

Corporate Credit Rating

New Update

Sector: Aerospace and Defense Industry

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| RATINGS | | Long Term | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile) | National ICR | A+ (tr) | J1 (tr) |
| | National ICR Outlooks | Stable | Stable |
| | International FC ICR | BB | - |
| | International FC ICR Outlooks | Stable | - |
| ISRs (Issue Specific Rating Profile) | International LC ICR | BB | - |
| | International LC ICR Outlooks | Stable | - |
| | National ISR | - | - |
| Sovereign* | International FC ISR | - | - |
| | International LC ISR | - | - |
| | Foreign Currency | BB (Stable) | - |
| | Local Currency | BB (Stable) | - |

* Affirmed by JCR on September 01, 2025

Altınay Savunma Teknolojileri Anonim Şirketi

JCR Eurasia Rating, has evaluated "Altınay Savunma Teknolojileri Anonim Şirketi" in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from 'AA (tr)' to 'A+ (tr)' and the Short-Term National Issuer Credit Rating from 'J1+ (tr)' to 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed as 'BB/Stable' as parallel to international ratings and outlooks of the Republic of Türkiye.

Altınay Savunma Teknolojileri A.Ş. (referred to as 'the Company' or 'Altınay Savunma'), named "Altınay Havaçılık ve İleri Teknolojiler Sanayi Ticaret Anonim Şirketi," was established as a joint stock company in Istanbul on May 27, 2014. In 2021, it changed its trade name to "Altınay Savunma Teknolojileri Anonim Şirketi". The main activity of the Company is to operate in the fields of design, development, manufacturing, system integration/modernization, and after-sales services of motion control systems, unmanned systems, weapon systems, invisibility systems, ammunition disposal, and critical production systems. The Company continues its engineering and R&D activities in Teknopark Istanbul campus and production and engineering activities in Şekerpinar campus. As of May 2024, the Company's R&D and production facility, with a closed area of 12,349 m², commenced operations in the Machinery Organized Industrial Zone, located in Dilovası, Kocaeli. The Company also operates two branches in Kocaeli and one branch in Ankara.

The Company's ultimate controlling shareholder is Hakan Altınay, holding a 60% share, while the remaining 40% of the Company's shares have been publicly traded on Borsa Istanbul (BIST) with the ticker of 'ALTNY' since May 2024. As of FYE2025, the consolidated financial statements include the Company and its subsidiaries, which are Dasal Havaçılık Teknolojileri A.Ş. ("Dasal") and Taac Havaçılık Teknolojileri San. ve Tic. A.Ş. ("Taac"), are mainly active in the production of UAVs and flight and motion control systems in the National Aviation and Aerospace sector, respectively. As of FYE2025, the Company and its subsidiaries employed a total of 673 people (FYE2024: 617).

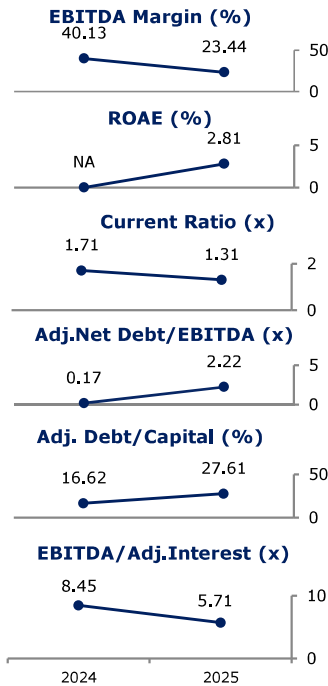
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Growth in sales over the years driven by capacity expansion investments and a strong backlog position supporting revenue visibility for the upcoming periods,
- Sufficient leverage and interest coverage ratios albeit slight deterioration in 2025, driven by rising financial indebtedness and lower EBITDA generation,
- Adequate gross and EBITDA margins over the years despite the decline in 2025, reflecting the transition from the development phase to serial production and changes in project mix,
- Ongoing solid equity supported mainly by internal resources and share premium over the last two consecutive years,
- Moderate share of received advances on funding composition of projects relieving liquidity management to some extent,
- Immaterial level of doubtful trade receivables over the analysed years thanks to working with well-known public institutions,
- Developing defense-oriented products and project-based solutions with a strong emphasis on R&D investments, supporting technological capability.

Constraints

- Negative CFO and FOCF realization in reviewed periods due to prolonged cash conversion cycle and ongoing investments, elevating external funding needs,
- Inherent customer concentration risk stemming from the limited number of major players in the defense industry, along with industry-specific risks,
- As actions for a global soft landing gain prominence, geopolitical risks and decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



NA: Not Applicable

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been revised from 'AA (tr)' to 'A+ (tr)'. Considering the Company's sizeable backlog level, sufficient leverage and interest coverage indicators, adequate profit margins, contribution of the received advances for ongoing projects to liquidity, asset quality, customer portfolio as well as contraction in cash flow metrics, customer concentration risk, and tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings have been affirmed at 'Stable'. The Company's progress in ongoing projects, capability of undertaking new projects, indebtedness level, profitability figures, liquidity metrics, debt service capacity, the consequences of the investment on the operations and the possible impacts of the global macroeconomic policies on Türkiye's economy and its effects on the Company's activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.