

**(Convenience Translation of Consolidated Financial
Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)**

**ASELSAN ELEKTRONİK
SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR
ENDED 31 DECEMBER 2025 WITH INDEPENDENT
AUDITORS' REPORT THEREON

24 February 2026

This report contains independent audit report comprising
consolidated financial statements and footnotes
comprising 95 pages.

(Convenience Translation of Independent Auditor's Report Originally Issued In Turkish)

INDEPENDENT AUDITOR'S REPORT

TO THE GENERAL MEETING OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

A. Independent Audit of the Consolidated Financial Statements

1. Opinion

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ ("Company") and its subsidiaries (collectively referred to as the "Group") We have audited the financial statements of ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, together with a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2025, and its financial performance and cash flows for the year then ended, in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our independent audit was conducted in accordance with the International Standard on Auditing ("ISA"), which are part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and accepted within the framework of the Capital Markets Board (CMB) regulations. Our responsibilities under these Standards are detailed in the section of our report entitled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" We declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) ("Ethical Rules") issued by the POA and the ethical principles related to the independent audit of consolidated financial statements contained in the Capital Markets Board (CMB) legislation and other relevant legislation. We have also fulfilled other ethical responsibilities under the Ethical Rules and legislation. We believe that the independent audit evidence obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are the matters that, in our professional judgment, are of most significance in our audit of the consolidated financial statements for the current period. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, and we do not express a separate opinion on these matters.

Key Audit Matters

How the Issue is Handled in Audits

Recognition of revenue from customer contracts

Revenue is recognized in the financial statements based on the transaction price in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers. The transaction price represents the amount the entity expects to receive in exchange for transferring its promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Group recognizes the relevant amount as revenue upon the transfer of control of goods and services to the customer.

A significant portion of the Group's revenue is recognized on a time-based basis under the relevant standard. Considering the Group's business model, the recognition of revenue over time has been identified by us as a key audit matter due to the judgment and estimation requirements in applying the relevant standard, the uncertainties in determining measurement and completion rates, and the calculations based on management assumptions.

Our audit procedures applied to recognize revenue from customer contracts include the following:

- Customer contracts selected by the Group using sampling methods were reviewed; the determination of performance obligations, the determination of the transaction price, and the timing of revenue recognition were assessed for compliance with IFRS 15.
- We analyzed whether the criteria for recognizing revenue over time were met; management's assessments were tested in light of indicators of control transfer and contract terms.
- The completion rates used in selected projects were tested against actual costs, budgets, and technical progress reports, and the reasonableness of management's estimates and assumptions was questioned.
- The mathematical accuracy of revenue calculations was verified through recalculation.
- Whether revenue was recognized in the correct period was evaluated using analytical review procedures; the disclosures in the financial statement notes were examined for compliance with the requirements of the relevant standard.

Key Audit Matters (Continued)

Capitalized Development Costs

Development costs related to projects developed within the company and approved by management are capitalized in accordance with the provisions of IAS 38 Intangible Assets.

In accordance with the aforementioned standard, expenditures related to the development phase;

- The project must be technically feasible,
- The intention and ability to use or sell it upon completion,
- The reasonable expectation that it will provide economic benefits in the future,
- The availability of the necessary technical, financial, and other resources, and
- The ability to reliably measure the expenses incurred.

Expenditures related to the research phase are expensed in the period in which they are incurred.

As of December 31, 2025, development costs amounting to net TL 36,236,921 thousand related to projects meeting the above criteria have been reported under intangible assets.

For these reasons, development costs have been determined by us as a key audit matter.

Our audit procedures for capitalized development costs include the following:

- Reviewing the nature of capitalized development costs for each project and assessing whether the expenses relate to the development phase rather than the research phase,
- Testing management's assessments of the technical feasibility, commercial viability, and future economic benefit potential of projects in the development phase,
- Performing detailed tests on a sample basis for capitalized development costs; verifying that the costs are directly attributable to the project and accounted for in the correct period,
- Reviewing the design and operational effectiveness of the Group's internal control mechanisms related to project approval, budgeting, and capitalization processes,
- Conducting interviews with project engineers and managers who carry out research and development activities within the relevant sector presidencies to obtain assessments regarding the current status of projects, their completion level, and the recoverability of capitalized amounts, and comparing these assessments with supporting evidence.

4. Other Matters

The consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another independent auditor who expressed an unmodified opinion on those financial statements in their auditor's report dated 25 February 2025.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Turkish Financial Reporting Standards ("TFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Turkish Standards on Auditing ("TSAs") will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and evaluate the appropriateness of management's use of the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit and remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Report on Other Legal and Regulatory Requirements

1. In accordance with paragraph four of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the Auditor's Report on the Early Detection of Risk System and Committee has been submitted to the Board of Directors of the Group on 24 February 2026.
2. In accordance with paragraph four of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that, for the period 1 January – 31 December 2025, the Group's bookkeeping practices and the consolidated financial statements are not in compliance with the provisions of the law and the financial reporting requirements set out in the Group's articles of association.
3. In accordance with paragraph four of Article 402 of the TCC, the Board of Directors has provided the explanations requested within the scope of the audit and submitted the required documents.

The engagement partner who supervised and concluded this independent audit is Ali Osman EFLATUN.

24 Şubat 2026

ALİ OSMAN EFLATUN
Engagement Partner



KARAR BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.
Member Firm of Abacus
Ankara,

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ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Note References	Audited	
		31 December 2025	31 December 2024
ASSETS			
Current Assets		174.984.061	138.901.174
Cash and Cash Equivalents	3	29.086.476	21.776.847
Trade Receivables	6	38.859.628	37.114.995
<i>From Related Parties</i>	5	32.068.651	16.550.325
<i>From Third Parties</i>		6.790.977	20.564.670
Other Receivables	7	5.108.072	3.253.250
<i>From Third Parties</i>		5.108.072	3.253.250
Inventories	9	73.660.730	56.901.022
Prepaid Expenses	10	22.448.541	15.984.609
<i>From Related Parties</i>	5	2.970.874	2.503.015
<i>From Third Parties</i>		19.477.667	13.481.594
Other Current Assets	19	5.820.614	3.870.451
Non-Current Assets		256.603.268	178.901.344
Financial Investments	31	31.618.864	10.588.384
Trade Receivables	6	87.944.574	71.963.031
<i>From Related Parties</i>	5	42.805.303	52.540.861
<i>From Third Parties</i>		45.139.271	19.422.170
Other Receivables	7	16.226	15.574
<i>From Third Parties</i>		16.226	15.574
Equity Accounted Investments	8	1.456.312	1.743.827
Property, Plant and Equipment	11	64.659.079	48.896.428
Rights of Use Assets	12	16.088.715	69.015
Intangible Assets	13	37.282.525	28.575.529
Prepaid Expenses	10	7.197.250	4.893.646
<i>From Related Parties</i>	5	534.466	1.736.853
<i>From Third Parties</i>		6.662.784	3.156.793
Deferred Tax Assets	29	8.732.494	10.665.194
Other Non-Current Assets	19	1.607.229	1.490.716
TOTAL ASSETS		431.587.329	317.802.518

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Note References	Audited	
		31 December 2025	31 December 2024
LIABILITIES			
Current Liabilities		126.229.330	91.312.082
Short-term Financial Liabilities	32	13.125.911	17.755.196
Short-term Portion of Long-term Financial Liabilities	32	24.902.275	12.134.745
Trade Payables	6	37.964.626	25.864.958
<i>To Related Parties</i>	5	1.981.116	3.218.141
<i>To Third Parties</i>		35.983.510	22.646.817
Employee Benefit Obligations	18	4.028.326	4.634.321
Other Payables	7	944.037	718.025
<i>To Related Parties</i>	5	674.411	445.500
<i>To Third Parties</i>		269.626	272.525
Government Grants and Incentives	14	75.860	86.433
Deferred Income	10	27.266.291	17.021.902
<i>To Related Parties</i>	5	10.896.206	7.942.904
<i>To Third Parties</i>		16.370.085	9.078.998
Corporate Tax Liability	29	1.860.854	--
Short-term Provisions		15.943.703	13.050.744
<i>For Employee Benefits</i>	18	5.896.110	4.002.566
<i>Other</i>	16	10.047.593	9.048.178
Other Current Liabilities	19	117.447	45.758
Non-Current Liabilities		53.571.705	41.462.618
Long-term Financial Liabilities	32	5.028.364	12.731.534
Trade Payables	6	24.432	--
<i>To Third Parties</i>		24.432	--
Other Payables	7	13.043	25.263
<i>To Third Parties</i>		13.043	25.263
Deferred Income	10	37.979.643	15.482.562
<i>To Related Parties</i>	5	35.278.438	9.167.927
<i>To Third Parties</i>		2.701.205	6.314.635
Long-term Provisions		10.310.334	13.170.668
<i>Long-term Provisions for Employee Benefits</i>	18	1.797.161	1.376.145
<i>Other</i>	16	8.513.173	11.794.523
Other Non-Current Liabilities	19	215.889	52.591

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2025**

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.

	Note References	Audited	
		31 December 2025	31 December 2024
EQUITY		251.786.294	185.027.818
Equity Attributable to Equity Holders of the Parent		250.430.356	183.640.090
Share Capital	20	4.560.000	4.560.000
Inflation Adjustments on Share Capital Differences	20	33.083.417	33.083.417
Share Premiums		27.493.556	27.493.556
Other Comprehensive Income / (Expense) that will not be Reclassified to Profit or (Loss)		23.941.002	4.341.667
<i>Gain on Revaluation of Property, Plant and Equipment</i>		12.105.918	6.013.917
<i>Gain on Revaluation of Rights of Use Assets</i>		14.032.343	--
<i>Gain/ Loss on Remeasurement of Defined Benefit Plans</i>		(2.197.259)	(1.672.250)
Other Cumulative Comprehensive Income / (Expense) will be Reclassified to Profit/Loss		17.517.291	(794.123)
<i>Gain (Loss) on Financial Assets That Fair Value Difference</i> <i>Reflect in Other Comprehensive income</i>		17.683.065	(641.237)
<i>Cumulative Translation Adjustments</i>		(165.774)	(152.886)
Restricted Reserves	20	7.187.402	6.647.202
Retained Earnings		106.698.171	88.283.540
Net Profit for the Year		29.949.517	20.024.831
Non-Controlling Interests		1.355.938	1.387.728
TOTAL LIABILITIES AND EQUITY		431.587.329	317.802.518

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Note References	Audited	
		1 January- 31 December 2025	1 January- 31 December 2024
PROFIT OR LOSS			
Revenue	21	180.444.938	157.339.507
Cost of Sales (-)	21	(123.017.908)	(107.393.487)
GROSS PROFIT		57.427.030	49.946.020
General Administrative Expenses (-)	22	(6.236.808)	(6.905.402)
Marketing Expenses (-)	22	(3.157.587)	(3.441.951)
Research and Development Expenses (-)	22	(6.252.189)	(4.343.337)
Other Operating Income	23	32.480.836	22.878.264
Other Operating Expenses (-)	23	(25.115.427)	(22.379.614)
OPERATING PROFIT		49.145.855	35.753.980
Income From Investing Activities	24	867.435	111.391
Shares of Profit of Equity Accounted Investees	8	(254.222)	(75.910)
OPERATING PROFIT BEFORE FINANCIAL EXPENSE		49.759.068	35.789.461
Financial Income	25	3.553.253	2.314.423
Financial Expense (-)	26	(13.369.696)	(9.130.574)
Monetary Gain/(Loss)	27	(13.552.013)	(18.153.970)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		26.390.612	10.819.340
Tax Income from Continuing Operations		3.527.115	9.105.981
- Current Corporate Tax Expense(-)	29	(2.374.952)	(70.776)
- Deferred Tax Income	29	5.902.067	9.176.757
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		29.917.727	19.925.321
Profit for the Period Attributable to		29.917.727	19.925.321
Non-Controlling Interest		(31.790)	(99.510)
Owners of the Company	30	29.949.517	20.024.831
		29.917.727	19.925.321
Earnings for per 100 Shares (in full kuruş)	30	656,79	439,14

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS and OTHER COMPREHENSIVE INCOME FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2025**

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Note References	Audited	
		1 January- 31 December 2025	1 January- 31 December 2024
PROFIT FOR THE YEAR		29.917.727	19.925.321
OTHER COMPREHENSIVE INCOME			
Items that will not to be Reclassified Subsequently in Profit or Loss		19.599.335	182.636
Gain on Remeasurement of Defined Benefit Plans	18	(700.012)	(454.363)
Gain on Revaluation of Property, Plant and Equipment	28	6.962.286	598.181
Gain on Revaluation of Rights of Use Assets	28	16.036.964	--
Deferred Tax Expense	28-29	(2.699.903)	38.818
Items that may be Reclassified Subsequently to Profit or Loss		18.311.414	(900.446)
Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive income	28	20.942.059	(732.841)
Cumulative Translation Adjustments	28	(12.888)	(259.209)
Deferred Tax Expense	28-29	(2.617.757)	91.604
OTHER COMPREHENSIVE INCOME		37.910.749	(717.810)
TOTAL COMPREHENSIVE INCOME		67.828.476	19.207.511
Total Comprehensive Income Attributable to			
Non-Controlling Interest		(31.790)	(99.510)
Owners of the Company		67.860.266	19.307.021
		67.828.476	19.207.511

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Other Comprehensive Income / Expense that will not to be Reclassified Subsequently to Profit or Loss						Other Comprehensive Income / Expense that may not to be Reclassified Subsequently to Profit or Loss		Retained Earnings					
	Share Capital	Inflation Adjustments on Share Capital	Share Issuance Premiums/ (Discounts)	Gain on Revaluation of Property, Plant and Equipment	Gain on Revaluation of Rights of Use Assets	Remeasurement of Defined Benefit Plans	Gain (Loss) on Financial Assets That Fair Value Difference Reflect in Other Comprehensive Income	Translation Reserves	Restricted Reserves	Retained Earnings	Net Profit/(Loss) for the Year	Equity Attributable to Owners of the Company	Non-Controlling Interests	Equity
Balance as of 1 January 2024	4.560.000	33.083.417	27.493.556	5.490.509	--	(1.331.478)	--	106.323	6.580.447	75.240.286	13.777.558	165.000.618	2.020.851	167.021.469
Transfers	--	--	--	--	--	--	--	--	66.755	13.043.254	(13.110.009)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	523.408	--	(340.772)	(641.237)	(259.209)	--	--	20.024.831	19.307.021	(99.510)	19.207.511
Consolidation Effect of Share Change in Establishment	--	--	--	--	--	--	--	--	--	--	--	--	(533.613)	(533.613)
Dividends	--	--	--	--	--	--	--	--	--	--	(667.549)	(667.549)	--	(667.549)
Balance as of 31 December 2024 (Closing Balance)	4.560.000	33.083.417	27.493.556	6.013.917	--	(1.672.250)	(641.237)	(152.886)	6.647.202	88.283.540	20.024.831	183.640.090	1.387.728	185.027.818
Balance as of 1 January 2025	4.560.000	33.083.417	27.493.556	6.013.917	--	(1.672.250)	(641.237)	(152.886)	6.647.202	88.283.540	20.024.831	183.640.090	1.387.728	185.027.818
Transfers	--	--	--	--	--	--	--	--	540.200	18.414.631	(18.954.831)	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Comprehensive Income	--	--	--	6.092.001	14.032.343	(525.009)	18.324.302	(12.888)	--	--	29.949.517	67.860.266	(31.790)	67.828.476
Consolidation Effect of Share Change in Establishment	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	--	(1.070.000)	(1.070.000)	--	(1.070.000)
Balance as of 31 December 2025 (Closing Balance)	4.560.000	33.083.417	27.493.556	12.105.918	14.032.343	(2.197.259)	17.683.065	(165.774)	7.187.402	106.698.171	29.949.517	250.430.356	1.355.938	251.786.294

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

	Note References	Audited	
		1 January- 31 December 2025	1 January- 31 December 2024
A.Cash Flows from Operating Activities		48.901.969	28.033.716
Profit for the Period		29.917.727	19.925.321
Adjustments to Reconcile Profit for the Period		35.397.234	27.698.580
- Adjustments for Depreciation and Amortization Expense	11-12-13	5.548.597	4.318.827
- Adjustments for Impairment Loss (Reversal of Impairment Loss)		503.012	(174.937)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables</i>	6	(10.059)	(57.851)
<i>Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories</i>	9	513.071	(117.086)
- Adjustments for Provisions		10.878.972	17.026.409
<i>Adjustments for (Reversal of) Provisions Related with Employee Benefits</i>	18	3.486.099	2.545.670
<i>Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions</i>	16	1.587.083	8.406.750
<i>Adjustments for (Reversal of) Warranty Provisions</i>	16	6.146.505	5.263.727
<i>Adjustments for (Reversal of) Other Provisions</i>	16	(340.715)	810.262
- Adjustments for Interest (Income) Expenses		(494.685)	(462.359)
<i>Adjustments for Interest Income</i>	23-25	(1.937.850)	(1.384.580)
<i>Adjustments for Interest Expense</i>	23-26	1.443.165	922.221
- Adjustments for Retained Profit of Equity Accounted Investees	8	254.222	75.910
- Adjustments for Tax (Income)/Expenses	29	(3.527.115)	(9.105.981)
- Other Adjustments for which Cash Effects are Investing or Financing Cash Flow		8.468.815	12.888.893
- Other Adjustments to Reconcile Profit (Loss)		13.765.416	3.131.818
Changes in Working Capital		(10.541.086)	(14.037.368)
- Decrease (Increase) in Trade Receivables		(21.943.540)	2.901.324
- Decrease (Increase) in Other Receivables Related with Operations		(1.855.474)	(135.940)
- Decrease (Increase) in Inventories		(16.631.373)	4.509.077
- Decrease (Increase) in Prepaid Expenses	10	(7.802.898)	1.055.819
- Increase (Decrease) in Trade Payables		13.658.624	(1.044.734)
- Increase (Decrease) in Employee Benefit Obligations		(605.995)	2.357.748
- Adjustments for Stage of Completion of Construction or Service Contracts in Progress		(3.589.665)	(18.443.148)
- Increase (Decrease) in Other Operating Payables		(856.208)	(417.857)
- Increase (Decrease) in Government Grants and Subsidies		(10.573)	(22.180)
- Increase (Decrease) in Deferred Income		39.115.393	8.790.819
- Adjustments Related to Monetary Gain/ Losses		(8.591.013)	(14.053.788)
- Other Increase (Decrease) in Working Capital		(1.428.364)	465.492
Cash Flows From Operations		54.773.875	33.586.533
Payments Related with Provisions for Employee Benefits	18	(602.114)	(1.104.403)
Payments Related with Other Provisions	16	(4.755.693)	(4.377.639)
Income Taxes Refund (Paid)		(514.099)	(70.775)
B.Cash Flows From Investing Activities		(38.885.322)	(27.942.622)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		490.395	869.634
Purchase of Property, Plant and Equipment	11-12	(13.968.113)	(7.888.895)
Purchase of Intangible Assets	13	(24.200.354)	(19.989.723)
Dividends Received	24	66.546	58.575
Other Cash Outflows		(1.273.796)	(992.213)
C.Cash Flows From Financing Activities		1.958.867	13.111.898
Proceeds from Borrowings		29.175.488	45.262.706
Repayments of Borrowings		(27.216.621)	(31.928.759)
Dividends Paid	20	--	(222.049)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES (A+B+C)		11.975.514	13.202.992
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		473.699	(61.225)
E. MONETARY GAIN/LOSS EFFECT ON CASH AND CASH EQUIVALENTS		(5.139.584)	(3.839.652)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)		7.309.629	9.302.115
F.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		21.776.847	12.474.732
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E+F)	3	29.086.476	21.776.847

The accompanying notes are an integral part of the consolidated financial statements.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi (“the Company”) was established in order to engage principally in research, development, engineering, production, tests, assembly, integration and sales, after sales support, consultancy and trading activities, to provide and conduct all sorts of activities for project preparation, engineering, consultancy, service providing, training, contracting, construction, publishing, trading, operation and internet services regarding various software, equipment, system, tools, material and platforms in the fields of electrical, electronics, microwave, electro-optics, guidance, computer, data processing, encryption, security, mechanics, chemistry and related areas within the army, navy, air force and aerospace applications to all institutions, organizations, companies and individual consumers.

The Company was established at the end of 1975 as a corporation by Turkish Land Forces Foundation. The Company commenced its production activities in Macunköy Facilities in early 1979.

As of the reporting date, the Company has been organized under six divisions under the Vice Presidential Sector with regard to investment and production requirements of projects. These divisions comprise Communication and Information Technologies Vice Presidency (“HBT”), Microelectronics and Electro-Optics Vice Presidency (“MEOS”), Avionics and Guidance Systems Vice Presidency (“AGS”), Integrated Defence Systems Technologies Vice Presidency (“SST”), Radar and Electronic Warfare Systems Vice Presidency (“REHİS”), and Transportation, Security, Energy, Automation and Healthcare Systems Vice Presidency (“UGES”).

In addition to the Vice Presidencies above, the Company organization also includes five Vice Presidencies to fulfil the planning, monitoring and analyzing functions: Financial Management Vice Presidency, Corporate Management Vice Presidency, Technology and Strategy Management Vice Presidency, Business Development and Marketing Vice Presidency and Supply Chain Management Vice Presidency. In addition to these, there are also Legal Affairs and Office of the Private Secretary. The Internal Audit Department and Board of Planning and Coordination Management have been established under the Board of Directors. The Company maintains production and engineering operations in Ankara, Macunköy, Akyurt and Gölbaşı campuses and engineering operations in Hacettepe Teknokent, Teknopark İstanbul and Aselsan Temelli Campus. Headquarters is located in Ankara Macunköy.

Turkish Armed Forces Foundation (“TSKGV”) is the main shareholder of the Company which holds 74,20 percent of the capital and maintains control of the Company. TSKGV was established on 17 June 1987 with the law number 3388, in order to manufacture or import guns, equipment and appliances needed for Turkish Armed Forces.

The Company is registered to Capital Markets Board of Türkiye (“CMB”) and its shares have been quoted in Borsa İstanbul Anonim Şirketi (“BİST”) since 1990. As of 31 December 2025, 25,80 percent of the Company’s shares are publicly traded (31 December 2024: 25,80 percent) (Note 20).

The Company’s trade registry address is Mehmet Akif Ersoy Mahallesi İstiklal Marşı Caddesi No:16 06200 Yenimahalle/Ankara. The average number of personnel employed by the Group as of 31 December 2025 is 14.143 (31 December 2024: 12.014).

The Company’s consolidated subsidiaries are ASELSAN Baku (“ASELSAN Baku”), Aselsan Sivas Hassas Optik San. Tic. A.Ş. (“ASELSAN Optik”), Mikroelektronik Ar-Ge Tasarım ve Ticaret Ltd. Co. (“Mikro AR-GE”), ASELSANNET Elektronik ve Haberleşme Sistemleri Sanayi Ticaret İnşaat ve Taahhüt Ltd. Co. (“ASELSANNET”), Aselsan Konya Silah Sistemleri Anonim Şirketi (“ASELSAN Konya”), ASELSAN Malaysia Sdn. Bhd. (“ASELSAN Malaysia”), BİTES Savunma Havacılık ve Uzay Teknolojileri Yazılım A.Ş. (“BİTES”), Aselsan Global Dış Ticaret ve Pazarlama A.Ş. (“ASELSAN Global”), ASELSAN UKRAINE LLC. (“ASELSAN Ukrayna”), ASELSAN Latin Amerika SpA (“ASELSAN Latin Amerika”), ASELSAN Technologies Limited (“ASELSAN UAE”), ASELSAN Muscat SPC. (“ASELSAN MUSCAT”), ASELSAN PHILIPPINES INC. (“ASELSAN Philippines”), ASELSAN Gaziantep Elektromekanik Teknolojileri Sanayi Ve Ticaret A.Ş. (“ASELSAN Gaziantep”) and Aselsan Malatya Elektronik Sanayi Ve Ticaret A.Ş. (“ASELSAN Malatya”). They are collectively referred as the “Group” in the accompanying notes.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (continued)

The Company has seven branch offices; Aselsan Elektronik Sanayi ve Ticaret Anonim Şirketi EP Co. ("ASELSAN South Africa"), ASELSAN Balkans ("ASELSAN Balkans"), ASELSAN Kıbrıs İleri Araştırma Merkezi ("ASELSAN N.Cyprus"), ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Katar ("ASELSAN Qatar"), ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Poland ("ASELSAN Poland), ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Albania ("ASELSAN Albania), ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Romania ("ASELSAN Romania) located in Republic of South Africa, Macedonia, Turkish Republic of Northern Cyprus ("TRNC"), Qatar, Poland, Albania and Romania, respectively. The branches are also included in the consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 The Basis of Presentation

Statement of Compliance to TFRS

The accompanying consolidated financial statements are prepared in accordance with the requirements of CMB Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("Communiqué"), which were published in the Official Gazette No: 28676 on 13 June 2013 and in accordance with the Turkish Financial Reporting Standards ("TFRS") and Interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements has been presented with examples of Financial Statement by the POA. All reports have suited the TFRS formats. The consolidated financial statements are prepared according to historical cost accounting except for the revaluation of land and financial instruments.

Approval of the Consolidated Financial Statements

These consolidated financial statements have been approved for issue by the Board of Directors with the resolution number 1293 on 24 February 2026. There is no authority other than General Assembly and legal entities has the right to amend the consolidated financial statements.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment ("Functional Currency") in which the entity operates. The Company's reporting currency is Turkish Lira ("TL"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional, and presentation currency of the Company for the consolidated financial statements. Amounts are expressed in thousands of TL or Foreign Currency unless otherwise stated. Kuruş, Turkish Currency subunit and 1 TL is equal to 100 Kuruş.

Preparation of Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Türkiye and preparing their financial statements in accordance with CMB Accounting Standards and therefore the preparation and presentation of financial statements in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" is no longer required.

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 The Basis of Presentation (continued)****Preparation of Financial Statements in Hyperinflationary Periods (continued)**

On 23 November 2023, Public Oversight Accounting and Auditing Standards Authority ("POA") announced the application of inflation accounting in Türkiye and according to the announcement, financial statements of entities applying TFRS for the annual reporting period ending on or after 31 December 2023 should be presented as adjusted for the effects of inflation in accordance with the related accounting principles in TAS 29. As of the date of these financial statements, inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated 31 December 2025. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms using the general price index. One of the conditions that require the application of TAS 29 is a three-year cumulative inflation rate of approximately 100% or more. In Türkiye, based on the consumer price index ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"), the cumulative rate was 211% for the three-year period ended 31 December 2025 (31 December 2024: %291).

Adjustments for inflation have been calculated based on the coefficients calculated using the Consumer Price Index in Türkiye published by the Turkish Statistical Institute. As of 31 December 2025, the indices and coefficients used in the restatement of the accompanying financial statements are as follows:

Period	Index	Correction Coefficient
31 Aralık 2025	3.513,87	1
31 Aralık 2024	2.684,55	1,30892
31 Aralık 2023	1.859,38	1,88981

The main lines of TAS 29 indexation transactions are as follows:

As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant consumer price index coefficients. Prior year amounts are restated in the same way. Financial statements of previous reporting periods have been restated to reflect the current purchasing power of money at the latest balance sheet date. The current period restatement factor has been applied to the prior period financial statements.

Monetary assets and liabilities are not restated because they are expressed in terms of the purchasing power of money at the balance sheet date. Monetary items are cash and items to be received or paid in cash. Non-monetary assets and liabilities are restated by reflecting the changes in the general price index from the date of acquisition or initial recognition to the balance sheet date in their acquisition costs and accumulated amortization amounts. Accordingly, property, plant and equipment, intangible assets, right-of-use assets and similar assets are restated to their acquisition values, which do not exceed their market values. Depreciation has been restated in a similar manner. Amounts included in shareholders' equity have been restated by applying the consumer price indices for the periods in which such amounts were contributed to or arose within the Company. All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements. The gain or loss arising on the net monetary position as a result of general inflation is the difference between the restatement adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit. All items presented in the statement of cash flows are restated for the effects of inflation in the measuring unit current at the end of the reporting period. The effect of inflation on cash flows from operating, investing and financial activities is attributed to the related item and the monetary gain or loss on cash and cash equivalents is presented separately.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 The Basis of Presentation (continued)

Basis of Consolidation

Subsidiaries:

The details of the subsidiaries of the Group are as follows:

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 December 2025	31 December 2024	
AELSANNET	Türkiye	TL	100	100	Communication systems, security systems, IT and geographic information systems, health and energy systems, infrastructure, construction and integrated logistics support activities
AELSAN Baku	Azerbaijan	AZN	100	100	Business development, sales, maintenance and repair
AELSAN Global	Türkiye	TL	100	100	Consultancy in human resources and mediates export activities
AELSAN Sivas Hassas Optik	Türkiye	TL	80	80	Serial production, maintenance and repair activities of visible precision optical and electro optical devices
MKR-IC	Türkiye	TL	85	85	Electronic industry and integrated circuit designs
AELSAN Malaysia	Malaysia	MYR	100	100	Marketing and business development
AELSAN Konya	Türkiye	TL	51	51	Research, design, development and engineering activities of all weapons and weapons systems
BITES	Türkiye	TL	100	100	Operates in the fields of augmented reality, artificial intelligence, simulation software, research, development, design and engineering
AELSAN Ukraine	Ukraine	UAH	100	100	Marketing, business development, maintenance and repair
AELSAN Latin Amerika	Chile	CLP	100	100	Marketing and business development
AELSAN UAE	UAE	AED	100	100	Marketing and business development
AELSAN Malatya	Türkiye	TL	100	--	All types of commercial and industrial activities related to the precision manufacturing, design, maintenance, and after-sales services of electronic components within the field of military power electronics
AELSAN Gaziantep	Türkiye	TL	51	--	All kinds of commercial and industrial activities related to electromechanical industrial products, slip ring
AELSAN MUSCAT	Umman	OMR	100	--	Marketing and Business Development
AELSAN Philippines	Philippines	PHP	100	--	Marketing and Business Development

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Subsidiaries (continued):

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee when if facts and circumstances arise there are changes to one or more of the three elements of control listed above.

Even though the Company has voting rights less than a majority, if it has ability to manage the operation of the investee unintentionally, then the Group assess that it has control over that investee.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- comparison of voting rights of the Group and the others,
- potential voting rights held by the Group, and others,
- rights arising from contractual arrangements; and
- any additional facts and circumstances that indicate the Group has, or does have, the current ability to direct the relevant activities at the time that decisions need to be made (including voting patterns at previous shareholders' meeting).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Each item of profit or loss and other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to align with the Group accounting policies and the Group's accounting policies.

All intragroup balances, equity, income and expenses, profits and losses and cash flows relating to transactions between members of the Group are eliminated during consolidation.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures

The details of the Group’s interests in joint ventures as of 31 December 2025 and 2024 are as follows:

Joint Ventures	Principal Activity	Country of establishment and operation	Group’s proportion of ownership and voting power held (%)	
			31 December 2025	31 December 2024
ASELSAN Bikent Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi (“ASELSAN Bilkent Mikro Nano”)	Micro and nano sized devices containing all kinds of semiconductors and similar technological materials; broadband semiconductor, electro optical technologies, sensor and photonic technologies navigation technologies	Türkiye	50	50
International Golden Group (“IGG”) ASELSAN Integrated Systems LLC (“IGG ASELSAN Integrated Systems”)	Manufacturing, testing, maintenance-repair and marketing of remote control system	United Arab Emirates	49	49
Kazakhstan ASELSAN Engineering LLP (“ASELSAN Kazakhstan Engineering”)	Manufacturing, development and maintenance repair of electronic devices and systems	Kazakhstan	49	49
ASELSAN Middle East PSC (“ASELSAN Middle East”)	Night vision and thermal imaging systems	Jordan	49	49
TÜYAR Mikroelektronik Sanayi ve Ticaret Anonim Şirketi (“TÜYAR Mikroelektronik Sanayi”)	Micro and nano sized devices containing semiconductor and similar technological materials; semiconductor chip technologies, chip manufacturing, chip packaging, chip software libraries	Türkiye	51	51
BARQ QSTP LLC. (“BARQ QSTP LLC.”)	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	Qatar	48	48
Teknohab Teknoloji Geliştirme Bölgesi Yönetici Anonim Şirketi (“TEKNOHAB Teknoloji Geliştirme Bölgesi”)	Manage and operate the technology development zone	Türkiye	13,04	13,04
EHSİM Elektronik Harp Sistemleri Müh. Tic. Anonim Şirketi (“EHSİM”)	Electronic warfare systems, tactical command and control systems and decoy target systems	Türkiye	50	50
TR Eğitim ve Teknoloji Anonim Şirketi (“TR Eğitim ve Teknoloji”)	Human Resources Studies, consultancy and training activities, certification activities, training software activities, publishing activities	Türkiye	35	35
İstanbul Finans ve Teknoloji Üssü Anonim Şirketi (“İstanbul Finans ve Teknoloji Üssü”)	Managing and operating the financial technology development zone	Türkiye	9,25	44,44
Adıyaman Kablo ve Konnektör Anonim Şirketi (“Adıyaman Kablo ve Konnektör”)	Production, design and sale of cables, connectors, cabling and similar products and technologies	Türkiye	15	15
ULAK Haberleşme A.Ş. (“ULAK”)	Design, development and engineering activities of broadband communication devices and mobile communication systems	Türkiye	51	51

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 The Basis of Presentation (continued)

Basis of Consolidation (continued)

Joint Ventures (continued):

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's joint ventures; EHSİM established in 1998, IGG ASELSAN Integrated Systems and ASELSAN Kazakhstan Engineering established in 2011, ASELSAN Middle East established in 2012 and ASELSAN Bilkent Mikro Nano established in 2014, TÜYAR Mikroelektronik Sanayi and ULAK established in 2017, TEKNOHAB Teknoloji Geliştirme Bölgesi established in 2018, TR Eğitim ve Teknoloji established in 2018, İstanbul Finans ve Teknoloji Üssü established in 2022, and Adıyaman Kablo ve Konnektör established in 2024 were included in the condensed consolidated financial statements by using the equity method. Since BARQ QSTP LLC is at micro level, there is no material consolidation effect on the Group's financial statements.

2.2 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to determine the financial position and performance trends, the Group's consolidated financial statements are presented comparatively with the corresponding figures. For the purpose of having consistency with the current term's presentation of consolidated financial statements, comparative information is reclassified and significant differences are explained if necessary.

2.3 Accounting Policies, Changes in Accounting Estimates and Errors

Significant changes in accounting policies and errors are applied retrospectively and prior period financial statements are restated, changes in accounting estimates are reflected to the financial in current period profit/loss.

When change in estimate in accounting policies are related with only one period, changes are applied on the current period but if the estimated changes are for the following periods, changes are applied both on the current and following periods prospectively.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2025 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2025 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at 1 January 2025 are as follows:

Amendments to IAS 21 – Lack of Exchangeability

The amendment did not have a significant impact on the Group’s financial position or performance.

b) The Standards issued but not yet effective and not early adopted

As of the date of approval of the consolidated financial statements, the following new standards, interpretations and amendments have been issued but are not yet effective for the current reporting period and have not been early adopted by the Group. Unless otherwise stated, the Group will make the necessary changes to its consolidated financial statements and notes after the new standards and interpretations become effective.

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 17 – Insurance Contracts
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
- Annual Improvements to TFRSs – Volume 11
- IFRS 1 – First-time Adoption of Turkish Financial Reporting Standards
- IFRS 7 Financial Instruments: Disclosures – Gains or losses on derecognition
- IFRS 9 Financial Instruments – Derecognition of lease liabilities by the lessee and transaction price
- IFRS 10 Consolidated Financial Statements – Determination of a “de facto agent”
- IAS 7 Statement of Cash Flows – Cost method

These amendments will become effective for annual reporting periods beginning on or after 1 January 2026, and early application is permitted for all amendments.

- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity
- IFRS 18 – Presentation and Disclosure in Financial Statements

In May 2025, the Public Oversight Accounting and Auditing Standards Authority (POA) issued IFRS 18, which replaces IAS 1. IFRS 18 introduces new requirements for the presentation of the statement of profit or loss, including the presentation of specified totals and subtotals. The standard requires entities to classify all income and expenses presented in the statement of profit or loss into one of five categories: operating activities, investing activities, financing activities, income taxes, and discontinued operations.

The standard also requires disclosure of management-defined performance measures and introduces new requirements regarding the aggregation and disaggregation of financial information in accordance with the defined roles of the primary financial statements and the notes.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

b) The Standards issued but not yet effective and not early adopted (continued)

With the issuance of IFRS 18, certain amendments have also been made to other financial reporting standards such as IAS 7, IAS 8 and IAS 34. IFRS 18 and the related amendments will be effective for reporting periods beginning on or after 1 January 2027. Early application is permitted. IFRS 18 will be applied retrospectively.

- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

c) Amendments issued by the International Accounting Standards Board (IASB) but not yet issued by the POA

The amendments to IAS 21 listed below have been issued by the IASB but have not yet been adapted to or issued as part of TFRSs by the POA. Therefore, they do not currently form part of TFRSs. The Group will make the necessary changes to its consolidated financial statements and notes once these amendments become effective under TFRSs.

- Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency

The amendments issued by the IASB in November 2025 require the use of the closing exchange rate when translating from a non-hyperinflationary functional currency to a hyperinflationary presentation currency. Accordingly, an entity whose functional currency is the currency of a non-hyperinflationary economy but whose presentation currency is the currency of a hyperinflationary economy shall use the closing rate at the end of the current period for all amounts, including comparative figures (i.e. for assets, liabilities, equity items, income and expenses), when translating its results of operations and financial position.

In addition, an entity whose functional currency and presentation currency are both currencies of hyperinflationary economies shall express comparative amounts of a foreign operation whose functional currency is the currency of a non-hyperinflationary economy in terms of the current measuring unit by applying a general price index in accordance with IAS 29. These amendments also introduce certain additional disclosure requirements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity;

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

Revenue

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

It replaces existing revenue recognition guidance, including TAS 18 Revenue, TAS 11 Construction Contracts and TFRYK 13 Customer Loyalty Programmes.

General model for revenue recognition

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract with customers

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.5 Summary of Significant Accounting Policies (continued)*****Step 2: Identifying the performance obligations***

Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service.

As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Revenue Recognition

The Group recognises revenue over-time if any of the following conditions is met:

- customer simultaneously receives and consumes the benefits as the entity performs, or
- the customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Group recognise revenue at the point in time at which it transfers control of the good or service to the customer.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

The Group recognises a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Group recognises a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract.

If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract.

If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Rental Income

The rental income is charged to the statement of profit or loss on a straight line method bases over the period of the lease.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories are valued on the basis of the project according to the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to realize sales. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, Plant and Equipment

Land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any increase in the fair value arising on the revaluation of such land is recognized in gain on revaluation of property.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment (continued)

A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance in the accumulated in the equity, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve inequity is transferred directly to retained earnings.

Land is not depreciated. Property, plant and equipment other than lands are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Borrowing cost is capitalized when the assets took a substantial period of time to get ready for their intended use or sale.

These assets are classified to property, plant, and equipment when the assets are completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. If the ownership of the finance lease is not obvious at the end of the leasing period, it is depreciated over their expected useful lives or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The maintenance and repair expenses arising from changing any part of the fixed assets can be realized if the economic benefit of the asset is increased. All other expenses are recognized in the expense accounts in the consolidated profit and loss when they are realized.

The useful lives of Property, Plant and Equipment are as follows:

	<u>Useful life</u>
Buildings	5-50 years
Land improvements	7-25 years
Machinery and equipment	2-35 years
Motor vehicles	3-7 years
Furniture and fixtures	2-50 years
Leasehold improvements	2-11 years
Other tangible assets	2-20 years

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Leases

The Group assesses at inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In assessing whether a contract conveys the right to control the use of an identified asset for a period of time, the Group considers the following:

- a) The asset must be explicitly or implicitly specified in the contract.
- b) The asset must be physically distinct or represent substantially all of the capacity of the asset. If the supplier has a substantive right to substitute the asset and would benefit economically from doing so, the asset is not considered identified.
- c) The Group must have the right to obtain substantially all of the economic benefits from the use of the identified asset.
- d) The Group must have the right to direct the use of the identified asset. The Group considers that it has the right to direct the use of the asset when the decisions about how and for what purpose the asset is used are predetermined. In this context, the Group has the right to direct the use of the asset in the following situations:
 - i. The Group has the right to operate the asset throughout the period of use (or to direct others to operate the asset in a manner determined by the Group), and the supplier does not have the right to change those operating instructions; or
 - ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At the commencement date of the lease, the Group recognizes a right-of-use asset and a lease liability in its consolidated financial statements.

Right-of-Use Asset

The right-of-use asset is initially measured at cost, comprising:

- a) The initial measurement amount of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease (excluding costs incurred to produce inventories).

Subsequently, when applying the cost model, the Group measures the right-of-use asset at cost:

- a) Less accumulated depreciation and accumulated impairment losses, and
- b) Adjusted for any remeasurement of the lease liability.

When depreciating the right-of-use asset, the Group applies the depreciation requirements of IAS 16, "Property, Plant and Equipment". The provisions of TMS 36, "Impairment of Assets," are applied in assessing whether the carrying amount of a right of use assets have been impaired and in recognizing any impairment losses identified. Leased lands are accounted for using the revaluation model and is presented in the financial statements at its revalued amount. The revalued amount is calculated by deducting accumulated depreciation and accumulated impairment losses from the fair value determined at the revaluation date. Revaluations are carried out with sufficient frequency to ensure that the carrying amount of an asset at the end of the reporting period does not differ materially from its fair value. The increases in value resulting from the revaluation of the aforementioned land are accounted for in other comprehensive income and reported within accumulated other comprehensive income that will not be reclassified in profit or loss under equity.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Lease Liability

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If the implicit interest rate cannot be readily determined, the lessee's incremental borrowing rate is used.

The incremental borrowing rate is determined by reference to the borrowing rates of the Group companies at the contract date. Lease payments included in the measurement of the lease liability at the commencement date, and not paid at that date, comprise:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability as follows:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessments or lease modifications. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset in the consolidated financial statements.

Intangible Assets

Intangible assets acquired

Intangible assets acquired are recognized at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis.

Trademarks and Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Right-of-use assets

The Group reflects the non-cancellable operating leases over one year, which include the right to control the use of the asset defined in the contract, as a right-of-use asset in the accounting records. The right of use is calculated by discounting the lease payments to their present value over the interest rate stated in the contract, either explicitly or secretly. Right-of-use asset is amortized over the lease term.

Internally generated intangible assets – Research and Development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets – R&D expenditure (continued)

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful lives of the intangible assets are as follows:

	<u>Useful life</u>
Rights	1-15 years
Computer software	2-3 years
Development expenditures	1-5 years

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (“FVOCI”) and Fair Value Through Profit or Loss (“FVTPL”). The standard eliminates the existing TAS 39 categories of held to maturity, loans and receivables and available for sale. Financial investments classified as “Available for Sale Financial Assets” in accordance with TAS 39 are classified as FVOCI in accordance with IFRS 9.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group does not have any embedded derivatives as of reporting date.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

ii. Impairment – Financial assets and contract assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with a forward-looking 'expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement (simplified approach) is always applied to trade receivables and contract assets without a significant financing component.

iii. Classification – Financial liabilities

TFRS 9 largely retains the existing requirements in TAS 39 for the classification of financial liabilities.

However, under TAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under TFRS 9 these fair value changes are generally presented as follows:

The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of change in the fair value is presented in profit or loss.

The Group has not identified any liability for the fair value recognized in profit or loss and has no objective purpose.

iv. Hedge accounting

When initially applying TFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of TAS 39 instead of the requirements in TFRS 9. During selection of the accounting policies, TFRS 9 gives option of continuing with TAS 39 hedge accounting principles and deferring hedge accounting rules in accordance with TFRS 9. The Group does not apply hedge accounting.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Capital

Common Stocks

Common stocks are classified as equity. Incremental costs that can be directly attributable to the issue of ordinary shares are recognised as a deduction from equity considering the tax effect.

Leasing

Leasing- the group as lessor

The Group recognizes the contracts that include the right to control the use of an asset, the transfer of it for a specified period and for a certain price, as lease agreements and accounts for the relevant contractual rights as “right-of-use asset”.

The right-of-use asset includes the initial measurement amount of the lease liability, all lease incentives and discounts related to the lease, all direct costs incurred and all costs related to dismantling / moving the defined asset. The Group applies the short-term lease registration exemption for assets that have a lease term of twelve months or less from the start date and do not have a purchase option.

The Group depreciates the right-of-use asset based on the lease term and values it at cost.

The lease obligation, on the other hand, is measured over the present value of unrealized lease payments at the actual start date. Lease payments are discounted using the implied interest rate, if any, otherwise the lessee's alternative borrowing interest rate.

Foreign Currency Transactions

Foreign currency transactions and balances

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates as its “functional currency”. For the purpose of the consolidated financial statements, the operational results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation for consolidated financial statements.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Foreign Currency Transactions (continued)

Foreign currency transactions and balances (continued)

In preparing the financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items (including advances) denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are accounted for the period in profit or loss in which they are incurred except for the following cases:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Earnings per Share

Earnings per share, disclosed in the consolidated statement of profit or loss, are determined by dividing the net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Türkiye, companies can increase their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the weighted average number of shares is computed by taking into consideration of the retrospective effects of the share distributions.

Events After the Reporting Period

Events after the reporting periods include all events that take place between the balance sheet date and the date of authorization for the release of the financial statements, although the events occurred after the announcements related to the net profit/loss or even after the public disclosure of other selective financial information.

In the case that events occur requiring an adjustment, the Group adjusts the amount recognized in its consolidated financial statements to reflect the adjustments after the balance sheet date.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made for the amount of the obligation.

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Provisions, Contingent Liabilities and Contingent Assets (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties related with the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Operating Segments

Operations of the Company are technical system design, development, production and after-sales services for various products for defense industry. One kind of operating segment has occurred in consequence of similarities between methods that are used for products, quality of services and processes, client's type and class, and distribution or presentation of products. It is not required to disclose segment reporting for the consolidated subsidiaries, since revenue profit/loss and assets are below 10 percent of consolidated amounts.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Taxes Calculated on the Basis of the Company's Earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Taxes Calculated on the Basis of the Company's Earnings (continued)

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Tax, provided that it is not related with a transaction directly recognized in equity, is classified in the statement of profit or loss. Otherwise, tax is recognized under equity.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Dividend and bonus plans

The Group recognizes a liability and an expense for bonuses and dividend, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statement of Cash Flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Non-Current Assets Held for Sale

Non-current assets are classified as “assets held for sale” when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. The assets can be a part of the Group, disposal group as a single fixed asset.

The Turkey Sustainability Reporting Standards (“TSRS”) published by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) have been prepared in accordance with IFRS S1 and IFRS S2 standards published by the International Sustainability Standards Board (ISSB) and regulate the framework for companies to disclose their sustainability-related financial information.

In this context;

- TSRS 1 – “General Requirements for Disclosure of Sustainability-Related Financial Information” is effective for annual reporting periods beginning on or after January 1, 2024. TSRS 1 sets out the general principles for disclosing significant sustainability-related risks and opportunities that could affect the entity's cash flows, access to finance, or cost of capital in the short, medium, and long term, under the headings of governance, strategy, risk management, metrics, and targets. The standard also requires the assessment of sustainability-related risks and opportunities that the company may be exposed to throughout the value chain, beyond its own activities.
- TSRS 2 – “Climate-Related Disclosures” is effective for annual reporting periods beginning on or after January 1, 2024, and regulates specific disclosure requirements related to physical and transition risks caused by climate change and climate-related opportunities. TSRS 2 requires disclosure of greenhouse gas emissions (Scope 1, Scope 2, and Scope 3 to the extent applicable), climate scenario analyses, climate-related targets, climate resilience, and transition plans.

Pursuant to the Board Decision published in the Official Gazette on December 29, 2023, companies meeting certain criteria are subject to mandatory sustainability reporting as of January 1, 2024. The scope of businesses subject to sustainability reporting was determined by the “Board Decision on the Scope of Application of the Turkey Sustainability Reporting Standards (TSRS)” dated January 5, 2024. The “Board Decision on the Scope of Application of Turkey Sustainability Reporting Standards (TSRS)” dated December 16, 2024, updated the scope and changed the application criteria. Within the framework of these regulations, ASELSAN has been within the scope of TSRS application as of January 1, 2024, and has prepared its sustainability report for the first application period in accordance with the provisions of TSRS 1 and TSRS 2.

In this context, Aselsan:

- Has established an assessment process integrated with the corporate risk management system for the identification of significant sustainability-related risks and opportunities.
- Incorporated climate-related risks (including physical and transition risks) into its operations and strategic planning processes.
- Established data collection and control mechanisms for measuring and reporting greenhouse gas emissions.
- Regularly monitors relevant metrics and targets and reports to senior management.

Management prioritized the establishment of a TSRS-compliant data collection, consolidation, and reporting infrastructure in the 2024 accounting period, the first year of TSRS implementation, and continues its efforts to advance these processes in the 2025 reporting period. In this context, the scope of sustainability indicators is to be gradually expanded, data quality improved, and reporting depth enhanced.

(Amounts are expressed in Thousand Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 Critical Accounting Judgments and Estimates

Critical judgments in applying the Group’s accounting policies

In the process of applying the accounting policies, which are described in note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements:

Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized.

Deferred tax (continued)

The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group’s belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then provision is set for some portion of or all of the deferred tax assets (Note 29).

Liabilities with respect to employee benefits

The Group makes various assumptions on discount, inflation rate, wage increase rate, the probability of quitting voluntarily for calculating provisions for employee benefits and retirement pays (Note 18).

Useful lives of tangible and intangible assets

The Group amortizes the non-current assets based on the useful lives of those assets stated in the accounting policies (Note 11-12-13).

Escalation

As of the reporting dates, the amounts of the projects subject to escalation are calculated with respect to the provisions of the contracts and estimated in accordance with TFRS 15 “Revenue from Contracts with Customers”.

Provision for guarantee expenses

The Group calculates provision, according to the budgeted estimations for specific parts of the sales under the scope of warranty that needs specific guarantee calculations, and according to the realizations in previous years for the remaining part of the sales (Note 16).

Development Expenses

As of reporting dates, the Management assess the recoverability of the expenses regarding the Group’s development activities. These expenses are started to be amortized with respect to their useful lives when their development phases are completed and it becomes probable that there is an associated economic benefit. When the development phase is completed and no economic benefit is foreseen, the related expenses are recognized in consolidated income statement (Note 13).

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

3. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash	2.106	1.393
Bank		
- <i>Time deposit</i>	19.583.009	20.205.279
- <i>Demand deposit</i>	406.870	1.374.574
Investment funds	7.951.475	--
Other	1.143.016	195.601
Cash and cash equivalents on the cash flow statement	29.086.476	21.776.847
Interest income accruals	--	--
	29.086.476	21.776.847

As of 31 December 2025, the Group has time deposits denominated in foreign currencies with maturities on January 2026 (31 December 2024: January 2025), with the interest rates between 1,50 percent and 3,60 percent (31 December 2024: 0,50 percent and 3 percent) amounting to TL 5.919.311 (31 December 2024: TL 2.451.724) in several banks.

As of 31 December 2025, the Group has time deposits denominated in TL terms with maturities on January 2026 (31 December 2024: January 2025) with the interest rates between 36,27 percent and 40,25 percent (31 December 2024: 48,50 percent and 49,25 percent) amounting to TL 13.663.698 (31 December 2024: TL 17.753.555) in several banks.

As of 31 December 2025, the Group's investment funds consist of money market funds.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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4. INTERESTS IN OTHER ENTITIES

a) Subsidiaries

Details of the Group's material subsidiaries as of 31 December are as follows:

Subsidiaries	Location	Functional Currency	Group's proportion of ownership and voting power held (%)		Main Activity
			31 December 2025	31 December 2024	
AELSANNET	Türkiye	TL	100	100	Communication systems, security systems, IT and geographic information systems, health and energy systems, infrastructure, construction and integrated logistics support activities
AELSAN Baku	Azerbaijan	AZN	100	100	Business development, sales, maintenance and repair
AELSAN Global	Türkiye	TL	100	100	Consultancy in human resources and mediates export activities
AELSAN Sivas Hassas Optik	Türkiye	TL	80	80	Serial production, maintenance and repair activities of visible precision optical and electro optical devices
MKR-IC	Türkiye	TL	85	85	Electronic industry and integrated circuit designs
AELSAN Malaysia	Malaysia	MYR	100	100	Marketing and business development
AELSAN Konya	Türkiye	TL	51	51	Research, design, development and engineering activities of all weapons and weapons systems
BITES	Türkiye	TL	100	100	Operates in the fields of augmented reality, artificial intelligence, simulation software, research, development, design and engineering
AELSAN Ukraine	Ukraine	UAH	100	100	Marketing, business development, maintenance and repair
AELSAN Latin Amerika	Chile	CLP	100	100	Marketing and business development
AELSAN UAE	UAE	AED	100	100	Marketing and business development
AELSAN Malatya	Türkiye	TL	100	--	All types of commercial and industrial activities related to the precision manufacturing, design, maintenance, and after-sales services of electronic components within the field of military power electronics
AELSAN Gaziantep	Türkiye	TL	51	--	All kinds of commercial and industrial activities related to electromechanical industrial products, slip ring
AELSAN MUSCAT	Umman	OMR	100	--	Marketing and Business Development
AELSAN Philippines	Philippines	PHP	100	--	Marketing and Business Development

Composition of the Group

Explained in Note 1.

Change in the Group's ownership interest in a subsidiary:

Change in the Group's subsidiaries ownership is explained in Note 2.1

b) Joint Ventures

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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5. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation, therefore have not been disclosed in this note.

The trade receivables from related parties generally arise from sales activities with maturities of 1 year.

The trade payables to related parties generally arise from the purchase activities with maturities of 1-4 months.

Total amount of salaries and other short-term benefits paid for key management for the period ended 31 December 2025 is approximately TL 567.120 (The vast majority consists of paid wages and benefits.) (31 December 2024: TL 482.317).

The details of transactions between the Group and other related parties are disclosed in the following pages.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

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5. RELATED PARTY DISCLOSURES (continued)

	31 December 2025									
	Receivables					Payables				
	Short-term			Long-term		Short-term			Long-term	
	Trading	Prepaid Expenses	Other Receivables	Trading	Prepaid Expenses	Trading	Deferred Income	Other Payables ¹	Trading	Deferred Income
Balances with related parties										
Main shareholder										
TSKGV	43	--	--	--	--	--	--	674.411	--	--
Main shareholder's subsidiaries and associates										
Hava Elektronik San. ve Tic. Anonim Şirketi (“HAVELSAN”)	327.669	580.605	--	821	146.112	342.827	9	--	--	1.767.356
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi (“HTR”)	54.380	277.689	--	--	69.417	538.449	--	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi (“İŞBİR”)	167	203.588	--	--	28.293	179.342	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi (“NETAŞ”)	--	--	--	--	--	45.728	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi (“STM”)	310.890	10.903	--	1.768.000	--	22.512	--	--	--	832.388
Tusaş Motor Sanayii Anonim Şirketi (“TEI”)	81.044	--	--	16.996	--	--	--	--	--	--
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi (“TUSAŞ”)	6.053.772	1.144	--	5.185.889	--	23.634	1.397.145	--	--	2.022.730
Havaalanı İşletme ve Havacılık Endüstrileri Anonim Şirketi (“HEAŞ”)	1	--	--	--	--	--	--	--	--	--
Mercedes Benz Türk Anonim Şirketi (“Mercedes Benz”)	--	--	--	--	--	7.481	--	--	--	--
Financial Instruments										
ASPILSAN Enerji Sanayi ve Ticaret Anonim Şirketi (“ASPILSAN”)	--	25.439	--	--	--	51.417	--	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi (“ROKETSAN”)	5.796.450	203.044	--	519.638	17.232	27.098	460.122	--	--	472.003
Joint ventures and its related parties										
ASELSAN Bilkent Mikro Nano	--	318.377	--	--	32.246	175.902	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	6.673	--	--	--	12.787	--	--	--	--
IGG	26.369	--	--	3.038	--	--	3.055	--	--	--
IGG ASELSAN Integrated Systems	15.796	55.667	--	--	--	32.799	--	--	--	--
Kazakhstan ASELSAN Engineering	394.954	12.992	--	61.574	--	148	13.966	--	--	--
ASELSAN Middle East	223.047	--	--	--	--	15.853	7.938	--	--	8.583
TÜBİTAK BİLGEM	--	91.979	--	--	15.558	181.118	--	--	--	--
TÜBİTAK-UME	--	7.741	--	--	--	3.263	--	--	--	--
TÜBİTAK Bilimsel Teknolojik Araştırma	--	102.330	--	423.125	1.435	92.325	5.997	--	--	14.203
TÜBİTAK SAGE Savunma Sanayii	--	802.010	--	6.012	136.492	93.875	27.511	--	--	2.350
TÜBİTAK Uzay Teknolojileri Araştırma Enstitüsü	--	4.337	--	--	4.811	16.721	--	--	--	--
Savunma Sanayi Başkanlığı (“SSB”)	15.099.799	--	--	34.820.210	--	--	8.317.349	--	--	21.206.941
SSTEK	2.212.312	--	--	--	--	--	663.114	--	--	8.951.884
EHSİM	24	116.039	--	--	78.121	111.519	--	--	--	--
ULAK	1.471.934	11.589	--	--	--	--	--	--	--	--
TÜYAR Mikroelektronik Sanayi	--	138.728	--	--	4.749	4.162	--	--	--	--
TR Eğitim ve Teknoloji	--	--	--	--	--	2.156	--	--	--	--
	32.068.651	2.970.874	--	42.805.303	534.466	1.981.116	10.896.206	674.411	--	35.278.438

¹ All other short term payable is 2024 dividend payments.

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5. RELATED PARTY DISCLOSURES (continued)

Balances with related parties	31 December 2024									
	Receivables					Payables				
	Short-term		Other Receivables	Long-term		Short-term		Other Payables ¹	Long-term	
Trading	Prepaid Expenses	Trading		Prepaid Expenses	Trading	Deferred Income	Trading		Deferred Income	
Main shareholder										
TSKGV	--	--	--	--	--	--	--	445.500	--	--
Main shareholder's subsidiaries and associates										
Hava Elektronik San. ve Tic. Anonim Şirketi (“HAVELSAN”)	67.942	707.752	--	19.395	271.093	1.107.046	8	--	--	842.272
HAVELSAN Teknoloji Radar San. ve Tic. Anonim Şirketi (“HTR”)	53.909	292.282	--	--	67.456	689.997	15.512	--	--	--
İşbir Elektrik Sanayii Anonim Şirketi (“İŞBİR”)	--	245.305	--	--	55.104	101.122	--	--	--	--
NETAŞ Telekomünikasyon Anonim Şirketi (“NETAŞ”)	--	10.738	--	--	24.250	55.378	--	--	--	--
Savunma Teknolojileri Mühendislik ve Ticaret Anonim Şirketi (“STM”)	180.394	27.128	--	976.231	--	23.980	--	--	--	827.412
Tusaş Motor Sanayii Anonim Şirketi (“TEI”)	57.400	--	--	--	--	--	--	--	--	--
Türk Havacılık ve Uzay Sanayi ve Ticaret Anonim Şirketi (“TUSAŞ”)	5.282.449	--	--	3.024.634	--	18.500	470.179	--	--	--
Financial Instruments										
ASPİLSAN Enerji Sanayi ve Ticaret Anonim Şirketi (“ASPİLSAN”)	--	31.108	--	--	6.317	25.084	6.148	--	--	--
Roket Sanayi ve Ticaret Anonim Şirketi (“ROKETSAN”)	4.909.123	98.236	--	514.794	1.087.519	608.216	675.823	--	--	343.781
Joint ventures and its related parties										
ASELSAN Bilkent Mikro Nano	--	321.912	--	--	96.182	115.505	--	--	--	--
İhsan Doğramacı Bilkent Üniversitesi	--	8.143	--	--	--	48	--	--	--	--
IGG	28.364	--	--	3.976	--	--	3.055	--	--	--
IGG ASELSAN Integrated Systems	7.939	47.619	--	--	4.747	31.711	--	--	--	--
Kazakhstan ASELSAN Engineering	390.878	--	--	78.118	--	377	1.808	--	--	--
ASELSAN Middle East	161.063	--	--	--	--	34.106	455	--	--	7.216
TÜBİTAK BİLGEM	--	111.191	--	--	18.176	132.060	--	--	--	--
TÜBİTAK-UME	--	3.264	--	--	--	4	--	--	--	--
TÜBİTAK BİLİMSEL TEKNOLOJİK ARAŞTIRMA	12.904	59.683	--	403.078	1.680	4.881	7.219	--	--	18.057
TÜBİTAK SAGE Savunma Sanayii	39.303	257.260	--	12.706	100.879	202.338	1.335	--	--	--
Savunma Sanayi Başkanlığı (“SSB”)	4.137.869	--	--	47.507.929	--	--	6.239.375	--	--	7.107.630
SSTEK	4	--	--	--	--	--	521.987	--	--	21.559
ULAK	1.220.784	3.107	--	--	--	4.275	--	--	--	--
TÜYAR Mikroelektronik Sanayi	--	68.232	--	--	--	--	--	--	--	--
EHSİM	--	210.055	--	--	3.450	63.513	--	--	--	--
	16.550.325	2.503.015	--	52.540.861	1.736.853	3.218.141	7.942.904	445.500	--	9.167.927

¹ All other short term payable is 2023 dividend payments.

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5. RELATED PARTY DISCLOSURES (continued)

	1 January- 31 December 2025	1 January- 31 December 2024
Transactions with related parties	Purchases	Purchases
<u>Main Shareholder</u>		
TSKGV	3.361	2.755
<u>Main shareholder’s subsidiaries and associates</u>		
NETAŞ	165.138	199.102
STM	85.702	61.899
İŞBİR	534.720	422.543
HTR	1.583.950	1.584.410
TUSAŞ	78.591	36.807
HAVELSAN	955.047	1.428.299
MERCEDES BENZ	6.917	--
<u>Financial Instruments</u>		
ROKETSAN	641.849	76.220
ASPİLSAN	225.502	224.209
<u>Joint ventures and its related parties</u>		
İhsan Dođramacı Bilkent Üniversitesi	14.117	2.741
TÜBİTAK BİLGEM	432.937	272.183
TÜBİTAK-UME	9.333	3.891
TÜBİTAK Bilimsel Teknolojik Araştırma	130.464	9.231
TÜBİTAK SAGE Savunma Sanayii	758.941	759.668
TÜBİTAK Uzay Teknolojileri Araştırma Enstitüsü	15.461	1.017
SSTEK	524	--
	5.642.554	5.084.975
	1 January- 31 December 2025	1 January- 31 December 2024
Transactions with related parties	Sales	Sales
<u>Main Shareholder</u>		
TSKGV	634	740
<u>Main shareholder’s subsidiaries and associates</u>		
TUSAŞ	22.431.249	14.621.494
STM	2.791.582	1.504.102
HAVELSAN	724.972	206.739
HTR	440.379	82.427
İŞBİR	152	--
TEI	108.071	150.561
NETAŞ	5	--
<u>Financial Instruments</u>		
ROKETSAN	7.339.258	3.170.272
ASPİLSAN	2.713	2.933
<u>Joint ventures and its related parties</u>		
TÜBİTAK Bilimsel Teknolojik Araştırma	68.029	7.408
TÜBİTAK SAGE Savunma Sanayii	450.910	18.944
Savunma Sanayi Başkanlığı	67.267.841	83.969.283
TÜBİTAK Uzay Teknolojileri Araştırma Enstitüsü	171	--
SSTEK	13.023.132	6.685.965
	114.649.098	110.420.868

Transactions with related parties are generally related to the purchases and sales of goods and services related to projects under TFRS 15 “Revenue from Contracts with Customers”.

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6. TRADE RECEIVABLES AND PAYABLES**a) Trade receivables**

Details of the Group's trade receivables are as follows:

	31 December 2025	31 December 2024
Short-term trade receivables		
Trade receivables	6.668.500	20.500.299
Trade receivables from related parties (Note 5)	32.068.651	16.550.325
Notes receivable	90.315	53.248
Other receivable	32.162	11.123
Doubtful trade receivables	32.207	42.266
Allowance for doubtful trade receivables (-)	(32.207)	(42.266)
	38.859.628	37.114.995
Long-term trade receivables		
Unbilled receivables from contracts with customers	44.088.249	18.422.500
Trade receivables	1.051.022	999.670
Unbilled receivables from contracts with customers -Related party (Note 5)	42.805.303	52.540.861
	87.944.574	71.963.031

The movement for the Group's allowance for doubtful receivables is as follows:

	31 December 2025	31 December 2024
Opening balance	42.266	100.117
Provisions no longer required	(84)	(27.077)
Monetary gain/(loss)	(9.975)	(30.774)
Closing balance	32.207	42.266

The sectorial distribution of trade receivables is as follows:

	31 December 2025	31 December 2024
Public sector	62.446.190	61.356.364
Private sector	57.068.505	39.658.089
Receivables from companies operating abroad	7.289.507	8.063.573
Total receivables	126.804.202	109.078.026

Receivables from public sector represent the receivables are due from the Presidency of Defense Industry and other public entities. The Group's operations are based on contracts and no other collaterals are obtained from the customers.

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6. TRADE RECEIVABLES AND PAYABLES (continued)**b) Trade payables**

Details of The Group's trade payables are as follows:

	31 December 2025	31 December 2024
Short-term trade payables		
Trade payables	33.717.041	20.633.323
Due to related parties (Note 5)	1.981.116	3.218.141
Notes payable	1.701.056	1.472.069
Other trade payables	565.413	541.425
	37.964.626	25.864.958
	31 December 2025	31 December 2024
Long-term trade payables		
Other trade payables	24.432	--
	24.432	--

7. OTHER RECEIVABLES AND PAYABLES**a) Other receivables**

	31 December 2025	31 December 2024
Short-term other receivables		
Receivables from tax office ¹	3.987.945	2.521.619
Deposits and guarantees given	20.744	19.890
Other ²	1.099.383	711.741
	5.108.072	3.253.250
	31 December 2025	31 December 2024
Long-term other receivables		
Deposits and guarantees given	16.226	15.574

b) Other payables

	31 December 2025	31 December 2024
Short-term other payables		
Short-term other payables	162.311	175.465
Deposits and guarantees received	101.552	75.634
Leasing liabilities	5.763	21.426
Short-term other payables to related parties (Note 5)	674.411	445.500
	944.037	718.025
	31 December 2025	31 December 2024
Long-term other payables		
Deposits and guarantees received	5.878	9.232
Other payables	3.642	6.927
Leasing Liabilities	3.523	9.104
	13.043	25.263

¹ Mainly comprises Value Added Tax (VAT) returns and are expected to be offsetted in the following periods.

² Consists of R&D Center social security premium incentive and R&D Center income tax exceptions.

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8. EQUITY ACCOUNTED INVESTMENTS

The Group's financial information for its shareholdings consolidated with equity method , that are not presented, according to the Group's ownership rates are as below:

31 December 2025	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
Kazakhstan ASELSAN Engineering	49	446.490	554.889	1.001.379	507.924	--	507.924
ASELSAN Middle East	49	334.466	167.494	501.960	211.259	14.517	225.776
IGG ASELSAN Integrated Systems	49	176.137	4.139	180.276	11.426	7.043	18.469
ASELSAN Bilkent Mikro Nano	50	673.485	1.283.698	1.957.183	189.692	850.268	1.039.960
TEKNOHAB Teknoloji Geliştirme Bölgesi	13	182.857	29.232	212.089	1.148	--	1.148
EHSİM	50	890.257	324.059	1.214.316	174.554	725.958	900.512
TÜYAR Mikroelektronik Sanayi	51	151.793	37.692	189.485	39.457	--	39.457
TR Eğitim ve Teknoloji	35	53.549	113.028	166.577	23.927	--	23.927
Adıyaman Kablo ve Konnektör	15	256.162	47.627	303.789	4.757	--	4.757
ULAK	51	1.707.248	2.857.261	4.564.509	593.594	3.621.727	4.215.321
İstanbul Finans ve Teknoloji Üssü	9	19.543	600	20.143	20.142	--	20.142
		4.891.987	5.419.719	10.311.706	1.777.880	5.219.513	6.997.393

31 December 2025	Ownership Rate (%)	Revenue	Expenses	Net Profit/(Loss)	Group Share of Net Assets	Group Share of Profit/(Loss)
Kazakhstan ASELSAN Engineering	49	242.351	(349.932)	(107.581)	241.793	(52.714)
ASELSAN Middle East	49	81.917	(98.721)	(16.804)	135.330	(8.234)
IGG ASELSAN Integrated Systems	49	58.335	(34.243)	24.092	79.286	11.805
ASELSAN Bilkent Mikro Nano	50	909.216	(962.619)	(53.403)	458.611	(26.701)
BARQ QSTP LLC.	48	--	--	--	7.500	--
TEKNOHAB Teknoloji Geliştirme Bölgesi	13	14.039	(112.831)	(98.792)	27.507	(12.882)
EHSİM	50	1.079.507	(1.020.531)	58.976	156.903	29.488
TÜYAR Mikroelektronik Sanayi	51	92.504	(16.590)	75.914	76.514	38.716
TR Eğitim ve Teknoloji	35	34.795	(65.402)	(30.607)	49.927	(10.713)
Adıyaman Kablo ve Konnektör	15	48.550	(17.064)	31.486	44.855	4.723
ULAK	51	888.795	(1.392.212)	(503.417)	178.086	(256.743)
İstanbul Finans ve Teknoloji Üssü	9	346.047	(32.261)	313.786	--	29.033
		3.796.056	(4.102.406)	(306.350)	1.456.312	(254.222)

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8. EQUITY ACCOUNTED INVESTMENTS (continued)

31 December 2024	Ownership Rate (%)	Current Assets	Non-current Assets	Total Assets	Short-term Liabilities	Long-term Liabilities	Total Liabilities
Kazakhstan ASELSAN Engineering	49	609.976	569.888	1.179.864	498.287	39.831	538.118
ASELSAN Middle East	49	326.473	164.182	490.655	194.146	25.973	220.119
IGG ASELSAN Integrated Systems	49	205.217	337	205.554	52.499	7.089	59.588
ASELSAN Bilkent Mikro Nano	50	344.782	1.388.638	1.733.420	87.979	674.812	762.791
TEKNOHAB Teknoloji Geliştirme Bölgesi	13	275.118	36.831	311.949	2.211	--	2.211
EHSİM	50	612.438	33.754	646.192	117.511	273.849	391.360
TÜYAR Mikroelektronik Sanayi	51	81.301	60.704	142.005	67.889	--	67.889
TR Eğitim ve Teknoloji	35	89.444	86.399	175.843	2.585	--	2.585
Adıyaman Kablo ve Konnektör	15	212.217	399	212.616	5.334	--	5.334
ULAK	51	1.757.768	2.888.469	4.646.237	1.885.763	1.907.862	3.793.625
İstanbul Finans ve Teknoloji Üssü	44	15.062	1.029	16.091	15.413	--	15.413
		4.529.796	5.230.630	9.760.426	2.929.617	2.929.416	5.859.033

31 December 2024	Ownership Rate (%)	Revenue	Expenses	Net Profit/(Loss)	Group Share of Net Assets	Group Share of Profit/(Loss)
Kazakhstan ASELSAN Engineering	49	602.967	(544.643)	58.324	314.456	28.579
ASELSAN Middle East	49	78.055	(137.741)	(59.686)	132.563	(29.246)
IGG ASELSAN Integrated Systems	49	42.533	(63.754)	(21.221)	71.524	(10.398)
ASELSAN Bilkent Mikro Nano	50	1.005.666	(973.775)	31.891	485.315	15.946
BARQ QSTP LLC.	48	--	--	--	7.500	--
TEKNOHAB Teknoloji Geliştirme Bölgesi	13	116.116	(23.038)	93.078	40.390	12.137
EHSİM	50	514.150	(441.283)	72.867	127.416	36.434
DASAL ¹	--	--	--	--	--	(9.099)
TÜYAR Mikroelektronik Sanayi	51	15.867	(18.450)	(2.583)	37.799	(1.317)
TR Eğitim ve Teknoloji	35	125.023	(107.164)	17.859	60.640	6.251
Adıyaman Kablo ve Konnektör	15	35.721	(12.140)	23.581	31.092	3.537
ULAK	51	1.276.208	(1.487.064)	(210.856)	434.831	(107.538)
İstanbul Finans ve Teknoloji Üssü	44	11.182	(58.872)	(47.690)	301	(21.196)
		3.823.488	(3.867.924)	(44.436)	1.743.827	(75.910)

¹ %49 of Dasal shares was transferred on 25 October 2024.

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9. INVENTORIES

	31 December 2025	31 December 2024
Raw materials	34.908.601	33.534.562
Work in progress	28.257.883	16.428.952
Goods in transit ¹	4.254.241	27.384
Finished goods	3.361.716	2.028.593
Other inventories	1.175.189	3.589.781
Trade goods	2.243.555	1.319.134
Allowance for impairment on inventories (-)	(540.455)	(27.384)
	73.660.730	56.901.022

The Group provides an allowance for impairment on inventories when the inventories net realizable values are lower than their costs or when they are determined as slow-moving inventories.

The Group has identified raw material, work-in progress and finished goods inventories below net realizable value within the current year.

Impaired inventory movements for the period ended in 31 December are as follows:

	2025	2024
Opening balance	27.384	144.470
Provisions no longer required	(595.532)	(281.986)
Provision for the period	1.108.603	164.900
Closing balance	540.455	27.384

¹ Goods in transit includes the goods for which significant risks and rewards of ownership has been transferred to the Group due to their shipping terms.

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10. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2025	31 December 2024
Short-term prepaid expenses		
Order advances given for inventory purchases	16.536.472	10.291.227
Short-term order advances given to related parties for inventory purchases (Note 5)	2.970.874	2.503.015
Work advances	1.583.202	927.514
Prepaid expenses	1.357.993	2.262.853
	22.448.541	15.984.609

	31 December 2025	31 December 2024
Long-term prepaid expenses		
Long-term order advances given to related parties for inventory purchases (Note 5)	534.466	1.736.853
Order advances given for inventory purchases	4.311.119	1.756.548
Order advances given for fixed assets purchases	1.587.204	622.567
Prepaid expenses	764.461	777.678
	7.197.250	4.893.646

	31 December 2025	31 December 2024
Short-term deferred income		
Order advances received	7.407.690	4.834.985
Order advances received from related parties (Note 5)	10.896.206	7.942.904
Deffered income	8.962.395	4.244.013
	27.266.291	17.021.902

Short-term order advances received comprises advances received from 77 customers (31 December 2024: 77 customers) of which first 10 customers constitutes 94 percent of the total (31 December 2024: 98 percent).

	31 December 2025	31 December 2024
Long-term deferred income		
Order advances received	2.132.361	5.803.562
Order advances received from related parties (Note 5)	35.278.438	9.167.927
Deferred income	568.844	511.073
	37.979.643	15.482.562

Long-term order advances received comprises advances received from 64 customers (31 December 2024: 51 customers) of which the first 10 customers constitutes 75 percent of the total (31 December 2024: 88 percent).

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets ¹	Leasehold improvements	Construction in progress ²	Total
<u>Cost and revaluation</u>										
Opening balance as of 1 January 2025	9.707.239	698.497	17.052.654	28.795.481	801.870	8.005.213	3.631.400	3.455.322	9.419.389	81.567.065
Additions ³	1.073.549	6.896	9.457	4.769.832	731.902	1.111.610	169.622	36.241	6.252.537	14.161.646
Revaluation fund	6.962.286	--	--	--	--	--	--	--	--	6.962.286
Disposals	--	--	(1.202)	(497.664)	(316.569)	(96.374)	(25.537)	--	(115.356)	(1.052.702)
Transfers	--	19.036	3.447.912	203.671	--	--	2.745.810	60.647	(6.477.076)	--
Closing balance as of 31 December 2025	17.743.074	724.429	20.508.821	33.271.320	1.217.203	9.020.449	6.521.295	3.552.210	9.079.494	101.638.295
<u>Accumulated depreciation</u>										
Opening balance as of 1 January 2025	--	396.417	3.425.383	17.928.945	247.478	6.576.638	2.723.231	1.372.545	--	32.670.637
Charge for the period	--	32.314	789.941	2.487.666	169.495	823.165	519.554	148.845	--	4.970.980
Disposals	--	--	--	(457.976)	(132.501)	(46.455)	(25.469)	--	--	(662.401)
Transfers	--	--	--	--	--	--	--	--	--	--
Closing balance as of 31 December 2025	--	428.731	4.215.324	19.958.635	284.472	7.353.348	3.217.316	1.521.390	--	36.979.216
Net book value as of 31 December 2025	17.743.074	295.698	16.293.497	13.312.685	932.731	1.667.101	3.303.979	2.030.820	9.079.494	64.659.079

¹ All of the net book value of other fixed assets consists of mold models manufactured by the Group.

² Includes of investments in molds, models, devices and construction works. In addition, it includes the costs related to the Self-Consumption GES Project being carried out in the provinces of Şanlıurfa and Niğde, amounting to TL 238.397.

³ TL 193.533 of additions are free of charge investment income.

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other fixed assets ¹	Leasehold improvements	Construction in progress ²	Total
<u>Cost and revaluation</u>										
Opening balance as of 1 January 2024	9.109.058	676.923	11.456.147	27.293.292	654.453	8.484.135	3.449.212	3.492.569	11.157.580	75.773.369
Additions ³	--	370	129.977	2.490.496	163.655	833.604	59	48.954	4.388.302	8.055.417
Revaluation fund	598.181	--	--	--	--	--	--	--	--	598.181
Disposals	--	(73.337)	(84.474)	(1.116.115)	(16.238)	(1.312.526)	(72.783)	(86.201)	(98.228)	(2.859.902)
Transfers	--	94.541	5.551.004	127.808	--	--	254.912	--	(6.028.265)	--
Closing balance as of 31 December 2024	9.707.239	698.497	17.052.654	28.795.481	801.870	8.005.213	3.631.400	3.455.322	9.419.389	81.567.065
<u>Accumulated depreciation</u>										
Opening balance as of 1 January 2024	--	442.926	3.184.470	17.150.330	127.573	6.530.677	2.455.394	1.177.673	--	31.069.043
Charge for the period	--	27.638	355.203	1.738.611	128.983	796.288	289.892	194.872	--	3.531.487
Disposals	--	(74.147)	(114.290)	(959.996)	(9.078)	(750.327)	(22.055)	--	--	(1.929.893)
Transfers	--	--	--	--	--	--	--	--	--	--
Closing balance as of 31 December 2024	--	396.417	3.425.383	17.928.945	247.478	6.576.638	2.723.231	1.372.545	--	32.670.637
Net book value as of 31 December 2024	9.707.239	302.080	13.627.271	10.866.536	554.392	1.428.575	908.169	2.082.777	9.419.389	48.896.428

¹ All of the net book value of other fixed assets consists of mold models manufactured by the Group.

² Includes of investments in molds, models, devices and construction works.

³ TL 166.749 of additions are free of charge investment income.

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

The details of the depreciation expenses with respect to the plant, property and equipment is as follows:

	31 December 2025	31 December 2024
Cost of sales	3.797.475	2.228.254
General administrative expenses	625.483	922.863
Inventories	524.461	366.485
Marketing expenses	23.561	13.885
	4.970.980	3.531.487

There is no collateral, pledges, and mortgages on tangible assets as of 31 December 2025 and 2024.

There is no capitalized interest expense as of 31 December 2025 and 2024.

Fair value measurement of the Group’s land

The lands owned by the Group are revalued and presented at fair value as of 31 December 2025. The fair value of the lands owned by the Group is revalued on 31 December 2025 by Form Gayrimenkul ve Değerleme Anonim Şirketi (“Form Değerleme”), an independent appraisal company. Form Değerleme is authorized by the CMB and provides real estate appraisal services in accordance with the capital market legislation. The fair value of the lands is determined according to “Market Value Approach (Equivalent Comparison Method)”. Gains resulting from revaluation are recognized under “Gain on Revaluation of Property” in other comprehensive income.

In accordance with TFRS 13 “Fair Value Measurement” standard, since measurement techniques do not include observable market inputs, fair values of the lands are considered as level 3 in respect of fair value hierarchy.

Change in Revaluation

	31 December 2025
Opening balance as of 1 January 2025:	9.707.239
Additions	1.073.549
Appreciation (Other Comprehensive Income)	6.962.286
Depreciation (Profit / Loss)	--
TOTAL	17.743.074

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurement of the Group's land and buildings (continued)

Details of the Group's lands and information regarding fair value hierarchy are as follows:

	31 December 2025	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Macunköy	5.044.895	--	--	5.044.895
Akyurt	4.089.450	--	--	4.089.450
Gölbaşı	177.675	--	--	177.675
Oğulbey	3.577.530	--	--	3.577.530
Gölbek	4.450	--	--	4.450
Temelli	4.847.975	--	--	4.847.975
Denizli	1.099	--	--	1.099
	17.743.074	--	--	17.743.074

	31 December 2024	Fair value as of reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Macunköy	4.940.296	--	--	4.940.296
Akyurt	1.335.733	--	--	1.335.733
Gölbaşı	10.410	--	--	10.410
Oğulbey	518.014	--	--	518.014
Gölbek	3.691	--	--	3.691
Temelli	2.897.996	--	--	2.897.996
Denizli	1.099	--	--	1.099
	9.707.239	--	--	9.707.239

The fair value level action table as of 31 December 2025 are as follows:

	Fair Value Level as of Reporting Date		
	Level 1 TL	Level 2 TL	Level 3 TL
1 January 2025	--	--	9.707.239
Additions (Net)	--	--	8.035.835
31 December 2025	--	--	17.743.074

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12. RIGHTS OF USE ASSETS

	Land	Vehicles	Other	Total
<u>Cost</u>				
Opening balance as of 1 January 2025	45.710	224.453	148.657	418.820
Additions	--	--	--	--
Revaluation fund	16.078.049	--	--	16.078.049
Disposals	--	--	(23.291)	(23.291)
Transfers	--	--	--	--
Closing balance as of 31 December 2025	16.123.759	224.453	125.366	16.473.578
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2025	12.401	197.906	139.498	349.805
Charge for the period	41.085	11.911	2.207	55.203
Disposals	--	--	(20.145)	(20.145)
Closing balance as of 31 December 2025	53.486	209.817	121.560	384.863
Net book value as of 31 December 2025	16.070.273	14.636	3.806	16.088.715

	Land	Vehicles	Other	Total
<u>Cost</u>				
Opening balance as of 1 January 2024	45.710	224.453	151.272	421.435
Additions	--	--	227	227
Revaluation fund	--	--	--	--
Disposals	--	--	(2.842)	(2.842)
Transfers	--	--	--	--
Closing balance as of 31 December 2024	45.710	224.453	148.657	418.820
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2024	12.268	182.315	86.562	281.145
Charge for the period	133	15.591	52.936	68.660
Disposals	--	--	--	--
Closing balance as of 31 December 2024	12.401	197.906	139.498	349.805
Net book value as of 31 December 2024	33.309	26.547	9.159	69.015

The lands leased by the Group are revalued and presented at fair value as of 31 December 2025. The fair value of the lands leased by the Group is revalued on 31 December 2025 by Form Gayrimenkul ve Değerleme Anonim Şirketi (“Form Değerleme”), an independent appraisal company.

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12. RIGHTS OF USE ASSETS (continued)

Form Değerleme is authorized by the CMB and provides real estate appraisal services in accordance with the capital market legislation. The fair value of the lands is determined according to "Market Value Approach (Equivalent Comparison Method)". Gains resulting from revaluation are recognized under "Gain on Revaluation of Rights of Use Assets" in other comprehensive income.

The details of amortization expenses regarding rights of use assets is as follows:

	31 December 2025	31 December 2024
Cost of sales	1.862	2.469
Inventories	1.553	2.250
Equity	41.085	--
General administrative expenses	10.703	63.941
	55.203	68.660

13. INTANGIBLE ASSETS

	Rights	Development costs	Other intangible assets ¹	Total
Cost				
Opening balance as of 1 January 2025	1.620.391	38.211.175	4.564.457	44.396.023
Additions	12.640	23.588.309	599.405	24.200.354
Disposals	(88.905)	(14.445.616)	(27.929)	(14.562.450)
Transfers	--	--	--	--
Closing balance as of 31 December 2025	1.544.126	47.353.868	5.135.933	54.033.927
Accumulated Amortization				
Opening balance as of 1 January 2025	1.132.748	10.521.861	4.165.885	15.820.494
Charge for the period	48.961	802.540	353.404	1.204.905
Disposals	(9.237)	(207.454)	(57.306)	(273.997)
Closing balance as of 31 December 2025	1.172.472	11.116.947	4.461.983	16.751.402
Net book value as of 31 December 2025	371.654	36.236.921	673.950	37.282.525

¹Other intangible assets include licences related to computer software and right of usage assets.

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13. INTANGIBLE ASSETS (continued)

	Rights	Development costs	Other intangible assets ¹	Total
Cost				
Opening balance as of 1 January 2024	1.660.440	31.861.519	4.686.960	38.208.919
Additions	116.082	19.603.283	270.358	19.989.723
Disposals	(156.131)	(13.253.627)	(392.861)	(13.802.619)
Transfers	--	--	--	--
Closing balance as of 31 December 2024	1.620.391	38.211.175	4.564.457	44.396.023
Accumulated Amortization				
Opening balance as of 1 January 2024	1.123.380	9.838.904	4.289.764	15.252.048
Charge for the period	47.258	886.679	270.766	1.204.703
Disposals	(37.890)	(203.722)	(394.645)	(636.257)
Closing balance as of 31 December 2024	1.132.748	10.521.861	4.165.885	15.820.494
Net book value as of 31 December 2024	487.643	27.689.314	398.572	28.575.529

The details of amortization expenses regarding intangible assets is as follows:

	31 December 2025	31 December 2024
Research and development expenses	899.268	886.679
Cost of sales	108.413	100.423
Inventories	115.392	117.288
Marketing expenses	876	255
General administrative expenses	80.956	100.058
	1.204.905	1.204.703

¹Other intangible assets include licences related to computer software and right of usage assets.

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14. GOVERNMENT GRANTS AND INCENTIVES

The deferred incentive income shown under consolidated statement of financial position is as follows:

	31 December 2025	31 December 2024
Current government grants and incentives	75.860	86.433

As part of the Decision on Government Incentives on Investments, there are 14 investment incentives taken from Ministry of Treasury and Finance. The incentives allow VAT exemption and customs tax exemption. VAT exemption is applied in both domestic and international purchases while customs tax exemption is applied for international purchases.

In Corporate Tax Calculation, no tax payable is calculated because of R&D deduction and deductions due to investment incentive certificates cannot be applied. For this reason, no deferred tax effect is calculated for the temporary differences arising from investment incentives.

Government grants show the unearned proportion of the grant after the costs related with the completed parts of the projects are deducted from the grants taken by the Group for the ongoing projects that was obtained as of the reporting date.

The incentive obtained consists of the incentives that are accrued in accordance with TÜBİTAK's R&D recognition letter prepared with respect to the Group's ongoing projects.

The Group obtains capital support from "Support and Price Stabilization Fund" of Central Bank of Türkiye via Ministry of Trade's consent. The Scientific and Technological Research Council of Türkiye ("TÜBİTAK") and Technology Development Foundation of Türkiye ("TTGV") act as intermediary in accordance with Communiqué No:98/10 published by the Money-Loans and Coordination Board.

In accordance with Law on Technology Development Zones numbered 4691, Group utilizes withholding income tax incentive, social security premium incentive and stamp tax exceptions. Such incentives are utilized through not paying withholding income tax incentive, social security premium incentive and stamp tax exceptions calculated based on research and development and software personnel payroll. Income generated in accordance with law on Technology Development Zones numbered 4691 is exempt from corporate income tax until 31 December 2028.

The research and development expenditure deduction rate used as a tax benefit has been increased from 40 percent to 100 percent in accordance with the amended article 10 of the Tax Law numbered 5520, the amended article 89 of Law numbered 193 and 5746 with respect to the Support of Research and Development Activities. The aforementioned law was enacted of April 2008 after its issue in the Official Gazette dated 12 March 2008, numbered 26814. In accordance to the Law regarding the Incentive of Research and Development Activities numbered 6676 published on Official Gazettes numbered 29636 on 26 February 2016 and The Law Regarding the Amendments on Delegated Legislation, the content of the law and incentives has been broadened and additional exceptions has been given. Research and development expenditure may be used as a tax deduction in the determination of the taxable income. If taxable income levels are not sufficient to absorb all available tax deductions, any unused research and development tax deduction is allowed to be carried forward to the next tax period. The remaining amount from previous year is increased according to revaluation ratio defined at Tax Procedure Law. According to the item No. 8 of the related law, all the costs related with research and development can be subjected to deduction until 31 December 2028.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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15. BORROWING COSTS

As of 31 December 2025, there is no material borrowing cost regarding the qualifying assets.
(31 December 2024: None).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**a) Provisions**

	31 December 2025	31 December 2024
Other short-term provisions		
Provision for warranties ¹	5.817.474	5.158.331
Provision for onerous contracts	98.414	285.607
Provision for delay penalties ²	3.591.284	2.507.328
Sales commission	1.397	150.153
Provision for legal cases	97.723	71.487
Provision for cost expenses	277.296	846.827
Other	164.005	28.445
	10.047.593	9.048.178

The movement of the provision for warranties is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	5.158.331	5.262.456
Provision during the period	6.146.505	5.263.727
Realized during the period	(4.269.937)	(3.750.292)
Monetary gain/(loss)	(1.217.425)	(1.617.560)
Closing balance	5.817.474	5.158.331

The movement of the provision for onerous contracts is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	285.607	408.508
Provision reversed during the period	(119.787)	2.665
Monetary gain/(loss)	(67.406)	(125.566)
Closing balance	98.414	285.607

¹ The Group's provision for warranty is based on sales under warranty are estimated in accordance with historical data. Provision for warranty is calculated by using warranty rate included in the contract as long as the invoice issued throughout the life of the Contract

² Provision for delay penalties and fines are calculated in accordance with interest rates mentioned in the agreement for default and within the client's knowledge.

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

a) Provisions (continued)

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	2.507.328	2.273.530
Provision during the period	2.482.525	2.393.171
Realized during the period	(485.756)	(627.347)
Provision reversed during the period	(321.055)	(833.194)
Monetary gain/(loss)	(591.758)	(698.832)
Closing balance	3.591.284	2.507.328

The movement of the provision for legal cases is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	71.487	68.767
Provision during the period	55.278	41.204
Realized during the period	(12.171)	(17.346)
Monetary gain/(loss)	(16.871)	(21.138)
Closing balance	97.723	71.487

	31 December 2025	31 December 2024
Other long-term provisions		
Provision for delay penalties	476.311	658.409
Provision for onerous contracts	8.036.862	11.136.114
	8.513.173	11.794.523

The movement of the provision for delay penalties is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	658.409	631.299
Provision during the period	--	221.157
Provision reversed during the period	(26.706)	--
Monetary gain/(loss)	(155.392)	(194.047)
Closing balance	476.311	658.409

The movement of the provision for onerous contacts is as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Opening balance	11.136.114	6.550.494
Provision during the period	--	6.599.094
Provision reversed during the period	(471.003)	--
Monetary gain/(loss)	(2.628.249)	(2.013.474)
Closing balance	8.036.862	11.136.114

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

b) Legal cases

There has not been any final judicial decision against the Group due to the responsibility related with work accidents within 2025.

As of the dates 31 December 2025 and 31 December 2024, according to the declarations written by the legal counselors, the lawsuits and legal executions in favor of and against the Group are as follows:

	Description	2025	2024
a)	Ongoing lawsuits filed by the Group	32.216	56.107
b)	Execution proceedings carried out by the Group	1.018.606	977.628
c)	Ongoing lawsuits filed against the Group	97.723	71.488
d)	Executions against the Group	28.153	25.090
e)	Lawsuits finalized against the Group within the period	34.817	9.240
f)	Lawsuits finalized in favor of the Group within the period	7.698	6.484

- a) Ongoing lawsuits filed by the Group are comprised of lawsuits for patents, trademarks and lawsuits filed by the Group due to the disagreements related to previous lawsuits. These lawsuits will not be recognised in the financial statements until they are finalized.
- b) Execution of proceedings carried out by the Group are comprised of lawsuits that would result in favor of the Group that will be recognised as revenue under "Other Operating Income" line when they are collected.
- c) The Company made provisions for all lawsuits filed against the Group and recognised as "Provisions" in the statement of financial position and "Other Operating Expense" in the statement of profit or loss and other comprehensive income.
- d) Executions against the Group are not included in Financial Statements.
- e) Lawsuits finalized against the Group are recognised in the statement of profit or loss to the extent that the amount differs from the amount previously provided. Amounts in excess of the amount previously provided are recognised under 'Other Operating Expense' when the penalty is paid.
- f) Lawsuits finalized in favor of the Group are recognised in statement of profit or loss and other comprehensive income under "Other Operating Income" line when the final judgement is determined.

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17. COMMITMENTS AND CONTINGENCIES**a) Guarantees received**

	31 December 2025	31 December 2024
Letters of guarantees received from the suppliers	14.962.539	12.796.135
Collaterals received from the customers	929.011	885.639
Letters of guarantees received from the customers	42.992	58.519
Collaterals received from the suppliers	4.180.256	1.814.323
Letters of guarantees received from the suppliers	2.392.945	616.485
Cheques of guarantees received from the customers	2.000	2.618
	22.509.743	16.173.719

b) Collaterals / Pledges / Mortgages ("CPM") given

The collaterals/pledges/mortgages ("CPM") given by the Group as of 31 December 2025 and 31 December 2024 is as follows:

In accordance with the terms of the Patrol and Anti-Submarine Warfare Ship Projects ("MİLGEM"), the Company is a guarantor if HAVELSAN cannot be able to fulfill the obligations in this project of an amount of USD 294.031.

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17. COMMITMENTS AND CONTINGENCIES (continued)
c) Guarantees given (continued)

31 December 2025	TL Equivalent	TL	USD	EURO	Polish Zloty	Qatar Rial
A. Total amount of CPM given on behalf of the legal entity						
<i>-Collateral</i>	32.153.515	3.017.864	365.883	196.905	294.489	250
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation						
<i>-Collateral</i>	201.813	--	--	4.000	--	--
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties						
<i>-Collateral</i>	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
D. Total amount of other CPM given						
i. Total Amount of CPM on behalf of the main partner						
<i>-Collateral</i>	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹						
<i>-Collateral</i>	199.267	--	4.649	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover						
<i>-Collateral</i>	--	--	--	--	--	--
<i>-Pledge</i>	--	--	--	--	--	--
<i>-Mortgage</i>	--	--	--	--	--	--
Total	32.554.595	3.017.864	370.532	200.905	294.489	250

The Group is responsible as joint guarantor for the portion amounting to EURO 2,5 Million of investment credit amounting to EURO 5 Million which will be used by ASELSAN Optik , the Group’s joint venture.

¹ The ratio of the other CPM given by the Group to equity as of 31 December 2025 is 0,08 percent. TL 199.267 is the collateral amount pertaining to guarantee letter given on behalf of the entity’s joint venture ASELSAN Bilkent.

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17. COMMITMENTS AND CONTINGENCIES (continued)
c) Guarantees given (continued)

31 December 2024	TL Equivalent	TL	USD	EURO	ROL	Qatar Rial
A. Total amount of CPM given on behalf of the legal entity						
-Collateral	20.513.325	2.826.190	278.011	100.387	4.004	250
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
B. Total amount of CPM given on behalf of the subsidiaries included in full consolidation						
-Collateral	192.375	--	--	4.000	--	--
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
C. Total amount of CPM given to maintain operations and collect payables from third parties						
-Collateral	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
D. Total amount of other CPM given						
i. Total Amount of CPM on behalf of the main partner						
-Collateral	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
ii. Total amount of CPM given on behalf of other group companies that do not cover B and C ¹						
-Collateral	58.553	--	1.270	--	--	--
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover						
-Collateral	--	--	--	--	--	--
-Pledge	--	--	--	--	--	--
-Mortgage	--	--	--	--	--	--
Total	20.764.253	2.826.190	279.281	104.387	4.004	250

The Group is responsible as joint guarantor for the portion amounting to EURO 2,5 Million of investment credit amounting to EURO 5 Million which will be used by ASELSAN Optik , the Group's joint venture.

¹ The ratio of the other CPM given by the Group to equity as of 31 December 2024 is 0,03 percent. TL 58.553 is the collateral amount pertaining to guarantee letter given on behalf of the entity's joint venture ASELSAN Bilkent.

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18. EMPLOYEE BENEFITS**a) Obligations for employee benefits**

	31 December 2025	31 December 2024
Social security premiums payable	2.509.389	2.040.684
Taxes and funds payable	1.246.060	1.029.967
Due to personnel	272.877	1.563.670
	4.028.326	4.634.321

b) Short-term provisions for employee benefits

	31 December 2025	31 December 2024
Provision for vacation pay and overtime	2.231.826	1.484.415
Bonus provision	3.664.284	2.518.151
	5.896.110	4.002.566

As of 31 December the movement of the provision for vacation pay and overtime is as follows:

	2025	2024
Opening balance	1.484.415	1.325.976
Provision for the period	1.645.367	1.237.377
Provision paid during the period	(483.025)	(520.471)
Provision realized during the period	(64.889)	(150.989)
Monetary gain/(loss)	(350.042)	(407.478)
Closing balance	2.231.826	1.484.415

c) Long-term provisions for employee benefits

	31 December 2025	31 December 2024
Provision for severance pay	1.797.161	1.376.145
	1.797.161	1.376.145

As of 31 December the movement of severance and retirement pays are as follows:

	2025	2024
Opening balance	1.376.145	2.009.385
Service cost	131.036	79.483
Interest cost	33.844	34.486
Actuarial gains/(loss)	700.012	454.363
Payments	(119.089)	(583.932)
Monetary gain/(loss)	(324.787)	(617.640)
Closing balance	1.797.161	1.376.145

Provision for severance pay:

In accordance with the Labor Law Legislations, the Group is obliged to make legal severance indemnity payments to entitled employees whose employment has been terminated. Furthermore, with regard to Social Security Law numbered 506 dated 6 March 1981, number 2422 dated 25 August 1999 and law numbered 4447, article 60 denotes the legal obligation to make severance payments to all employees who are entitled to indemnity by the date of leave of employment.

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18. EMPLOYEE BENEFITS (continued)

Provision for severance pay (continued)

Certain provisions regarding services before retirement, has been annulled on 23 May 2002 during the revision of the related law. As of 31 December 2025 severance payments are calculated on the basis of 30 days' pay, limited to a ceiling of TL 64.948,77¹ (31 December 2024: 41.828,43 TL ¹)

As of 1 January 2026, the ceiling for the severance payments is TL 64.948,77. ¹

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans.

Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2025	31 December 2024
	(%)	(%)
Interest rate	45,34	24,90
Inflation rate	41,34	21,05
Discount ratio	2,83	3,18
Estimation of probability of retirement ratio	95	94

¹ Amounts are shown in original Turkish Lira values.

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19. OTHER ASSETS AND LIABILITIES**a) Other current assets**

	31 December 2025	31 December 2024
VAT carried forward ¹	3.437.201	2.304.370
Other VAT	1.813.058	1.417.598
Other ²	570.355	148.483
	5.820.614	3.870.451

b) Other non-current assets

	31 December 2025	31 December 2024
VAT carried forward ²⁰	1.268.257	1.252.335
Prepaid taxes and funds	307.507	217.593
Other ²	31.465	20.788
	1.607.229	1.490.716

c) Other short-term liabilities

	31 December 2025	31 December 2024
Taxes and funds payable	102.106	8.507
Other ²	15.341	37.251
	117.447	45.758

d) Other long-term liabilities

	31 December 2025	31 December 2024
Other	215.889	52.591
	215.889	52.591

¹ Taxpayers (Contractor/the Group) who deliver goods and provides services to the Natural Security Institutions (such as MOD and UDI) are to be approved by purchasers (contacting authority) in terms of content and nature accordingly. Value Added Tax (VAT) is exempted as of 1 March 2009 in accordance with General Declaration on Value Added Tax with the Serial Number 112 in the Official Gazette as of 12 February 2009. These amounts usually are not collected, but they are offset with other tax liabilities.

² Mainly comprises of other assets and liabilities of consolidated subsidiaries.

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20. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

<u>Shareholders</u>	<u>Share (%)</u>	<u>31 December 2025</u>	<u>Share (%)</u>	<u>31 December 2024</u>
TSKGV	74,20	3.383.302	74,20	3.383.302
Publicly held	25,80	1.176.698	25,80	1.176.698
Nominal capital	100	4.560.000	100	4.560.000
Share capital adjustment		33.083.417		33.083.417
Inflation adjusted capital		37.643.417		37.643.417

The Group's nominal capital is TL 4.560.000 comprising 4.560.000.000 shares each of which is TL 1. A total of 2.421.818.182 of the shares constitutes "Group A" and 2.138.181.818 of the shares constitutes "Group B" shares. All of the shares are nominative. "Group A" shares are privileged nominative shares and 6 Members of the Board of Directors are assigned from the holders of nominative "Group A" type shareholders or from the ones nominated by "Group A" type shareholders. Moreover, the Board of Directors shall be authorized in matters regarding issuing preferred shares or issuing shares above the nominal values. Regarding capital increases by restricting preemptive rights, the shares to be issued shall be "Group B". In accordance with the CMB's legislation, other Members of the Board of Directors, not including elected Independent Members of the Board of Directors, are assigned from nominative "Group A" shareholders or elected from among candidate nominated by "Group A" shareholders.

Restricted reserves

In accordance with Capital Markets Board's Communique Serial II No:19.1 "Share of Profit", effective as of 1 February 2014, and with regard to the Turkish Commercial Code ("TCC"), legal reserves in publicly held companies will be generated by 5 percent of income until it reaches 20 percent of paid-in share capital. After the 5 percent of the dividend is paid to shareholders, 10 percent of the total distributed to shareholders and employees can be added in the other legal reserve. Under the TCC, the legal reserves can be used only to offset losses for the going concern of the company or to prevent unemployment as long as the amount does not exceed 50 percent of the paid-in capital.

Retained Earnings

Accumulated profits apart from net profit for the year and extraordinary reserves which is accumulated profit by nature are shown under retained earnings.

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20. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (continued)

Retained Earnings (continued)

Profit distribution

Publicly traded companies perform dividend distribution in accordance with Capital Markets Board's Communique Serial II No: 19.1 "Share of Profit", effective as of 1 February 2014.

As a result of the 50th Ordinary General Assembly Meeting of the Company held on 29 May 2025; of the net profit for the period obtained from its activities in 2024;

- In accordance with Article 519/(1) of the Turkish Commercial Code, General Legal Reserves amounting to TL 456.000.000,- is going to be allocated,

- Out of net distributable profit to the shareholders for the period, calculated in the framework of the dividend distribution regulations and decisions of the Capital Markets Board, gross, TL 1.070.000.000,- (Kuruş 23,464912 per share of TL 1 and 23,464912% on the basis of the capital) (net TL 909.500.000,- Kuruş 19,945175 per share of TL 1 and 19,945175% on the basis of the capital) shall be distributed in the form of cash,

- In accordance with Article 519/2 of the Turkish Commercial Code, General Legal Reserves amounting to TL 84.200.000,- is going to be allocated,

- The remaining profit is shall be allocated as Extraordinary Legal Reserves,

and distribution of the cash dividends to the shareholders shall be distributed as of 25 November 2025. The dividend payment was made on 25 November 2025.

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21. REVENUE AND COST OF SALES

	1 January- 31 December 2025	1 January- 31 December 2024
a) Revenue		
Domestic sales	155.537.096	136.078.193
Export sales	27.531.009	22.443.181
Other revenues	458.853	414.681
Sales returns (-)	(3.012.052)	(1.579.216)
Sales discounts (-)	(11.524)	(17.332)
Other deductions (-)	(58.444)	--
	180.444.938	157.339.507

	1 January - 31 December 2025	1 January - 31 December 2024
Revenue Recognized Regarding Performance Obligation		
Over time	109.583.808	113.166.219
Point in time	70.861.130	44.173.288
	180.444.938	157.339.507

	1 January- 31 December 2025	1 January- 31 December 2024
b) Cost of sales(-)		
Cost of raw materials and supplies	79.006.117	76.900.657
Cost of merchandise goods sold	1.911.305	3.750.509
Cost of services sold	38.474.629	24.032.618
Cost of other sales	3.625.857	2.709.703
	123.017.908	107.393.487

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22. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 31 December 2025	1 January - 31 December 2024
General administrative expenses (-)	6.236.808	6.905.402
Marketing expenses (-)	3.157.587	3.441.951
Research and development expenses (-)	6.252.189	4.343.337
	15.646.584	14.690.690

a) General administrative expenses (-)	1 January - 31 December 2025	1 January - 31 December 2024
Personnel expenses	3.977.823	4.601.529
Depreciation and amortization expenses	717.142	1.086.862
Service procurement	294.199	268.443
Travel expenses	214.126	121.790
Expertise and consultancy expenses	109.334	96.056
Personnel meal expenses	103.564	10.672
Rent expenses	91.660	126.027
Electricity expenses	68.949	51.161
Insurance expenses	67.404	108.731
Personnel transportation expenses	49.811	65.811
Cleaning service expenses	36.013	31.025
Course and seminar expenses	28.355	16.692
IT repair and maintenance expenses	24.141	49.074
Vehicle purchase expenses	24.107	1.121
Property and environmental cleaning tax	15.320	14.223
Legal expenses	12.759	51.292
Water expenses	11.967	2.895
Subscription and publication expenses	7.733	31.012
Other	382.401	170.986
	6.236.808	6.905.402

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22. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (continued)

	1 January- 31 December 2025	1 January- 31 December 2024
b) Marketing expenses (-)		
Personnel expenses	1.200.441	1.269.431
Exhibition expenses	368.123	548.430
Commission expenses	338.688	105.671
Subcontractor service expenses	282.170	581.936
Travel expenses	235.274	251.107
Shipping and delivery expenses	150.724	145.138
Advertising expenses	115.175	35.428
Samples expenses	74.784	55.761
Packaging expenses	71.527	33.519
Stamp duty expenses	68.320	43.238
Sponsorship expenses	54.233	54.509
Representation expenses	51.713	47.061
Rent expenses	29.081	36.763
Expertise and consultancy expenses	29.014	26.194
Depreciation and amortization expenses	24.437	14.140
Security service	12.598	8.702
Meal expenses	12.100	22.779
Other	39.185	162.144
	3.157.587	3.441.951
	1 January- 31 December 2025	1 January- 31 December 2024
c) Research and development expenses (-)		
Personnel expenses	4.842.347	3.026.028
Depreciation and amortization expenses	899.268	886.679
Equipment costs	504.377	407.019
Other	6.197	23.611
	6.252.189	4.343.337

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23. OTHER OPERATING INCOME AND EXPENSES**a) Other operating income**

	1 January- 31 December 2025	1 January- 31 December 2024
Foreign currency exchange gains	29.903.473	20.282.411
Rediscounted interest income	1.785.725	1.753.404
Granted fixed assets income ¹	193.533	166.749
Other income	598.105	675.700
	32.480.836	22.878.264

b) Other operating expenses (-)

	1 January- 31 December 2025	1 January- 31 December 2024
Foreign currency exchange losses (-)	22.652.645	19.946.754
Rediscounted interest expense (-)	1.443.165	922.221
Other expense and losses (-)	1.019.617	1.510.639
	25.115.427	22.379.614

24. INCOME FROM INVESTING ACTIVITIES

	1 January- 31 December 2025	1 January- 31 December 2024
Gain/(loss) on sales profit of marketable securities	546.857	28.769
Dividend income	66.546	58.575
Gain/(loss) on sales profit of fixed assets	254.032	24.047
	867.435	111.391

25. FINANCIAL INCOME

	1 January- 31 December 2025	1 January- 31 December 2024
Interest income	3.471.446	1.281.484
Foreign currency exchange gains from bank loans	81.807	1.032.939
	3.553.253	2.314.423

¹ Granted fixed assets income comprises of fixed assets donated by public bodies and utilized within the scope of research projects conducted with universities. Subsequent to the completion of these projects, the subject matter fixed assets have been incorporated to the Group without any charge.

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26. FINANCIAL EXPENSES

	1 January- 31 December 2025	1 January- 31 December 2024
Foreign currency exchange losses from bank loans (-)	8.561.645	4.276.001
Interest cost related with employee benefits (-)	33.844	34.486
Interest cost of borrowings (-)	4.774.207	4.820.087
	13.369.696	9.130.574

27. GAIN/(LOSS) ON NET MONETARY POSITION

Non-monetary items

Net Monetary Gain/ (Losses)	31 December 2025	31 December 2024
Balance Sheet Items	(10.183.001)	(14.518.916)
Inventories	7.890.455	3.650.936
Prepaid expenses	5.038.607	6.146.965
Property, plant and equipment	13.267.042	12.133.582
Intangible assets	7.054.841	8.502.147
Equity accounted investments and financial investments	3.716.778	5.013.354
Deferred income	(2.492.181)	74.892
Share capital	(8.884.200)	(11.570.736)
Share premiums	(6.488.792)	(8.450.883)
Other comprehensive income / (expense) that will not be reclassified to profit or (loss)	(1.030.553)	(1.272.507)
Other comprehensive income / (expense) that will be reclassified to profit or (loss)	151.339	--
Restricted reserves	(1.539.306)	(1.988.418)
Retained earnings	(26.867.031)	(26.758.248)
Statement of Profit or Loss Items	(3.369.012)	(3.635.054)
Revenue	(12.291.299)	(13.979.344)
Cost of sales (-)	7.953.211	8.968.156
General administrative expenses (-)	424.090	560.421
Marketing expenses (-)	292.218	325.929
Research and development expenses (-)	264.330	216.021
Other operating income	(3.849.785)	(3.513.904)
Other operating expenses (-)	2.673.118	2.708.930
Income from investing activities	(34.097)	(8.098)
Financial income	(348.611)	(167.107)
Financial expense (-)	1.547.813	1.253.942
Net Monetary Gain/ (Losses)	(13.552.013)	(18.153.970)

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28. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	31 December 2025	31 December 2024
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	17.683.065	(641.237)
Gain on revaluation of property, plant and equipment	12.105.918	6.013.917
Gain on revaluation of rights of use assets	14.032.343	--
Cumulative translation adjustments	(165.774)	(152.886)
Loss on remeasurement of defined benefit plans	(2.197.259)	(1.672.250)
	41.458.293	3.547.544
	1 January- 31 December 2025	1 January- 31 December 2024
Gain from revaluation of financial assets that fair value reflect in other comprehensive income:		
Opening balance	(641.237)	--
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	20.942.059	(732.841)
Deferred tax liability arising from revaluation	(2.617.757)	91.604
Closing balance	17.683.065	(641.237)

Gain from revaluation of financial assets that fair value reflect in other comprehensive income arises due to revaluation of financial investments. When available for sale financial assets are sold, any related amount included in revaluation reserve is transferred to profit or loss.

	1 January- 31 December 2025	1 January- 31 December 2024
Gain on revaluation of property, plant and equipment		
Opening balance (previously reported)	6.013.917	5.490.509
Increase arising from revaluation of property	6.962.286	598.181
Current period value increase deferred tax effect	(870.285)	(74.773)
Closing balance	12.105.918	6.013.917

Revaluation of property increase arises from revaluation of the lands. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

	1 January- 31 December 2025	1 January- 31 December 2024
Gain on revaluation of rights of use assets		
Opening balance (previously reported)	--	--
Increase arising from revaluation of rights of use assets	16.036.964	--
Current period value increase deferred tax effect	(2.004.621)	--
Closing balance	14.032.343	--

The fair value of the lands owned and leased by the Group is revalued on 31 December 2025 by “Form Değerleme”, an independent appraisal company.

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28. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (continued)

	1 January- 31 December 2025	1 January- 31 December 2024
Foreign currency exchange differences:		
Opening balance	(152.886)	106.323
Currency differences from net asset currency translation investent in foreign operations	(12.888)	(259.209)
Closing balance	(165.774)	(152.886)
	1 January- 31 December 2025	1 January- 31 December 2024
Gain/Loss on remeasurement of defined benefit plans		
Opening balance	(1.672.250)	(1.331.478)
Gain/loss on remeasurement of defined benefit plans	(700.012)	(454.363)
Deferred tax on gain/loss on remeasurement of defined benefit plans	175.003	113.591
Closing balance	(2.197.259)	(1.672.250)

29. INCOME TAXES

	31 December 2025	31 December 2024
Corporate tax liabilities:		
Current corporate tax provision	2.374.952	70.776
Less: Prepaid taxes and funds	(514.098)	(70.776)
	1.860.854	--
	1 January- 31 December 2025	1 January- 31 December 2024
Tax income:		
Current corporate tax (expense)	(2.374.952)	(70.776)
Deferred tax income / (expense)	5.902.067	9.176.757
	3.527.115	9.105.981

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29. INCOME TAXES (continued)

	1 January-31 December 2025		
	Amount	Tax	Net of tax
Tax effects related to components of other comprehensive income	before tax	income/expense	amount
Defined benefit plan revaluation gains/losses	(700.012)	175.003	(525.009)
Revaluation of property, plant and equipment	6.962.286	(870.285)	6.092.001
Revaluation of rights of use assets	16.036.964	(2.004.621)	14.032.343
Cumulative currency translation adjustments	(12.888)	--	(12.888)
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	20.942.059	(2.617.757)	18.324.302
Other comprehensive income in the period	43.228.409	(5.317.660)	37.910.749

	1 January-31 December 2024		
	Amount	Tax	Net of tax
Tax effects related to components of other comprehensive income	before tax	income/expense	amount
Defined benefit plan revaluation gains/losses	(454.363)	113.591	(340.772)
Revaluation of property	598.181	(74.773)	523.408
Cumulative currency translation adjustments	(259.209)	--	(259.209)
Gain from revaluation of financial assets that fair value reflect in other comprehensive income	(732.841)	91.604	(641.237)
Other comprehensive income in the period	(848.232)	130.422	(717.810)

	1 January-31 December 2025	1 January-31 December 2024
Tax recognized directly in equity		
Deferred tax:		
- Revaluation of property, plant and equipment	(870.285)	(74.773)
- Revaluation of rights of use assets	(2.004.621)	--
- Gain from revaluation of financial assets that fair value reflect in other comprehensive income	(2.617.757)	91.604
- Actuarial gain/loss	175.003	113.591
Deferred tax recognized directly in equity	(5.317.660)	130.422

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29. INCOME TAXES (continued)

Corporate tax

The Group is subject to Turkish corporate taxes. The corporate income tax is declared until the relevant accounting period-end's following fourth month, twenty-fifth day's evening and it is batch paid until the end of the related month. In accordance with the tax legislation, quarterly 25 percent (31 December 2024: 25 percent) on profits of advance tax is being calculated and paid. The amounts paid in this way are deducted by the tax on annual earning.

In accordance with the tax legislation in Türkiye, financial losses could be carried forward for a maximum of five years that the year they appeared. Besides, tax returns and the related accounting records may be reviewed within five years by the tax administration.

Provision is made in the accompanying consolidated financial statements for the estimated change based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate entity bases.

Corporate tax rate that will be accrued based on rate able profit of the company is calculated on a basis by including disallowed deductions written of as expense when determining commercial profit with excluding tax-exempt profits and other discounts (also previous year losses and investments allowances used, if preferred)

The tax rate in 2025 is 25 percent (31 December 2024: 25 percent).

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising from its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and the differences are given below.

In Türkiye, the corporate tax rate is 25 percent as of 31 December 2025 (2024: 25 percent). The corporate tax rate is applied to the net corporate income resulting from the addition of expenses that are not allowed to be deducted in accordance with the tax laws to the commercial income of the institutions, and the exemptions and deductions included in the tax laws.

In Türkiye, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 75 percent of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2025. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent with regard to immovable properties and tax declarations starting from 2019 will be calculated using 50 percent for immovable properties. In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

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29. INCOME TAXES (continued)**Deferred Tax (continued)**

The details of deferred tax assets and liabilities of the Group are as follows:

	31 December 2025	31 December 2024
Deferred Tax Assets/Liabilities:		
Discount on receivables	282.311	224.783
Adjustment to costs and provision for expected losses of construction contracts	28.249.596	23.603.980
Capitalized research-development expense	--	37.538
Allowance for impairment on inventories	135.114	(46.184)
Provision for delay penalties	1.016.899	791.434
Provision for warranties	1.458.079	1.269.829
Provision for severance pay	425.127	333.581
Provision for annual leave	1.465.789	1.000.327
Provision for doubtful receivables	(21)	378
Other	41.081	41.709
Accumulated research and development incentive	22.376.505	11.477.966
Discount on payables	(187.567)	(82.410)
Adjustment of progress payments for long- term construction projects	(33.482.009)	(26.632.165)
Depreciation of fixed assets / amortization of intangible assets	(1.620.087)	2.917.904
Fixed assets and rights of use assets revaluation fund	(3.585.728)	(710.822)
Gain on revaluation of available for sale financial assets	(2.301.661)	316.096
Monetary gain/(loss)	(5.509.923)	(3.856.539)
Other	(31.011)	(22.211)
Deferred tax assets	46.018.808	38.112.802
Deferred tax liabilities	(37.286.314)	(27.447.608)
Deferred tax assets – net	8.732.494	10.665.194

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29. INCOME TAXES (continued)

Deferred tax (continued)

	1 January- 31 December 2025		1 January- 31 December 2024	
<u>Movement of deferred tax assets/(liabilities):</u>				
Opening balance as of 1 January		10.665.194		1.358.015
Charged to statement of profit or loss		5.902.067		9.176.757
Charged to equity		(5.317.660)		130.422
Remeasurement arising from IAS 29		(2.517.107)		--
		8.732.494		10.665.194
	Effective Tax Rate (%)	1 January- 31 December 2025	Effective Tax Rate (%)	1 January- 31 December 2024
<u>Tax reconciliations:</u>				
Profit before tax from continuing operations		26.390.612		10.819.340
Income tax rate		%25		%25
Tax at the domestic income tax rate	25	6.597.653	25	2.704.835
Tax effects of:				
- revenue that is exempt from taxation	(4)	(1.168.700)	(6)	(601.304)
- expenses that are not deductible in determining taxable profit	4	987.986	11	1.224.347
- R&D incentives and other income exempt from taxation	(95)	(24.993.283)	(124)	(13.412.631)
- provision effect of minimum corporate tax	7	1.860.854	0	--
- monetary gain/(loss)	50	13.178.629	8	900.431
- effect of other adjustments	(0,0)	9.746	(0,7)	78.341
Tax (income) / expense recognized in profit or loss	(13)	(3.527.115)	(84)	(9.105.981)

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30. EARNINGS PER SHARE

Earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period. The Group does not have diluted shares.

For the years ended 31 December 2025 and 2024, earnings per share calculations are as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Number of shares outstanding (in thousands)	4.560.000	4.560.000
Net profit – TL	29.949.517	20.024.831
Earnings per 100 shares	656,79	439,14
Diluted earnings per 100 shares	656,79	439,14

31. FINANCIAL INVESTMENTS

Financial Investments

Non-Current Financial Investments

	31 December 2025	31 December 2024
a) Available for sale financial investments	31.249.147	10.307.088
b) Financial investments valued at cost that do not have a quoted market value	369.717	281.296
	31.618.864	10.588.384

a) Fair Value Difference Reflect in Other Comprehensive income

	31 December 2025	31 December 2024
Fair value difference reflect in other comprehensive income that are not traded in an active market	31.618.864	10.588.384
	31.618.864	10.588.384

ROKETSAN which is Group's equity investment is revalued and stated at fair value. As of 31 December 2025, the revaluation was performed by Oyak Yatırım Menkul Değerler Anonim Şirketi which is an independent valuation company. The fair value was determined according to "Discounted Cash Flow" and "Similar Company Comparison" methodologies. Discount ratio used in "Discounted Cash Flow" method is 10,94 percent (31 December 2024: 11,15 percent).

Company Name	Ratio(%)	31 December 2025	Ratio (%)	31 December 2024
ROKETSAN	14,897	31.249.147	14,897	10.307.088

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31. FINANCIAL INVESTMENTS (continued)

a) Available for sale financial investments (continued)

Financial Investments (continued)

Roketsan shares, shown under available for sale financial investments, are reported on the third level in the fair value hierarchy (Note 34).

b) Financial investments valued at cost that do not have a quoted market value

The Group's equity investment and participation rate and the amount shown in financial investments are as follows:

<u>Company Name</u>	<u>Ratio (%)</u>	<u>31 December 2025</u>	<u>Ratio (%)</u>	<u>31 December 2024</u>
Girişim Sermayesi Yatırım Fonu		330.811		244.648
ASPİLSAN	1	38.906	1	36.648
		369.717		281.296

The above available-for-sale equity investment amounting to TL 369.717 (31 December 2024: TL 281.296) does not have a quoted market value and the fair value cannot be reliably measured due to a wide range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. For this reason they are stated at cost less provision for diminution in value, if any.

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32. FINANCIAL LIABILITIES**Financial Liabilities**

		31 December 2025	31 December 2024
Short-term financial liabilities	Unsecured loan	13.043.127	17.675.939
Other short-term financial liabilities	Unsecured loan	82.784	79.257
Current portion of long-term financial liabilities	Unsecured loan	24.902.275	12.134.745
Total short-term financial liabilities		38.028.186	29.889.941
Other long-term financial liabilities	Unsecured loan	5.028.364	12.731.534
Total long-term financial liabilities		5.028.364	12.731.534
Total financial liabilities		43.056.550	42.621.475

As of 31 December 2025, TL 848.392 of the financial debts included in short-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between April 2026 and the interest rates between 2,65 percent and 4,74 percent. As of 31 December 2025, TL 10.925.000 of financial debts within short-term borrowings consist of TL Rediscount Foreign Currency Loans, which have maturity dates due between January 2026 and March 2026 and the interest rates between 19,93 percent and 20,32 percent. As of 31 December 2025, TL 1.269.735 of the financial debts included in short-term borrowings consists of investment credits, which have maturity dates due May 2026 and the interest rates between 12,5 percent and 49,00 percent.

As of 31 December 2025, there are TL 9.686.159 Spot EUR Loans within the short-term borrowings, which have maturity dates due between February 2026 and January 2027, and the interest rates between 4,50 percent and 5,10 percent. As of 31 December 2025, there are TL 15.216.116 Spot USD Loans within the short-term borrowings, which have maturity dates due between January 2026 and January 2027, and the interest rates between 5,20 percent and 5,90 percent.

As of 31 December 2025, TL 368 of other short-term financial liabilities were taken within the scope credit card debts. As of 31 December 2025, TL 23.563 of financial debts included in the current portion of long-term borrowings were taken within the scope of investment credit, which have maturity dates due December 2026 and the interest rate is 8,25 percent. As of 31 December 2025, TL 58.853 of financial debts included in the current portion of long-term borrowings were taken within the scope of business loans, which have maturity dates due December 2026 and the interest rate is 5,70 percent.

As of 31 December 2025, TL 3.267.540 of financial debts within short-term borrowings consist of USD Spot Loans, which have maturity dates due January 2027 and the interest rate is 5,30 percent. As of 31 December 2025, TL 1.460.887 of financial debts included in the long-term borrowings were taken within the scope of investment credit, which have maturity dates due between October 2035 and the interest rate is between 21,78 percent and 23,00 percent. As of 31 December 2025, TL 299.937 of financial debts included in the long-term borrowings were taken within the scope of business loans, which have maturity dates due October 2027 and the interest rate is 5,70 percent.

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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32. FINANCIAL LIABILITIES (continued)**Financial Liabilities (continued)**

As of 31 December 2024, TL 4.328.417 of the financial debts included in short-term borrowings consists of EUR Rediscount Foreign Currency Loans, which have maturity dates due between May 2025 and December 2025 and the interest rates between 4,29 percent and 4,42 percent. As of 31 December 2024, TL 6.492.625 of the financial debts included in short-term borrowings consists of EUR Spot Loans, which have maturity dates due between January 2025 and November 2025 and the interest rates between 4,30 percent and 5,95 percent. As of 31 December 2024, TL 6.334.117 of financial debts within short-term borrowings consist of USD Spot Loans, which have maturity dates due between February 2025 and August 2025 and the interest rate is between 5,70 percent and 6,75 percent. As of 31 December 2024, TL 45.812 of financial debts within short-term borrowings consist of TL Rediscount Foreign Currency Loans, which have maturity dates due between April 2025 and the interest rates 26,93 percent. As of 31 December 2024, TL 474.968 of financial debts within short-term borrowings consist of TL investment loans, which have maturity dates due between November 2025 and the interest rates 49 percent.

As of 31 December 2024, there are TL 8.656.833 EUR Spot Loans within the short-term borrowings, which have maturity dates due between July 2025 and October 2025, and the interest rates between 4,99 percent and 5,00 percent. As of 31 December 2024, there are TL 3.477.912 USD Spot Loans within the short-term borrowings, which have maturity dates due between February 2025 and August 2025, and the interest rates between 5,25 percent and 5,99 percent. As of 31 December 2024, TL 79.257 of other short-term financial liabilities were taken within the scope of investment credit, which have maturity dates due November 2025, and the interest rates 49 percent.

As of 31 December 2024, TL 5.386.474 of the financial debts included in the long-term borrowings consists of EUR Spot Loans, which have maturity dates due February 2026 and the interest rates between 4,75 and 5,10 percent. As of 31 December 2024, TL 7.101.404 of the financial debts included in the long-term borrowings consists of USD Spot Loans, which have maturity dates due January 2026 and the interest rates 5,85 percent. As of 31 December 2024, TL 243.656 of financial debts included in the long-term borrowings were taken within the scope of investment credit, which have maturity dates due December 2026 and the interest rate is between 9 percent and 17,50 percent.

Bank Loans

	31 December 2025		
Currency	Weighted average interest rate (%)	Short-term	Long-term
Euro	4,44%	9.924.171	--
TL	20,34%	12.809.020	1.751.916
USD	5,46%	15.294.995	3.276.448
		38.028.186	5.028.364
		31 December 2024	
Currency	Weighted average interest rate (%)	Short-term	Long-term
Euro	4,92%	19.509.416	5.395.197
TL	26,93%	950.746	273.641
USD	5,83%	9.429.779	7.062.696
		29.889.941	12.731.534

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32. FINANCIAL LIABILITIES (continued)

Financial Liabilities (continued)

The breakdown of the loan repayments with respect to their maturities is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Within 1 year	38.028.186	29.889.941
Between 1-2 years	5.028.364	12.731.534
	<u>43.056.550</u>	<u>42.621.475</u>

33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings as explained Note 32, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's board of directors review capital structure regularly in the meetings. The risks that are associated with every equity item together with the Group's cost of capital are evaluated by the board of directors. Based on the recommendations of the board, the Group aims to balance its overall capital structure through the payment of dividends.

Net debt and share capital as of 31 December 2025 and 2024 is as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Total financial liabilities	43.056.550	42.621.475
Less: Cash and cash equivalents	(29.084.370)	(21.775.454)
Net debt (asset)	13.972.180	20.846.021
Total equity	251.786.294	185.027.818
Net debt/total equity	5%	11%

(Amounts are expressed in Thousand Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2025, unless otherwise indicated.)

33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors:

It refers to the risks arising from the financial structure and financial preferences of the Group. Exchange rate, liquidity and interest rate risks are some risks under this heading. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

ASELSAN's Enterprise Risk Management Policy aims; to take proper actions against uncertainties that threaten the existence of the Company and to protect corporate identity and stakeholders' interest at all conditions. Risk management is an integrated element of Corporate Management. The information gathered within the scope of risk management activities in ASELSAN is integrated into decision making mechanisms. The "top-down" and "bottom-up" approach is being applied into Enterprise Risk Management activities together. Risks, which are significant enough to affect ASELSAN's achievement of its targets, are identified, evaluated, monitored and reported along with the risk responses and precautions to be taken. At ASELSAN; The Enterprise Risk Management process is regularly reviewed and improved. ASELSAN's employees and business processes are at the center of the Enterprise Risk Management System. Group's finance department identifies and evaluates financial risks and use tools to reduce risks by working in cooperation with the group's operating units.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is mainly working with public sector and obtaining advance payments where appropriate, both from public sector and private sector entities.

The Group management does not foresee significant credit risk. Additionally, receivables are monitored regularly to minimize the collection risk.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

31 December 2025	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third Party		
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	74.873.954	51.930.248	--	5.124.298	27.941.354	1.143.016
- The part of maximum risk under guarantee with collateral etc. ²	--	42.992	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	74.873.954	2.683.825	--	5.124.298	27.941.354	1.143.016
B. Net book value of financial assets that are past due but not impaired	--	49.246.423	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	32.207	--	--	--	--
- Impairment (-)	--	(32.207)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

¹ While determining the amount, components which provide increase on credit reliability, like guarantees received are not taken into consideration.

² The guarantees consist of the letters of guarantees, collaterals, checks and mortgages.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Carrying values of the financial assets reflect the maximum exposure to credit risk. The credit risks as of reporting date is as follows:

31 December 2024	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related party	Third party	Related party	Third party		
Maximum net credit risk as of the reporting date (A+B+C+D) ¹	69.091.186	39.986.840	--	3.268.824	21.579.853	195.601
- The part of maximum risk under guarantee with collateral etc. ²	--	58.519	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	69.091.186	17.078.332	--	3.268.824	21.579.853	195.601
B. Net book value of financial assets that are past due but not impaired	--	22.908.508	--	--	--	--
C. Net book value of impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	42.266	--	--	--	--
- Impairment (-)	--	(42.266)	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
- Undue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--	--
D. Factors that include off balance sheet credit risks	--	--	--	--	--	--

¹ While determining the amount, components which provide increase on credit reliability, like guarantees received are not taken into consideration.

² The guarantees consist of the letters of guarantees, collaterals, checks and mortgages.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Credit Risk (continued)

The aging of the overdue receivables is as follows:

	31 December 2025	31 December 2024
Overdue by 1-30 days	2.381.681	2.795.234
Overdue by 1-3 months	9.824.465	3.589.289
Overdue by 3-12 months	20.345.512	5.026.591
Overdue by 12 months	16.694.765	11.497.394
Total receivables	49.246.423	22.908.508

No collateral has been received for the overdue receivables.

Management has assessed its aged receivables and does not expect any collection problem arising from its aged receivables.

Liquidity risk

Board of directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. ASELSAN eliminates the liquidity risk, which is known as the risk arising from default and inability to fund the the assets, it monitors forecasted and actual cash flows regularly and ensures the continuity of adequate funds and credit lines by matching the maturity of financial assets and liabilities. In order to manage the interest rate risk arising from changes in assets and / or liabilities as a result of fluctuations in interest rates in the future, it conducts transactions with fixed interest rates and uses financial derivative instruments when necessary.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest payment date. The table includes both interest and principal cash flows. When receivables and payables are not constant, amounts are determined in accordance with interest rates generated from return rates as of the reporting date.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**Liquidity Risk (continued)**

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2025 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments	--	--	--	--	--	--
Financial liabilities	43.056.550	43.056.550	24.902.275	13.125.911	5.028.364	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments	--	--	--	--	--	--
Trade payables	37.989.058	38.834.759	26.352.252	12.458.075	24.432	--
Other payables	957.080	957.080	944.037	--	13.043	--

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**Liquidity Risk (continued)**

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2024 is as follows:

Contractual Maturity Analysis	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments	--	--	--	--	--	--
Financial liabilities	42.621.475	42.621.475	17.755.196	12.134.745	12.731.534	--

Expected Maturity	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative financial instruments	--	--	--	--	--	--
Trade payables	25.864.958	26.194.597	15.532.810	10.661.787	--	--
Other payables	743.288	743.288	718.026	--	25.262	--

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

Market risk management

The Group’s activities, as detailed below, expose primarily to the financial risks from changes in foreign currency exchange rates and interest rates.

Market risk exposures are evaluated by sensitivity analysis, and stress scenario analysis.

There has been no change to the Group’s exposure to market risks or the manner in which it manages and measures the risk in the current year compared to prior year.

Foreign currency risk management

The exchange rate risk, which is any kind of change that may occur in assets and / or liabilities as a result of exchange rate fluctuations in the future, ASELSAN aims to minimize the effect of exchange rate fluctuations by keeping the long and short foreign exchange position at a minimum level. The balance sheet methods have been used in managing the exchange rate risk. Implementations such as; making use of foreign exchange denominated loans in line with the company’s export volume, matching the contract currency with the currency of the costs of the project, and signing the subcontractor contracts in line with the main contract currency are used.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION						
31 December 2025	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other¹
1. Trade receivables	30.728.976	570.624	24.448.774	124.890	6.280.202	--
2a. Monetary financial assets (including cash, bank)	6.401.033	122.970	5.268.734	22.424	1.127.601	4.698
2b. Non- monetary financial assets	17.059.988	177.257	7.594.707	141.420	7.111.436	254.527
3. Other	53.264	1.151	49.325	69	3.458	481
4. Current assets (1+2+3)	54.243.261	872.002	37.361.540	288.803	14.522.697	259.706
5. Trade receivables	72.088.375	723.649	31.005.259	816.991	41.083.116	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	282.611	1.788	76.602	2.260	113.633	27.808
7. Other	109.427	1.473	63.108	902	45.373	946
8. Long-term assets (5+6+7)	72.480.413	726.910	31.144.969	820.153	41.242.122	28.754
9. Total assets (4+8)	126.723.674	1.598.912	68.506.509	1.108.956	55.764.819	288.460
10. Trade payables	17.794.170	312.492	13.413.045	73.886	3.722.130	658.995
11. Financial liabilities	25.219.166	356.336	15.294.995	197.000	9.924.171	--
12a. Other monetary financial liabilities	30.267	626	26.872	67	3.388	7
12b. Other non-monetary financial liabilities	25.072.615	478.694	20.546.925	181.161	9.126.254	--
13. Current liabilities (10+11+12)	68.116.218	1.148.148	49.281.837	452.114	22.775.943	659.002
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	3.276.448	76.333	3.276.448	--	--	--
16a. Other monetary financial liabilities	6.498	148	6.347	3	151	--
16b. Other non-monetary financial liabilities	32.686.598	522.543	22.429.050	288.479	14.532.509	--
17. Non-current liabilities (14+15+16)	35.969.544	599.024	25.711.845	288.482	14.532.660	--

¹ Comprises of the currencies CAD, CHF, GBP, JPY, AUD, DKK, ZAR, AED, PHP, SAR.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION						
31 December 2025	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other
18. Total liabilities (13+17)	104.085.762	1.747.172	74.993.682	740.596	37.308.603	659.002
19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9- 18+19)	22.637.912	(148.260)	(6.487.173)	368.360	18.456.216	(370.542)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)	62.891.835	671.308	28.705.060	693.349	34.841.079	(654.304)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	27.531.009	298.849	12.048.949	76.673	3.512.332	11.969.728
26. Imports	38.984.375	593.480	25.428.058	205.569	10.337.225	3.219.092

Accompanying foreign exchange position which was prepared in accordance with TAS is different from the foreign exchange position of the financial statement which is prepared according to General Communiqué on Accounting System Application (GCASA). The difference is mainly due to the adjustments and classifications which are related with TFRS 15 .

“For TL functional currency” calculations regarding “Other non-monetary assets” and “Other non-monetary liabilities” presented under foreign currency position, advances received are considered with regard to historic values therefore “TL equivalent of currency as at balance sheet date” differentiate.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION						
31 December 2024	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other¹
1. Trade receivables	23.137.011	417.340	19.272.394	80.371	3.864.617	--
2a. Monetary financial assets (including cash, bank)	2.538.064	40.218	1.857.228	13.668	657.239	23.597
2b. Non- monetary financial assets	11.124.668	91.482	4.224.546	50.194	2.413.580	130.484
3. Other	16.838	84	3.876	263	12.618	344
4. Current assets (1+2+3)	36.816.581	549.124	25.358.044	144.496	6.948.054	154.425
5. Trade receivables	59.485.625	551.044	25.446.723	707.894	34.038.902	--
6a. Monetary trade receivables	--	--	--	--	--	--
6b. Non-monetary trade receivables	507.738	692	31.948	1.951	93.817	17.966
7. Other	285.668	5.206	240.415	938	45.122	131
8. Long-term assets (5+6+7)	60.279.031	556.942	25.719.086	710.783	34.177.841	18.097
9. Total assets (4+8)	97.095.612	1.106.066	51.077.130	855.279	41.125.895	172.522
10. Trade payables	10.742.405	168.203	7.781.463	54.030	2.602.700	358.242
11. Financial liabilities	28.939.195	203.833	9.429.779	405.000	19.509.416	--
12a. Other monetary financial liabilities	627.029	13.500	624.541	52	2.488	--
12b. Other non-monetary financial liabilities	4.891.121	201.682	9.330.226	28.223	1.359.547	--
13. Current liabilities (10+11+12)	45.199.750	587.218	27.166.009	487.305	23.474.151	358.242
14. Trade payables	--	--	--	--	--	--
15. Financial liabilities	12.457.893	152.667	7.062.696	112.000	5.395.197	--
16a. Other monetary financial liabilities	9.160	132	6.101	64	3.059	--
16b. Other non-monetary financial liabilities	6.072.308	191.363	8.852.871	27.991	1.348.381	--
17. Non-current liabilities (14+15+16)	18.539.361	344.162	15.921.668	140.055	6.746.637	--

¹ Comprises of the currencies CAD, CHF, GBP, JPY, AUD, DKK, ZAR, AED, PHP, SAR.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

FOREIGN EXCHANGE POSITION						
31 December 2024	TL Equivalent (Functional currency)	USD	TL equivalent by using closing rates	EURO	TL equivalent by using closing rates	Other
18. Total liabilities (13+17)	63.739.111	931.380	43.087.677	627.360	30.220.788	358.242
19. Net asset/liability position of off- balance sheet derivative financial instruments (19a-19b)	--	--	--	--	--	--
19a. Hedged total financial assets	--	--	--	--	--	--
19b. Hedged total financial liabilities	--	--	--	--	--	--
20. Net foreign currency asset/liability (9- 18+19)	33.356.501	174.686	7.989.453	227.919	10.905.107	(185.720)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10- 11-12a-14-15-16a)	32.385.018	470.267	21.671.765	230.787	11.047.898	(334.645)
22. Fair value of derivative financial instruments used in foreign currency hedge	--	--	--	--	--	--
23. Hedged foreign currency assets	--	--	--	--	--	--
24. Hedged foreign currency liabilities	--	--	--	--	--	--
25. Exports	22.443.181	182.178	4.206.186	146.554	4.265.325	13.971.670
26. Imports	26.218.428	378.920	17.470.350	142.582	6.857.247	1.890.831

Accompanying foreign exchange position which was prepared in accordance with TAS is different from the foreign exchange position of the financial statement which is prepared according to General Communiqué on Accounting System Application (GCASA). The difference is mainly due to the adjustments and classifications which are related with TFRS 15.

“For TL functional currency” calculations regarding “Other non-monetary assets” and “Other non-monetary liabilities” presented under foreign currency position, advances received are considered with regard to historic values therefore “TL equivalent of currency as at balance sheet date” differentiate.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**Foreign currency sensitivity**

The Group is exposed to foreign currency risk with respect to USD and EURO.

The following table details the Group's sensitivity to a 10 percent increase and decrease in foreign exchange rates. 10 percent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and present 10 percent change in foreign currency rates. This analysis does not include Group companies' balance sheet items which have functional currency other than TL. The effects of 10 percent changes in foreign currency rate on financial statements is as follows;

Foreign currency sensitivity table				
31 December 2025				
	Profit/Loss		Equity¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	2.870.506	(2.870.506)	2.870.506	(2.870.506)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	2.870.506	(2.870.506)	2.870.506	(2.870.506)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/(liabilities)	3.484.108	(3.484.108)	3.484.108	(3.484.108)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	3.484.108	(3.484.108)	3.484.108	(3.484.108)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/(liabilities)	(65.430)	65.430	(65.430)	65.430
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(65.430)	65.430	(65.430)	65.430

¹ Comprises of profit/loss effect.

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33. NATURE AND LEVEL OF RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)**Foreign currency sensitivity (continued)**

Foreign currency sensitivity table				
31 December 2024				
	Profit/Loss		Equity¹	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD against TL by 10%:				
1- USD denominated net assets/(liabilities)	2.167.177	(2.167.177)	2.167.177	(2.167.177)
2- Hedged amount against USD risk (-)	--	--	--	--
3- Net effect of USD (1+2)	2.167.177	(2.167.177)	2.167.177	(2.167.177)
Change of EURO against TL by 10%:				
4- EURO denominated net assets/(liabilities)	1.104.790	(1.104.790)	1.104.790	(1.104.790)
5- Hedged amount against EURO risk (-)	--	--	--	--
6- Net effect of EURO (4+5)	1.104.790	(1.104.790)	1.104.790	(1.104.790)
Change of other currencies against TL by 10%:				
7- Other currencies denominated net assets/(liabilities)	(33.465)	33.465	(33.465)	33.465
8- Hedged amount against other currencies risk (-)	--	--	--	--
9- Net effect of other currencies (7+8)	(33.465)	33.465	(33.465)	33.465

Interest rate risk management

As of 31 December 2025 and 31 December 2024, since all of the loans obtained by the Group are fixed-rate loans, the Group is not exposed to significant interest rate risk.

As of 31 December 2025, the Group does not have interest bearing financial assets, therefore there is no exposure to interest risk (31 December 2024: None).

Price risk

The Group usually enters into fixed price contracts, therefore, is not exposed to any major price risk.

Hierarchy of fair value

As of 31 December 2025 and 31 December 2024, the Group's financial assets at their fair values are as in the following page:

¹ Comprises of profit/loss effect.

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34. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING

31 December 2025	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	--	29.086.476	--	--	29.086.476	3
Financial investments	369.717	--	31.249.147	--	31.618.864	31
Equity accounted investments	1.456.312	--	--	--	1.456.312	8
Trade receivables	--	126.804.202	--	--	126.804.202	6
<u>Financial liabilities</u>						
Borrowings	--	--	--	43.056.550	43.056.550	32
Trade payables	--	--	--	37.989.058	37.989.058	6
Other payables	--	--	--	957.080	957.080	7
31 December 2024	Financial assets at fair value P/L	Financial assets at amortized cost	Financial assets at fair value through OCI	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>						
Cash and cash equivalents	--	21.776.847	--	--	21.776.847	3
Financial investments	281.296	--	10.307.088	--	10.588.384	31
Equity accounted investments	1.743.827	--	--	--	1.743.827	8
Trade receivables	--	109.078.026	--	--	109.078.026	6
<u>Financial liabilities</u>						
Borrowings	--	--	--	42.621.475	42.621.475	32
Trade payables	--	--	--	25.864.958	25.864.958	6
Other payables	--	--	--	743.288	743.288	7

The Group’s management assesses that the carrying value reflects the fair value of financial instruments. Related financial assets are presented at cost after deducting impairment allowance if any.

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34. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

The fair values of financial assets and financial liabilities are determined as follows:

- **Level 1:** The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- **Level 2:** The fair value of other financial assets and financial liabilities are determined in accordance with data which can be observed by directly or indirectly and which excludes the registered prices described in Level 1 ; and
- **Level 3:** The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Fair value hierarchy of financial assets that are measured at fair value:

ROKETSAN has presented under Group's financial assets that fair value reflect in other comprehensive income as of 31 December 2025. The fair value of ROKETSAN as of 31 December 2025 is TL 31.249.147 and was determined according to "Discounted Cash Flow", "Similar Company Comparison" and "Realized Company Mergers and Acquisitions" methodologies and its fair value hierarchy is Level 3.

Reconciliation of the Group's assets and liabilities that are measured at Level 3 fair value are presented as follow:

Available for sale financial assets	31 December 2025	31 December 2024
	Marketable Equity Shares	Marketable Equity Shares
Opening balance	10.307.088	11.039.929
Total gain/loss		
- transferred to other comprehensive income	20.942.059	(732.841)
- impairment	--	--
Capital increase	--	--
Closing balance	31.249.147	10.307.088

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35. FINANCIAL INSTRUMENTS FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING (continued)

31 December 2025	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
Financial Investments	--	--	31.249.147
	--	--	31.249.147

31 December 2024	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
Financial Investments	--	--	10.307.088
	--	--	10.307.088

The movement of the fair value level as of 31 December 2025 is as follows:

	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
1 January 2025	--	--	10.307.088
Additions	--	--	20.942.059
31 December 2025	--	--	31.249.147

35. EXPLANATIONS RELATED TO THE STATEMENT OF CASH FLOW

Reconciliation of the movements related to cash flows from financing activities and liabilities

	31 December 2024	Cash Movements	Non-cash movements			31 December 2025
			Additions	Exchange rate change	Other	
Financial Liabilities (Note 32)	42.621.475	1.362.025	648.127	8.484.075	(10.059.152)	43.056.550
Total liabilities arising from financing activities	42.621.475	1.362.025	648.127	8.484.075	(10.059.152)	43.056.550

The table above represents the changes in the cash amounts related to "Proceeds from Borrowings" and "Repayments from Borrowings" which are presented under cash flows from financing activities.

36. FEES FOR SERVICES RENDERED FROM INDEPENDENT AUDIT FIRMS

For the period ended on 31 December 2025, fee for independent audit is TL 1.850 of the Group (31 December 2024: TL 1.675).

For the period ended on 31 December 2025, there is no different services rendered from the independent audit firms except fee for independent audit of the Group.

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37. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, the Group have signed contracts amounting to USD 521 Million.