

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
AUDIT COMMITTEE REPORT ON THE USE OF PROCEEDS OBTAINED FROM CAPITAL INCREASE

With the Ordinary General Assembly resolution of our Company dated April 2, 2018 and our Board of Directors resolution no. 994/1 dated May 18, 2018, it has been resolved that our Company's issued share capital of TL 1,000,000,000 shall be increased by TL 140,000,000 to TL 1,140,000,000 within the registered capital ceiling of TL 2,000,000,000; 140,000,000 shares with a nominal value of TL 140,000,000 shall be issued as group B registered shares and shall be offered to public by restricting all of the preemptive rights of our current shareholders.

Within this framework, an application has been made to the Capital Markets Board of Turkey on 17.04.2018. According to Article 33 of the Capital Markets Board's Communiqué of Shares titled "Explanations on use of proceeds obtained from capital increases" dated 22.06.2013; numbered VII-128.1; *"(1) In public offering of shares of non-public corporations through capital increase, and in capital increases of public corporations, the shares of which are traded in the exchange, a report explaining for which purposes the proceeds obtained from capital increases will be used is required to be issued, and this report is required to be decided by the board of directors, and to be sent to the Board and disclosed to public at the time of application to be filed to the Board for approval of prospectus or issue document. A report verifying whether the proceeds obtained from capital increase are used as specified and stipulated or not is required to be prepared and issued by public corporations within ten business days following the date of publishing of their initial two financial statements containing the results of capital increases and disclosed to public as from the starting date of trading of their shares in the exchange, or by public corporations, the shares of which are traded in the exchange, within ten business days following the date of publishing of their initial two financial statements containing the results of capital increases and disclosed to public as from the date of completion of capital increase, and said report is required to be published in the corporation's internet site and in Public Disclosure Platform. This obligation is performed by the audit committee of the corporation. As for the corporations who are not liable to appoint an audit committee, this obligation is performed by the board of directors. (2) If and when the proceeds obtained from capital increase are fully used as of a date subsequent to the dates of explanations to be made within the frame of first paragraph of this article, it is required to publish a public disclosure of material event within ten business days following the date of full use of the funds."* In accordance with the provision, the use of proceeds to be obtained was disclosed to the public with the resolution of the Board of Directors of our Company dated 02.05.2018 and numbered 991.

As a result of the domestic and foreign book building activities carried out between 31 May and 1 June 2018, all shares of our Company, which were offered to public, were sold and our Company obtained proceeds of TL 2,989,000,000- from the public offering.

The Company has been utilizing these funds in short term monthly deposit accounts.

On the other hand, efforts are underway to use the proceeds obtained from the public offering, which was carried out for further growth of our Company, as described in the Board of Directors Report. The amount allocated to new technology and innovation areas has partly been used and the majority of amount allocated to working capital has been used as of

30.09.2018. The company continues to work on self-financed R&D activities as well as negotiations on mergers, acquisitions and international collaborations.

It is submitted to inform public and investors.

Prof. Dr. İbrahim ÖZKOL

Independent Member of Board of Directors
Audit Committee Chairman

Prof. Dr. Mehmet ARIK

Independent Member of Board of Directors
Audit Committee Member

Prof. Dr. Ercüment ARVAS

Independent Member of Board of Directors
Audit Committee Member