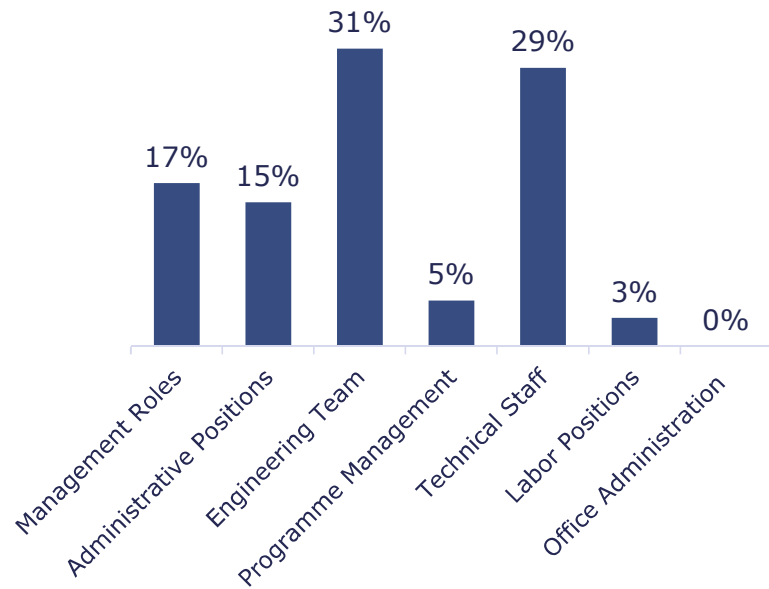
Demographic Structure – 1H2024



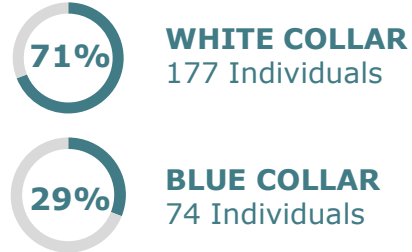
Gender Distribution



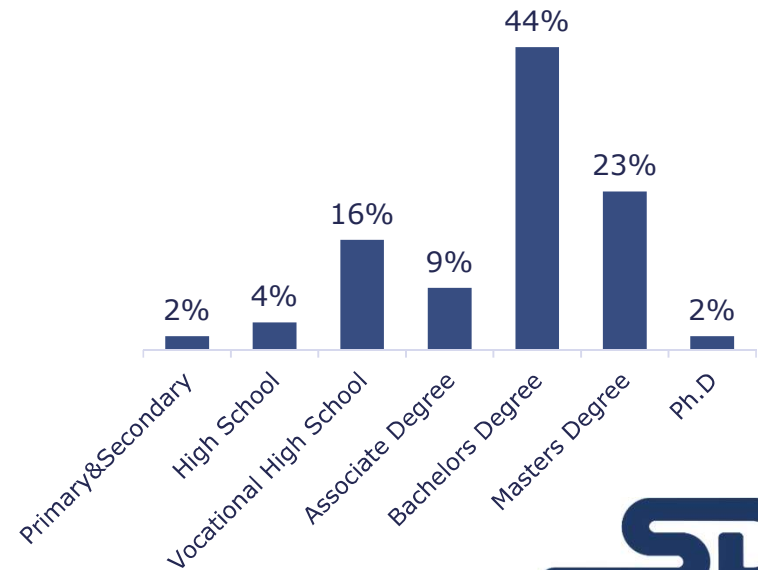
Breakdown by Role Type



Company-Wide Overview



Company-wide Educational Background Distribution





Areas of Operation

— Scope of Activities

**Simulation
Systems and
Information
Technology**



**Production
Programs**



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



**Mission
Systems**



— Radar, Electronic Warfare & Communication Systems

Radar System

- ④ Synthetic Aperture Radar (SAR)
 - ④ Modes: Stripmap, Spotlight
 - ④ ISAR Mode
 - ④ Utilized in UAV (ANKA)

Electronic Warfare Systems

- ④ RF Signal Analysis System (KILAVUZ)
- ④ Guided Missile Simulator (PELİKAN)
- ④ Communication and Radar Threat Simulator
- ④ Anti-Drone System

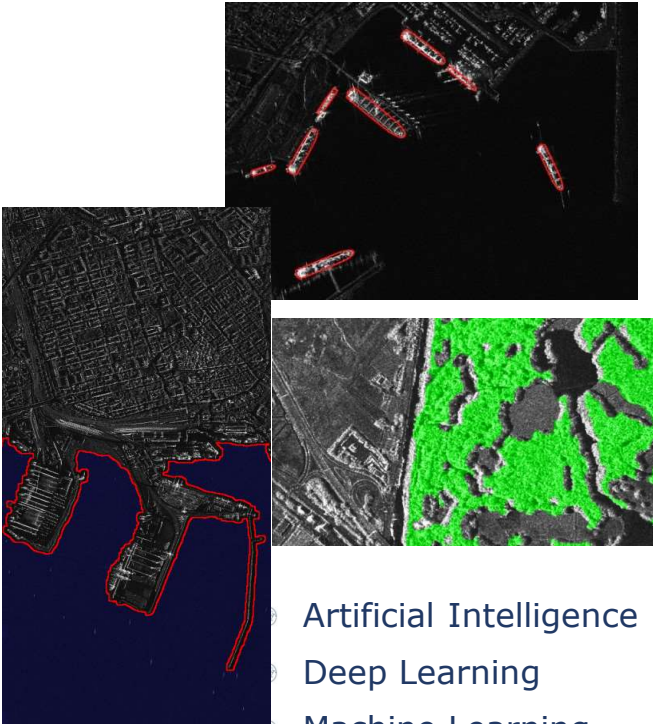
Communication Systems

- ④ Data Link Systems
 - ④ Embedded Training Data Link System (S.Korea KF-21)
 - ④ TDMA-Based Data Link



— Simulation Systems and Information Technologies (1/3)

Image Processing



- Artificial Intelligence
- Deep Learning
- Machine Learning

Satellite Ground Station



- Imaging Satellites
Ground Station Provider
- Satellite Ground
Software Provider for
Italian Telespazio

Energy Systems and Digital Twin Technologies



- National Seismic Data
Processing Software
- Software Provider for the
Sakarya Natural Gas Field
Digital Twin Project

— Simulation Systems and Information Technologies (2/3)

Land and Naval Combat Training Systems



- ④ Small Arms Shooting Training Simulator
- ④ Air Defense Missile Training Simulator
- ④ Anti-Tank Missile Training Simulator
- ④ Tactical Ballistic Missile Training Simulator

— Simulation Systems and Information Technologies (3/3)

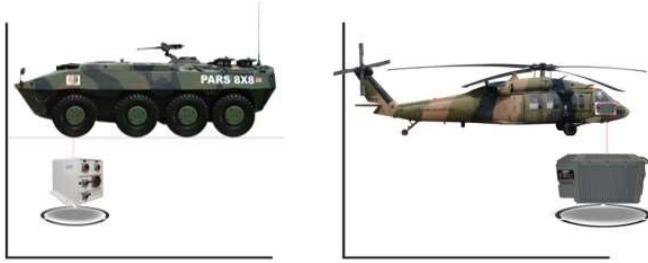
ACMI (Air Combat Maneuvering Instrumentation)

- ⦿ Pilot Tactical Training System
- ⦿ Among the Few Producers Worldwide
- ⦿ One of the Most Technologically Advanced Training Simulation Systems



Mission Systems

Platform Management Systems



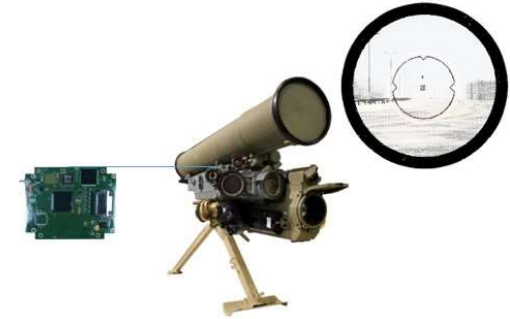
- ④ Flight Computers for Aircraft, Helicopters, and UAVs
- ④ Electronic Units for Altay Tanks and Land Vehicles

Data Recording Systems



- ④ ATAK Helicopter
- ④ F-16 Fighter Jet
- ④ ANKA UAV
- ④ T-38 Training Aircraft
- ④ ASELPOD Targeting Pod
- ④ Synthetic Aperture Radar (SAR) Sensor
- ④ Missiles
- ④ HÜRKUŞ Trainer Aircraft

Defence Systems



- ④ Control Computers
- ④ Fire Control Units

— Production Programmes

RF Jammer Systems



- ⊗ Vehicle-Mounted Jammer Systems
- ⊗ Portable Backpack Jammer Systems
- ⊗ Anti-Jamming Systems for Drones

Munition Guidance Electronics



- ⊗ KGK: Winged Guidance System
- ⊗ HGK: Precision Guidance System

Aircraft Arresting System



- ⊗ Fixed Hook Arrest System
- ⊗ Mobile Arrest System
- ⊗ Networked Arrest System

— Production and Testing Infrastructure



Electronic Assembly



Cleanroom Facility



Electronic Manufacturing



ESS



Sealing/Sprinkling



Electromagnetic Interference

References



Presidency of Republic of
Turkiye



Ministry of National
Defence



TAF



SSB



General
Command of the
Gendarmerie



Coast Guard



TÜBİTAK



Pakistan
Air Force



Republic of Korea



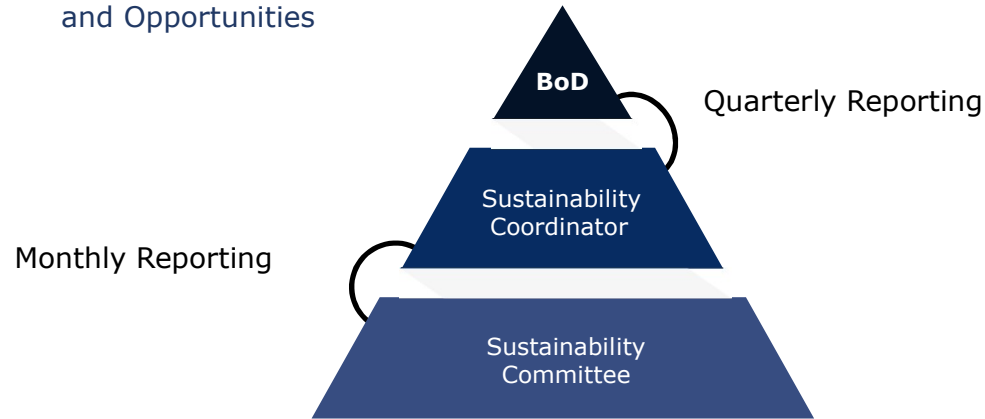
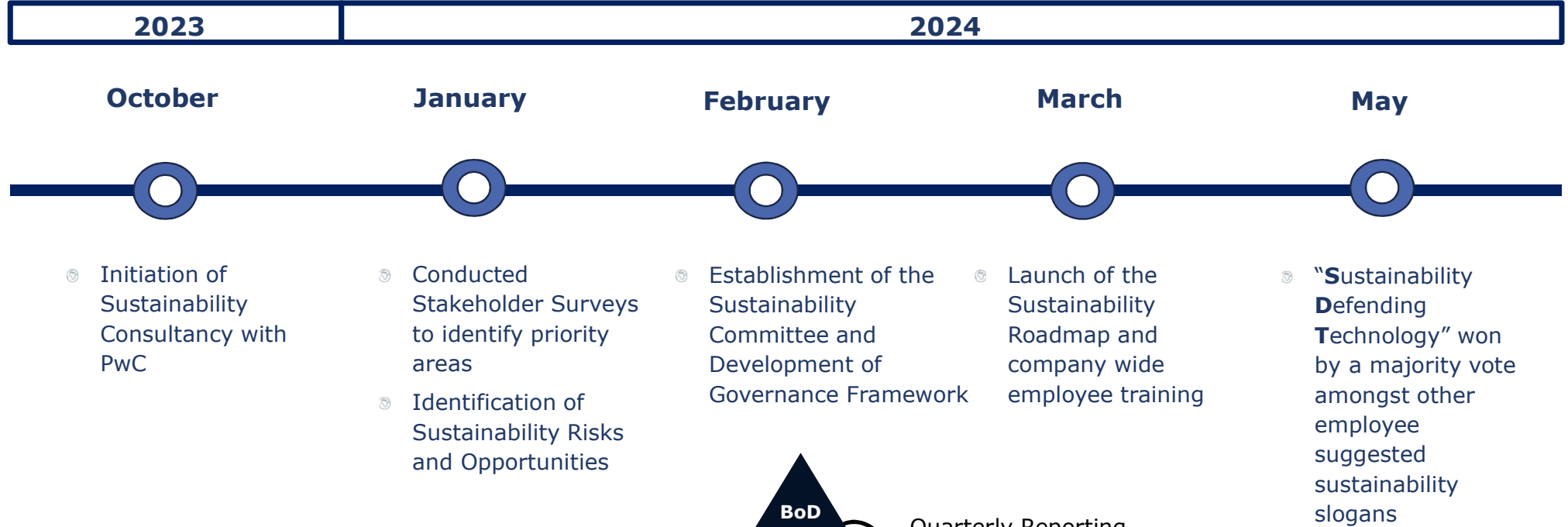
Malaysian Army





Sustainability Activities

Technological Solutions for Sustainability (1/2)



— Technological Solutions for Sustainability (2/2)

Objectives Highlights

Environmental

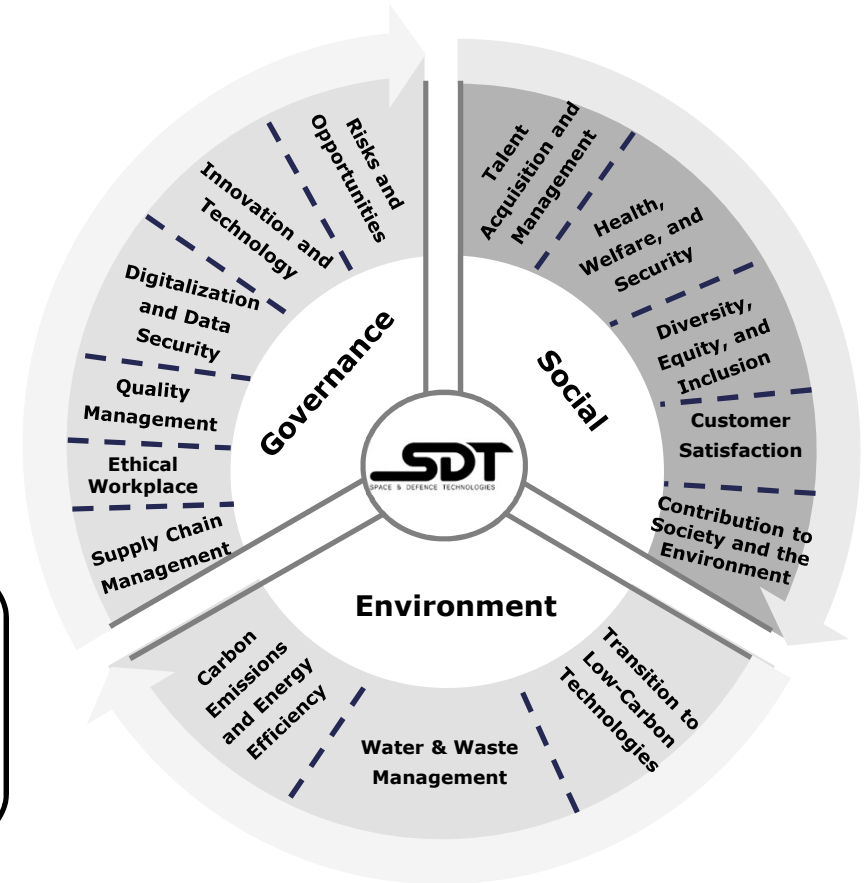
- LEED Certification for HAB
- Installation of Rooftop Solar Power Panels
- Comprehensive Carbon Footprint Assessment
- Reduction of Single-Use Plastics
- Effective Water and Waste Management Practices
- Deployment of Electric Vehicle Charging Infrastructure

Social

- Design and Implementation of Employee Training Programs
- Integration of Diversity, Equity, and Inclusion Training Initiatives
- Establishment of the SDT Innovation Program

Governance

- Formulation of Sustainability Policies
- Participation in Sustainability Indices
- Sustainability Report for 2024
- Continued Advancement of the Digitalization Strategy
- Achievement of ISO 14001 and ISO 45001 Certifications
- Mapping and Diversification of the Supply Chain





Financial Information

— 1H2024 Financial Indicators - Income Statement

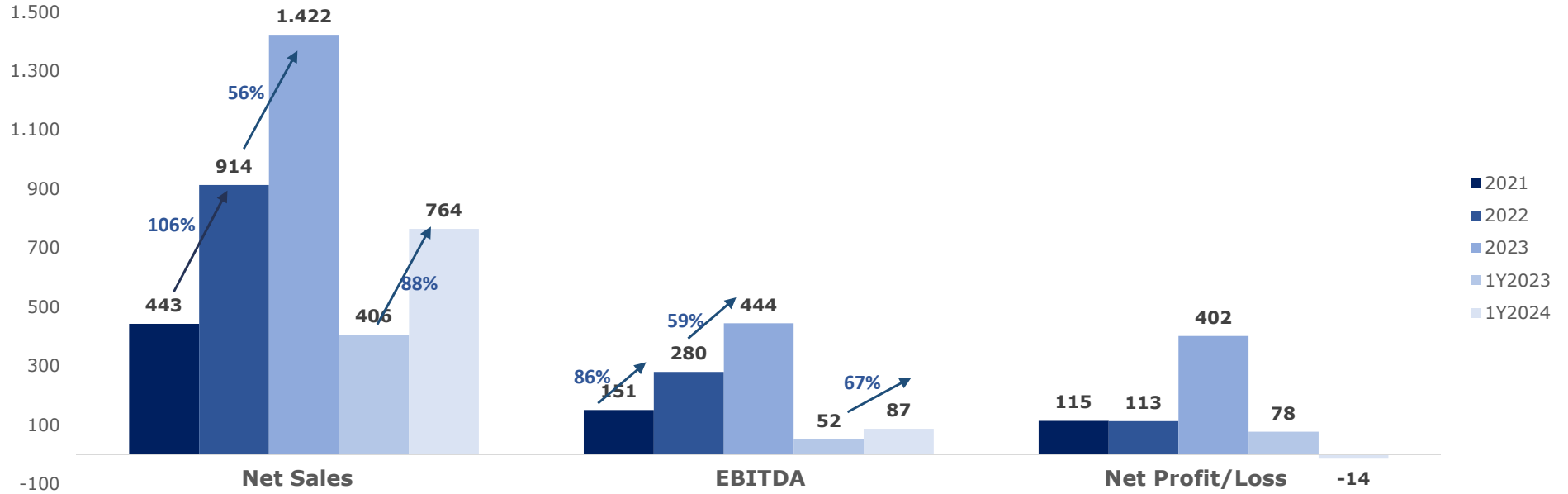
(Million) TL	2023	2022	% Change	1H2024	1H2023	% Change
Net Sales	1.422	914	56%	764	406	88%
Cost of Goods Sold (COGS)	828	543	53%	584	284	105%
Gross Profit	594	371	60%	180	121	49%
Gross Profit Margin (%)	42%	41%		24%	30%	
Operating Expenses	192	132	46%	115	87	33%
EBITDA	444	280	59%	87	52	67%
EBITDA Margin (%)	31%	31%		11%	13%	
Net Profit	402	113		(14)	78	
Net Profit Margin (%)	28%	12%		-2%	19%	

* The financial figures for 2022 are presented in Turkish Lira (TL), reflecting the purchasing power as of December 31, 2023.

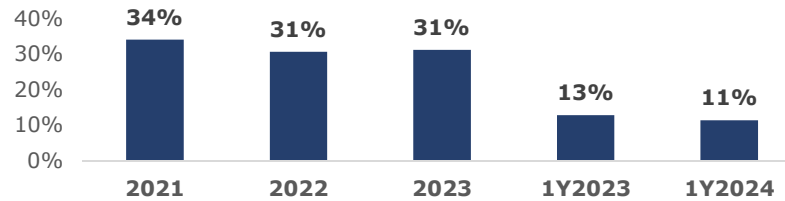
* For 2023 and the first half of 2024, amounts are expressed in TL, adjusted for purchasing power as of June 30, 2024, unless stated otherwise.

Financial Performance - Income Statement (1/3)

Net Sales, EBITDA, and Net Profit Performance in Million (TL)

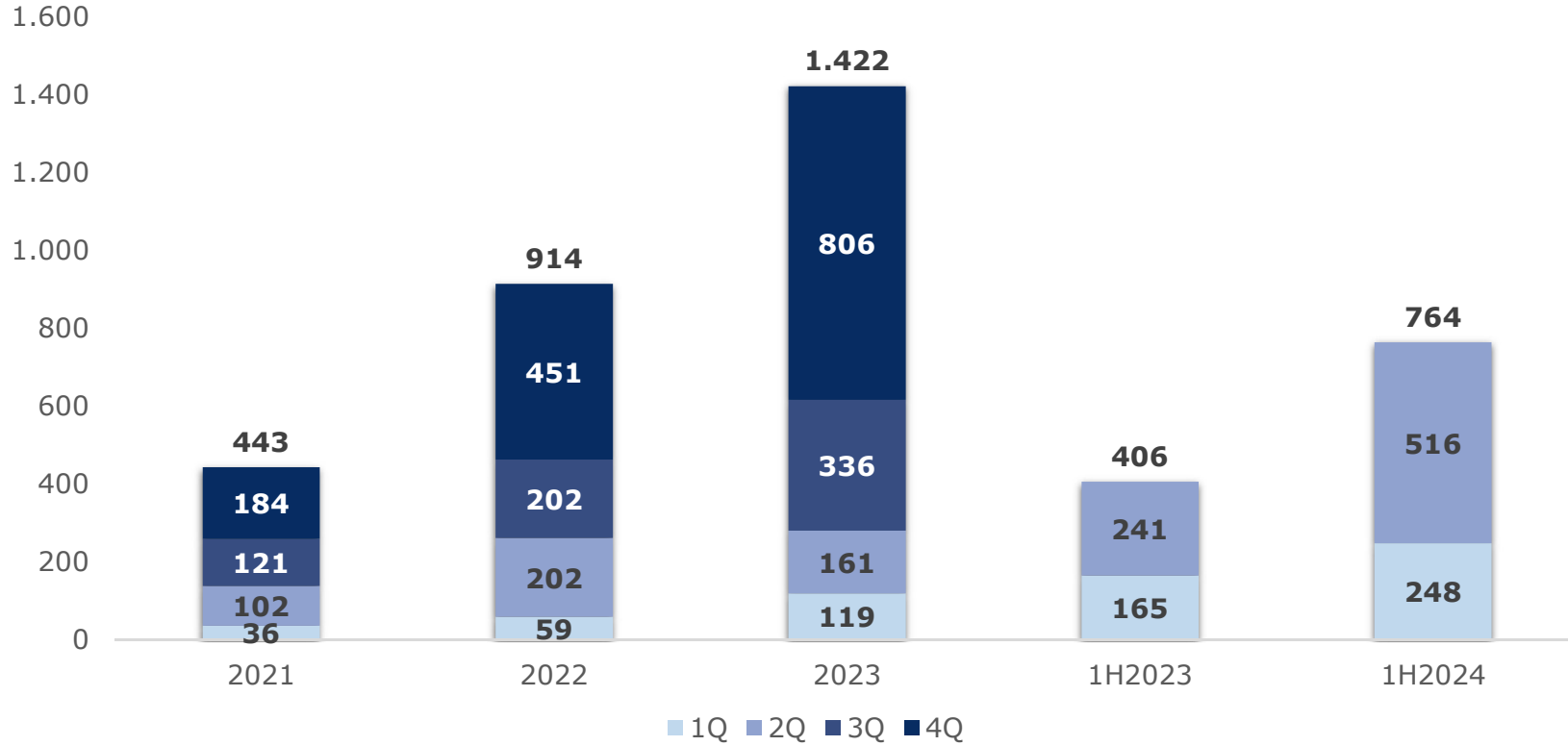


EBITDA Margin (%)



Financial Performance - Income Statement (2/3)

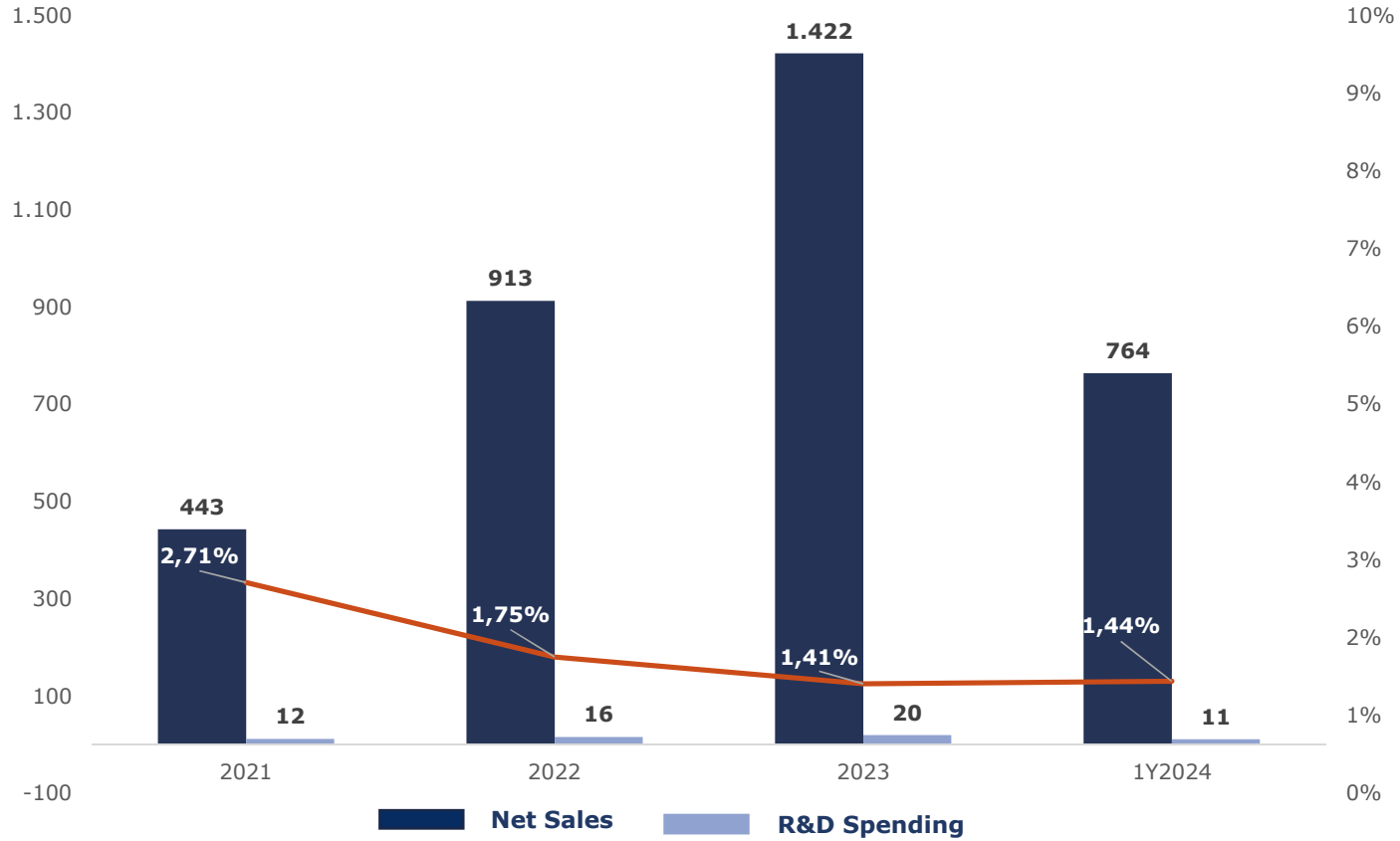
Quarterly Net Sales (TL Million)



*The figures for 2023 and 1H2023 are adjusted to reflect inflation accounting differences.

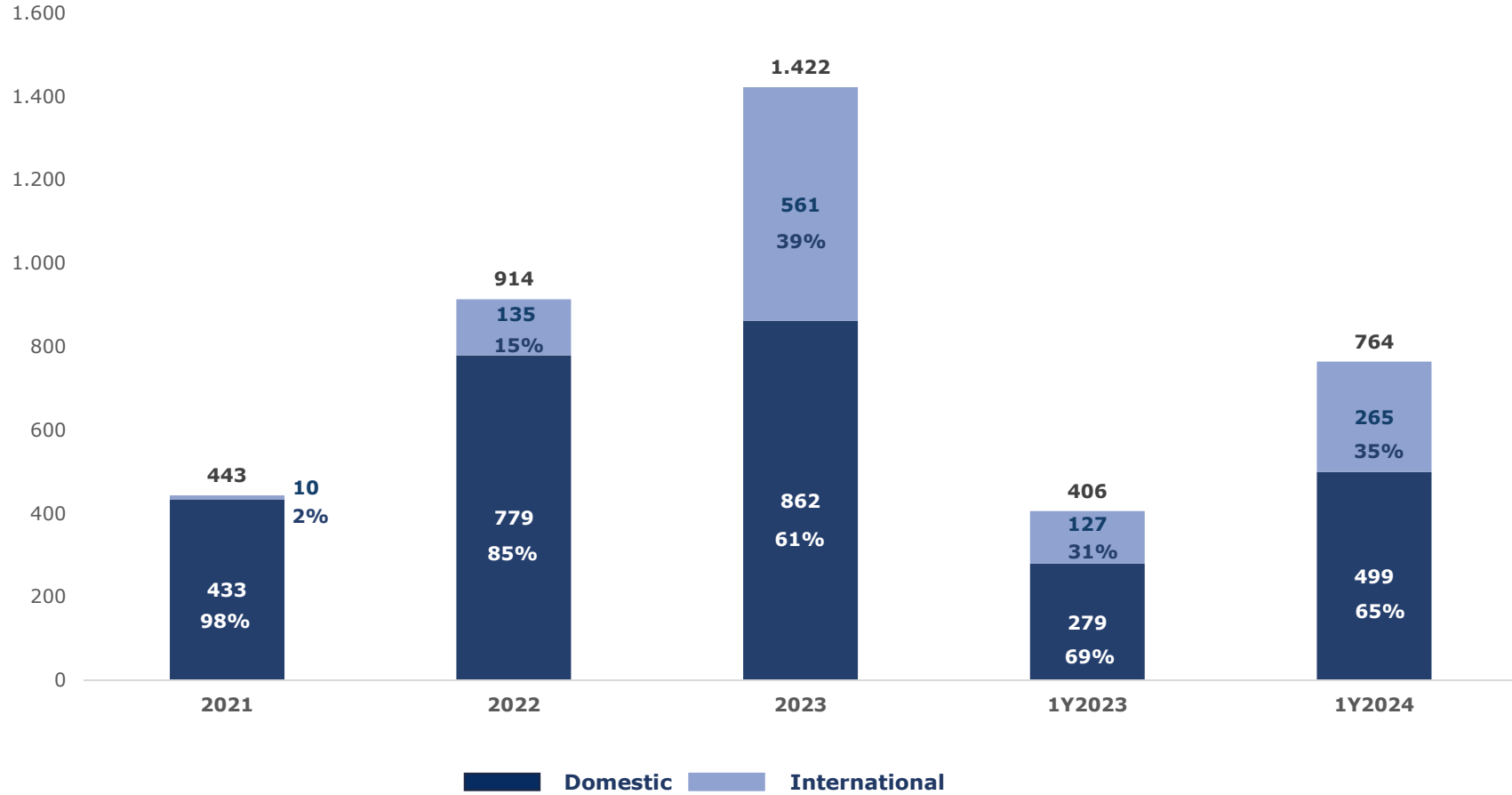
Financial Performance - Income Statement (3/3)

R&D Activities (in Million TL)



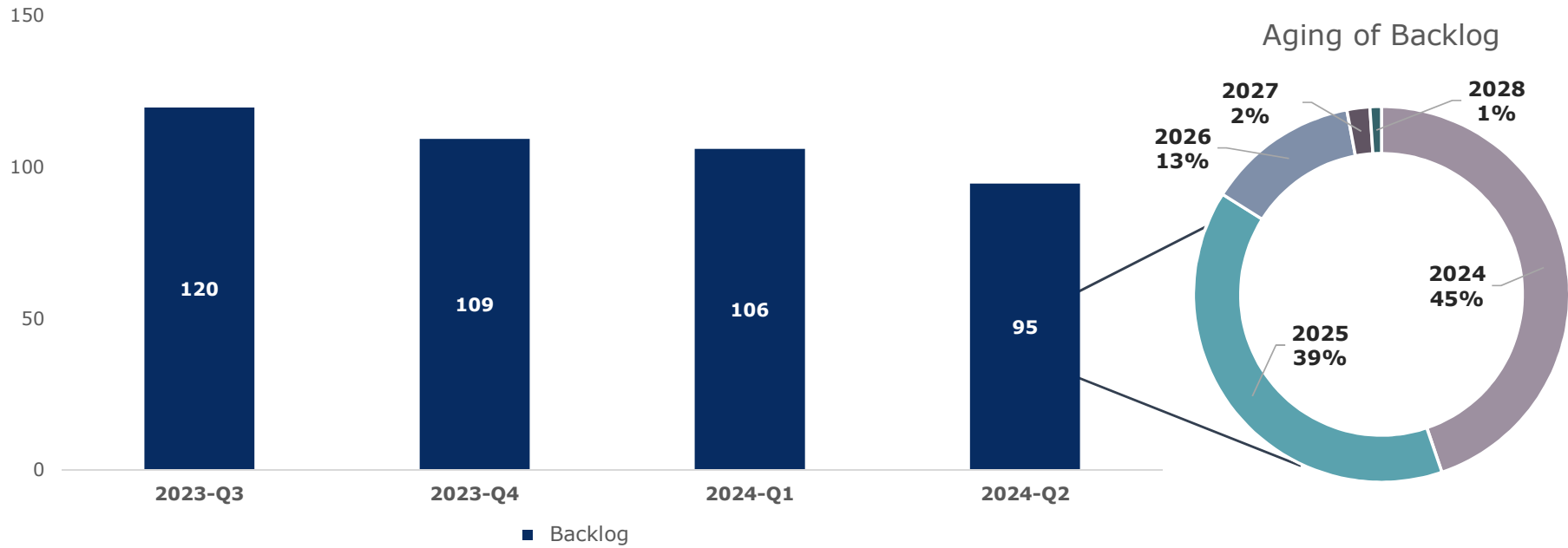
Domestic and International Sales

Domestic and International Sales (in Million TL)



1H2024 Backlog

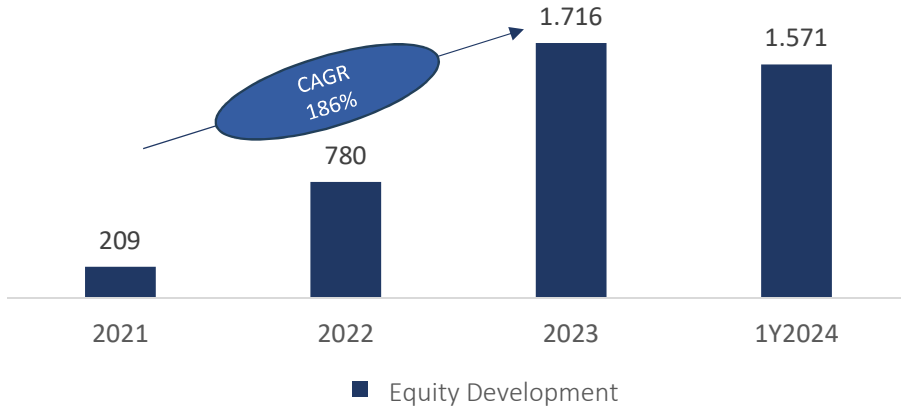
Backlog (in Million \$)



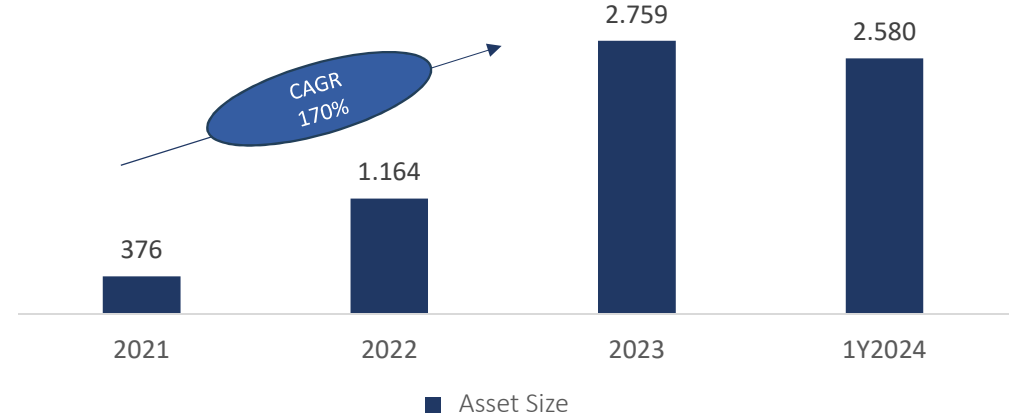
* In the first half of 2024, new orders totaling \$15.8 million were successfully acquired.

Financial Indicators - Balance Sheet

Equity Development (in Million TL)

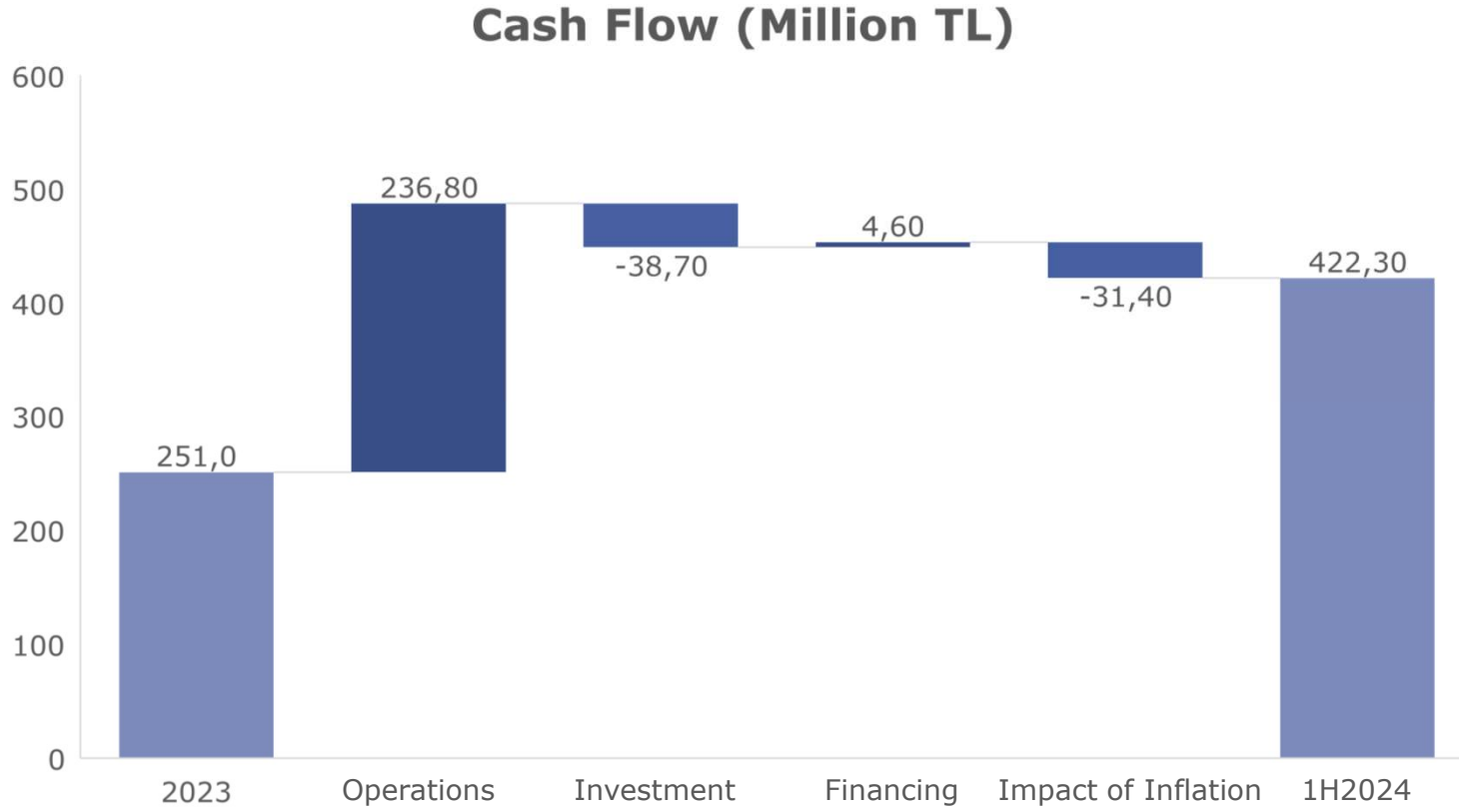


Asset Size (in Million TL)



	2022	2023	1H2023	1H2024
Liquidity				
Current Ratio	3,29x	2,71x	2,35x	2,38x
Liquidity Ratio	2,34x	1,72x	1,89x	1,37x
Indebtedness				
Net Debt to EBITDA	0,03x	0,03x	0,09x	0,33x
Leverage (Capital Structure) Ratios				
Foreign Resources Ratio (%)	0,33	0,38	0,43	0,39

1H2024 Financial Indicators - Cash Flow



— SDT Credit Rating

SDT Credit Rating	
Rating Agency Metrics	JCR Eurasia Rating Corporation
Long-Term National Corporate Credit Rating	AA+ (tr) / (Stable Outlook)
Short-Term National Corporate Credit Rating	J1+ (tr) / (Stable Outlook)
Long-Term International Foreign Currency Corporate Credit Rating	BB / (Stable Outlook)
Long-Term International Local Currency Corporate Credit Rating	BB / (Stable Outlook)



Strategy and Objectives

— Key Strategic Priorities (1/4)

1

**Driving Value Through
Growth**

2

**Promoting
Sustainability**

3

**Upholding Financial
Discipline**

Key Strategic Priorities (2/4)

1

DRIVING VALUE THROUGH GROWTH

- Organic and Inorganic Growth
- Enhancing Production Capacity
- Design and Production of Ammunition Electronics
- Dual Use in Value-Added Sectors
- Export Initiatives:
 - Pakistan (Country Office)
 - Malaysia (Country Office)
 - Azerbaijan
 - Indonesia
 - Saudi Arabia
 - UAE
 - Egypt
 - Jordan
 - Select African Countries

Medium-Term Goals (3-5 Years): \$100 Million in Turnover

50% of Turnover from Exports in the Medium Term

35% Dividend Distribution (with 40% being distributed in 2024)

Key Strategic Priorities (3/4)

2

PROMOTING SUSTAINABILITY

Operational Sustainability

- Robust R&D and Diverse Product Focus:
 - Satellite and Space Systems
 - Expendable Navigational Aids
 - Live Simulation Systems
 - Electronic Warfare
 - Indigenous Ammunition Electronics
 - AI-Based Image Processing
- Diversified Customer Base
- Strong Supply Chain Management
- Advanced Testing Infrastructure
- Project Timeline Sensitivity
- Efficiency Assessment

Governance and Social Sustainability

- Effective Organizational Structure
- Skilled Workforce and Employee Satisfaction
- High Female Labor Force Participation
- Commitment to Quality Management and Customer Satisfaction
- Process Management and Adaptation

Environmental Sustainability

- Carbon Footprint Management
- Energy, Water, and Waste Management
- New Campus Initiatives;
 - GES
 - LEED Certification

Medium Term 3% of turnover \leq R&D Expenditures \leq 5% of turnover

Per Capita Turnover Target \geq \$150,000 (\geq \$200,000 in the Medium Term)

Key Strategic Priorities (4/4)

3

UPHOLDING FINANCIAL DISCIPLINE

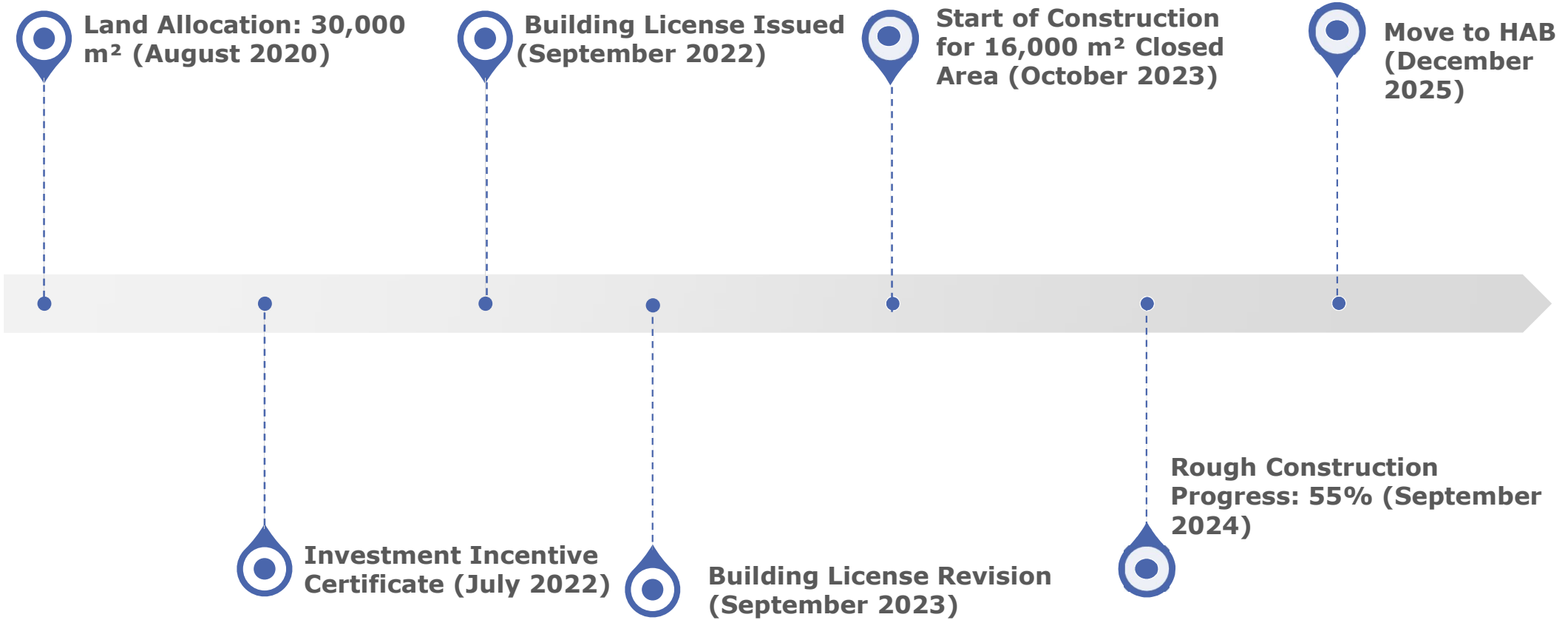
- Strong Revenue and Balance Sheet Structure
- Budget Discipline
- Positive Operational Cash Flow and Effective Cash Management
- Controlled Borrowing Practices
- Profitability Targets and Monitoring
- Robust Working Capital
- Rapid Stock Turnover
- Cost Control for HAB Campus
- Tax Incentive Status

Consistent EBITDA Margin: $\geq 20\%$

Borrowing Limit: Net Debt to EBITDA $< 1X$

Current Ratio Target: > 2

HAB Campus Investment Timeline



HAB Campus



— Targets

	2024	2025
Net Sales (Million TL)	1,700	2,500
EBITDA Margin (%)	20	25
Export to Turnover Ratio (%)	35	40
Dividend as a Percentage of Distributable Profit	≥ 35	≥ 35
Total Number of Personnel	270	290
Turnover per Capita (Thousand \$)	150	160
Percentage of Female Personnel (%)	30	32
HAB Campus Details	Rough Construction Completion: End of 2024	Move to the Campus: End of 2025

*Turnover per capita is based on numbers unadjusted for inflation using 42.5 as the exchange rate.



Question & Answer



Annexes

Balance Sheet

Assets (Million TL)	31.12.2023	30.06.2024
Cash and Cash Equivalents	313	422
Financial Investments	475	147
Trade Receivables	610	523
Other Receivables	23	21
Inventories	902	943
Prepaid Expenses	119	144
Current Tax Assets	0	3
Other Current Assets	35	15
Current Assets	2.477	2.217
Other Receivables	1	1
Financial Investments	18	1
Receivables from Investments Accounted for Using the Equity Method	2	7
Right of Use Assets	13	7
Tangible Fixed Assets	45	75
Intangible Assets	66	58
Prepaid Expenses	76	93
Deferred Tax Assets	62	121
Fixed Assets	283	363
Total Assets	2.760	2.580

Resources (Million TL)	31.12.2023	30.06.2024
Short-Term Borrowings	0	0
Current Portion of Long-Term Borrowings	14	156
Trade Payables	184	78
Employee Benefit Payables	30	37
Other Payables	7	138
Deferred Income	602	483
Current Tax Liability	27	0
Short-Term Provisions	49	40
Derivative Instruments	0	0
Short-Term Liabilities	914	933
Long-Term Borrowings	0	0
Deferred Income	111	57
Long-Term Provisions	18	19
Deferred Tax Liability	0	0
Long-Term Liabilities	130	76
Paid-in Capital	58	58
Capital Adjustment Differences	139	139
Share Premiums/Discounts	445	445
Accumulated Other Comprehensive Income or Expense	0	1
Restricted Reserves	24	24
Retained Earnings/Losses	648	917
Net Profit/Loss for the Period	402	(14)
Equity	1.716	1.571
Total Resources	2.760	2.580

Income Statement

Income Statement (TL Million)	31.12.2023	30.06.2024
Revenue	1.422	764
Cost of Sales (-)	(828)	(584)
Gross Profit/(Loss)	594	180
General Administrative Expenses (-)	(135)	(79)
Marketing Expenses (-)	(37)	(25)
Research and Development Expenses (-)	(20)	(11)
Other Operating Income	47	130
Other Operating Expenses (-)	(90)	(109)
Operating Profit/(Loss)	359	86
Income from Investing Activities	346	61
Expenses from Investing Activities (-)	0	(1)
Share of Profit/Loss from Investments Accounted for Using the Equity Method	(2)	4
Operating Profit/(Loss) Before Finance Income/(Expense)	703	150
Financing Revenues	167	75
Financing Expenses (-)	(128)	(65)
Net Monetary Gain/(Loss)	(319)	(233)
Profit/(Loss) Before Tax from Continuing Operations	422	(73)
Tax Income/(Expense) from Continuing Operations	(20)	59
Current Period Tax (Expense)/Income	(82)	0
Deferred Tax (Expense)/Income	62	59
Profit/(Loss) for the Period	402	(14)

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