

SDT UZAY VE SAVUNMA TEKNOLOJİLERİ ANONİM ŞİRKETİ
(SDT SPACE AND DEFENSE TECHNOLOGIES INC.)

**REPORT ON THE ALLOCATION AND UTILIZATION OF FUNDS RAISED THROUGH
THE PUBLIC OFFERING AS OF 05 SEPTEMBER 2025**

Report Date : 05 September 2025
Report No : FKR – 04
Subject of the Report :

Pursuant to Article 33 of the Capital Markets Board’s VII.128-1 Share Circular, this report has been prepared by **SDT Space and Defense Technologies Inc.** to provide a formal assessment of whether the proceeds obtained from the public offering have been allocated and utilized in strict accordance with the provisions set forth in the prospectus.

Within the framework of our company’s registered capital ceiling of 750,000,000 TL, the issued capital was increased from 50,000,000 TL to 58,000,000 TL, and a public offering of 12,250,000 Group B bearer shares—comprising 8,000,000 newly issued shares and 4,250,000 shares held by existing shareholders—was conducted, with subscription requests collected between 28 and 29 December 2022.

In the current public offering of SDT shares, the public offering price for shares with a nominal value of 1.00 TL was set at 32.00 TL, resulting in a total offering size of 392,000,000 TL. The funds obtained from the capital increase and the public offering amounted to 256,000,000 TL.

Unfiltered demand for the offering was 20.5 times the allocated shares, with allocations oversubscribed by approximately 2.2 times for company employees, 11.2 times for individual investors, 36.0 times for domestic institutional investors, and 5.8 times for foreign institutional investors.

Public Offering Proceeds (28-29 December 2022)	Amount (TL)
Capital Increase Proceeds	256.000.000
Existing Shareholders’ Sale Proceeds	135.000.000
Total (Gross) Public Offering Proceeds	392.000.000

Company Funds Raised from the Public Offering	Amount (TL)
Gross Proceeds from the Public Offering Resulting from Capital Increase	256.000.000
Costs (TL)	16.800.000
Net Proceeds (TL)	239.200.000

In accordance with the prospectus and the fund utilization report approved by the Capital Markets Board on 22 December 2022, the allocation and deployment of proceeds from the public offering are detailed as follows.

1. Financing of machinery and equipment investments for the construction of a new settlement facility and the expansion of production capacity

SDT currently operates from three separate leased offices, two situated in **ODTÜ Teknokent** and one in **ASO Teknopark**, with a total enclosed area of **4,538 m²**. To streamline operations and enhance efficiency, SDT entered into land allocation agreements in 2020 for a **30,376 m² plot** within the Ankara Space and Aviation Specialized Organized Industrial Zone.

The new campus to be constructed on this land, designated as an **R&D Center** with a total enclosed area of **28,000 m²**, will consolidate all existing facilities, including offices currently used for joint venture activities, under a single roof.

The construction permit for the new facility has been obtained, and construction activities are scheduled to commence in 2022 following the public offering, with the objective of completing the relocation by 2024.

It is projected that approximately 70% of the funds raised through the public offering will be allocated to the construction of the new facility and the acquisition of additional machinery and equipment, which will enhance the Company's production capacity and be fully integrated into its existing operations.

By consolidating its highly skilled workforce and advanced technical expertise within a state-of-the-art facility, the Company aims to generate substantial value while simultaneously enhancing operational capacity and efficiency.

The total investment for the new facility is estimated at approximately 250 million TL for construction and 50 million TL for machinery and equipment, bringing the total investment to 300 million TL. Any additional funding required, beyond the portion financed through the public offering, is expected to be primarily sourced from the Company's own resources and, if necessary, supplemented through financial borrowing.

2. Allocation for Research and Development Activities

The SDT operates with the aim of providing competitive and innovative technological products and value-added engineering services to sectors targeted domestically and internationally, primarily in the defense industry, and has financed its R&D investments with its own resources to date.

SDT plans to use 20% of the proceeds from the public offering for research and development activities aimed at productization in its prioritized areas of activity, leveraging the intellectual capital accumulated since the company's inception and the expertise it has developed in depth.

SDT aims to allocate the funds for unique product development activities, enabling a balance between its project-based operations and product-based initiatives that can leverage broader marketing opportunities.

In R&D activities, where major costs include personnel salaries, materials, domestic and international engineering and services, travel, transportation, and shipping, the Company intends to allocate 20% of the net proceeds from the public offering to finance both ongoing and new R&D projects.

3. Development of Current and Future Projects and Funding Working Capital Needs

The company currently finances its activities primarily from internal resources and expects to cover 10% of the funding needed for current and potential projects through proceeds from a public offering. In this context, alongside business development activities aimed at reaching potential customers with mature products such as ACMI pods, jammers, aircraft arresting systems, firing simulators, guidance kits, and satellite ground station software—which can enhance the company's finances and strengthen its international positioning—the company aims to secure the necessary working capital to procure products, equipment, and services that will enable competitive domestic and international sales.

If needed, up to 5% of the funds may be reallocated among the items listed above, and the remaining proceeds from the public offering, after deducting offering costs, are planned to be used as follows.

Distribution of Fund Use	By percentage
Additional machinery and equipment investments for constructing a new facility and increasing production capacity on the land in the Ankara Space and Aviation Specialized Organized Industrial Zone	70
Research and development activities	20
Development of current and potential projects and meeting working capital needs	10
Total	100

In this context, as of September 5, 2025, the funds raised through the public offering have been utilized for its intended purposes, and the remaining amounts are detailed in the table below.

Distribution of Fund Use	Total Amount (TL)	Amount Used (TL)	Remaining Amount (TL)
Additional machinery and equipment investments for the construction of a new facility and expansion of production capacity on the land located in the Ankara Space and Aviation Specialized Organized Industrial Zone (67.50%) .	161.460.000,00	161.460.000,00	0
Research and development activities (17.50%) .	41.860.000,00	41.860.000,00	0
Development of current and potential projects and meeting working capital requirements (15%) .	35.880.000,00	35.880.000,00	0
Public Offering Costs	16.800.000,00	16.800.000,00	0
Total (100%)	256.000.000,00	256.000.000,00	0

The company has reallocated public offering proceeds, due to necessity, as outlined in the prospectus and fund utilization report approved by the Capital Markets Board on December 22, 2022.

In conclusion, it has been determined that the Company used all of the funds obtained from the public offering and capital increase in accordance with the stated purposes.

For your reference and consideration.

With highest regards,

Mehmet Veysel YAYAN
Chair

Necip Yalçın PEHLİVANTÜRK
Member