

aselsan

2024

Earnings Release

February 25, 2024

ASELSAN Celebrates Its 50th Year Anniversary with Records

ASELSAN announced its financial results for 2024 full year with inflation accounting applied. According to the statement made on the Public Disclosure Platform (KAP), ASELSAN's revenue in 2024 increased by 13% in real terms compared to the previous year, reaching 120 Billion TL. Compared to 2023, ASELSAN's EBITDA margin increased from 22% to 25%, while its net profit margin increased from 10% to 13%. ASELSAN achieved exports of 508 Million USD, with a 67% increase compared to the previous year. During the year, the company signed new contracts worth 6.5 Billion USD, bringing its Backlog to 14 Billion USD. The export contracts signed in 2024 has reached to 1 Billion USD, with a 70% increase. These levels were recorded as historical peaks.

Key Highlights from 2024:

- **New Contracts:** 6,5 Billion USD *(32% increase)*
 - **Export Contracts:** 1,017 Million USD *(70% increase)*
- **Backlog:** 14 Billion USD *(28% increase)*
- **Revenue:** 120 Billion TL *(13% increase)*
 - **Export:** 508 Million USD *(67% increase)*
- **EBITDA Margin:** 25% *(3-bp increase)*
- **Net Profit Margin:** 13% *(3-bp increase)*
- **Book-to-Bill Ratio:** 2
- **Baklog / Revenue:** 4,1

Consistent and Sustainable Growth

Continuing its consistent growth, ASELSAN's 2024 revenue grew by 13% in real terms compared to the previous year, reaching 120 Billion TL. In 2024, deliveries for Air Defence, Radar, Electronic Warfare, Guidance, Avionics, Electro-Optics, Naval Systems and Military Communication Systems constituted a significant share in 2024 revenue. Strong growth was achieved in international sales, both in terms of amount and proportion.

Operational Efficiency

ASELSAN has achieved significant success in recent years. In order to further accelerate these achievements, ASELSAN launched the aselsaneXt program in 2024 and started to carry out five main projects focused on people, process, technology, production and business development. The effects of this transformation program on productivity increase became observable in its first year. In 2024, ASELSAN's revenue per employee increased by 9%. ASELSAN implemented significant digital transformation projects in order to manage its inventory more effectively. According to the annual results, despite the 12%

increase in Company Assets, the improvement of 3-bp in the Stock/Active ratio was another reflection of the increase in efficiency.

As a result of localization activities, the increased use of domestic products as inputs in products and systems provided additional contributions. Localized products brought an average 22% cost advantage compared to their foreign counterparts.

ASELSAN took significant steps regarding its subsidiaries in 2024. As a result of reflecting the effective subsidiary management and focus strategy to subsidiaries, ASELSAN had a year in which subsidiaries contributed positively to net profit and net cash.

Developments in Product and Customer Portfolio

ASELSAN continued to expand its portfolio both in products and customers in 2024. In 2024, 29 new products entered the inventory. The company achieved in introducing new products to end users in high value-added technologies such as medium and long-range air defence systems, early warning radars, underwater systems, broadband communication, gimbaled electro-optical systems and rail system signaling.

ASELSAN successfully continued its customer diversification strategy. Compared to 2020, the number of domestic customers with whom contracts were signed increased from 180 to 394, while the number of international customers increased from 47 to 76. This strategy resulted in an increase in new contracts.

In 2024, ASELSAN signed export contracts with 7 countries for the first time, and succeeded in signing export contracts for 31 products for the first time. ASELSAN strengthened its relations with domestic platform manufacturers, especially with the contribution of new products, and signed export contracts for the first time with 6 platform manufacturers abroad.

Factors such as effective management, increased productivity, high value-added products in the inventory, customer diversification and increased exports had a positive impact on the company's profitability. Both Gross Profit and EBITDA increased by 31% compared to 2023. With an EBITDA margin of 25%, ASELSAN's net profit margin reached 13%. These developments in profitability were among the key indicators of the improvement in the company's operational efficiency.

Effective Cash and Financial Management

In 2024, ASELSAN increased its cash flow from operations by 77% and turned its free cash flow positive. During this period, ASELSAN's commercial debt decreased by 8%, and its net debt decreased by 17%. With these developments, ASELSAN reduced its Net Debt/EBITDA ratio from 0.8 in 2023 to 0.52 by the end of 2024. In this way, the company further improved its position, which was already below the sector average.

In previous years, ASELSAN allocated an average of 100 Million USD annually for fixed investments, but it has increased this allocation to an average of 250 Million USD in these areas. Similarly, ASELSAN has been increasing its R&D expenditures each year to adapt to rapidly changing trends in the battlefield. In 2024, the ratio of R&D performed with the Company's own resources to revenues was 7%.

The improvement in the company's cash flow, in a period when investments and R&D expenditures increased and commercial debts decreased, was a prominent development in 2024. A key factor in this improvement was the higher cash inflow from abroad as a reflection of its export-oriented growth strategy. Additionally, through effective financial management, the financial expenses incurred by the company decreased by 45% compared to the previous year.

ASELSAN marked its 50th anniversary with record-breaking achievements in its exports, new contracts, backlog, revenue, gross margin, EBITDA, and many other financial indicators. ASELSAN, which grows with an export-oriented approach, produces the best in class products, and develops game-changing technologies, has strongly confirmed future expectations.

ASELSAN CEO Ahmet Akyol evaluated 2024 financial results.

As ASELSAN, we are very happy that the high performance we achieved in 2024 has been reflected in our financial results. These developments are among the first concrete outcomes of our export-oriented growth strategy, which we have established with the aselsaneXt vision. As our financial results indicate, we are growing consistently. Our revenues are consistently increasing. We are transferring these increased revenues from high-tech products into critical projects for the future of ASELSAN and Türkiye. To make this growth sustainable, we are implementing new investments to strengthen our R&D and serial production infrastructure.

"Our Agenda is Export"

We have determined exports as the number one agenda of everyone at ASELSAN. We have increased the number of countries we operate in abroad to 20. We signed our first export contracts with 7 countries. We signed our first export contracts for 31 of our products. The ASEFLIR-500, which is the best camera in its field globally, came off the production line for the first time in February of last year. Within only one year, 16 countries demanded the ASEFLIR-500 from us. It also became the most demanded product from the Turkish defence industry in terms of the number of countries in a year.

"The Components of ÇELİKKUBBE Continue to Enter Inventory"

In 2024, 29 new products were added to our inventory. Each of these products represents a significant innovation in terms of quality and concept. In short-range air defence, we

were carrying out the mass production of KORKUT. By starting the serial production of HİSAR and SİPER, we have also moved into the medium and long-range segment. With ALP 300-G and ALP 100-G, we have provided the AESA-based early warning radar for the use of our forces. These four products are among the key systems that form the layered air defence concept, ÇELİKKUBBE, which we introduced last year.

MARLIN became the first unmanned sea vehicle to enter our navy's inventory. We also began integrating electronic warfare capabilities into unmanned vehicles. With our game-changing, beyond-horizon sonar, DÜFAS, we increased our military's submarine threat detection range by about 4 times. By this way, we extended our power from surface systems to the more challenging domain of underwater systems. Another significant product added to our inventory last year was our game-changing munition TOLUN, which can engage 8 targets in a single sortie from an aircraft.

We are also effectively using artificial intelligence in our new products. Last year, we launched the ASELSAN Artificial Intelligence Strategy. We focus on utilizing AI effectively in all our processes, not only in products but also in design, sales, human resources, production, after-sales, and procurement, aiming to digitalize our processes.

"We Are Turning Our Revenues Into New Investments"

During a period there are debates about production capacities and infrastructure inadequacies in Europe, we are strongly increasing our investments.

We are transferring a significant portion of our revenues into investments that will enhance our serial production capacity. Within this scope, we have implemented an investment of approximately 40 Million USD for the Electro-Optical FLIR Production Facility and a 50 Million USD Radar Integration Center, achieving a significant increase in capacity.

In addition to our investments in serial production infrastructure, our R&D investments continue to grow. We are the company with the most R&D projects in Türkiye.

"Our Strength is Our People"

While focusing on current achievements, it is also crucial to be prepared for the future in the best way possible. As we invest in infrastructure and R&D, we place great significance on developing our human resources. ASELSAN's greatest strength is its human resources. We work with Türkiye's most qualified workforce, and we are working to make this talented team even more qualified. We constitute personalized training programs for our employees. For our managers, we implement the ASELSAN Micro MBA Program. Through the ASELSAN Academy Program, we offer postgraduate education opportunities to our employees. Last year, we significantly increased employee engagement and satisfaction, which makes us very happy. Another development pleased us is that the number of

engineers living abroad and desire to return to ASELSAN has increased more than four times. ASELSAN is strengthening its identity as a magnet for Türkiye's brightest minds.

"Our Goal is to Be in the Top 30 by 2030"

Last year, we climbed 5 place in the list of the world's largest defence industry companies, reaching 42nd place. We became one of the 10 fastest-growing defence industry companies in the world. To become an even more significant player in the global defence league, we are implementing a comprehensive Transformation Program. Under the program named aselsaneXt, we are running 5 main projects focused on people, processes, technology, production, and business development.

We started to see the positive impacts of aselsaneXt in its first year. Our vision is to be one of the world's top 30 defence industry companies by the end of 2030. The financial results of 2024 have clearly shown signs that we are on track to bring this vision to life.

Signed Contracts

ASELSAN, which has had a year full of records in terms of signing new contracts, a total of 6,5 Billion USD worth of contracts in 2024, marking a 32% increase compared to the previous year. As a result, ASELSAN's Backlog, which was 11 Billion USD at the end of 2023, increased by 28% to reach 14 Billion USD. The value of ASELSAN's international contracts signed in 2024 increased by 70% compared to the same period last year, reaching a historic peak of 1,017 Billion USD.

This success in acquiring new business is primarily due to ASELSAN's new products. The company, which can provide payloads for various platforms, from submarines and land vehicles to unmanned systems and satellites, continued to develop these products both in terms of quantity and quality. In 2024, ASELSAN provided communication capabilities both submarines and satellites. The company, which had previously provided electronic warfare capabilities to land and naval vehicles, also equipped unmanned air vehicles with this capability. In addition to the conventional ground surveillance radars, ASELSAN added AESA-based early warning and nose radars. The company also extended its air defence capabilities, which were effective at low altitudes, to medium and high altitudes with the HİSAR and SİPER systems.

Significant Orders in 2024

• Significant Orders in the First Quarter of 2024:

- The Contract for the export of Intelligent Transportation Systems signed with an international customer.
- The Contract for the export of guidance kits and airborne electro-optical system to international end users.

- The Contract signed with TCDD Transportation On-Board Signaling equipment procurement contract signed with TCDD Transportation.
- The Contract signed with Ministry of National Defence of the Republic of Türkiye Smart AmmunitionSupply contract for the Turkish Armed Forces.
- The procurement contract for the Close-In Weapon Systems signed with the Presidency of The Republic of Türkiye Secretariat of Defence Industries.

• **Significant Orders in the Second Quarter of 2024:**

- The Contract for the export of Defence Systems including Electronic Warfare, Radar, Sonar Systems and Guidance Kits signed with for end use by customers located in Asia and the Middle East.
- The contract regarding the satellite payloads signed with TAI - Turkish Aerospace Industries Inc.
- The Contract for MİLGEM 9-12 Ships Combat Systems and Payloads.
- The Contract for City Security Systems signed with the Presidency of The Republic of Türkiye Secretariat of Defence Industries.

• **Significant Orders in the Third Quarter of 2024:**

- The contract signed with customers in the Asia-Pacific region for the sale of payloads consisting of Remote-Controlled Weapon System for land platforms and Remote-Controlled Weapon System for Naval Platforms, Radar, Inertial Navigation, Friend or Foe Recognition Systems and Electronic Warfare Suite.
- The Contract for the export Air Defence Systems signed with end use of an international customer.
- The Contract for the export of Systems containing payloads to Naval Platforms signed with end use by an international customer.
- The Contract for Electronic Warfare Systems signed with the Presidency of The Republic of Türkiye Secretariat of Defence Industries.
- The Contract for the supply of Air Defence Missile Subsystems signed with ROKETSAN.

• **Significant Orders in the Fourth Quarter of 2024:**

- An export contract with a customer located in the European Union regarding the sales of land weapon systems.
- An agreement with a platform manufacturer in an EU member country regarding the export of payloads consisting of radar and electro-optic systems.

- An export contract with BAYKAR for the end users in Asia and Africa regarding the export of payloads including friend or foe recognition system, satellite communication, guidance, air electro-optic systems.
- An export contract with HAVELSAN regarding the export of radar and friend-foe recognition systems for the end-use of an Asia- Pacific country.
- An export contract with STM for the use of a country in Asia – Pasific region regarding the export of payloads including electronic warfare suite, radar systems, friend-or-foe recognition system and remote-controlled weapon system.
- An agreement regarding to the production of Air Defence Systems with Presidency of The Republic of Türkiye Secretariat of Defence Industries.
- An agreement regarding to the aircraft payloads including Avionics, Communication, Radar, Electronic-Warfare, Electro-Optic, Navigation and Guidance systems development and procurement with TUSAŞ.
- An agreement with Türkiye Ministry of National Defence regarding the supply of Guidance Kits for Turkish Armed Forces.



2024 Financial Highlights

(Million TL)

Income Statement Items	December'24	December'23	Δ%
Revenue	120.206	106.252	13
Gross Profit	38.158	29.028	31
Gross Profit Margin	%32	%27	▲
Operating Profit (EBIT)	26.935	18.228	48
Operating Profit Margin (EBIT)	%22	%17	▲
EBITDA	30.234	23.140	31
EBITDA Margin	%25	%22	▲
Net income	15.299	10.526	45
Net Profit Margin	%13	%10	▲

(Million TL)

Balance Sheet Items	December'24	December'23	Δ%
Current Assets	106.119	105.229	1
Non-Current Assets	136.679	112.174	22
Total Assets	242.798	217.403	12
Liabilities	101.438	89.800	13
Equity	141.359	127.603	11
Liabilities & Equity	242.798	217.403	12

(Billion USD)

Financial Highlights	December'24	December'23	Δ%
New Contracts	6,5	5	31
Backlog	14	10,9	28

Ratios	December'24	December'23
Current Ratio	1,52	1,45
Asset Turnover Ratio	0,52	0,50
Total Equity/Total Assets	0,58	0,59
Fixed Assets/Total Assets	0,56	0,52
Return on Equity	0,11	0,09
Return on Assets	0,07	0,05
Revenue per Employee (Million TL)	10,01	9,20
Number of Employees (Average)	12.014	11.550

2025 Guidance

	w/ IAS 29
Revenue Growth (%)	> 10
EBITDA Margin (%)	> 23
CAPEX (Billion TL)	> 20

ASELSAN financial reports can be accessed through the link:
<https://www.aselsan.com/en/investor-relations/financial-reports>

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<https://www.aselsan.com/en/investor-relations/investor-presentations>

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FORWARD LOOKING STATEMENTS

With the Capital Markets Board of Türkiye Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies provisions.

Accordingly, this presentation on 2024 year-end financial results contain the Company's audited financial information prepared according to Turkish Accounting / Financial Reporting Standards by application of IAS 29 Financial Reporting in Hyperinflationary Economies provisions, in accordance with CMB's decision dated 28.12.2023. In addition to these, given that the guidance information and the 2023 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor presentations were provided. Such supplementary information is made available only for this period, and contains unaudited financial information prepared for management reporting purposes.

This presentation does contain forward-looking statements and figures that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. Although it is believed that the expectations reflected in these statements are reasonable under current conditions, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ. Neither ASELSAN nor any of its directors, managers, or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.