UZAY & SAVUNMA TEKNOLOJİLERİ

Annual Report

January 1 to September 30, 2024

Vision

"To become the leading privately-owned company in Turkey 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 Turkey and beyond, with a special emphasis on defense, while upholding sour brand's value."

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1.General Information

Report Period : January 1 to September 30, 2024
Company Name : **SDT SPACE AND DEFENCE TECHNOLOGIES INC.**
Trade Registry No : 200761
Address : Üniversiteler Mah. İhsan Doğramacı Bulvarı, No: 37, İç Kapı No:1, Çankaya/Ankara
Telephone : (0312) 210 10 15
Fax : (0312) 210 11 21
Web Address : www.sdt.com.tr
KEP Address : sdtuzay@hs02.kep.tr
Email Address : info@sdt.com.tr
Mersis No : 0757030831100016

2. Capital Ownership Structure

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

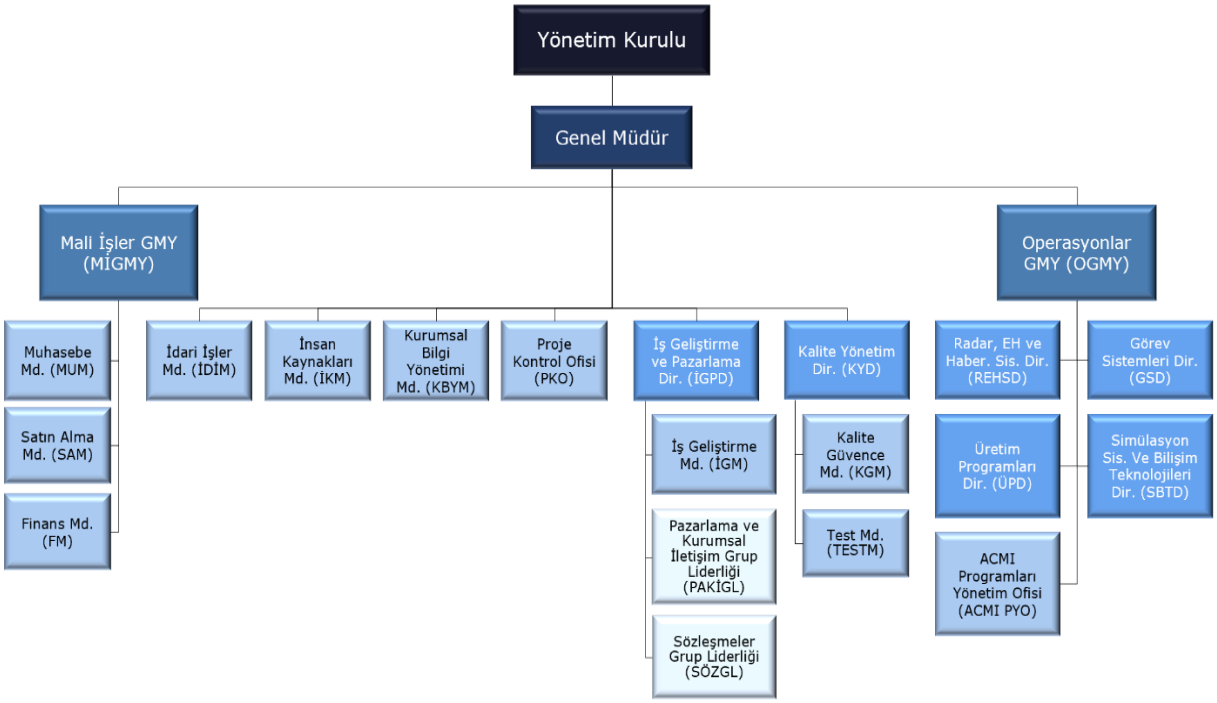
Company's Shareholding Structure		
Name of the Partner/ Name and Surname	**Share in Capital**	
	Amount (TL)	**Share Rate (%)**
Mehmet DORA	36.602.500	63.11
Other	21.397.500	36.89
Total	**58.000.000,00**	**100.00%**

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.		
Name of the Partner/ Name and Surname	**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 Turkiye 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.

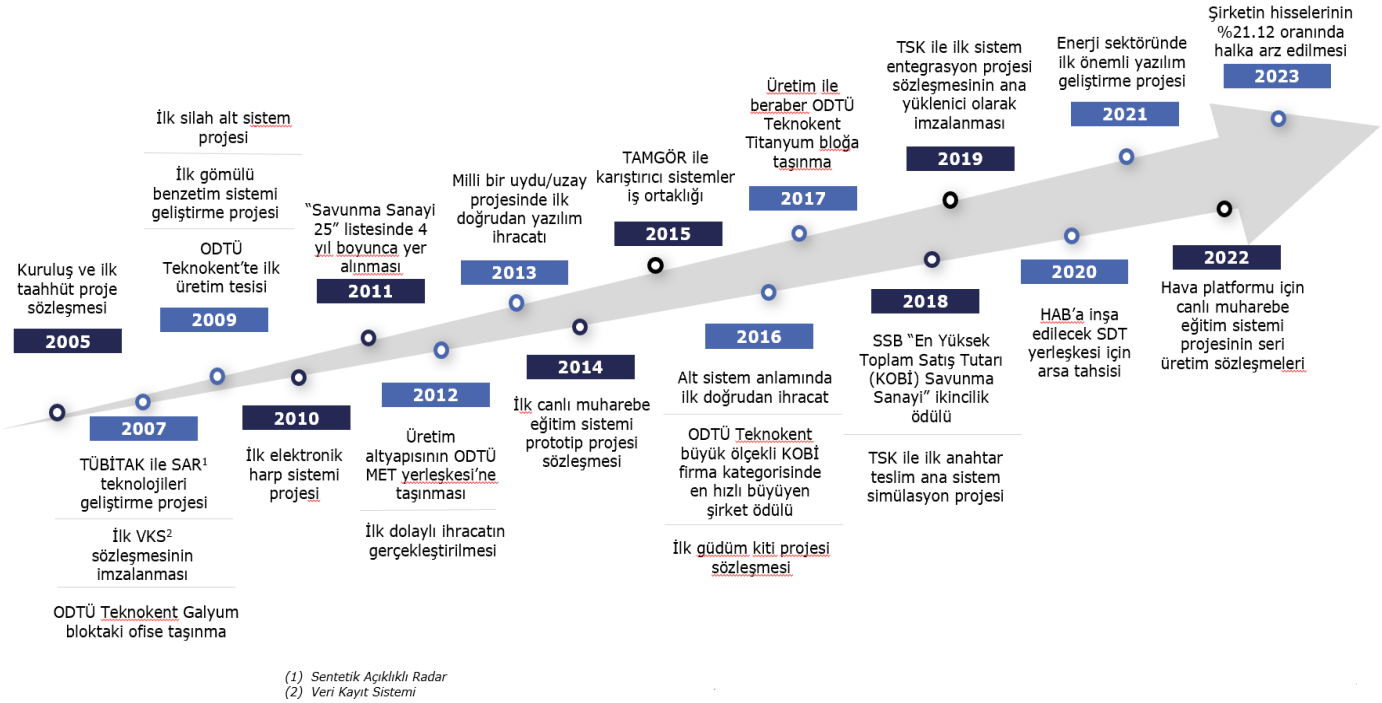
This evolution marked the company's expansion into the development of subsystem-level products, a growth driven by comprehensive R&D initiatives. These efforts were supported not only by internal resources but also through funding from the Scientific and Technological Research Council of Turkiye (TÜBİTAK).

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



(1) Sentetik Açıklıklı Radar
(2) Veri Kayıt Sistemi

The Company's developmental timeline is as follows:

2005 : SDT signed its inaugural contract after establishment.
2007 : Concurrently, the SAR* technology development project and the first DRS** contracts with TÜBİTAK were initiated. Additionally, the Company established its office in METU Teknokent Galyum Block.
2009 : SDT constructed its initial production facility at METU Teknokent. During the same year, the Company participated in the "First Weapon Subsystem" and "First Embedded Simulation System Development" projects.
2010 : Initiation of the first electronic warfare system project.
2011 : Inclusion in the "Defence Industry 25" list for four consecutive years.
2012 : Relocation of production infrastructure to METU MET campus and realization of first indirect exports.
2013 : Achievement of the first direct software export in the national satellite/space project.
2014 : Contract for the first live combat training system prototype project.
2015 : Formation of a business partnership for mixing systems with TAMGÖR.
2016 : First direct export of a subsystem, receipt of the fastest-growing company award in the large-scale SME company category of METU Teknokent, and contract for the first guidance kit project.
2017 : Transition to Teknokent Titanium region campus along with production facilities.
2018 : Awarded the Defense Industry Presidency's "Highest sales amount (SME) defense industry" second prize, and commencement of the first turnkey main system simulation project with TAF.
2019 : Signing of the first system integration project contract with TAF as the prime contractor.
2020 : Land allocation for the forthcoming SDT campus to be constructed in HAB.
2021 : Inception of the first significant software development project in the energy sector.
2022 : Execution of serial production contracts for the live combat training system project for airborne platforms.
2023 : Public offering of 21.12% of the Company's shares.
(SAR: Synthetic Aperture Radar, ** VKS: Data Recording System)*

5. Industry Focus and Market Position

Details regarding the sectors/markets of activity, the exporter's position within these sectors/markets, and the associated 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 3.7%, 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 22.34% increase, followed closely by Europe, which experienced a 16.37% uptick.

Notably, Central Europe and Eastern Europe saw substantial spikes of 34.44% and 30.88%, respectively, attributed to heightened concerns over Russia's growing threat. In 2022, the five countries with the largest defense expenditures were the USA, China, Russia, India, and Saudi Arabia. Together, these nations accounted for 61% of the total 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, Turkey 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 2022).

Turkish Defence Industry:

According to data from the Turkish Exporters Assembly (TIM), the Turkish Defense and Aerospace Industry experienced a 27% increase in exports compared to the previous year, with the export value rising from 4.4 billion USD in 2022 to 5.5 billion USD by the end of 2023. Additionally, TIM's 2024 reports indicate that the total value of Turkish Aerospace and Defense exports amounted to 4.304 billion USD during the first nine months of the year.

The monthly export figures are presented below.

- 330 million 211 thousand USD in January 2024
- 299 million 895 thousand USD in February 2024
- 358 million 224 thousand USD in March 2024
- 349 million 873 thousand USD in April 2024
- 980 million 497 thousand USD in May 2024
- 564 million 426 thousand USD in June 2024
- 431 million 429 thousand USD in July 2024
- 422 million 948 thousand USD in August 2024
- 566 million 801 thousand USD in September 2024

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 September 30, 2024, the Company's board of directors convened for a total of 10 meetings, achieving an attendance rate of 86%.

Name and Surname	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	36.402.500	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						
Name and Surname	**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	MİTAŞ Endüstri Sanayi Ticaret A.Ş.	Board Member	Continues	1.000.000.000	0	0
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	-	-	-	-	0	0

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			
Name and Surname	**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			
Name and Surname	**Position**	**Share in Capital**	
		TL	**%**
Necip Yalçın PEHLİVANTÜRK	President	-	-
Beril DORA	Member	-	-

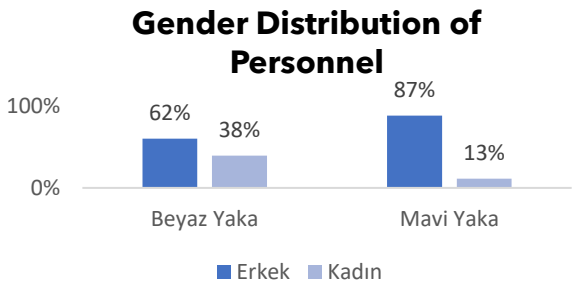
Corporate Governance Committee

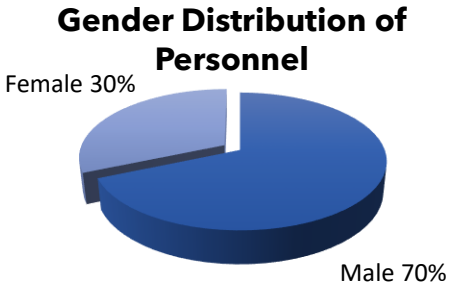
The Corporate Governance Committee is responsible for assessing the application of corporate governance principles within the company. In cases where these principles are not fully adhered to, the committee identifies the reasons behind such deviations and any conflicts of interest that may arise as 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			
Name and Surname	**Position**	**Share in Capital**	
		TL	**%**
Mehmet Veysel YAYAN	President	-	-
Mustafa Fatih ÜNAL	Member	1.347.500	2.32
Emel KOÇAK	Member	-	-

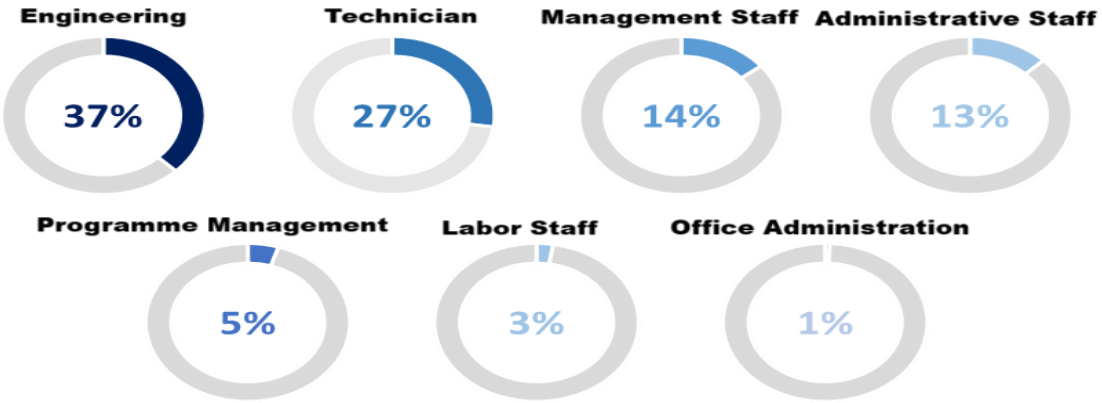
10. Human Resources

As of September 30, 2024, SDT employs a total of 267 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.

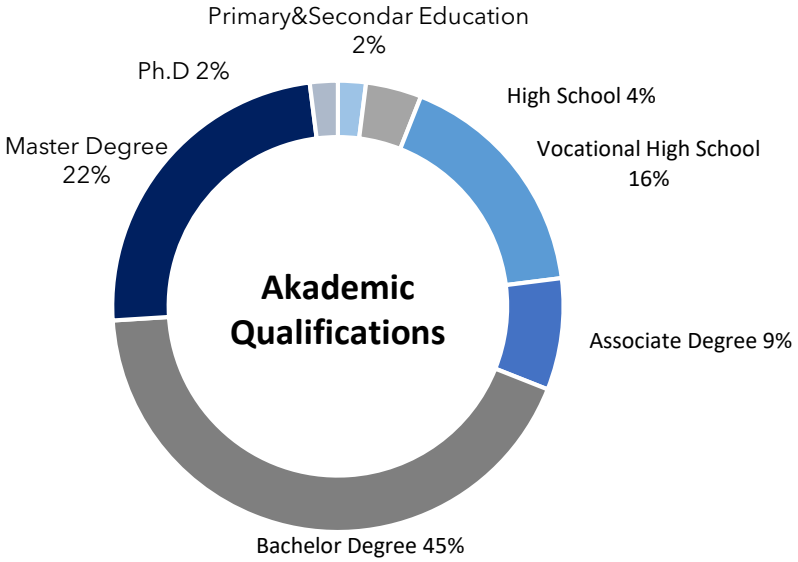




Among the SDT employees, the distribution based on job roles is as follows: 37% engineers, 27% technicians, 14% managers, 13% administrative staff, 5% program management, 3% laborers, and 1% office managers.



Sixty-nine percent of the SDT staff hold at least 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 Turkey 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 September 30, 2024	Financial Statements for the Current Period with Limited Audit	Subjected to independent audit in prior period
	30.09.2024	**31.12.2023**
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	437.752.176	341.061.087
Financial Investments	43.019.619	517.619.170
Trade Receivables	597.830.443	663.927.077
- Trade receivables from related parties	2.591.644	5.280.087
- Trade receivables from third parties	595.238.799	658.646.990
Other Receivables	15.968.423	25.046.431
- Other receivables from related parties	-	-
- Other receivables from third parties	15.968.423	25.046.431
Stocks	1.098.329.786	982.624.386
Prepaid Expenses	113.793.519	129.427.802
Current Period Tax Related Assets	4.674.410	-
Other Current Assets	6.473.519	37.833.415
TOTAL CURRENT ASSETS	**2.317.841.895**	**2.697.539.368**
NON-CURRENT ASSETS		
Other Receivables	539.283	741.231
- Other receivables from related parties	-	-
- Other receivables from third parties	539.283	741.231
Financial Investments	626.663	20.029.044
Investments Accounted through Equity Method	7.898.146	2.630.101
Right of Use Assets	3.983.256	14.418.772
Tangible Fixed Assets	111.796.834	48.801.877
Intangible Assets	59.030.327	71.442.334
Prepaid Expenses	105.614.022	82.723.359
Deferred Tax Assets	120.747.305	67.690.519
TOTAL NON-CURRENT ASSETS	**410.235.836**	**308.477.237**
TOTAL ASSETS	**2.728.077.731**	**3.006.016.605**

	Financial Statements for the Current Period with Limited Audit	Subjected to independent audit in prior period
LIABILITIES	**30.09.2024**	**31.12.2023**
SHORT-TERM LIABILITIES		
Short Term Borrowings	186.375	137.785
Short-term portion of long-term borrowings	162.278.389	15.359.589
Trade Payables	60.333.121	200.330.051
- Trade payables to related parties	*573.808*	*212.909*
- Trade payables to third parties	*59.759.313*	*200.117.142*
Employee Benefit Payables	35.921.987	32.814.241
Other Payables	92.282.369	7.904.262
- Other payables to related parties	*81.372.316*	-
- Other payables to third parties	*10.910.053*	*7.904.262*
Deferred Income	490.723.243	656.129.036
Current Period Profit Tax Liability	-	29.543.676
Short Term Provisions	47.226.648	53.084.179
- Provisions for employee benefits	*42.688.656*	*40.913.050*
- Other short-term provisions	*4.537.992*	*12.171.129*
Derivative Instruments	2.368.130	-
TOTAL SHORT-TERM LIABILITIES	**891.320.262**	**995.302.819**
LONG TERM LIABILITIES		
Long Term Borrowings	-	408.972
Deferred Income	37.156.716	121.374.404
Long Term Provisions	21.939.368	19.345.114
- Provisions for employee benefits	*19.056.066*	*14.703.269*
- Other long-term provisions	*2.883.302*	*4.641.845*
TOTAL LONG-TERM LIABILITIES	**59.096.084**	**141.128.490**
TOTAL LIABILITIES	**950.416.346**	**1.136.431.309**
EQUITY		
Equity attributable to equity holders of the parent	**1.777.661.385**	**1.869.585.296**
Paid-in Capital	58.000.000	58.000.000
Capital Adjustment Differences	156.170.484	156.170.484
Share Premiums/Discounts	485.230.196	485.230.196
Not to be Reclassified to Profit or Loss Accumulated Other Comprehensive Income or Expense	797.076	236.354
Gain (Loss) on Remeasurement	*797.076*	*236.354*
Gain on remeasurement of defined benefit plans (Losses)	*797.076*	*236.354*
Restricted Reserves	26.639.430	26.639.430
Retained Earnings	999.177.475	705.328.292
Net Profit / Loss for the Period	51.646.724	437.980.540
Non-controlling shares	**-**	**-**
TOTAL SHAREHOLDERS' EQUITY	**1.777.661.385**	**1.869.585.296**
TOTAL LIABILITIES AND EQUITY	**2.728.077.731**	**3.006.016.605**

	Financial Statements for the Current Period with Limited Audit 01.01-30.09.2024	Financial Statements for the Previous Period with Limited Audit 01.01-30.09.2023	Current period, not subject to limited independent audit 01.07-30.09.2024	Previous period, not subject to limited independent audit 01.07-30.09.2023
PROFIT OR LOSS				
Revenue	1.367.418.660	865.157.618	534.985.840	423.304.255
Cost of Sales	(1.021.410.368)	(596.508.025)	(385.306.130)	(286.732.907)
GROSS PROFIT / (LOSS)	**346.008.292**	**268.649.593**	**149.679.710**	**136.571.348**
General Administrative Expenses	(125.271.264)	(108.216.441)	(38.968.698)	(34.319.489)
Marketing Expenses	(38.172.521)	(29.958.685)	(11.466.159)	(13.741.360)
Research and Development Expenses	(15.474.041)	(17.077.930)	(3.335.906)	(12.954.757)
Other Operating Income	180.300.391	34.273.726	39.054.651	8.602.769
Other Operating Expenses	(140.148.533)	(70.697.869)	(21.029.846)	(12.233.330)
OPERATING PROFIT / (LOSS)	**207.242.324**	**76.972.394**	**113.933.752**	**71.925.181**
Income from Investing Activities	82.192.257	314.368.855	15.213.104	46.523.519
Expenses from Investing Activities	(974.175)	(436.034)	(41.056)	(419.949)
Share of Profit/Loss of Investments Accounted Through Equity Method	5.268.045	-	759.462	-
BEFORE FINANCIAL INCOME / (EXPENSE) OPERATING PROFIT / (LOSS)	**293.728.451**	**390.905.215**	**129.865.262**	**118.028.751**
Financing Revenues	131.393.829	163.747.813	50.035.459	121.520.134
Finance Expenses (-)	(98.999.956)	(118.320.207)	(28.701.659)	(90.855.327)
Monetary Gain / (Loss), net	(327.699.874)	(253.314.064)	(73.468.913)	(116.042.537)
CONTINUING OPERATIONS BEFORE TAX PROFIT / (LOSS)	**(1.577.550)**	**183.018.757**	**77.730.149**	**32.651.021**
Tax Income / (Expense) from Continuing Operations	**53.224.274**	**(92.039.297)**	**(11.314.073)**	**(26.141.650)**
Current Period Tax (Expense) / Income	-	(56.898.453)	-	(16.131.579)
Deferred Tax (Expense) / Income	53.224.274	(35.140.844)	(11.314.073)	(10.010.071)
PROFIT / (LOSS) FOR THE CURRENT PERIOD	**51.646.724**	**90.979.460**	**66.416.076**	**6.509.371**
Distribution of Profit / (Loss) for the Period	**51.646.724**	**90.979.460**	**66.416.076**	**6.509.371**
Non-controlling Interests	**-**	**-**	-	-
Parent Company Shares	51.646.724	90.979.460	66.416.076	6.509.371
Per Share Earnings	**0,89**	**1,58**	**1,15**	**0,11**

14. Key Milestones in Company Activities and Operations

a. Company Investments in the Current Accounting Period

As part of its expanding operations, SDT is undertaking the consolidation of its facilities, including offices dedicated to business partnerships, into a single location. This initiative involves the construction of a new campus, covering approximately 16,000 square meters of enclosed space, on a 30,376-square-meter 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. Under the scope of the construction investment, the project is being executed in line with the revised renovation license. Current activities include the completion of preliminary construction tasks, such as the pouring of column foundations, the construction of garden walls, and the assembly of prefabricated structures.

Negotiations with subcontractors and suppliers for external works, electrical systems, heating/cooling installations, and other internal services are in their final stages. The objective is to finalize agreements with all contractors and suppliers, with the aim of commencing the next phase of construction in the fourth quarter of 2024.

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%

	Parent Company's Equity Share in the Subsidiary		**Uncontrollable Equity Capital**
Subsidiary Shareholding Structure	**(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

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

	Parent Company's Equity Share in the Subsidiary		Uncontrollable Equity Capital
Partnership Shareholding Structure	**(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 September 30, 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 September 30, 2024, there have been no donations or grants made. (September 2023- None).

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

No Corporate Social Responsibility (CSR) activities were undertaken by the Company from January 1, 2024, to September 30, 2024, in relation to social rights, employee vocational training, or other initiatives with social and environmental impacts.

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.

Additionally, in 2022, the company secured a second contract for the production of ACMI Pods, this time with the Pakistan Air Force as part of an export venture. In a project analogous to the one planned in Turkey, 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 pod deliveries associated with this project were completed by June 2024. The project is scheduled for final completion in the last quarter of 2024.

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. This project is slated for completion by the last quarter of 2024.

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. Work on Phase 3 of the project is currently in progress.

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. In the context of this project, SDT has garnered expertise in infrastructure and application development, particularly in advanced software technologies related to digital twin, asset management, workflow data systems integration, and data processing. Recognizing the growing significance of the digital twin concept for analyzing, designing, implementing, and monitoring needs or processes, SDT is committed to further establishing itself as a key player in this domain within our country. Development reached full completion, and a comprehensive training and transfer plan was shared with the customer. As of 2024, the final iteration of the project was delivered to the organization, and the digital twin infrastructure software developments were transferred to the OTC software development team by March 31, 2024. SDT remains dedicated to contributing to the project through warranty, maintenance, and support activities until the culmination 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 and is anticipated to reach completion in the first quarter of 2025. The Portable COMINT System R&D Project was launched with the objective of creating a versatile mobile communication intelligence system capable of detecting broadband communication signals and executing precise direction detection. Within our In-House R&D Project, design and development endeavors are currently underway. The system's design incorporates materials that are not subject to ITAR regulations. Furthermore, our aim is to develop deep learning-based techniques for automatically classifying signals detected by the portable COMINT system and establishing a continuously updated threat library.

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 received an additional order for the Aircraft Control Hardware Unit, a system previously developed and currently in use in unmanned aerial vehicle (UAV) ground control stations. Deliveries for this order are scheduled to be completed in 2024.

Alongside the additional order, SDT secured new contracts for various VKS (Data Recording System) devices, developed for different avionic platforms. These new orders will be fulfilled over the course of 2024 and 2025. 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 begun. The deliveries for these projects are planned for completion in 2024 and 2025

Furthermore, between January 1, 2024, and September 30, 2024, the Company secured new orders totaling USD 17.079.377.

r. Remuneration Provided to the Members of the Board of Directors and Senior Management for the Period January 1, 2024, to September 30, 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 September 30, 2024, the total remuneration and benefits disbursed to the board of directors and senior executives amounted to TL 12.987.478 (compared to TL 13.977.948, 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:

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

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

	01.01-30.09.2024	01.01-30.09.2023
Sirius Tasarım Laboratuvarı Mühendislik A.Ş.	3.391.693	0
Gate-Tamgör Elektronik Sanayi Ticaret Limited Şirketi	2.130.396	1.788.189
Dormak İth. İhr. Müm. ve Dan. Tic. A.Ş.	2.046.427	41.740.205
Tamgör Elektronik Sanayi ve Ticaret Limited Şirketi	1.051.895	14.568.042
	8.620.411	58.096.436

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

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

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

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

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

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

According to Article 36 of the "Law No. 7524 on the Amendment of Tax Laws and Certain Laws and Decree Law No. 375" published in the Official Gazette dated August 02, 2024, the calculated corporate tax cannot be less than 10% of the corporate income before deducting discounts and exemptions, effective from January 01, 2025, the Group's income determined as exempt from corporate tax will be subject to domestic minimum corporate tax. Although this issue is considered as "an event after the reporting period that does not require an adjustment" within the scope of "TAS 10 Events After the Reporting Period" standard, studies to measure the effects of this issue on the Group's operations, cash flows and financial position in 2025 are ongoing as of the date of this report.

In the general assembly of the Parent Company held on May 30, 2024, it has been decided to pay the dividend payment amounting to gross TRY 130.192.124 in 3 installments. On August 13, 2024, the first installment of the related dividend amounting to TRY 48.822.047 was paid in cash.

The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST 13)," was closed on January 31, 2024.

The Parent Company's joint operation, "TAMGÖR - SDT Joint Operation (ST 14)," was closed on January 31, 2024.

Mehmet DORA
Chairman of the Board of Directors

Mehmet Veysel YAYAN
Independent Board Member