

ARZUM

Annual Report 2024

Designing the Future, Touching Tomorrow



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Independent Auditor's Report

Company Information





As in all sectors, the electrical household appliances market was also hit by unfavorable economic conditions.

As Arzum, we continued to take decisive and smart steps toward the future in the small domestic appliances sector, despite the challenging environment. By maintaining our market share and operational profitability, we laid the groundwork for sustainable success.

Recognizing the potential in our country and the global market, we remained committed to our sustainable growth strategy by focusing on cost management and cash flow optimization. We will continue to move forward in line with our global targets with the positive results of our strategic actions, smart investments and innovative products.

The foundation for continued growth is in place

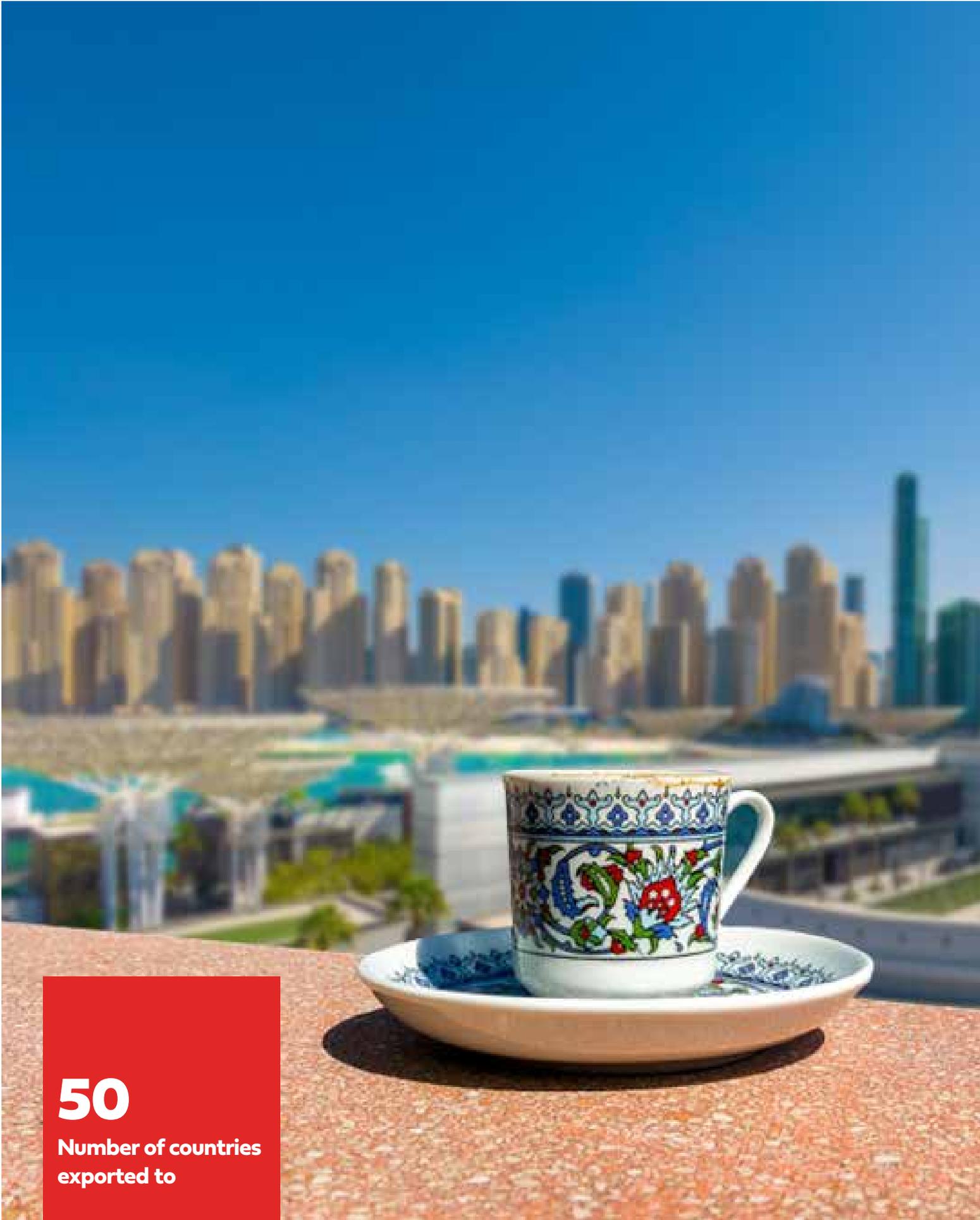
We have developed various financing alternatives, such as bank loans, financing bonds, and sukuk, to meet our funding needs. In addition, we began operating the R&D laboratory -whose physical setup and infrastructure were completed- at full capacity. The laboratory will be used to systematically verify developed products, examine new components, explore innovative products and concepts, and analyze competing products. We have also stocked 41 products related to the 27 projects we plan to implement.





49%

Share of Arzum's
own designs in
turnover



50

**Number of countries
exported to**



Strong steps toward global goals

As Arzum -a brand that currently exports to numerous countries and continues to take confident strides toward becoming a global brand- we launched Arzum FZE in Dubai to strengthen our international operations. Following our presence in Germany, the USA, Hong Kong, and Shanghai, our new Dubai base will further expand our global reach. We aim to bring our products -especially the iconic Arzum Okka Turkish Coffee Machine- to millions more around the world.

A brand that is widespread and present in every aspect of life

We are one of the most widespread, well-known, and visible brands in our sector. This strong presence, combined with over half a century of earned trust, represents a significant competitive advantage. Through our multi-channel sales strategy, our products are available in every province across the country -not only via our own website, but also through various e-commerce platforms and retail outlets. With a network of 376 authorized service centers, we provide comprehensive after-sales support. We place customer satisfaction at the core of our service by collecting products directly from homes, performing necessary repairs, and delivering them back to the customer.



A photograph of a store interior. In the foreground, a dark brown sofa sits on a light-colored floor. Behind it, a large white sign with the red 'Arzum' logo is mounted on a grey concrete wall. To the left, a curved wooden display rack holds various kitchen appliances. In the background, a glass display case contains more products, and a sign with the word 'GONZOTTI' is visible.

Arzum

20

thousand +
Sales points



TL **39** million
R&D investment



Local mission, global vision

With the Arzum OKKA brand, we are carrying our rich tradition into the future by embracing the mission of promoting Turkish coffee culture worldwide. Driven by our vision of becoming a global brand, we are taking a significant step under the OKKA brand. We designed OKKA Espresso to offer coffee enthusiasts a professional, barista-level experience at home. As one of our innovative investments, this product will enable us to expand our brand into new and exciting territory.

Intelligent innovative products

We aim to deliver unique experiences through the design and functionality of our products, developing technologies that simplify everyday life in today's fast-paced world. As part of this vision, we introduced Arzum Thermogusto—a multifunctional, smart food processor designed to meet modern kitchen needs. Equipped with internet connectivity, Thermogusto continuously updates and expands its rich recipe library, featuring curated dishes from both Turkish and international cuisines, crafted by our corporate chefs. These recipes are designed to guide even those who have never cooked before through step-by-step instructions.





79

Number of new models added to the product range in the last three years*

* Color breakdowns are not included.

2024 IN FIGURES

Agile team, sustainable performance



Net Sales

5.5

TL billion

Net sales increased by 4.1% to TL 5.5 billion.

Gross Profit

1.7

TL billion

Gross profit amounted to TL 1.7 billion.

EBITDA

549

TL million

EBITDA Margin 9.9%

Total Assets

3.27

TL billion

Total assets increased by 2.4% to TL 3.27 billion.

International Sales Growth in Numbers

2.2%

Operating Profit

374

TL million

Adjusted EBITDA ^(*)

568

TL million

Adjusted EBITDA Margin 10.2%

Net Profit/Loss

(399.9)

TL million

In 2024, net loss amounted to TL 399.9 million due to challenging market conditions.

^(*) Expenses related to organizational changes are not included.

Defect-Free Delivery

99.97%

In 2024, 99.97% defect-free delivery was achieved.

Female Employee Ratio

46%

Arzum's female employee ratio stood at 46% as of this year.

Countries of International Sales

50

Arzum sells to 50 countries abroad.

SDA Industry Volume

118.9

TL billion

Türkiye's SDA industry volume amounted to TL 118.9 billion.

Corporate Governance Rating

9.41

Arzum's corporate governance rating is 9.41.

Total Sales Points

20

thousand +

Arzum has over 20 thousand sales points.

Share of Women on the Board

33%

The rate of female members in Arzum's Board of Directors is 33%.

SDA Industry Growth (TR)*

6.3%

In 2024, the Turkish SDA industry grew by 6.3% in terms of units.

Share of Developed Products in Sales

49%

The share of products developed by Arzum in total sales was 49%.

Credit Ratings

A+ (tr) / J1 (tr) / BB

Arzum's Long Term National Corporate Credit Rating of A+ (tr), Short Term National Corporate Credit Rating of J1 (tr), Long Term International Foreign Currency Corporate Credit Rating of BB, Long Term International Local Currency Corporate Credit Rating of BB were affirmed.



SDA: Small Domestic Appliances Sector

* SDA industry data is based on the reports of an independent research organization.

WHAT HAPPENED IN 2024?

New products, strong promotions

At the Canton Fair, Arzum exhibited its collections from the OKKA series, personal care and food preparation categories - all proudly designed in-house by Arzum.

JANUARY

Arzum at Ambiente Frankfurt again this year

Arzum participated in Ambiente Frankfurt 2024, one of the largest fairs in Europe, and brought together many new products developed with an innovative perspective and the OKKA Family with industry giants.

Arzum OKKA at the World of Coffee in Dubai

Continuing its efforts to introduce the Turkish coffee tradition to the world, Arzum OKKA participated in the World of Coffee Dubai 2024 event. Coffee samples prepared using the entire Arzum OKKA product family were presented to visitors. The Arzum OKKA stand, which attracted attention thanks to its strong brand recognition especially in the Middle East, attracted great interest throughout the organization.

Arzum Seninle App received the Big Idea Award at the 6th CX Awards Turkey

Arzum received an award at CX Awards Turkey, Türkiye's first customer experience awards. In the competition organized for the 6th time this year, Arzum won the Big Idea Award in the Best Digital Customer Experience Category with its Seninle Application.

MARCH

Special Ramadan commercial from Arzum

Arzum highlighted the practicality its products bring to Ramadan tables in a new commercial themed "Goodbye Time Spent in the Kitchen with Arzum, Welcome Ramadan!" The film emphasizes that those preparing Ramadan meals can spend more quality time with their loved ones, as Arzum products simplify life by reducing the time and effort spent in the kitchen.

"Every Move Women Make, a Story of Success in Every Step!"

Arzum, the main sponsor of the Turkish Women's Chess Championship for 16 years, celebrated International Women's Day on March 8 with the final of this prestigious tournament. With the motto "Every Move Women Make, a Story of Success in Every Step!" the contestants who ranked in the championship, which was held in cooperation with the Turkish Chess Federation, sponsored by Arzum and hosted by Gaziantep Şehitkamil Municipality, received their awards.

APRIL

Great interest in Arzum booth at the 135th Canton Fair

Arzum participated for the first time in the 135th Canton Fair held in Guangzhou, China between April 15-19, 2024. At the Fair, Arzum exhibited its collections in the OKKA series, personal care and food preparation categories from its portfolio of products entirely designed by Arzum.

Arzum introduced its smart food processor Thermogusto with Chef Maksut Aşkar

Arzum continues to offer solutions for every need with its wide product range. In this context, Arzum introduced its new product Thermogusto, a multifunctional smart kitchen robot, with a launch event. On Friday, April 19, the launch event hosted by Arzum at Boop Kuruçeşme with the participation of famous chef Maksut Aşkar turned into a feast of flavors. The launch, which attracted great interest from many guests, was marked by the flavors prepared by the famous chef Maksut Aşkar with Arzum Thermogusto.

Türkiye's Most Recommended Brand Arzum

Specializing in independent research and 360-degree data consultancy services, Kuantum Research announced the most recommended brands in Türkiye. Arzum ranked among Türkiye's Most Recommended Brands in the White Goods and Small Domestic Appliances categories.

MAY

Arzum wins ECHO Awards for the 3rd time

Arzum won the Small Domestic Appliances category award at the ECHO Awards, organized for the sixth time this year by Marketing Türkiye in cooperation with Akademetre Research & Strategic Planning, for the best e-commerce experience it offers.

A journey of flavor and innovation with Arzum at Retail Days

Arzum participated in Retail Days, one of Türkiye's largest business world organizations, and introduced OKKA Rich Spin M Turkish Coffee Machine and OKKA Rich Moka Pot as well as many other products at the event held at Haliç Congress Center on May 29-30.

Italy and Türkiye together in Arzum OKKA Rich Moka Pot

Arzum OKKA's latest product, the Arzum OKKA Rich Moka Pot, which blends the traditions of Italian coffee with Turkish coffee culture, has been introduced to coffee enthusiasts. In addition to brewing moka coffee, the Rich Moka Pot offers a wide range of beverage options. With its integrated Rich mixer, users can prepare traditional Turkish coffee with milk, froth milk, or heat it -delivering a truly versatile and enriched coffee experience.

JULY

New term Board Members elected

Arzum approved the agenda items discussed at the 2023 Ordinary General Assembly Meeting held at the company headquarters on July 2 and elected the members of the Board of Directors. At the Ordinary General Assembly Meeting, 2023 Financial Statements were approved and Board Members were released from liability. At the meeting where the members of the Board of Directors were also elected, a total of six people, two of whom are independent, were elected as members of the Board of Directors.

Coffee Pot/Ibrik World Championship main sponsor Arzum OKKA

Pioneering the promotion of Turkish coffee, Arzum OKKA continues to support baristas and coffee cultures around the world. Arzum OKKA, which took part in the Coffee Pot/Ibrik World Championship as a diamond sponsor last year, reinforced its commitment to coffee as the main sponsor of the championship at the World of Coffee event held in Copenhagen on June 27-29 this year. It also took its support one step further by sponsoring Kevser Atmaca, the 2023 SCA Türkiye National Coffee Pot/Ibrik Champion, who represented Türkiye in the championship.

AUGUST

Platinum Award from LACP to Arzum Annual Report 2023

Arzum received 99 points out of 100 in its category with its Annual Report 2023 in the evaluation made within the scope of the "Vision Awards" organized by the League of American Communications Professionals (LACP) and received the "Platinum Award." Arzum's Annual Report 2023 with the theme "Adding Value to Life with Innovations" received 6 awards in total.

SEPTEMBER

Arzum Revolution Series brings shine, confidence and energy to hair

Arzum reinvents the hair styling experience with its Revolution Series, developed through an innovative design approach and a passion for creativity. The series, which includes a hair straightening brush, an automatic curling iron, and an air blow styler, offers a distinctive styling advantage to those looking to add a bold touch to their hair. With the Revolution Series, anyone can effortlessly achieve striking, confident, and radiant hairstyles.

Arzum met with the industry at Coffee Summit 2024

Arzum took part in the Coffee Summit 2024 event, which brought together the leading brands of the coffee industry. Murat Kolbaşı, Chairman of the Board of Directors of Arzum, participated as a moderator in the panel on Technological Innovations in Coffee Machines and Equipment at the organization held at the Museum Gazhane on September 14-15, and made important evaluations on the industrial development of coffee and the future of Turkish coffee.

Arzum OKKA woke Ankara up

Arzum OKKA took part in the Ankara Coffee Festival, which brings together the journey of quality coffee from source to cup, the history of coffee and modern flavors. At the event held at Ankara Bilkent Center on September 20-22 with the slogan "Festival that wakes up the city," Arzum introduced OKKA Espresso Series to Ankara coffee lovers and offered a unique coffee experience.

Arzum strengthens its global ambitions with IFA Berlin 2024

Arzum introduced 75 different products developed with a passion for innovation at IFA Berlin 2024. Emphasizing that the IFA Fair plays a critical role in the international growth strategies of the company, which aims to strengthen its presence in foreign markets with Arzum and Arzum OKKA brands, Arzum Chairman of the Board of Directors T. Murat Kolbaşı stated that the fair will make a significant contribution to the company's goals of increasing its international sales volume and expanding the number of countries of operation throughout 2024.

OCTOBER

Arzum at the 136th Canton Fair with 58 years of experience

Arzum launched its new Espresso Series, which brings OKKA's 10 years of expertise in coffee machines to the espresso world, and Revolution, a new hair care series, at the Canton Fair after IFA. The 136th edition of the fair was held in Guangzhou, China between October 15-19, 2024 this year, and the Arzum booth turned into the center of innovation with dozens of products on display.

Arzum OKKA's coffee expertise in Espresso Series

Arzum OKKA Espresso Series takes Arzum OKKA's expertise in coffee machines to a new dimension.

With the Arzum OKKA Espresso series, which Arzum OKKA introduced to coffee lovers on its 10th anniversary, the brand will emphasize its expertise in all types of coffee.

Arzum OKKA left its mark on Istanbul Coffee Festival

Arzum participated in the Istanbul Coffee Festival held between October 3-6 with its OKKA Espresso Series and Thermogusto as well as many other products. Held at Ataköy Marina under the motto "The Festival that Awakens the City," the festival organized a variety of events befitting its 10th anniversary, while the Arzum OKKA Espresso Series, which was introduced to coffee lovers at the festival, attracted great interest.

NOVEMBER

Delicious transformation with Arzum OKKA Rich Spin Pro Coffee & Hot Beverage Preparation Machine

The Arzum OKKA family continues to expand with exciting new additions that elevate the coffee experience. The latest member, the OKKA Rich Spin Pro Coffee & Hot Beverage Preparation Machine, brings a delicious transformation to every cup. Designed for true coffee enthusiasts, the OKKA Rich Spin Pro offers a wide variety of functions at the touch of a button -from brewing roasted Turkish coffee and Turkish coffee with milk to preparing hot chocolate and milk-based beverages. It also features hot and cold milk frothing and milk heating, making it the perfect all-in-one companion for both classic and creative coffee moments.

Legendary vacuum cleaner brand GırGır comes to life again at Arzum

The iconic GırGır vacuum cleaner brand, which once defined an era, is making a comeback under the Arzum umbrella. Reviving the legacy, Arzum will unite its daily-use vertical vacuum cleaner category under the Arzum GırGır brand. With this move, Arzum is set to breathe new life into the legendary name and take significant steps toward expanding the daily vacuum cleaner category throughout 2025.

DECEMBER

December 5th World Turkish Coffee Day celebrated with great enthusiasm by Arzum OKKA

Arzum OKKA brought the transformation of taste to life during the December 5th World Turkish Coffee Day celebrations, held at Beta Yeni Han — the historic site where Turkish coffee was first roasted in Istanbul.

Gold Sponsor of the Gault & Millau Türkiye 2025 Guide Awards Ceremony: Arzum

Arzum became the Gold Sponsor of the Award Ceremony of Gault & Millau Türkiye 2025 Guide, one of the world's most prestigious gastronomy guides. On December 9th, at a ceremony held at Çırağan Palace Kempinski, Gault & Millau unveiled its new selection for the Türkiye 2025 Guide.

OUR MISSION, VISION AND VALUES

Our mission

To become a brand that eases life with its innovative, technological, and well-designed products and services whose aim is to take place within each home and which establishes sincere and warm relations with its stakeholders.

Our vision

To become a brand that creates the most value for its stakeholders.



Our values

Arzum always aims to offer higher quality products and services by increasing the satisfaction of all its stakeholders with the goal of innovation and sustainable growth.

We are attentive

We take care of our customers, each other, society, and the environment in which we live. We carry out our business elaborately to create sustainable growth and make a difference.

We are passionate

We are passionate about reaching our goals. We are a success-focused, brand-committed, and enthusiastically working team driven by strong motivation.

We are reliable

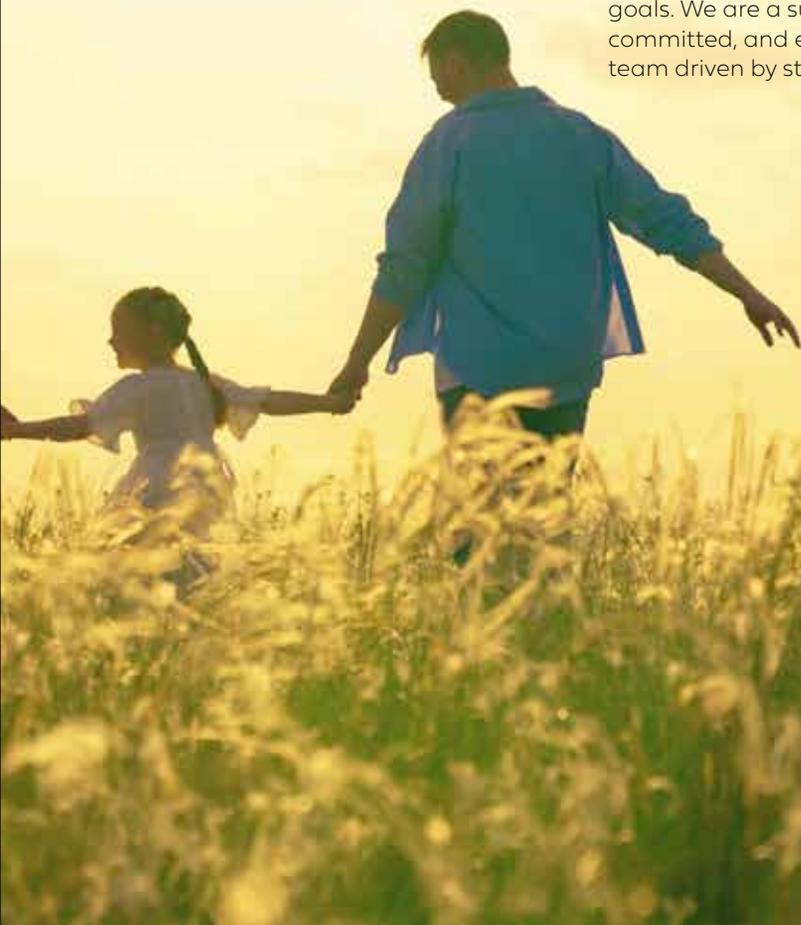
We keep our promises to each other, our customers, and our suppliers. We stand behind our work, our promise, our products, and our services.

We are innovative

We always want to “do better,” to be different, to be preferable, and to achieve sustainable success. We are innovative not only with our products but also with our services and approach to our business.

We are sincere

We are sincere in our relationships with each other, with our customers, and with our suppliers. We take care to be genuine and transparent in our communication.



VALUE CREATING BUSINESS MODEL

Balanced and innovative business model

Arzum's business model enables it to effectively respond to changing consumer needs, evolving channel structures, and ongoing product innovations.

Business Model

A balanced product portfolio, widespread and multiple sales channels, innovation culture, agile product development, and R&D activities make the foundation of Arzum's resilient business model. Arzum's business model enables it to effectively respond to changing consumer needs, evolving channel structures, and ongoing product innovations. It creates value for its stakeholders with solid growth, balanced profitability, low investment spending need, and high return on equity.



Innovation and Brand Focused Investment Model

- Arzum coordinates a wide range of designers, inventors, engineers, and manufacturers.
- It has an agile structure that allows it to realize ideas swiftly.
- It operates only within the Small Domestic Appliances (SDA) sector, without needing significant investments.
- It only invests in R&D, mold, engineering, and design.
- It dedicates its resources to the brand and operational management instead of factories.



Flexible Production Model Requiring Limited Investment

- Since it has no exclusive channels, there is no fixed lease risk.
- It doesn't require a large number of employees to run.
- It uses all sales channels flexibly.
- The channel structure is shaped according to consumer demand quickly.



Flexible Procurement Model

- It utilizes the most flexible procurement model according to product demand. There is no distress in keeping the production line busy.
- This model provides the flexibility to choose the best supplier according to product category, technology, and capacity.

Our Strategic Priorities



Strong position and organic growth in the Turkish electrical home appliances industry:

- Sustainable growth
- Customer satisfaction
- Being the preferred employer
- Operational excellence



Being one of the pioneers of its sector in e-commerce in Türkiye:

- Increasing its share in online marketplaces



Carrying its success in the Turkish electrical home appliances market to export markets:

- Profitable and sustainable sales model
- Focus on strategic markets
- Effective maturity and risk management
- Strong collateral mechanisms
- Efficient transit or direct shipment scheduling
- Developing products that are specific to export markets

ABOUT ARZUM

58 years of experience, strong brand heritage

Arzum stands by its consumers with more than 250 products in the categories of Food Preparation, Cooking and Frying, Hot Beverage Preparation, Personal Care, Ironing and Cleaning.

The foundations of Arzum were laid in the early 1950s by Kazım Kolbaşı, Kemal Kolbaşı, and İbrahim Kolbaşı. Reshaped as an important brand in 1966, Arzum has achieved great success in Türkiye by achieving high brand recognition and household penetration. With more than 58 years of deep-rooted history, Arzum has achieved success in the international arena in a short period of time and continues to increase this success day by day.

Arzum has always managed to stay ahead of its competitors in the sector with the value it attaches to technology, innovation and design, and has set the primary goal of providing convenience to the lives of its consumers. In this context, Arzum's international success is based on a strong track record, high brand recognition and a constantly evolving innovative approach.

Always reinforcing its position in the sector as a sincere and reliable brand, Arzum has developed many award-winning products to add value to its stakeholders since its establishment. With products in millions of homes in Türkiye and around the world, Arzum continues its efforts to become a global brand with determination.

Product portfolio designed with the most advanced technology

Arzum, which has introduced many innovations in the sector by offering the best technology to its customers, has based its first principle on the experience of offering the most advanced technology to its customers. This approach has enabled the Company to pioneer many important firsts in the sector. Arzum has achieved a leading position in the sector by launching many innovative products under its own brand.

Arzum broke new ground in Türkiye by producing the first iron in 1967 and the first mechanical vacuum cleaner in 1968. In 1991, it reinforced its leadership in the sector by producing the first Turkish-made food processor. Arzum introduced the Arzum OKKA Turkish Coffee Machine, a unique product that can serve directly to the cup and is self-washable, in domestic and global markets in 2014.

In 2016, Arzum continued its innovative approach in the sector by launching Arzum Heptaze, the first movable filter tea maker. In 2020, Arzum broke new ground in the sector by launching the Arzum Olimpia Smart Dust Bagless Cyclonic Vacuum Cleaner, which incorporates the Internet of Things (IoT) technology in Türkiye. It incorporated its artificial intelligence-supported colleague "RobotAR" and continued its leadership in the sector in 2021.

In 2001 Arzum emphasized the importance it attaches to customer satisfaction by launching the "Three-Year Warranty" application, expanded this application to "3+1" as of 2018, and offered a four-year warranty service in 2021, a first in Türkiye. Arzum has increased customer satisfaction by providing an additional one-year warranty on Arzum products with a three-year warranty.

In 2021, Arzum reinforced its pioneering position in the sector by launching its first robot vacuum cleaner, the Robotek X2 Smart Robot Vacuum Cleaner, in Türkiye with a four-year warranty period. This initiative emphasizes the commitment to provide customers with long-term reliability and support.

Arzum OKKA Rich Spin M Turkish Coffee Machine, a first in Türkiye, was introduced to coffee lovers with the ability to cook Turkish coffee with milk and many other beverages in 2022.

Arzum's innovative and forward-thinking product portfolio has been crowned with awards

Continuously increasing its success graph with the awards it wins every year, Arzum has been deemed worthy of many prestigious local and international awards with its innovative and forward-thinking products. Arzum carries out its activities in the electrical home appliances industry under 6 main

Arzum at a Glance

product categories. Arzum stands by its consumers with more than 250 products in the categories of Food Preparation, Cooking and Frying, Hot Beverage Preparation, Personal Care, Ironing and Cleaning.

Arzum has made it its mission to spread the 600-year-old Turkish coffee culture to the world with the slogan "The Brand that Makes the World Love Turkish Coffee: Arzum OKKA," Arzum has made it its mission to spread Turkish coffee culture, which has a 600-year history, to the world and continues to promote and popularize Turkish coffee all over the world.

Arzum gathered 55 designers in an exhibition organized at Galataport in Istanbul for its 55th anniversary. The exhibition "Years of Arzum with Other Ages" brought together works designed

by 55 different designers inspired by Arzum, offering a nostalgic journey into the past. In the exhibition, Arzum's 55-year adventure was interpreted from the perspectives of different designers and visitors were taken on a pleasant journey into the past. Arzum executives contributed to the event with conversations with colorful names from different sectors during the exhibition. In addition, a special "Turkish Coffee Presentation at the Ottoman Palace" was organized for the participants during the four-day event.

In 2023, Arzum took a series of innovative steps inspired by innovation and design. In this context, it is planned to transition to the Co-CEO system, with three senior executives assuming the role of Chief Executive Officer at one-year intervals.

Arzum took action with the slogan "Our Desire Is a Better Future" and published its first Sustainability Report. In this report covering Türkiye operations, the sustainability roadmap of the brand was determined.

Arzum has sponsored the Turkish Women's Chess Championship for 15 years and celebrated the 100th anniversary of the Republic with the Arzum Turkish Women's Chess Championship Final.

In 2024, Arzum introduced a major innovation in the sector with Thermogusto, a multifunctional smart food processor. In addition, Arzum OKKA Espresso Series, which was developed to embrace the entire coffee variety under the brand, was introduced for the 10th anniversary of Arzum OKKA, which is expanding its borders day by day.

250

Number of Arzum products



Shareholding Structure*

	Share Amount (TL)	Share Group	Share Ratio (%)
Talip Murat Kolbaşı	3,449,692	A	10.71
Ali Osman Kolbaşı	3,066,392	A	9.52
Zeynep Figen Peker	2,710,472	A	8.42
Yasemin Rezan Kolbaşı	2,710,472	A	8.42
Aliye Kolbaşı	1,971,250	A	6.12
Rengin Yağan	1,259,411	A	3.91
Filiz Kolbaşı	314,852	A	0.98
Bora Kolbaşı	314,853	A	0.98
İbrahim Buğra Kolbaşı	314,853	A	0.98
Kayra Kolbaşı	314,853	A	0.98
Other**	15,782,900	B	49.00
Total	32,210,000		100.00

* Article 6 of the Company's Articles of Association stipulates that Group A shares are privileged, and Article 8 states that Group A shareholders have the right to nominate the successor of a member of the Board of Directors. The Company's Articles of Association do not grant any special privileges for exercising voting rights. Only Group A shares have the "privilege to nominate candidates for the election of the members of the Board of Directors."

** As of the end of 2024, Arzum's actual free float is 48.96%.

NATIONAL AND INTERNATIONAL AWARDS RECEIVED

Customer satisfaction recognized with awards

Arzum was deemed worthy of the Big Idea Award in the Digital Customer Experience/Small Domestic Appliances category with the Arzum Seninle (Arzum Is with You) application at the 6th CX Customer Experience Awards.



Teamwork Recognized with Awards

Arzum was deemed worthy of the Big Idea Award in the Digital Customer Experience/Small Domestic Appliances category with the Arzum Seninle (Arzum Is with You) application at the 6th CX Customer Experience Awards.

ECHO Awards winner for the third time

Standing out as Türkiye's brand of firsts, Arzum won the Small Domestic Appliances category award for the third time in a row at the ECHO Awards, organized for the sixth time this year in cooperation with Akademetre Research & Strategic Planning.

The most preferred brand: Arzum

Specializing in independent research and 360-degree data consultancy services, Kuantum Research announced the most recommended brands in Türkiye. Arzum ranked among Türkiye's Most Recommended Brands in the White Goods and Small Domestic Appliances categories.

Arzum received the Best E-Commerce Award from ECHO Awards

At the ECHO Awards organized by Marketing Türkiye in cooperation with Akademetre Research and Strategic Planning, Arzum ranked first in its category with the e-commerce experience it offers to its users.

Arzum in Fortune 500 Türkiye

Arzum was included in the Fortune 500 Türkiye list, where Türkiye's leading companies are ranked according to their key financial indicators.

Platinum Award from LACP to Arzum 2023 Annual Report

Arzum received 99 points out of 100 in its category with its Annual Report 2023 in the evaluation made within the scope of the "Vision Awards" organized by the League of American Communications Professionals (LACP) and received the "Platinum Award." Arzum's 2023 Annual Report with the theme "Adding Value to Life with Innovations" received 6 awards in total.

Arzum is the third winner of DX Summit 2024 Future Enterprise Awards

Arzum IT and Digital Transformation department won the third place in the "IDC DX Summit 2024 Future Enterprise Awards-Future of Digital Infrastructure" category with Project AVOCADO, which strengthened the company's transformation in digital infrastructure.



KEY FINANCIAL INDICATORS

Decisive steps on a challenging path

In 2024, Arzum generated EBITDA of TL 548.8 million and total revenues of TL 5.5 billion.

Summary Balance Sheet (TL)

	2024	2023	Change (%)
Current Assets	2,822,947,387	2,723,505,996	4
Non-current Assets	444,533,324	466,768,273	(5)
Short-Term Liabilities	2,909,093,289	2,445,997,442	19
Long-Term Liabilities	74,162,783	66,191,595	12
Shareholders' equity	284,224,639	678,085,232	(58)
Total Assets	3,267,480,711	3,190,274,269	2

Summary Income Statement (TL)

	2024	2023	Change (%)
Revenue	5,545,592,852	5,328,200,929	4.1
Cost of Sales	(3,877,929,958)	(3,660,604,976)	5.9
Gross profit	1,667,662,894	1,667,595,953	0.0
Operating Profit	374,055,416	480,010,473	(22.1)
EBITDA	548,822,521	574,622,002	(4.5)
Profit/Loss before Taxation	(442,932,878)	135,091,639	(427.9)
Net Profit/Loss	(399,964,130)	76,491,430	(622.9)

Key Ratios (%)

	2024	2023
Gross Profit Margin	30.1	31.3
Operating Profit	6.7	9.0
EBITDA Margin	9.9	10.8
Profit/Loss Before Tax Margin	(8.0)	2.5
Net Profit/Loss Margin	(7.2)	1.4



Current Assets (TL Million)

2023	2,724
2024	2,822

Total Assets (TL million)

2023	3,190
2024	3,267

Revenue (TL Million)

2023	5,328
2024	5,545

Net Profit (TL million)

2023	76
(400)	2024

EBITDA (TL Million)

2023	575
2024	549

Gross Profit (TL Million)

2023	1,668
2024	1,668

MILESTONES FROM 1950 TO 2024

1950

Arzum's origins date back to a sole proprietorship established by Kazım Kolbaşı, Kemal Kolbaşı, and İbrahim Kolbaşı in the early 1950s.

1977

Established under the name of Güney İthalat A.Ş., Arzum started to carry out its activities under this legal entity.

2002

Arzum introduced the first electric coffee pot to the market.

2007

The name of the company was changed and registered as Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş.

2009

Arzum Asia Pacific Ltd., a subsidiary of Arzum in Hong Kong, was established. It has become the leader in the food preparation category and has been the leader for 12 years.

1966

"Arzum" was registered as a trademark.

1993

Arzum Dış Ticaret A.Ş. was established to market "Arzum" products.

2005

Felix Elektrikli Ev Aletleri A.Ş. was established to reach a different segment.

2008

A partnership was established with Turkish Household Appliances BV, a subsidiary of Ashmore Group, one of the world's leading private equity funds. Ashmore Group became a partner with the Kolbaşı Family by acquiring a total of 49% shares of Arzum through two transactions it carried out in 2008 and 2009.

2010

Arzum issued bonds for the first time.

Continuous growth, continuous innovation

In the second half of the year, on the 10th anniversary of the OKKA brand, Arzum introduced the Arzum OKKA Espresso series, bringing the brand's expertise in Turkish coffee to espresso.



2011

Arzum Europe GmbH, a subsidiary of Arzum in Germany, was established. In the Türkiye qualifiers for the Blind Leaders Project 2011 Employee Volunteering Awards, Arzum ranked 1st in its category and represented Türkiye in the European finals in London.

2014

Arzum pioneered the creation of a new segment by launching the first direct-to-cup Turkish coffee machine under the brand "Arzum OKKA."

2019

Ducati By Arzum brand was established in a global brand cooperation with the Ducati brand.

2021

Arzum introduced Arzum OKKA Rich Spin-M, the first Turkish Milk Coffee Machine with a mixer and coffee pot.

2023

With a socially and environmentally conscious brand approach, Arzum published the "Arzum 2022 Sustainability Report."

The Bank increased the diversity of the financing it will access from capital markets by obtaining approval for a total of TL 1.4 billion of bonds/bills in January and December, and TL 200 million of lease certificate issuance limits in August.

2013

SDA International, a 100% subsidiary of Mediterra Capital Partners, has partnered with the Kolbaşı Family by purchasing 49% of Arzum shares owned by Ashmore Group.

2017

Arzum was recognized as a leading company in Türkiye in the categories of 'Organization' and 'Culture' at the INOVA League.

2020

Arzum shares started to be traded on Borsa Istanbul with the ticker ARZUM.

Arzum introduced Türkiye's first vacuum cleaner with IoT (Internet of Things) technology, Arzum Olimpia Smart.

2022

Arzum celebrated its 55th anniversary with an exhibition held with 55 different designers. The event was inherently a retrospective journey through the book "Öteki Çağlarla Arzum'lu Yıllar" created by 55 designers inspired by Arzum.

Within the framework of the cooperation with Galatasaray Sports Club, Arzum became the jersey sleeve sponsor of the Galatasaray Hepsiburada Women's Football Team competing in the Women's Football Super League.

It has carried out successful issuances by obtaining approval from the Capital Markets Board for a bond/bill issuance limit of TL 250 million.

2024

With its passion for innovation, Arzum brought together different products with its users in 2024. One of these products, the Multifunctional Smart Food Processor Thermogusto, was launched in the first half of the year. Thermogusto combines preparation and cooking in one machine.

In the second half of the year, in the 10th anniversary of the Arzum OKKA brand, Arzum introduced the Arzum OKKA Espresso series, bringing the brand's expertise in Turkish coffee to espresso.

The GirGir vacuum cleaner brand, which marked its era as an iconic brand, has been revived under the roof of Arzum.



CHAIRMAN'S ASSESSMENT

Our success is based on our belief in the sector and our courage to invest

Design and innovation are at the heart of our passion for developing new products. Guided by this passion, we have continued to launch new products throughout the year, introducing them to the sector and bringing them to our users.

Dear stakeholders,

As in every year, this year brought a full agenda both in Türkiye and around the world. We closely followed numerous developments across various fields, including the economy, sports, and politics.

From a global economic perspective, 2024 was marked by continued efforts to control inflation. Central banks around the world took cautious steps to lower interest rates. In the United States, the Federal Reserve gradually reduced its policy rate from 5.5% in the first eight months of the year to 4.5% by December. Similarly, in the Eurozone -where interest rates remained around 4.5% for most of the year- the rate was brought down to 3.15% in December through a series of gradual cuts. In summary, uncertainty continued to dominate both global and local economies in 2024. Türkiye's economy, a consistent focal point of the national agenda, was no exception. With the implementation of a tight monetary policy by the Central Bank of the Republic of Türkiye, interest rates rose to 50%. In December, the rate was slightly reduced to 47.5%. High inflation and interest rates inevitably reshaped both producer and consumer behavior. While producers delayed investment decisions, consumers postponed major purchases. As a result of these shifts in production and consumption dynamics, many sectors felt the negative impact of the economic climate.

According to estimates published by the OECD in December, global economic growth reached 3.2% in 2024. The Turkish economy grew by 5.3% in the first quarter, followed by 2.4% in the second quarter, and

2.1% in the third quarter. In a year marked by high interest rates, persistent inflation, and escalating geopolitical uncertainties, both global and local economies faced heightened risks. Amid these challenging conditions, Arzum not only navigated the difficulties but also remained focused on emerging opportunities. We leveraged the flexibility and agility of our operational model, which is rooted in a lean and differentiated strategy. By entrusting production to top-tier partners and concentrating on our core strengths -R&D, product design, and engineering- we reinforced our competitiveness in both domestic and international markets.

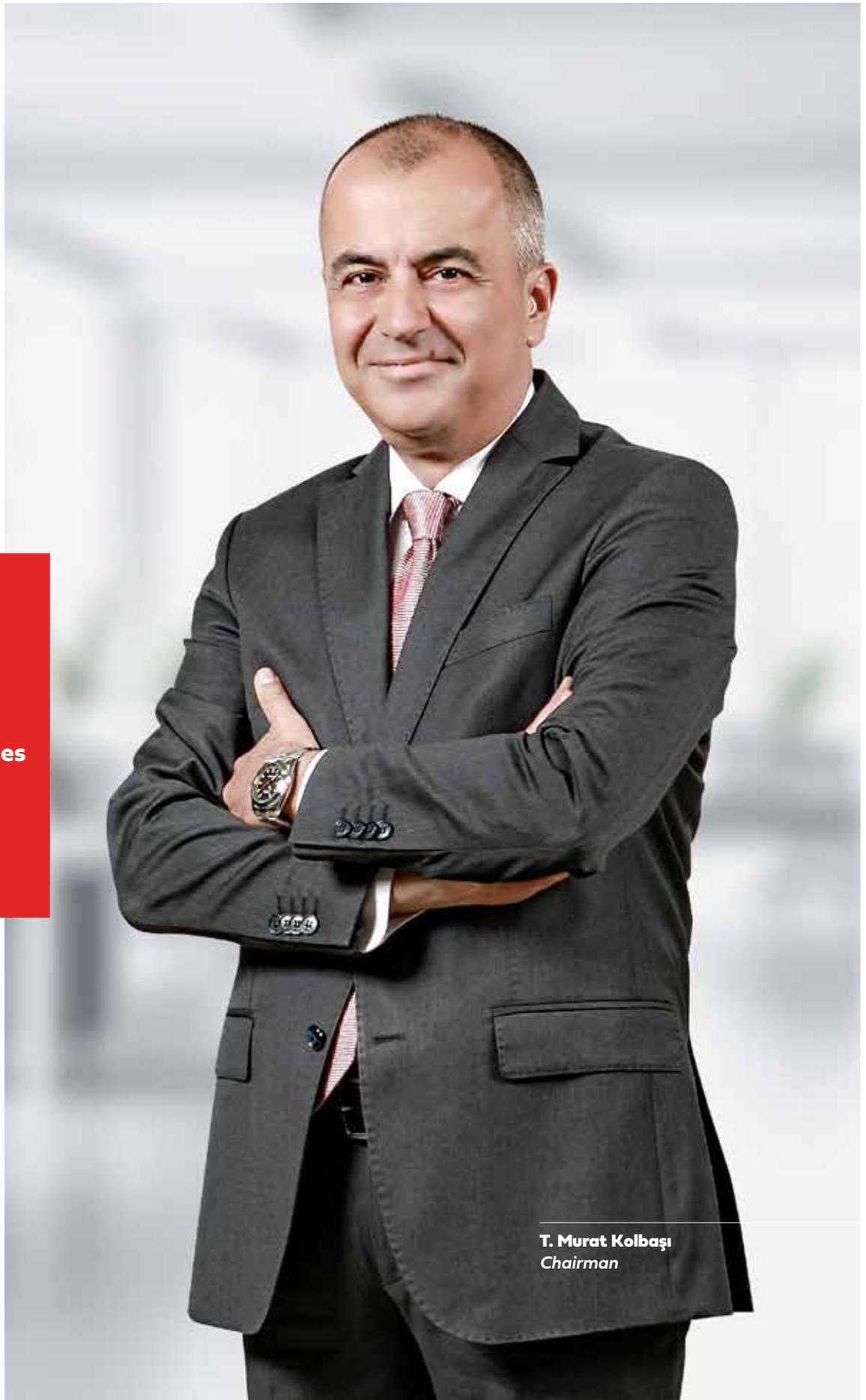
Regardless of the circumstances, in 2024, we remained steadfast in our commitment to driving progress in our industry - maintaining our strong commitment to investment across all areas. As a pioneer in many aspects of the small domestic appliance sector, we drew strength and inspiration from the most valuable lessons of our 58-year legacy. Motivated by the immense potential of the small domestic appliance industry and a belief in its future, we continued to invest with determination. Our efforts not only supported our own growth but also helped stimulate healthy competition within the sector. We have fulfilled our role in enhancing products, services, digital transformation, and -most importantly- our contribution to society. One of our most critical focus areas has been human resources. We took bold steps to strengthen our team, welcoming many talented individuals to the Arzum family. A key highlight of the year was the appointment of Evren Albaş as our General Manager and

Chief Executive Officer, a strategic move that reflects our ambition for the future. Beyond our organizational investments, we also worked diligently to expand our presence -particularly in international markets. In 2024 alone, we reached nearly 4 million households across 50 countries.

Our success is based on our belief in the sector and our courage to invest. Design and innovation are at the heart of our passion for developing new products. Guided by this passion, we have continued to launch new products throughout the year, introducing them to the sector and bringing them to our users. Among these, Arzum Thermogusto -our multifunctional smart kitchen robot- stands out as a testament to this approach. We dedicated a full year of R&D to ensure that Thermogusto meets the evolving needs of our users, not only today but also in the future. In a world where time has become increasingly valuable due to changing consumer trends, shifting user expectations, urban living, and the shrinking size of homes, we have once again addressed the demand for multifunctionality in household products. Thermogusto achieved remarkable sales during this period and added a new dimension to our mission. While we continue to introduce Turkish coffee and our coffee culture to the world through Arzum OKKA, we have also aimed to preserve and globalize Turkish flavors through Thermogusto, which incorporates traditional recipes from Turkish cuisine. The union of tradition and technology -two forces historically often viewed as contradictory- under such a meaningful mission reflects Arzum's unwavering commitment to its 58-year heritage and its enduring focus on the future.

50

**Number of countries
exported to**



T. Murat Kolbaşı
Chairman

CHAIRMAN'S ASSESSMENT

We rolled up our sleeves to change habits in kitchens

We dedicated a full year of R&D to ensure that Arzum Thermogusto -our multifunctional smart kitchen robot- meets the evolving needs of our users, not only today but also in the future.

We continued to sponsor the Turkish Women's Chess Championship in its 16th year.

As Arzum, another exciting milestone for us in 2024 came from the Arzum OKKA. We proudly introduced the Arzum OKKA Espresso Series, marking one of our most significant steps toward embracing all types of coffee. With this launch, our goal was to elevate the value of Turkish coffee -synonymous with the Arzum OKKA name- while also offering our users the enjoyment they deserve across a wide variety of coffee experiences.

Another significant step we took on the product front was the revival of Arzum GirGir. We initiated efforts to bring back the iconic GirGir vacuum cleaner brand -once a symbol of its era- under the Arzum umbrella. Our goal is to keep this legendary name alive by consolidating our daily-use vertical vacuum cleaner category under the Arzum GirGir brand. In 2025, we will continue to take decisive steps to grow this category. Looking ahead, we are excited to see how Arzum and GirGir will come together to redefine the future of the daily vacuum cleaner market.

As Arzum, our efforts in 2024 extended beyond responding to user needs and industry trends -we also worked with a strong sense of responsibility for the future of our planet. Over the past 58 years, we have been actively engaged in numerous projects and collaborations focused on sustainability. Our initiatives have spanned across waste management, energy efficiency, women's employment, hydroponic agriculture, as well as sports and education, all with the goal of building a better world and a more sustainable future. This year, we proudly launched a project that fully aligns with our

sustainability vision: "Sustainable Spoons Made from Coffee Waste," in collaboration with Wastespresso, a company that produces bioplastic compounds from used coffee grounds. This initiative raised the bar for innovation in sustainable product solutions and reflects our commitment to circular economy principles. As part of our partnership with Wastespresso, we are working to use coffee pulp to manufacture selected components of our coffee machines; with the goal of producing all parts from this sustainable material. This ambitious project involved over 18 months of dedicated collaboration, with contributions from two of our R&D employees, a partner manufacturer, and two R&D experts from Wastespresso. Throughout the development process, we conducted 17 different injection molding trials, 4 product revisions, and 3 comprehensive test analyses.

Our responsibility for the future of the world is not limited to environmental concerns. We have broadened the scope of our long-standing efforts toward gender equality -aimed at ensuring that women attain the positions they deserve in society- by extending our commitment into the field of sports. We proudly continued our sponsorship of the Turkish Women's Chess Championship, now in its 16th year. This year, we celebrated International Women's Day on March 8 with the final of the Arzum Türkiye Women's Chess Championship. The championship finale, held under the powerful motto "**Every Move Women Make, a Story of Success in Every Step!**" was organized in cooperation with the Turkish Chess Federation and hosted

We were proud to serve as the Gold Sponsor of the Award Ceremony of Gault & Millau Türkiye 2025 Guide, one of the world's most prestigious gastronomy guides.

by Gaziantep Şehitkamil Municipality, with Arzum as the main sponsor. As part of our ongoing mission to spotlight women in every aspect of life, we once again placed women at the forefront of our efforts this year. In addition to maintaining a female employee share of over 45% in manager-level and above positions, we strengthened our commitment to advancing women in the business world by completing our corporate membership in the Women Friendly Brands Association and continuing our engagement with the LEAD Network.

In addition to our work in R&D, P&D, sustainability, and other pressing priorities, we dedicated significant time and energy to sponsorship activities in 2024. This year, we were proud to serve as the Gold Sponsor of the Award Ceremony of Gault & Millau Türkiye 2025 Guide, one of the world's most prestigious gastronomy guides. Our sponsorship efforts have always prioritized culture, society, and human well-being. Reflecting this commitment, we became a Gold Partner of the 2024 Istanbul Global E-Export Summit, a session sponsor at the 9th Gastromasa International Gastronomy Conference under the theme "Menu Planning in City Hotels," and a mini sponsor of the Powerful Women of the Future event. One of Arzum's most valuable missions is to promote Turkish coffee culture -our cultural heritage. Beyond showcasing Turkish coffee with Arzum OKKA, we continued our global support for baristas and coffee communities. This year, we were the main sponsor of the Coffee Pot/Ibrik World Championship, held at the Bella Center in Copenhagen as part of the World of Coffee event between June 27-29. We also proudly supported Kevser Atmaca, the 2023 SCA Türkiye National Coffee Pot/Ibrik Champion, who represented Türkiye in the championship. In our ongoing efforts to promote Turkish coffee, we aimed to be present wherever Turkish coffee is celebrated. We participated in Coffee Summit 2024, where key players from the local and international coffee industries came together, as well as in the Ankara Coffee Festival and the Istanbul Coffee Summit -continuing our mission to introduce Turkish coffee culture to the world. At all the events we attended, we offered samples prepared with our OKKA and OKKA Espresso Series, while also highlighting the diversity of our product offerings with additional samples prepared using Thermogusto. Throughout the year, we engaged with many international platforms that aligned with our brand values, culture, and Arzum's

broader mission. With Arzum OKKA, we met with coffee lovers at World of Coffee Dubai 2024, where we introduced our products and shared the richness of our coffee culture through hands-on experiences and tastings prepared with our machines.

In 2024, we made significant strides in our mission to promote Turkish coffee. With Arzum OKKA, we continued to lead efforts in promoting Turkish coffee culture globally, actively participating in events supporting UNESCO's recognition of Turkish coffee on the Intangible Cultural Heritage List and the celebration of December 5 as "World Turkish Coffee Day." On the 11th anniversary of this meaningful day, we brought coffee lovers together through the authentic flavors of OKKA Turkish coffee at a special stand we set up during the festivities held at Beta Yeni Han. Throughout 2024, we remained committed to using every second and every resource at our disposal as efficiently as possible, and we are proud of the progress we have made and the point we have reached by year's end.

Arzum is a brand that proudly carries Türkiye's name to the world through its technology and products. At the heart of this brand lies 58 years of history, deep-rooted expertise, the millions of liras we invest in R&D each year, and countless other values that cannot be fully listed. Yet, I must emphasize that our most important asset is the dedication and creativity of our employees -those who consistently dream, innovate, and bring ideas to life. In 2025 and beyond, we will continue to work with determination to safeguard and strengthen this valuable brand we have inherited from the past, ensuring it is passed on to future generations. Most importantly, we aim to leave behind a brand whose name is proudly and permanently associated with Türkiye.

Sincerely,

T. Murat Kolbaşı
Chairman
Arzum

MEMBERS OF THE BOARD OF DIRECTORS



Talip Murat Kolbaşı
Chairman

Talip Murat Kolbaşı graduated from Marmara University, Faculty of Business Administration in 1987. He began his career in 1988 at Arzum Elektrikli Ev Aletleri A.Ş., where he managed sales, business development, and foreign trade units respectively, and as of 2008, he served as Arzum's General Manager and Chairman. He has been serving as the Chairman since September 2015. He contributed to Arzum's progress towards becoming a leading company in the industry by leading the partnership with Turkish Household Appliances B.V., a subsidiary of Ashmore Group, one of the world's leading investment companies, with a 49% share transfer in 2008. He played an important role in the sale of 49% of Arzum's shares to SDA International in 2013.



Yasemin Rezan Kolbaşı
Vice Chairperson

Yasemin Rezan Kolbaşı graduated from Marmara University, Faculty of Economics and Administrative Sciences in 1980. During her university years, she worked at the family company, Güney İthalat A.Ş., and later on represented Arzum in international fairs and events. After 1999 Kolbaşı joined Arzum full-time.



Ali Osman Kolbaşı
Board Member

Ali Osman Kolbaşı started his career in Arzum, formerly known as Güney İthalat ve Pazarlama A.Ş., worked at all levels, and became a Member of the Board of Directors. He took an active role in the recognition of the brand in Türkiye and the creation of the dealer network.



Evren Albaş
Board Member & CEO

Evren Albaş graduated from Middle East Technical University, Department of Mechanical Engineering and completed his master's degree at Istanbul Technical University. He completed the Advanced Management Program at Harvard Business School in 2022. Evren Albaş started his career as a Research and Development Engineer at Arçelik A.Ş. in 1993. Between 2003 and 2006, he worked as a Purchasing Specialist at Arçelik. Between 2006 and 2012, he served as Purchasing Manager at Arçelik. Between 2012 and 2017, he was the senior manager of this newly established business unit as Arçelik Supply Product Director. In 2017, he was appointed CEO of Defy Appliances, Arçelik's subsidiary in South Africa, and Arçelik Sub-Saharan Regional Director. In August 2021, Evren Albaş returned to Türkiye and assumed the CEO position at Tat Gıda A.Ş., a position he held until June 2024. Evren Albaş has been serving as General Manager and Chief Executive Officer at Arzum since November 4, 2024.



Server Gamze Çuhadaroğlu
Independent Board Member

Gamze Çuhadaroğlu graduated from San Francisco University, Faculty of Business Administration and then Boğaziçi University, Faculty of Business Administration. She started her professional career in 1994 and continued her career as Marketing Director in international companies. After ten years at Unilever as Marketing Director from 1994 to 2004, Server Gamze Çuhadaroğlu joined Danone in 2004 as Marketing Director for Danone Nutricia Mother Baby Nutrition. In 2008, she was appointed as General Manager, during which period she also worked as Regional General Manager for Türkiye, Iran, Iraq and Afghanistan. In 2015, Ms. Çuhadaroğlu became the General Manager of Danone Türkiye Integration in addition to her current role. After serving as the CEO of Danone Nutrition and Danone Waters companies under the Danone corporate umbrella, Server Gamze Çuhadaroğlu was appointed Global Vice President of Herbal Nutrition (Alpro, Silk, So Delicious brands) in Paris in 2019. In 2022, she left her active role at Danone. In 2022, she became chairman of the board of Koroplast public company. She voluntarily serves as a member of the advisory board of some associations and companies. Gamze Çuhadaroğlu was elected as an Independent Board Member for a period of 1 year at the General Assembly of Arzum dated July 2024.



Cenk Serdar
Independent Board Member

Cenk Serdar graduated from Bilkent University, Department of Industrial Engineering. Afterwards, as a Fulbright and TEV Foundation scholar, he completed his master's degree in business administration at The Wharton School. During his career, he held senior management roles in Doğu Group (1999-2004), Turkcell (2005-2009), Vodafone (2009-2013), Saudi Telecom Group (2013-2019) in Türkiye and abroad, and managed operations, mergers and acquisitions in telecommunications, banking, automotive and technology sectors locally and globally. He has also served on the boards of numerous telecom, technology and financial services companies, including publicly traded companies such as Türk Telekom. He also has significant experience in digital transformation, serving as an investor in over a hundred technology companies and as an investment committee member of several venture capital firms. Cenk Serdar has been serving as an Independent Board Member since the Ordinary General Assembly of Arzum in June 2023.

CEO'S ASSESSMENT

We look to the future with confidence, leaving challenges behind

According to the results of an independent research organization's market analysis for 2024, the electrical household appliances market grew by 6.3% in units and 57.3% in TL terms. Despite a highly challenging year, Arzum continued to expand its market share, achieving growth in unit sales exceeded the market average by 2 percentage points, and revenue growth closely aligned with the overall market performance.

Dear stakeholders,

The year 2024 was one in which we deeply felt the impact of political and military events, as well as elections taking place around the world. For Türkiye, it was a year marked by intense discussions around local elections, developments in neighboring countries, and monetary policies aimed at combating inflation.

Amid all the global and domestic developments, the business world remained focused on creating value by producing new products, services, and technologies. While many industries faced a challenging test due to rising costs in areas such as production, human resources, and logistics, we once again witnessed the resilience of the electrical household appliances sector -one of the key enablers of modern, comfortable living. In this context, Arzum Electrical Household Appliances experienced a year marked by balancing short-term uncertainties with a firm commitment to our long-term strategies. We continued to launch innovative products that reflect our mission of making technology accessible to everyone and integrating it into the daily lives of our consumers. At the same time, we initiated transformation efforts to make our business processes more agile and strengthened our relationships with business partners, staying closer to them than ever before.

As we close out 2024, Arzum's new strategic direction continues to serve as our guiding light for the future. Our ambition to become a regional brand -powered by the strength we draw from Türkiye- remains at the core of our

vision. With our pioneering identity that has consistently broken new ground in the sector, we are committed to keeping our product range fresh and innovative, while becoming a brand that is even closer to its consumers. Our multi-channel strategy, extensive product portfolio, strong brand management in Türkiye, and growing brand recognition in international markets -particularly through our OKKA series Turkish Coffee Machines- stand out as key elements of our competitive advantage. Coupled with our widespread after-sales service network, these strengths position us firmly to take bold and confident steps into the future.

As Arzum, we closed the year with a 4.1% increase in sales, reaching TL 5.5 billion. In 2024, we generated an operating profit of TL 374 million. As part of our organizational restructuring efforts, we also reassessed our expenditure structure and began tracking our performance using both EBITDA and adjusted EBITDA metrics. When relevant restructuring expenses are included, our EBITDA stood at TL 549 million, corresponding to a 9.9% margin. Excluding these expenses, our adjusted EBITDA reached TL 568 million, reflecting a margin above 10% (10.2%).

With these financial results, we successfully grew our revenues above the inflation rate, while maintaining a sustainable double-digit EBITDA margin, excluding one-off restructuring costs. However, uncontrollable external factors -such as high financing costs in Türkiye and extended product supply times from our Far East suppliers due to security disruptions in the Red Sea-

negatively impacted our inventory turnover rate, resulting in a corresponding increase in financing expenses. As we enter 2025, in line with our evolving management approach, we have begun rapidly implementing measures aimed at reducing our working capital requirements, with a strong focus on improving net profitability in the coming period.

According to the results of an independent research organization's market analysis for 2024, the electrical household appliances market grew by 6.3% in units and 57.3% in TL terms. Despite a highly challenging year, Arzum continued to expand its market share, achieving growth in unit sales exceeded the market average by 2 percentage points, and revenue growth closely aligned with the overall market performance. Even amid difficult economic conditions, we remained committed to advancing critical initiatives that will shape our future. A major milestone was the completion of our RISE with SAP S/4HANA Full Cycle transformation project, which we placed at the core of our digital transformation journey under the name Project Çekirdek. Through this comprehensive ERP transition, we launched a fully integrated digital process infrastructure -one that enhances control, reinforces operational integrity, and captures corporate memory across all business units. From financial affairs to planning and logistics, R&D to marketing and product development, and from sales processes to after-sales services, the improvements span every functional area.

5.5

TL billion

Net sales



Evren Albaş
*Chief Executive
Officer*

CEO'S ASSESSMENT

Significant international market growth

Among our international markets, the most significant growth was recorded in Saudi Arabia and Egypt. To further support our expansion across the Middle East and North Africa region, we launched operations at our newly established warehouse in the Jebel Ali Free Zone in Dubai.

In 2024, we successfully expanded our presence in consumers' new product preferences through the innovative solutions we brought to market.

We have begun actively utilizing our R&D laboratory, where physical and infrastructure preparations have been successfully completed. Through this facility, we are now able to systematically verify newly developed products, explore innovative components and product concepts, and conduct in-depth analyses of competitive products. Our growing investments in R&D and design -driven by a keen awareness of evolving consumer needs- are viewed as a critical success factor for enhancing the competitiveness of our business model. As a result of our ongoing collaboration with both domestic and international designers, as well as strategic suppliers, we aim to significantly increase the share of products whose design rights are fully owned by Arzum, which currently accounts for 50% of our total turnover. In this direction, the importance we place on design as a pillar of brand management and technology ownership continues to grow.

In 2024, we successfully expanded our presence in consumers' new product preferences through the innovative solutions we brought to market. Guided by Arzum OKKA's 10 years of expertise in coffee machines and our core principle "Arzum OKKA specializes in all types of coffee, not just Turkish coffee," we continued to engage with our users through diverse and forward-thinking product offerings. Notable innovations launched this year included the Arzum OKKA Rich Moka Pot, capable of brewing both Italian and Turkish coffee simultaneously, and the Rich Spin Pro, which provides users with unlimited versatility in preparing hot and cold beverages. Through these, we proudly secured a place in the homes and offices of thousands of users throughout 2024.

Arzum Thermogusto, the multifunctional smart food processor we launched this year, has been one of our most significant projects. With this innovation, our goal was to revive the legacy of food processors -which hold a special place in Arzum's history- by introducing a next-generation product at the forefront of technology. One of the core inspirations behind Thermogusto was our desire to merge the food preparation and cooking experience into a seamless process, even enabling those with no prior cooking experience to create dishes effortlessly through step-by-step guided recipes. A major highlight of Thermogusto is its rich and ever-expanding recipe library, which we consider a vital component of the product. Curated by our in-house chefs, this collection features hundreds of recipes from Turkish and international cuisines, and is continuously updated to bring new flavors to users' tables. With Thermogusto, we have made it our mission to preserve traditional Turkish recipes at risk of being forgotten and to bring the distinctive tastes of our culinary heritage to life; allowing users to cook with the ease and skill of a master chef.

We continued to pursue our efforts in expanding exports by entering new markets and strengthening our presence in existing ones. In 2024, we met with coffee enthusiasts at World of Coffee Dubai with Arzum OKKA. We also participated in Ambiente Frankfurt 2024, Europe's largest and one of the world's most prestigious consumer goods fairs, where we showcased many of our latest products developed through our innovative and pioneering approach. Additionally, we took part in both the 135th Canton Fair in April and the 136th Canton Fair in October -China's most significant import and export event. At these fairs, we continued to introduce Arzum OKKA Turkish Coffee Machines to the Chinese

We received the ECHO Award in the Small Domestic Appliances category, in acknowledgment of the exceptional e-commerce experience we provided throughout 2024.

market and positioned the fair not only as a procurement platform, but also as a strategic opportunity to explore the vast export potential of a market as large and dynamic as China. We were also present at the IFA Fair in Berlin, Europe's most comprehensive technology showcase, which celebrated its 100th anniversary this year. With a display of 75 different products, our participation reflected the strength of Arzum's 58 years of sectoral experience. Across all these international platforms, we consistently fulfilled our mission to introduce Turkish coffee to the world, while simultaneously demonstrating the heights we have reached in innovation, technology, and product diversity.

Our export revenues, which we approached with a new business development mindset throughout the year, reached a revenue of USD 12 million, with a total of 340,000 products sold. Among our international markets, the most significant growth was recorded in Saudi Arabia and Egypt. To further support our expansion across the Middle East and North Africa region, we launched operations at our newly established warehouse in the Jebel Ali Free Zone in Dubai. By the end of 2024, we began executing our first shipments from this strategic hub to key markets such as Dubai, Saudi Arabia, and Egypt.

In 2024, we proudly crowned our hard work not only with the strong interest shown by our users but also with a series of prestigious awards. At the CX Awards Turkey -Türkiye's pioneering customer experience awards- we were honored with the Big Idea Award in the Best Digital Customer Experience category for our Arzum Seninle App, in the sixth edition of the competition. In a separate recognition, we were listed among Türkiye's Most Recommended Brands in the White Goods and Electrical Household Appliances categories, as revealed by a national survey conducted by Kuantum Research. We also received the ECHO Award in the Small Domestic Appliances category, in acknowledgment of the exceptional e-commerce experience we provided throughout the year. On the global stage, our 2023 Annual Report, themed "Adding Value to Life with Innovations," earned a total of six awards in the internationally respected LACP Vision Awards, a competition organized annually by the San Diego-based League of American Communications Professionals (LACP) since 2001. In its category, Arzum's report received an impressive 99 out of 100 points, earning the Platinum Award, the highest honor in the competition. Furthermore, our report achieved a global ranking of 57th among all annual reports evaluated worldwide.

In 2024, we continued to integrate gender equality into the very fabric of our business processes; transforming it from a discourse into a concrete practice. Our commitment extended beyond our internal human resources policies, as we reinforced our message through equality-focused sponsorships and communication initiatives. The most enduring and meaningful example of this is our Main Sponsorship of the Arzum Türkiye Women's Chess Championship, which we have proudly supported for 16 consecutive years. At Arzum, we strive to contribute to a society where more strong, successful, courageous, and determined women emerge as role models across all walks of life. We believe we have made meaningful progress toward this vision -especially among the youth- who, for 16 years, have been inspired by the achievements of women chess players, finding encouragement to pursue their dreams and take bold steps in the paths they choose.

Although I have only recently joined the Arzum family, witnessing the brand's strong recognition in both domestic and international markets, and getting to know the dedicated team behind it -driven by a shared passion for achieving ambitious goals- has been the greatest source of motivation in shaping our future plans. Arzum's strong commercial foundation, built over 58 years of experience, along with its extensive distribution network and long-standing partnerships, stand out as the key competitive advantages that will carry the company into the future. Looking ahead, leading the market through competition and change, and maintaining sustainable and profitable operations, will naturally bring about a dynamic period of transformation and growth. We are confident that this company will continue to evolve alongside its employees who share in its dreams, while delivering long-term value for its investors.

Together with our stakeholders, employees, and users, who believe in us and stand by our side, we will continue to achieve our goals and move forward with confidence toward our long-term targets.

Sincerely,

Evren Albaş
Chief Executive Officer and Board Member
Arzum

EXECUTIVE BOARD MEMBERS



Evren Albaş

Board Member & CEO

Evren Albaş graduated from Middle East Technical University, Department of Mechanical Engineering and completed his master's degree at Istanbul Technical University. He completed the Advanced Management Program at Harvard Business School in 2022. Evren Albaş started his career as a Research and Development Engineer at Arçelik A.Ş. in 1993. Between 2003 and 2006, he worked as a Purchasing Specialist at Arçelik. Between 2006 and 2012, he served as Purchasing Manager at Arçelik. Between 2012 and 2017, he was the senior manager of this newly established business unit as Arçelik Supply Product Director. In 2017, he was appointed CEO of Defy Appliances, Arçelik's subsidiary in South Africa, and Arçelik Sub-Saharan Regional Director. In August 2021, Evren Albaş returned to Türkiye and assumed the CEO position at Tat Gıda A.Ş., a position he held until June 2024. Evren Albaş has been serving as General Manager and Chief Executive Officer at Arzum since November 4, 2024.



Arif Emre Ünal

Senior Executive Vice President of Technology, Product and Supply Chain & Executive Vice President

Arif Emre Ünal graduated from Istanbul Technical University, Department of Geophysical Engineering where he studied from 1997 to 2002. He received a Master's degree in Engineering and Technology Management at Boğaziçi University between 2002 and 2005. He completed the Istanbul University MBA Program with an Honors Degree at the end of the Academic year 2014-2015. Arif Emre Ünal served as Information Technologies Manager at Arkas Holding A.Ş. between 2005-2010 and served as Information Technologies Manager at McCann Worldgroup Istanbul between 2010-2012. Since 2012, Arif Emre Ünal has assumed various roles at Arzum and has been serving as Executive Vice President of Operations. As of November 2024, Mr. Ünal continues to serve as Senior Executive Vice President of Technology, Product and Supply Chain & Vice Chairman of the Executive Board. He also served as both CEO and a member of the Board of Directors of the Company from January 2024 to November 2024, in addition to his current duties.



Şecaettin Arda Altınok*

Senior Executive Vice President of Finance and Corporate Affairs

Ş. Arda Altınok studied Economics at Hacettepe University between 1995 and 2000, receiving a bachelor's degree in 2000. Between 2002 and 2014, he worked in held various managerial roles at Deloitte Türkiye and in the USA. He worked at Deloitte Türkiye between 2002-2006, managed the audit teams, and also audited the financial statements of the companies they were responsible for. Between 2006 and 2008, he was selected for the Global Development Program within Deloitte Private at Deloitte&Touche LLP, New York/USA and worked in Deloitte's New York office for 18 months. Afterward, he continued his career at Deloitte Türkiye and occupied a position as a manager in the audit department. Between 2014 and 2020, he served as the Finance and Administrative Affairs Director of the Hotels Group at Doğu Hospitality Group. In 2020, Mr. Arda Altınok joined Arzum to lead the management of all financial processes. In 2023, he served as the Chief Executive Officer and was elected as a Board Member for 1 year at the Ordinary General Assembly of Arzum in June 2023.

* Şecaettin Arda Altınok, who has been serving as Arzum's Senior Executive Vice President in charge of Financial and Corporate Affairs since November 2024, resigned from his position as of 31.01.2025.



ANNUAL REPORT - INDEPENDENT AUDITOR'S OPINION



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi
Anonim Şirketi

Opinion

We have audited the annual report of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (together will be referred as "the Group") for the period between 1 January 2024 and 31 December 2024, since we have audited the complete set consolidated financial statements for this period.

In our opinion, the consolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent in all material respects with the audited complete set of consolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Annual Report* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (*including Independence Standards*) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical principles regarding independent audit of financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion on Complete Set of consolidated Financial Statements

We have expressed an unqualified opinion on the complete set of consolidated financial statements of the Group for the period between 1 January 2024 and 31 December 2024 on 11 March 2025.

Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") and Communiqué on the Principles of Financial Reporting in Capital Markets numbered II - 14.1 (the "Communiqué"), the Group's management is responsible for the following regarding the annual report:



a) The Group's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Group's management prepares its annual report in such a way that it reflects the operations of the year and the consolidated financial position of the Group accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Group's consolidated financial statements. The annual report shall also clearly indicates the details about the Group's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.

c) The annual report also includes the matters below:

- Significant events occurred in the Group after the reporting period,
- The Group's research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the consolidated financial information included in the annual report in accordance with the TCC and the Communiqué and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the audited consolidated financial statements of the Group and the information obtained during the audit and give a true and fair view and form a report that includes this opinion .

We conducted our audit in accordance with Standards on Auditing issued by POA. These standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the consolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Group are consistent with the consolidated financial statements and the information obtained during the audit and provides a fair presentation.



Şirin Soyşal, SMMM

Partner

11 March 2025

İstanbul, Türkiye

SDA INDUSTRY, TÜRKİYE MARKET AND ARZUM'S POSITION IN THE INDUSTRY

Growth trend in the SDA market

Arzum ranks third in terms of units and fifth in terms of turnover in the Turkish SDA market.

SDA Industry Growing with the Impact of New Product Segments

In 2024, the small electrical appliances (SDA) market grew by 6.3% in terms of units. Making a strong debut in 2022, hot air fryers continued to grow in 2023, but their sales declined sharply in 2024. In 2024, the main category with the highest share in terms of units was hot beverage preparation, while in terms of turnover, the hot beverage preparation category increased its share in the SDA market by 2 percentage points to 16.4%, driven by the espresso subcategory.

6.3%

Growth rate of the SDA market in terms of units in 2024

Rechargeable upright vacuum cleaners, which continued to grow above the market average, made the largest contribution to the SDA market, growing by 11.6%. Robot vacuum cleaners were the third segment that contributed the most to growth, maintaining its long-standing consumer interest.

These product groups, which show a high growth trend in the market, reached high sales volumes especially in the online and hypermarket channel (Online + Hyper), making the Online + Hyper channel the fastest-growing channel in terms of volume with 8% growth in units and 57% growth in turnover. The online and hypermarket channel (Online + Hyper) is a strong sales channel, increasing its share in the SDA. Due to the high volume of online sales the online and hypermarket channel (Online + Hyper) also has the largest channel share with 52.4% in units and 38.7% in turnover.

Arzum ranks third in terms of units and fifth in terms of turnover in the Turkish SDA market. Arzum is one of the leading players in the Turkish market thanks to its high brand awareness, agile product development capability, and effective use of sales channels. According to 2024 data, Arzum is the brand that maintains its leadership in the Food Preparation category. In the Hair Care category, Arzum was the market leader in terms of number and ranked third on a turnover basis. The success of the products

released in 2024 reinforced Arzum's leadership this year, as in previous years. In 2024, Arzum strengthened its turnover growth thanks to the launch of Thermogusto. This strengthened Arzum's position as the leading brand following the trends in the segment.

Arzum is the third brand in terms of units and fourth in terms of turnover in the Hot Beverage Preparation market, and stands out in this market with its success in the Turkish coffee machines and tea makers segment. Arzum OKKA, which was launched in 2014, maintains the title of the only domestic type "Turkish coffee machine" that can serve directly to cups and draws attention as a product that distinguishes itself from the competition. With Arzum OKKA Rich Spin-M, launched in 2024, which is an upgraded design of Arzum OKKA Rich Spin M, the first Turkish coffee machine with coffee pot and milk with stirrer launched in 2022, Arzum strengthened its position as the leading trendsetter brand.

Arzum ranks fourth in terms of brand awareness and third in terms of market share in the ironing category. Considering the strength of the Arzum brand, the ironing category is seen as one of the important growth areas for the company.

In the cleaning category, the product portfolio was renewed in 2024. This category will remain important for Arzum in the coming years.

**Arzum's Market Shares
(Turnover basis)**

13.4%

**Food Preparation
Market**

3.4%

Air fryer

11.9%

Toasters Market

13.9%

Hair Care Market

6.9%

**Hot Beverage
Preparation Market**

3.3%

Iron Market

1.2%

**Vacuum Cleaner
Market**

* SDA industry data is based on the reports of an independent research organization. Includes data from January-December 2024.



HIGH BRAND AWARENESS

Strong position in leading categories

Arzum ranks among the top three brands in terms of brand awareness in the Food Preparation, Cooking and Frying, Hot Drink Preparation categories.

The high awareness of the Arzum brand is one of the most important factors that provide a competitive advantage.

Arzum's brand awareness is at significant levels in leading categories of the Turkish SDA industry.

Arzum ranks among the top three brands in terms of brand awareness in the Food Preparation, Cooking and Frying, Hot Drink Preparation categories.

This shows that Arzum is one of the leading brands a top-of-mind brand among consumers and is on the list of priority brands that come to mind at the time of research or purchase. The high awareness of the Arzum brand is one of the most important factors that provide a competitive advantage.





R&D EFFORTS FOCUSED ON FUTURE TECHNOLOGIES

Innovation-driven growth

As of 2024, Arzum's R&D team has focused on strengthening its market position in key categories in line with the defined strategy, while also developing new products tailored to both the local and export markets by actively exploring growth opportunities within these focus areas.

The R&D laboratory, where physical and infrastructure works were completed, became operational in the third quarter of 2024.

Arzum has continued its R&D activities with its offices in Istanbul and Niğde Teknopark and its employees in China, prioritizing its projects in line with changing demands and current trends. As of 2024, Arzum's R&D team has focused on strengthening its market position in key categories in line with the defined strategy, while also developing new products tailored to both the local and export markets by actively exploring

growth opportunities within these focus areas. Accordingly, 62 new products were stocked by 2024, an increase of 35% compared to the previous year. During the Black Friday sales, the Company successfully stocked semi-automatic and fully automatic espresso machines and three products from the newly designed personal care line, which have an important place in the strategic planning for 2024.





Artificial Intelligence Support for Counterfeit Product Detection

The basis of Arzum's IP strategy is to achieve a sustainable number of applications. The 19 patent/utility model applications filed by 2024 demonstrated successful progress in line with this strategy. Another important strategy in the field of intellectual property is the fight against counterfeit products. In this context, more than 300 detections were made using an artificial intelligence-based software to detect counterfeit products on online platforms and necessary actions were taken against them.

R&D Laboratory

The R&D laboratory, where physical and infrastructure works were completed, became operational in the third quarter of 2024. Through this laboratory, the validation processes of developed products, the examination of new components and innovative product concepts, as well as the analysis of competing products will be carried out in a systematic manner. In the first phase, product validation and algorithm tests were carried out first. In the second phase, test diversity will be increased by establishing test procedures and instructions.

Chat GPT, Google Bard Apps

2023 was a year in which the use of artificial intelligence-based applications increased rapidly across the world. In parallel with this development, Arzum R&D department started to use artificial intelligence applications in its work. In addition to the counterfeit product detection application in the field of intellectual property rights, platforms such as ChatGPT, Canva and Google Bard have been effectively utilized to provide fast data and research in project and product development processes.

WIDESPREAD SALES CHANNELS

Strong network of sales channels

Arzum has a wide sales network across Türkiye, with more than 300 customers in total and more than 20 thousand active sales points.

Arzum increases its effectiveness in organized retail channels and cooperates with Türkiye’s leading retailers.

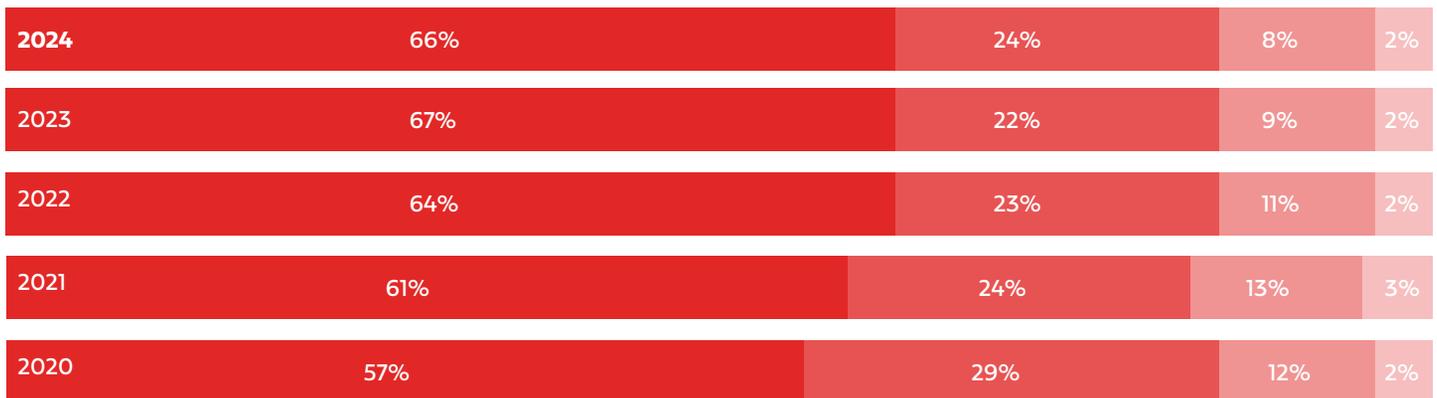
Arzum has a wide sales network across Türkiye, with more than 300 customers in total and more than 20 thousand active sales points.

It has an important position in the traditional sales channels (retail and wholesale) with its well-established brand and the trust relationships it has maintained for many years. Arzum

strengthened its position by creating a new organizational structure that offers appropriate solutions for customers operating in traditional channels such as large shopping malls.

In addition, Arzum has been increasing its effectiveness in growing organized retail channels recently and cooperates with Türkiye’s leading retailers.

Share of Channels in Sales



■ Modern Channel
 ■ Traditional Channel
 ■ International Sales
 ■ Other



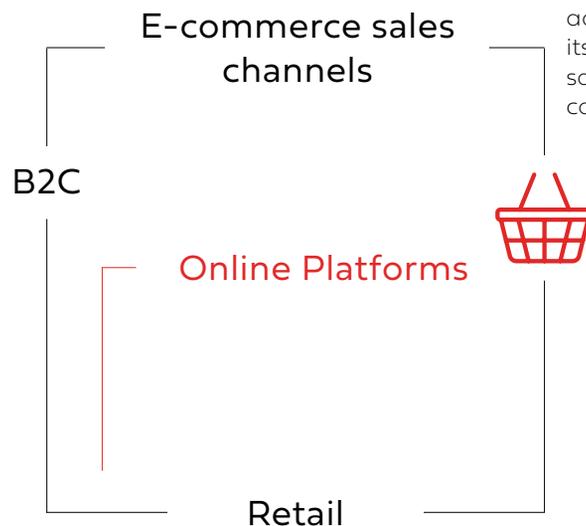
Arzum's e-commerce plans are supported by digital marketing and advertising activities.

E-commerce plans supported by digital marketing and advertising

Online sales channels, having impacts all over the world and increasing effectiveness and importance in the Turkish SDA market, have become an area that Arzum has prioritized for a long time. Within the scope of the Company's long-term sales strategy, it structured its e-commerce national and international sales channels and completed the necessary infrastructure work.

In this context, Arzum sells through its website (www.arzum.com.tr), and national and international marketplaces, and all these channels are managed with a special focusing strategy.

The Company's e-commerce plans are supported by digital marketing and advertising activities. In recent years, Arzum strengthened its presence in this area by creating a specialized distribution fleet for e-commerce. As a result of these efforts, Arzum has added the e-commerce channel to its existing sales channels, making its sales organization more flexible and competitive.



INTERNATIONAL SALES AND MARKETING PLANS

Region-based management system

In order to manage global sales more effectively, a region-based management system was introduced.

All international marketing activities are carried out in online and offline channels with a multi-channel strategy.

In addition to the changes it has made in its corporate structure, Arzum has implemented medium- and long-term international sales and marketing strategies. Within the framework of these strategies, organizing a regional product range suitable for foreign markets has enabled Arzum to have sales potential abroad. The goal of achieving a profitable and sustainable international sales structure has an important position among the Company's priorities. In this context, the main elements of Arzum's international sales strategy include focusing on strategic international sales markets, ensuring effective risk and maturity management, increasing efficiency with transit shipments, and improving efficiency in target markets with special product development activities for international sales.

As part of this strategic transformation, Arzum adopted a global sales approach rather than international sales and implemented significant changes in its international sales organization. In order to manage global sales more effectively, a regional-based management system was adopted; a sales director was appointed to Arzum Europe GmbH, headquartered in Munich, Germany, which was established in 2011, in order to increase diversity in the markets and channels identified as priorities, especially in Europe, to raise brand awareness, and to become a measurable brand in certain countries. In line with its growth targets, the Company plans to open local offices in different regions, increase sales in the relevant markets

by managing the market and channel much more effectively with local employment, and bring the brand to a strong position.

Towards the same goal, in order to strengthen the organization in the Middle East and Africa region and to facilitate access to the sub-Saharan African market, the establishment of Arzum FZE in the UAE was completed and shipments to the region and neighboring countries started from the warehouses located in Jebel Ali Free Zone in the last quarter of the year. In 2025, it is aimed to maximize sales to the region and neighboring countries by using the supply and logistics advantages brought about by this structuring.

International Sales Turnover

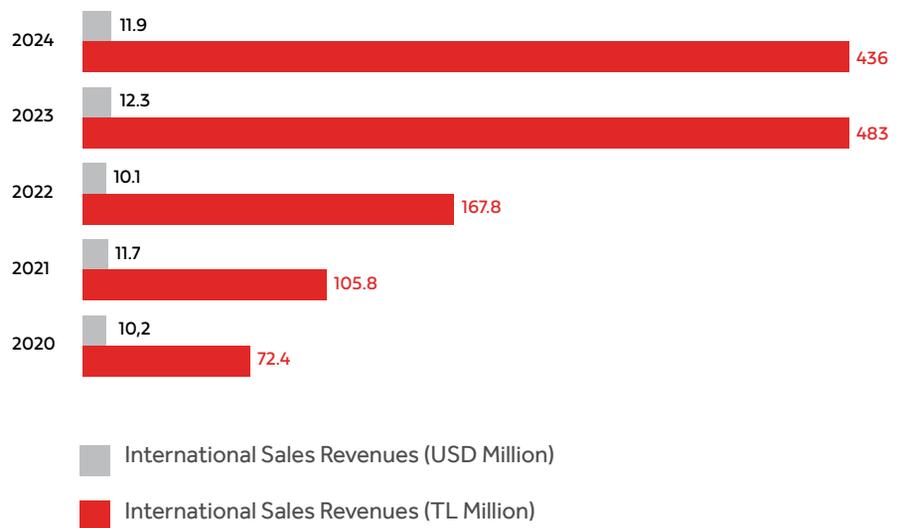
Arzum's renewed structure and global sales operations are expected to carry the Company forward in many areas. The Company, which will be able to focus more on certain regions with this structure, expects to further increase its international sales by taking more strategic steps in these regions. The expansion of global sales and marketing teams will support the establishment of after-sales service organizations, which are the most important element of customer satisfaction, in many countries, especially those considered to be of strategic importance. It is also expected to make significant contributions to many areas, from brand awareness to enhanced relations with distributors.



All international marketing activities are carried out in online and offline channels with a multi-channel strategy. 360-degree communication plans are created and implemented to increase the awareness of Arzum and Arzum OKKA brands in existing foreign markets.

Aiming to establish a strong presence in countries of strategic priority, Arzum is working to create special product portfolios. In addition to the Turkish Coffee Machines category, which has a significant share in the Company's international sales, the Espresso Machines category, in which the Company will reinforce its expertise in this field, was launched at the end of 2024 and will be an important pillar of the growth plans for 2025. Special products are launched to support international sales in the food preparation, cooking, drink preparation, and cleaning categories, and the establishment of an infrastructure is underway to ensure the sustainable increase of international sales turnover in the medium-long term perspective. While focusing on increasing its total international sales volume and the number of countries of presence, Arzum also determines entry strategies for target international markets that have not yet been entered with Arzum and Arzum OKKA brands. In this context, market- and consumer-specific product portfolios as well as sales and marketing strategies are carefully developed.

International Sales Revenue (on TL Million and USD Million Basis)



OPERATIONAL MANAGEMENT APPROACH

Fast and efficient service network

Arzum's strong after-sales service network and operational capability play a crucial role in maintaining its leading position in the market and differentiating the brand from its competitors.

As of 2024, approximately 80% of Arzum's product supply comes from manufacturers in Türkiye.

Arzum has an extensive network of 376 authorized after-sales service and service points in 80 cities across Türkiye. A widespread service network is an important success factor for the Company to ensure customer satisfaction in the SDA market and to reinforce the trust between the customer and the brand. In order to provide fast and effective service to customers through an extensive after-sales service network, the logistics center in Gebze maintains the necessary stocks for spare parts requests.

Improvements are continuously made in after-sales service processes. Arzum has introduced an outsourced service automation application, bringing a high level of efficiency to after-sales service processes in product replacement, service performance and many other areas. This step allows Arzum to quickly and effectively strengthen its capacity to provide after-sales support, supporting its goal of increasing customer satisfaction.

Arzum, which has been awarded three Stevie awards for its after-sales operations - one bronze, one silver and one gold - also received the Ministry of Trade's "Brand Adopting Customer Satisfaction as a Principle" award in 2019 as a result of its efforts focusing on customer satisfaction. In 2021, Arzum received Best Customer Service, Bronze award and Best

Digital Transformation, Silver award from CXA'21 International CX Awards, and Best Customer Redesign, Bronze award from European Contact Center & Customer Service Awards. In 2022, the After Sales Services Team won two bronze awards in the "Product or Service Development Innovation" and "Best Use of Technology" categories at the Türkiye Customer Experience Awards, and was named "Customer Brand of the Year" in the Small Domestic Appliances category at the Alfa Awards. Most recently, it received the Big Idea Award in the Digital Customer Experience/ Small Domestic Appliances category at the 6th CX Customer Experience Awards with the 3+1 Year Additional Warranty Campaign-Arzum Seninle (Arzum Is with You) Application.

The Company's strong after-sales service network and operational capability play a crucial role in maintaining its leading position in the market and differentiating the brand from its competitors.

Arzum's Strong Supply Network and Innovative Logistics Solutions

Arzum does not have a directly owned production facility in Türkiye or abroad, but maintains long-term collaborations with various suppliers. As of 2024, approximately 80% of the company's product supply comes from manufacturers in Türkiye and 20% from suppliers abroad. During the year,



Arzum achieved a 99.97% success rate in 2024 in the 'Defect-Free Delivery' metric, which is carried out in line with operational excellence, one of its strategic goals.

a total of 52 different international suppliers were cooperated with. Arzum, which has strong overseas operations in the field of SDA, also cooperates with suppliers in Türkiye to improve their development, product innovation and R&D competencies. At the beginning of 2020, the Company launched the ASRM application, which enables end-to-end management of procurement processes, tracking all stages from order to delivery and ensuring continuous improvement through the supplier performance management module.

Within the scope of the 'Arzum Yolda' project implemented within the framework of Arzum's strong logistics infrastructure, orders placed via arzum.com.tr and Arzum mobile application throughout Istanbul are delivered to consumers with the company's own fleet of vehicles.

This application, which is a first in the electrical household appliances sector, not only provided users with faster and easier access to products, but also increased efficiency in the management of customer returns in chain stores, retail and wholesale. Within the scope of this project, he was included in the list of "Türkiye's Most Influential Supply Chain Professionals" organized by LODER and received an award.

In line with customer satisfaction, which is one of its strategic priorities, Arzum measures satisfaction with the Net Promoter Score methodology

at every delivery moment it touches consumers and continues to increase its consolidated score, which it calls "Arzum NPS," day by day.

Outstanding Success from Arzum in 2024: 99.97% "Defect-Free Delivery"

Arzum achieved a 99.97% success rate in 2024 in the 'Defect-Free Delivery' metric, which is carried out in line with operational excellence, one of its strategic goals. The Company analyzes its operational processes on a monthly basis with a continuous improvement approach and makes improvements accordingly. Aiming to maximize customer satisfaction by maintaining a high rate of defect-free delivery, Arzum is determinedly moving forward on the path of operational excellence.

Increased Efficiency through Operational Excellence and Digital Transformation

Arzum increases its efficiency every year thanks to the operational process improvement projects it implements by following the best practices on a global scale. Acting with the vision of being a pioneer in the sector, the company optimizes its supply chain processes in line with S&OP processes, which it manages with an integrated decision network in order to implement developing trends. Having completed its digital transformation in future inventory, sales and profitability simulations, Arzum continues to progress towards operational excellence.

DEVELOPING DIGITAL INFRASTRUCTURE

Digital transformation and automation

After the SAP transition, Arzum has identified processes that are likely to reduce its efficiency, especially at points that change user behavior.

Arzum won the third place in the "IDC DX Summit 2024 Future Enterprise Awards-Future of Digital Infrastructure" category with the Avocado Project.

In terms of IT, Arzum continued the transformation it initiated in 2023 in 2024. In the year that started with the SAP S4/HANA live transition, the necessary support and arrangements were provided after the conversion, and a successful transition to a more modern and reliable Enterprise Resource Planning application was completed.

To support this process;

Robotic Process Automation

After the SAP transition, Arzum has identified processes that are likely to reduce its efficiency, especially at points that change user behavior. Robotic process automation solutions are being evaluated to ensure that these processes both maintain SAP standards and do not impose additional workload on users. RPA scenarios have been developed to ease the burden of systematic data entry and reporting of many different units from accounting to planning, imports to sales support. Work will continue unabated for processes that add value in terms of business continuity and efficiency.

Avocado Project

Arzum's BI reporting infrastructure was renewed with Azure Synapse and the Enterprise Resource Planning transformation initiated with Project Çekirdek started to yield positive results by bringing the Avocado project live. Reporting infrastructure has been consolidated under a single DataLake, making it centralized and effectively manageable. Arzum won the third place in the "IDC DX Summit 2024 Future Enterprise Awards-Future of Digital Infrastructure" category with the Avocado Project.

SAP Transformation Additional Projects

- **Master Data Governance**
SAP MDG system was commissioned to optimize the management of customer and supplier current master data created manually in SAP. With this transition, data accuracy was increased and efficiency in business processes was ensured.
- **Inflation Accounting**
In order to support Arzum's SAP transformation process, it was decided to track and manage inflation accounting differences on SAP instead of manually calculating inflation accounting differences to serve the general inflation accounting practice in the accounting rules of our country. Ready-made solutions were evaluated with important partners



of the sector and a successful project was realized through the package that seemed the most appropriate.

• **Dubai Company**

In parallel with Arzum's global growth process, the monitoring and management of foreign subsidiaries has also been made possible within the new SAP system. In addition to Arzum Europe and Arzum Far East companies, the SAP system was defined in Arzum Dubai, which started its commercial activities in 2024, and the necessary adaptation works were realized as a successful project.

Security and Infrastructure

Project Fence integrated critical security solutions such as Vulnerability Management, Privileged Access Management, Data Loss Prevention (DLP) and Security Operations Center (SOC) to maximize digital security and improve data management. In this way, operational efficiency was increased and a more resilient system was created against cyber threats.

Compatibility

ISO 27001 audits were successfully completed and the effectiveness of the information security management system was once again certified. This success shows that the organization has a strong and sustainable structure against cyber risks.

Customer Relationship Management (CRM)

Launched in 2013, the customer relationship management application, as part of Arzum's customer satisfaction strategy, combines consumer data obtained from all communication sources on a single platform to ensure the most accurate communication with consumers. This system, used by Arzum Call Center, provides service by performing all consumer data management in accordance with the law.

In addition to social media, Arzum integrates service channels such as WhatsApp and Webchat and offers 24/7 fast service to its customers with an advanced Chatbot. In this way, operational processes are optimized and Arzum Chatbot makes a significant difference in customer experience by reaching 93% correct understanding rate with continuous improvement.

After Sales Service (ASOS)

ASOS, an application that Arzum decided to invest in within the scope of its customer satisfaction strategy, was commissioned in 2018. In the application, thanks to the management of all service processes through a digital platform and the performance management module, the level of service provided was heightened day by day. ASOS has become the most effective and powerful software in the industry with more than 200 updates every year.

SMART SOLUTIONS IN LOGISTICS AND SUPPLY CHAIN

Effective supply management

In its sustainability journey, Arzum Supply Chain manages its operations in a more responsible and effective manner, taking into account environmental, social and economic impacts.

Adopting a cooperation model based on open communication, transparency and trust with its suppliers, Arzum continuously improves its business processes to ensure mutual benefit for both parties.

Digital Transformation in Customer

Experience: Arzum Customer Support Portal offers a superior after-sales service experience by differentiating itself from its competitors with its customer-oriented, innovative and user-friendly structure. The portal provides fast and effective solutions by combining all after-sales services that customers may need on a single platform.

Offering a seamless mobile experience thanks to its advanced technological infrastructure, Arzum Customer Support Portal maximizes customer satisfaction by offering smart and versatile solutions with ASOS, ERP, CRM, Arzum APP, Logistics Service Provider and PDPL integrations.

Excellence in Customer Satisfaction: Arzum NPS

Arzum adopts customer satisfaction as one of its strategic priorities, and in this direction, Arzum ensures customer satisfaction in every channel it comes into contact with customers (call center, technical service, e-commerce platforms, etc.) It applies the Net Promoter Score (NPS) methodology.

The Company consolidates the NPS scores obtained from different channels to create an overall satisfaction score under the name Arzum NPS and evaluates this data in monthly satisfaction meetings organized with the participation of all units. These meetings ensure that the customer experience is continuously analyzed, areas for improvement are identified and the customer-oriented approach is strengthened.

Arzum Supplier Policy

Arzum aims to establish strong and long-term collaborations with its suppliers. The Company prioritizes high quality standards, sustainability and compliance with ethical rules in supplier selection and management. Adopting a cooperation model based on open communication, transparency and trust with its suppliers, Arzum continuously improves its business processes to ensure mutual benefit for both parties. In addition, Arzum regularly evaluates its suppliers and supports them in their development processes. This approach improves the Company's product quality and strengthens the business capacity of its suppliers.

In its sustainability journey, Arzum Supply Chain manages its operations in a more responsible and effective manner, taking into account environmental, social and economic impacts. Arzum optimizes its business processes without jeopardizing not only the needs of today but also the needs of future generations, and implements important strategies to ensure the sustainability of its supply chain.

Reducing Environmental Impact

- **Carbon Footprint Reduction:** Reduce greenhouse gas emissions by reducing energy consumption in supply chain processes, using renewable energy sources and increasing efficiency in logistics.
- **Waste Management:** Use of recyclable consumables, reduction of packaging waste and transition to a circular economy model.

- **Renewal Process Management:** The process of re-purposing products returned by customers as products or spare parts through recovery processes.

Ethics and Social Responsibility

- **Supplier Audit:** Regularly check suppliers' compliance with human rights, worker safety and ethical labor standards.

Transparency and Traceability

- **Reporting and Communication:** Regularly share sustainability goals and progress in the supply chain with stakeholders.

Green Logistics

- **Efficient Transportation Methods:** Switching to electric or alternative fuel transport vehicles and making logistics processes more efficient through route optimization. Reducing energy consumption through route optimizations. Minimizing both time and energy consumption with direct shipments.

Total payments to suppliers in 2024

USD 81 million

80% of the payment belongs to local suppliers

Proportion of domestic suppliers in total supplier portfolio

35%

Number of suppliers audited

36 audits of 33 different suppliers

Arzum has implemented many criteria to evaluate the sustainability performance of its suppliers. Among the characteristics and studies required by the criteria, which are gathered under three main headings as Environmental, Social and Governance Criteria, are the following;

Environmental Criteria

- **Waste Management:** Waste management and recycling practices of suppliers. Use of environmentally sensitive production processes,
- **Energy Consumption:** Energy efficiency and use of renewable energy,
- **Carbon Footprint:** Carbon emissions and environmental impact assessments of production processes,
- **Water Use and Resource Management:** Water conservation and efficient use of water.

Social Criteria

- **Employee Rights and Labor Conditions:** Employee safety, equality, fair wage policies and working conditions,
- **Human Rights and Social Responsibility:** Preventing social injustices such as child labor and forced labor. Impact of suppliers on local communities,
- **Diversity and Inclusion:** Equal opportunity for diverse groups to be represented.

Governance Criteria

- **Transparency and Ethical Behavior:** Honesty, compliance with the law and ethical rules in the company's business activities,
- **Supplier Relations and Cooperation:** Ensuring an understanding of cooperation, transparent communication and trust,
- **Risk Management:** Identifying and minimizing risks in supplier management,

Supplier Selection at Arzum

1. Phase: Pre-assessment

- The general suitability of potential suppliers is evaluated based on key criteria such as product quality, price offers, maturity and capacity. Purchasing necessarily holds a meeting with the company at the production site and visits the factory and production.

2. Phase: In-depth assessment

- The sustainability performance of suppliers is examined in detail through on-site audits, reports and certifications (e.g. ISO). Quality team conducts audit.

3. Phase: Performance monitoring and continuous improvement

- Regular performance and project evaluations are conducted with suppliers. Feedback is provided and improvement plans are created when necessary.

4. Phase: Confirmation and long-term cooperation

- After successful evaluation processes, long-term collaborations are established with suppliers.
- As collaborations continue, the sustainability performances of suppliers are periodically reviewed and continuous improvement is ensured.

Management of Supply Chain Risks

Arzum has implemented many practices to manage the risks arising from the supply chain in the most accurate way in 2024. These applications are;

- Revised product definitions have been created for certain products as agricultural practices lengthen customs processes and therefore the procurement process.
- Alternative logistics routes are used especially for Far East origin supplies in response to global risks.
- The products that are purchased in high quantities from Far Eastern suppliers are duplicated by local suppliers to ensure local supply.
- Domestic suppliers keep stocks of ready components for critical products based on annual forecasts, aiming to ensure rapid availability and minimum risk.

Carbon Footprint Measurement in Logistics Processes

Arzum uses many methods for carbon footprint measurement and reduction at every stage of logistics processes. These methods include periodically measuring the energy savings achieved through route optimization, periodically calculating and reporting the amount of trees saved due to the use of consumables, periodically calculating and reporting the amount of trees saved due to the use of plastic crates, and periodically reporting the savings achieved through Domestic Market Direct shipments.

In order to reduce the environmental impact of logistics processes in your supply chain, Arzum reduces the diversity by using a common draft in the use of gift boxes and master cartons as a result of mutual agreements with suppliers, thus reducing the number of scrap and stocking.

In addition, Arzum uses GEOWIX application to make logistics processes more efficient and environmentally friendly. Thanks to this application, more products are delivered with fewer kilometers in intra-Istanbul deliveries. Arzum also uses a cardboard recycling machine in line with cardboard waste management.

Improvement Studies and Reward System

Arzum will continue to pursue localization projects in 9 different products in 2025 to reduce transit times and stocks. In addition, the Company also manages the holding of ready stocks of the most purchased products at selected high-purchase suppliers. As of 2025, it is planned to implement a reward system for suppliers with consecutive high performance following quarterly performance evaluations.

SUSTAINABILITY AWARENESS

Resource saving and recycling-oriented approach

In this period of rapidly diminishing natural resources and global economic stagnation, Arzum focuses on sustainability projects and adds value by renewing products that come as sales returns and have zero consumer use.

Instead of throwing away waste parcels from storage operations, Arzum recycles them with the cardboard recycling machine in its own inventory.

Arzum prioritizes basic issues such as resource saving and recycling in its sustainable business model and attaches great importance to e-waste management.

Aiming to reduce negative impacts on the environment, Arzum launched the "Product Renewal" project in 2020 with its responsible brand identity. In this project, unused products that are returned as sales returns are refurbished and offered to consumers as spare parts through the shredding method. In this way, scrap products are recycled back into production.

Arzum also ensures that all its suppliers are fully compliant with environmental regulations and follows energy regulations in its products. Focusing on developing products that consume less energy and have a low carbon footprint, the Company will continue its efforts in line with its sustainability goals in the coming years.

Product Range Recycled and Reused

In this period of rapidly diminishing natural resources and global economic stagnation, Arzum focuses on sustainability projects and adds value by renewing products that come as sales returns and have zero consumer use. In addition, the spare parts obtained by the shredding method saves resources. Refurbished products are packaged

with "Refurbished Product" labels and offered to consumers with a 1-year warranty. Launched in March 2020, 1,200 products were refurbished and brought back into use by 2024.

For products that are not suitable for reconditioning and have never been used, the intact parts are collected after being dismantled and used to repair defective products. During 2024, approximately 50,000 never-used spare parts were obtained through product shredding.

Cardboard Waste Management

Instead of throwing away waste parcels from storage operations, Arzum recycles them with the cardboard recycling machine in its own inventory. The recycled parcels are used for gap filling in spare parts orders to prevent damage to materials. Thanks to this method, 36 airbag coils (64,750 meters) and 90 paper coils (57,400 meters) were previously purchased annually, but these purchases were terminated.

In line with the EU Green Deal, the main focus of Arzum's activities is to reduce the use of plastics and prevent excessive packaging. The cardboard converting machine aims to prevent non-recyclable plastic waste, which



can remain in nature for about 1,000 years, and focuses on the reuse of all outputs as inputs from a circular economy perspective. Arzum once again demonstrates its sensitivity to the environment by recycling and using waste parcels without the need for any additional processing with its preferred cardboard recycling method.

Arzum, with the cardboard conversion method;

- Recycled 53 tons of waste cardboard per year and used them for shipping,
- Stopped using air cushion coils of 72 km and paper coils of 63 km per year.

Crate-Type Shipping

Arzum carries out continuous improvement efforts to reduce packaging costs that increase in parallel with consumption demands and to minimize environmental impacts. To this end, it develops projects that encourage innovation, reduces the materials used in packaging and constantly renews its environmental awareness.

In this context, recyclable plastic crates are used instead of parcels in spare parts shipments within Istanbul, both reducing parcel consumption and preventing environmental pollution. This practice contributes to sustainable logistics solutions by minimizing negative impacts on nature.

The project;

- Covers all services in both the European and Anatolian sides of Istanbul.
- Service orders in Istanbul are shipped with three types of crates instead of nine types of cardboard boxes.
- 6,300 spare parts were shipped with crates within one year.
- 1 ton of paper and cardboard equals 17 trees being cut down. The project prevented the release of 4.5 tons of paper into the environment and the cutting down of 85 trees.
- This method ensures cost savings and makes a conscious and practical contribution to environmental protection.
- Recycled plastic crates are used for shipping instead of releasing new materials into the environment and nature.

Packaging and Other Waste Management

Pursuant to the Packaging Waste Control Regulation, following obligations have been imposed on companies:

- to prevent the formation of packaging wastes,
- to reduce the number of unavoidable packaging wastes to be disposed through recycling and recovery,
- to prevent the packaging wastes blended with receiving environment directly or indirectly in a way that will harm the environment.

In order to comply with this regulation, Arzum voluntarily cooperates with ÇEVKO Foundation, which encourages the separate collection of packaging waste at source. ÇEVKO Foundation takes over the responsibility of industrial enterprises that offer products to the market and carries out joint works with local administrations and licensed collection-separation companies. Packaging waste from products stored for placing on the market is reported to the Ministry of Environment and Urbanization in the first quarter of each year. Arzum continues to work with ÇEVKO Foundation to fulfill its recycling obligation under the Regulation on Control of Packaging Waste. Currently, packaging waste generated as a result of the operations carried out by the logistics company, returned products from dealers and waste from the activities of the maintenance and repair team are collected separately at source. The separated wastes are recycled and this process is managed by licensed companies authorized by the Ministry of Environment and Urbanization, contributing to the circular economy.

HUMAN RESOURCES

People-oriented management approach

Arzum Human Resources adopts an approach that adds value to its employees, encourages open communication and aims to meet their changing needs.

At Arzum, employee loyalty and satisfaction are measured every year by independent consulting firms.

Arzum Human Resources Policy

The basic philosophy of Arzum Human Resources is to determine Human Resources Strategies in line with the business objectives of the organization and to ensure that policies and strategies are realized as the Strategic Business Partner of the Management.

Human Resources Strategy

The strategy of Arzum Human Resources consists of the following focus areas in line with Arzum's vision, mission, and strategy:

- Acquiring and retaining talent,
- Implementing the working models of new normal,
- Creating a high performance culture,
- Strengthening employer brand,
- Ensuring the adaptation of digitalization to the company culture,
- Increasing productivity.

Arzum aims to fulfill its responsibilities towards all its stakeholders in the best way possible and places great value on its employees. To this end, the Company continuously monitors the needs and expectations of its employees and implements innovative Human Resources practices.

Arzum's employees are not only limited to their work, but also make significant contributions to the Company. In this context, employee loyalty and satisfaction are measured annually by independent consulting firms. The surveys conducted enable the formulation of action plans and the identification of priority areas. Human Resources plans and implements the measures taken in line with these analyses in line with the Human Resources Strategy and employee expectations.

Participatory and Value-Oriented Human Resources Approach at Arzum

This approach adopted by Arzum aims to create a sustainable work environment by strengthening the Company culture as well as increasing employee loyalty and satisfaction. This demonstrates Arzum's commitment to fulfill its commitments to its employees and provide them with a positive work experience.

Arzum Human Resources adopts an approach that adds value to its employees, encourages open communication and aims to meet their changing needs. Central to this approach is supporting employees to find meaning in their work and increasing their participation in decisions.



In addition, the #hepbirlikte hashtag, created to encourage employees to express their views on business processes, company policies and decisions, aims to support a participatory work culture and create more space for employee opinions.

Sustainable Human Resources Projects

Arzum realized many projects for its employees in 2024. The development of employees is closely monitored through the Talent Management project commissioned this year and the ongoing Performance Management project. Within the scope of these projects, employees are supported in training and development stages, and relevant outputs are also evaluated in processes such as promotions and wage increases.

Talent Management at Arzum: Investing in the Future and Continuous Development

Talent management encompasses all systems and processes designed to recruit, develop and retain the most competent employees who will carry Arzum's present and future forward.

For effective and result-oriented Talent Management:

- At Arzum, employees are evaluated based on their performance and competencies,
- A culture of giving and receiving continuous feedback is encouraged,
- Their career journeys and individual development are supported through various training programs.

Arzum plans and implements its development activities by taking into account the Company's strategic priorities and the individual needs of employees. Development is not limited to training programs, but is also addressed in a broader perspective through project-based work, volunteering projects and similar practices.

Diversity and Inclusion Active at Every Level of Arzum

Arzum supports the development and well-being of its employees through its Diversity and Inclusion Policy, Open Communication and Feedback Culture, opportunities to support Work-Life Balance and Talent Management system.

In order to increase employee satisfaction and happiness at work in the long term, Arzum continues to work to realize its goals of increasing employee participation and feedback, providing training and development opportunities, creating a flexible and inclusive working environment, improving motivation and appreciation systems, ensuring work-life balance, and creating a meaningful and valuable work culture.

Arzum offers its employees different opportunities to meet their social and emotional needs. These facilities include the following:

Rest Areas: Comfortable spaces for employees to socialize

Open Door Policy: Encourage direct communication between management and employees.

Transparent Communication: Create a culture where employees can openly share their ideas.

Flexible and Supportive Working

Conditions: Flexible working hours, hybrid working opportunity

Social Activities: New Year's dinner, Agenda Arzum Meetings, team dinners, company meeting

Training and Development Activities

Arzum supports employees' leadership and talent development through the Talent Management project, rotation opportunities and performance management system.

With the "Awareness and Development Journey" project launched in 2021, Arzum focused on improving the leadership and technical competencies of managers while increasing the ability of non-management employees to receive and give feedback. Within the scope of this project, there are various steps such as 360-degree evaluation surveys, Development Center activities, Receiving and Giving Feedback, Leadership Competency Trainings and Individual Development Plan preparation.

HUMAN RESOURCES

Continuous development and career management

In 2024, Arzum Human Resources successfully completed its Talent Management Project, conducting comprehensive assessment and succession planning initiatives in the areas of career development and professional growth.

Arzum's targets are communicated to all employees, starting with the Chief Executive Officer, as individual performance targets.

In addition, the "Leadership Stage" project, launched in 2022, aims to help leaders develop both their personal and leadership skills through one-on-one meetings and workshops with consultants. This project provides an effective platform for leaders to strengthen their competencies. In 2023, training and development activities continued in similar areas, thus Arzum continued to focus on the individual and professional development of its employees without interruption.

In 2024, Arzum Human Resources successfully completed its Talent Management Project, conducting comprehensive assessment and succession planning initiatives in the areas of career development and professional growth, and development processes were planned to be organized based on the study outputs for 2025.

Performance Management

One of the main focuses of Arzum's Human Resources Strategy is to become a high-performance organization. This strategy aims to enhance employees' performance, develop their creativity and create a work environment that encourages innovative thinking. All employees at all levels participate in the performance evaluation process on an annual basis.

Arzum's targets are communicated to all employees, starting with the Chief Executive Officer, as individual performance targets. This approach aims to ensure that each employee contributes to the overall success of the Company in accordance with his/her area of responsibility. The targets set at the beginning of the year are regularly monitored by the employee's senior manager and the process of achieving these targets is continuously monitored. At the end of the year, goals and employee skills are evaluated based on concrete criteria. This evaluation considers not only the achievement of the objectives, but also the processes followed in achieving these objectives. Performance evaluation results are used as a guide in the formulation of training and development plans, salary increases and promotion processes.

Recruitment and Orientation Process

The recruitment process at Arzum is based on the principles of equality and fairness as in all other processes. Recruitment of new employees is a process that is meticulously and thoroughly managed. New employees are expected to adapt to the Company's culture, possess Arzum's leadership competencies and the technical skills required by the position. In addition to interviews, other methods such as various inventories, case studies, presentations and assessment center applications are used to identify the most suitable candidates.



A comprehensive orientation program is implemented for each new employee to make them get to know the company and their colleagues quickly and to accomplish the adaptation process. The orientation process starts with the employee's first working day. In order to monitor their loyalty and satisfaction, new employees meet with the Human Resources Department within six months of their employment to share their observations and feedback.

In order to evaluate the adaptation and performance of employees, evaluation surveys are conducted at two-month and six-month intervals following their recruitment.

Internal Communication

Internal communication plays a critical role in understanding, strengthening and spreading Arzum culture. Arzum pursues a comprehensive internal communication strategy covering all employees in different regions. The internal communication calendar prepared by Human Resources in January each year identifies and implements important days and agendas throughout the year. On special occasions and important issues on the agenda, celebrations are made via e-mail and various organizations and events are organized within the company. Thus, communication among Arzum employees is strengthened and unity and harmony are encouraged.

The Company's senior management has adopted an open door policy. Employees can easily contact senior management if they have any questions or issues they wish to discuss. The open office layout is designed with glazing to further facilitate internal communication. This makes it easy to reach employees at all levels in Arzum offices.

The Company's financial performance and agenda items are communicated to employees with the participation of senior management at the "Agenda Arzum" meeting after each quarter. This practice ensures that the culture of open communication and information sharing adopted by Arzum is communicated directly from senior management to all employees.

Internal communication activities carried out by Arzum in 2024 include Company meetings/organizations, trainings and seminars, jointly developed projects, evaluation surveys, information e-mails and social responsibility activities.

Appraisal and Rewarding

At Arzum, where success is always valued, these achievements are celebrated. These celebrations are carried out through communication meetings with the participation of the entire company employees and via email notifications. Besides, the Seniority Awards Organization is held for every 5-year employment term at Arzum, and the employees' loyalty to Arzum is celebrated in this event.

Occupational Health and Safety

The Occupational Health and Safety (OHS) approach of Arzum, putting people at the center, aims to improve the OHS awareness of employees, continuously monitor the needs shaped by changing dynamics and offer sustainable OHS solutions.

Arzum makes great efforts to ensure the health and safety of all its employees at the highest standards in accordance with the human-oriented perspective inherent in its culture and the Occupational Health and Safety Law No. 6331. In line with the changing working conditions, especially with the impact of digitalization and the Covid-19 pandemic, Arzum not only focuses on physical health and safety issues, but also takes care of the mental and spiritual health of its employees.

HUMAN RESOURCES

Safe and conscious work culture

Arzum implements various OHS projects throughout the year to raise OHS awareness among all employees.

Arzum adopts respect for human rights as a fundamental principle within the framework of the United Nations Global Compact (UNGC).

According to the Occupational Health and Safety (OHS) approach and current legal regulations, each new employee is regularly provided with OHS trainings and these trainings are repeated at regular intervals. Arzum implements various OHS projects throughout the year to raise OHS awareness among all employees.

Remuneration and Benefits

At Arzum, the wage determination process is based on the principle of equality, regardless of language, religion, race and gender. Remuneration policies are shaped on the basis of wage and benefits surveys conducted by independent and international consulting firms in the relevant region. Wages and benefits are determined in line with the employee's role, job description and responsibilities.

Benefits include bonuses based on company and individual performance, monthly sales bonus for sales positions, private health insurance, travel allowance, meal allowance, laptop, mobile phone, GSM line, personal accident insurance, flexible working hours, hybrid working model, 10 days of remote working leave that can be used during the year and marriage, birth and death benefits.

Respect for Human Rights and Fair Working Environment for All

Arzum adopts respect for human rights as a fundamental principle within the framework of the United Nations Global Compact (UNGC). The Company structures and implements all its processes in this direction and expects its employees to bear the responsibility to protect, support and respect human rights.

Every employee is obliged to comply with Arzum's ethical values and applicable laws. Managers, on the other hand, are responsible for properly communicating company values and legislation to employees, ensuring and encouraging them to act in accordance with these principles.

Arzum adopts a zero-tolerance policy against discrimination. Employees cannot discriminate based on any factor such as gender, race, color, language, religion, belief, sect, political or philosophical opinion, ethnic origin, socioeconomic status, place of birth, marital status, health status, disability, age, appearance, clothing style, sexual orientation or private life preferences.

In addition, any behavior that undermines human dignity, intimidates, humiliates or embarrasses is considered psychological harassment and a zero-tolerance policy is applied against such attitudes. Maintaining a respectful, safe and equitable environment at work is a shared responsibility of both managers and employees.

Arzum Ethical Principles

Arzum’s Ethical Principles are determined as honesty, transparency, fairness, responsibility, respect, compliance and adherence to the law. Arzum takes the Code of Conduct and Ethics Policy as a guide and informs employees on these issues through trainings and announcements. The headings in the Ethics Policy are Management of Conflicts of Interest, Gift and Bribery Policy, Privacy and Data Security Policy, Diversity and Inclusion Policy. In addition, Arzum defines how employees should act in daily business life with its Code of Conduct. The process is monitored through practices such as the ethics line. The ethical policy is regularly reviewed and updated in line with the Company’s growth strategies and changing legal regulations. Feedback from employees and stakeholders is also taken into account in this process.

FEMALE EMPLOYEE RATE

As of the end of 2024, Arzum’s female employee ratio is 46%.

The rate of female employees in managerial and higher positions is 45%.

MALE EMPLOYEE RATE

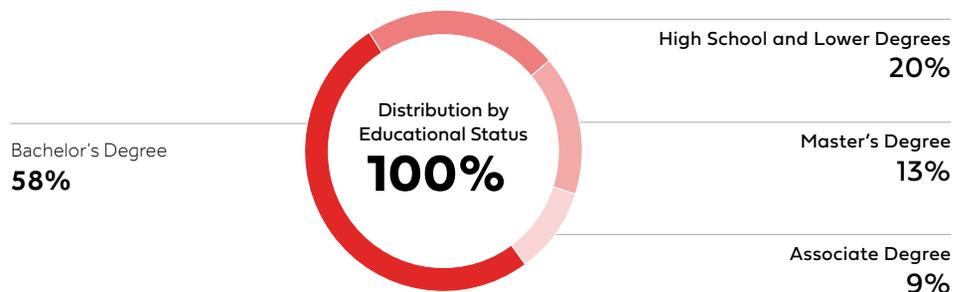
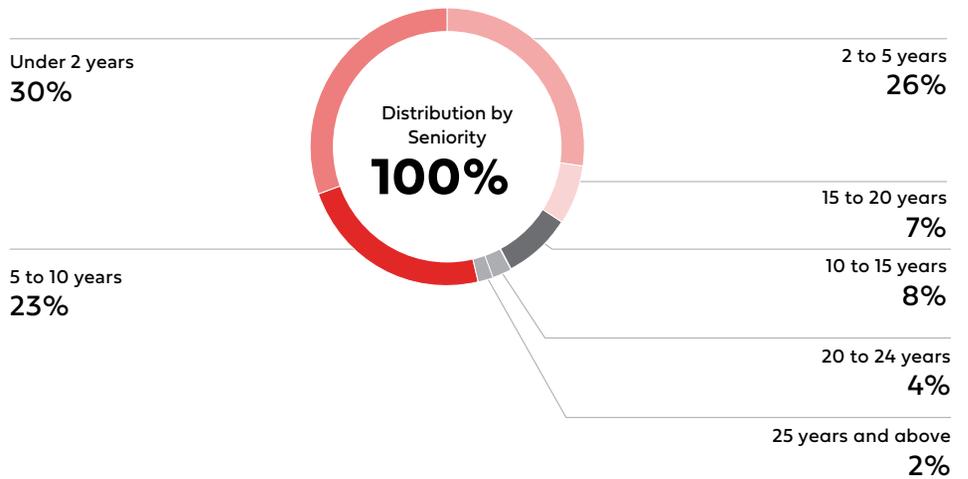
As of the end of 2024, 54% of Arzum employees are male.

AGE DISTRIBUTION

The majority of the Company’s employees (72%) are members of the Y generation.

TOTAL NUMBER OF EMPLOYEES

As of year-end 2024, Arzum’s total number of employees was 166.



HUMAN RESOURCES



Number of Employees by Age Groups

Baby Boomers	5	3%
Generation X	38	23%
Generation Y	119	72%
Generation Z	4	2%

Employee Distribution by Gender

Male	89	54%
Female	77	46%

Employee Distribution by Seniority

10 to 15 years	14	8%
15 to 20 years	11	7%
20 to 24 years	6	4%
2 to 5 years	44	27%
25 and above	3	2%
Under 2 years	50	30%
5 to 10 years	38	23%



Employee Data by Contract Type

Uncertain
165

Specific
1

Number of New Hires and Resignations

Employed
37 people

Quit Work
54 people

Employee Turnover Ratio

30%

Disabled Employee Ratio

2 people

1.20%

SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

Wide impact in social responsibility

Arzum has established its social responsibility approach as a comprehensive umbrella structure, built on solid foundations and guided by core principles such as sustainability, education, inclusion, and equality.

Arzum's social responsibility approach also includes identifying deficiencies in society and offering solutions to overcome these deficiencies.

For 58 years, Arzum has adopted a brand approach that is beneficial to society and the environment, sensitive to cultural values and responsible. Acting with social responsibility awareness in its production, marketing, communication and sponsorship processes, Arzum has focused on including its employees, stakeholders and users in its social responsibility projects in order to expand its impact area day by day, and has determined the survival of the values it adopts in the future as the basic element of its management approach.

Arzum has established its social responsibility approach as a comprehensive umbrella structure, built on solid foundations and guided by core principles such as sustainability, education, inclusion, and equality. In this way, the social responsibility approach not only maintains its stability but also makes tangible contributions to society, its country and the future of the world.

Furthermore, as a brand that prioritizes women, it also focuses on women in its corporate social responsibility projects. In order for women to gain a stronger place in society and reach the level they deserve, it primarily supports women-centered projects. Adopting the principle of always standing by women who overcome sexist barriers in society, Arzum has been implementing genderless projects in its advertising

and marketing activities for many years. In this way, it tries to convey the message that housework does not only belong to women to large masses through commercials.

Arzum's social responsibility approach also includes identifying deficiencies in society and offering solutions to overcome these deficiencies. Arzum, which is highly sensitive in terms of social awareness, has a social responsibility approach that can take action quickly and effectively in the face of major natural disasters such as earthquakes and floods. It also prioritizes highlighting, promoting and preserving the values and cultural heritage of the community.

Arzum, the leading brand in the sector, follows global trends and accelerates its efforts to take part in global organizations in order to set an example for the sector in the field of corporate social responsibility. Focusing on expanding its impact on society and the world, Arzum will continue its efforts in this area by diversifying its social responsibility projects.



Arzum Prioritizes Adding Value to Its Employees

Aiming to create maximum value for its stakeholders, Arzum also cares about adding value to its employees. In this sense, the Company focused on motivating its employees and making them a part of the value created through projects such as making donations to the Mother and Child Education Foundation on behalf of the children of its employees on April 23rd National Sovereignty and Children's Day.

CSR Highlights of 2024

Arzum continued its corporate social responsibility projects with great intensity throughout 2024. The Company has adopted an education-oriented social responsibility policy and touched the lives of many young people through various collaborations. It supported young people to step into their careers and offered them important opportunities.

Within the framework of the "First Chance Program with Arzum Esas Sosyal," Arzum sponsored a young person graduating from a university in Anatolia to start working in non-governmental organizations. This step contributed to the career journey of a young person in need of equal opportunity in transition to employment. In addition, within the scope of the Anatolian Scholarship Project, a scholarship was awarded to a young student studying at Koç University, alleviating his economic worries during his education. Continuing its contributions in the field of education, Arzum offered university students the opportunity to do internships in different departments of the Company within the scope of its cooperation with Bahçeşehir University.

Donations and Aids

On 2024, no donations were made to associations and foundations.

Cooperation with Non-Governmental Organizations

Arzum continues to work with the knowledge that collaborations with non-governmental organizations will expand the impact of projects, use time more efficiently and reach more people. To this end, it takes care to cooperate with organizations and associations that are compatible with its brand and corporate culture in the projects it will realize.

With this understanding, in 2024, it collaborated with many different institutions and organizations in projects focused on women and the environment. As a corporate member of the Women Friendly Brands Association, which prioritizes women in all areas and aims to do more in gender equality, it has contributed to the understanding of strong women and strong societies. Arzum, which has 45.24% female employees in managerial and higher positions, has become a member of the LEAD Network Association in order to attract and retain talented female labor force in the retail and consumer products industry, and to provide training, knowledge and experience support. With this step, it aims to increase the number, reputation and influence of women leaders.

In the past years, Arzum has carried out a wide range of successful projects from waste management to energy efficiency, from women's employment to hydroponic agriculture and sports, and this year, Arzum has signed a new cooperation in sustainable production.

In partnership with Wastespresso, which produces bioplastic components from used coffee grounds, Arzum has taken an important step to transform the future of both the world and its own products with the "Sustainable Spoons Made from Coffee Waste" project. This project is fully aligned with sustainability goals and aims to ensure that products make a good impact on users and the world. With this project, Arzum has clearly demonstrated its progress in innovation and sustainable product solutions.

In line with its goal of becoming a global brand, Arzum integrates global trends into its business processes and closely monitors developments around the world in projects that contribute to the benefit of society.

SOCIAL RESPONSIBILITY PROJECTS AND SPONSORSHIPS

Sustainable support for women and sports

Arzum continued to be the main sponsor of the Turkish Women's Chess Championship in 2024 with the motto "Every Move Women Make, a Story of Success in Every Step!"

Sponsoring Kevser Atmaca, 2023 SCA Türkiye National Coffee Pot/Ibrik Champion, Arzum contributed to the promotion of Turkish coffee culture and the spread of different coffee cultures through a social responsibility project focused on women and sports.

Sponsorship Activities Designed for Culture, Society and Human Well-Being

In 2024, Arzum continued to be the main sponsor of the Arzum Türkiye Women's Chess Championship, which it has been continuously sponsoring for 16 years in order to contribute to the prominence of women in sports as in all areas of society, with the motto "Every Move Women Make, a Story of Success in Every Step!" This sponsorship aims to inspire younger generations to be inspired by the achievements of female chess athletes and to encourage many women to dream and do what they want to do.

Prioritizing projects that support women, Arzum was also the main sponsor of the World Coffee Pot/Ibrik Championship held in Copenhagen, where coffee masters from all over the world compete. Sponsoring Kevser Atmaca, 2023 SCA Türkiye National Coffee Pot/Ibrik Champion, Arzum contributed to the promotion of Turkish coffee culture and the spread of different coffee cultures through a social responsibility project focused on women and sports. With this sponsorship, Arzum has emphasized the value it attaches to different cultures and societies by not limiting its understanding of equality to business and human resources processes.

Prioritizing culture, society and human benefit in its sponsorship activities, Arzum also contributed to the sector and the country's economy with the Istanbul Global E-Export Summit, of which it became a Gold Partner in 2024. By sponsoring the summit attended by important names from the global market, it contributed to the discussion of trends, strategies and cutting-edge technologies that will shape the future of the sectors. In addition, it sponsored the "Menu Planning in City Hotels" session at the 9th Gastromasa International Gastronomy Conference and contributed to the gathering of world-renowned professionals who shape the sector in the field of gastronomy. At the event, refreshments were served with Arzum Thermogusto, a Multifunctional Smart Kitchen Robot and OKKA Espresso Series.

Arzum also continued to sponsor prestigious award ceremonies. Participated as a Gold Sponsor in the Award Ceremony of Gault & Millau 2025 Türkiye Guide, one of the world's most prestigious gastronomy guides, and took part in the event with Arzum Thermogusto and OKKA Espresso booths, offering various espresso-based coffees to the participants. Arzum, whose mission is to eliminate sexist roles for women, also participated as a mini sponsor in the Strong Women of the Future event.

**EVERY MOVE
WOMEN MAKE,
A STORY OF SUCCESS
IN EVERY STEP!**



We are happy to have supported our female chess players for 16 years with the Arzum Türkiye Women's Chess Championship.

ARZUM



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Arzum Elektrikli Ev Aletleri San. Ve Tic. A.Ş. ("Arzum" or "Company") believes that all mandatory or non-mandatory corporate governance principles and practices within the scope of the Corporate Governance Communiqué (the Communiqué) numbered II-17.1 of the Capital Markets Board are an important part of sustainable and responsible growth. Within this framework, our Company has adopted the concepts of equality, transparency, accountability and responsibility of the Corporate Governance Principles, and shows the utmost care and effort to comply with the Capital Markets Code and the secondary regulations and decisions of the Capital Markets Board.

Our company was offered to the public on December 24, 2020 and is currently traded on Borsa Istanbul with the code "ARZUM." As of the first Ordinary General Assembly held on April 29, 2021, after the shares started to be traded on the stock exchange, all of the mandatory articles of the Corporate Governance Principles in the annex of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board have been complied with.

According to the Communiqué, the reasons for the non-mandatory Corporate Governance Principles, for which compliance has not yet been achieved, are given below. Those principles that have not yet been implemented have not led to any conflict of interest between the interested parties.

- 1.5.2.: Those who have a ratio of less than one-twentieth of the capital are not granted the minority rights as per the Articles of Association, and the exercise of minority rights in the Company is subject to Turkish Commercial Code, Capital Markets Law, relevant legislation and the notifications and decisions of the Capital Markets Board. It is not planned to make any changes in this regard in the Articles of Association in the near future.
- 4.4.7.: Members of the Board of Directors are not restricted from taking on other duties outside the Company. And it is not interfering with the members' duties within the Company. The duties of the Board Members outside the Company are presented to the information of the shareholders in the annual report. In the near future, no change of practice is planned otherwise.
- 4.5.5.: The chairmen of the mandatory committees to be established under the CMB regulations must consist of independent members; all members of the committee responsible for the audit must be independent members; the chief executive officer/general manager is not allowed to take part in the committees, and the knowledge and experience of our Board Members are to be taken into consideration. As a result of these requirements and conditions, some of our Board Members are assigned to more than one committee. Considering the effectiveness of current committee structure, it is not anticipated to make any change in this regard in the near future.
- 4.6.5.: The relevant article is not complied with because the attendance fees for Board Members are determined at the General Assembly and disclosed in the Annual Report, and the remunerations for executives with administrative responsibilities are not disclosed on an individual basis, but rather collectively in the Annual Report of the Company in line with the general practice. No changes are planned for the current practice in the upcoming period.

According to the Communiqué, the principles for the non-mandatory Corporate Governance Principles, for which compliance has partially achieved, are given below. The principles that have not yet been implemented completely have not led to any conflict of interest between the interested parties.

- 1.3.11.: In case the stakeholders who are not included in the Internal Directive on the Working Principles and Procedures of the General Assembly formed by the Company, wish to attend the General Assembly, the relevant request is evaluated by the meeting chairmanship and usually granted. It is possible for the media to attend the General Assembly Meetings, provided that they inform the Company officials. However, this principle is partially complied with because there is no open invitation to the media in the call for the Company's General Assembly. No changes are planned for the current practice in the upcoming period.
- 1.7.1.: In Article 6 of our Articles of Association, the principles of transfer of shares are regulated and a restriction is imposed on the transfer of Group A shares that are not traded in the stock exchange. However, there are no practices that make it difficult for the B group shareholders traded in the stock exchange to transfer their shares freely, or no provisions restricting the transfer of shares. No changes in the Articles of Association are planned for the current practice in the upcoming period.
- 2.1.4.: Partial compliance with the relevant article is achieved, because some documents are available only in Turkish on the website while most of the Turkish content is also available in English on both company's corporate website and Investor Relations website. Currently, the Company is paying a special attention to make sure that all information on the corporate website is matching the Turkish content completely.
- 3.2.1.: Employees' participation in management is ensured through periodic communication meetings within the Company, a recommendation system, and frequently conducted surveys to receive feedback from employees. It is not regulated in writing via internal regulations. Therefore, this article is partially complied with.
- 4.6.1.: The Annual Report of the Company's Board of Directors includes an explanation about whether the previous period's targets have been achieved or not. Apart from this, there is no separate performance evaluation of the Board of Directors yet. It is aimed to ensure full compliance with this principle in the upcoming periods.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Our compliance with the Corporate Governance Principles, which are not obligatory as per the Communiqué, and the principles that are not included in the Corporate Governance Compliance Report (URF) template, are presented below with the transparency, accountability and responsibility approach adopted by our Company. The principles that have not yet been fully implemented have not led to any conflict of interest among the stakeholders.

Principle No.	Article No.	Compliance Status	Description
1.1.1.	In addition to the partnership bodies, the "Investor Relations Department" plays an active role in protecting and facilitating the exercise of shareholders' rights, particularly the right to obtain and review information.	Yes	-
1.3.3.	In order to increase the participation of the shareholders, the general assembly meeting is held in a way that does not cause inequality among the shareholders and ensures the participation of the shareholders at the least possible cost. For this purpose, the meeting is held where the shareholders have a numerical majority provided that it is included in the articles of association.	Partially	As stated in the Articles of Association, Company General Assemblies are held at the Company headquarters or at a convenient location in the city where the headquarters is located. Suitable places are chosen as meeting places to facilitate the participation of the shareholders, but this principle is partially complied with because there is no special provision in the Articles of Association stating that the meeting will be held in the place where the shareholders have a numerical majority. There has been no conflict of interest due to non-compliance with this principle, and there are no plans to make any changes in this direction in the Articles of Association in the near future.
1.3.4.	The chairman of the meeting makes preliminary preparations and obtains the necessary information regarding the conduct of the general assembly in accordance with the Turkish Commercial Code, the Law and the relevant legislation.	Yes	-

Principle No.	Article No.	Compliance Status	Description
2.1.3.	Financial statements, excluding special events and footnotes, which are required to be disclosed to the public in accordance with the capital market legislation, are disclosed simultaneously in Turkish as well as in English on the Public Disclosure Platform. English explanations are ensured to be accurate, complete, direct, understandable, sufficient and consistent with the Turkish version of the explanation to help those who will refer to the explanation make a decision.	No	The obligations, determined according to the groupings specified in the Corporate Governance Communiqué No. II-17.1 for the language of financial statements, which must be disclosed to the public pursuant to the capital market legislation, except for special events and footnotes, are taken into account, and no extra implementation is made in this direction, except for the grouping obligations that our Company is involved in. There are no plans to make changes to the implementation in the near future.
3.1.2.	In case the rights of the stakeholders are violated, which are protected by legislation and contracts, an effective and prompt compensation is provided. The Company takes the necessary actions to facilitate the use of mechanisms such as compensation provided to the stakeholders by the relevant legislation. In addition, the Company establishes the compensation policy for its employees and discloses it to the public through the corporate website.	Yes	-

Our Company will continue to work on compliance with the Corporate Governance Principles by following the developments and practices in the legislation in the coming period.

Within the scope of the Capital Markets Board’s (CMB) Corporate Governance Communiqué numbered II-17-1, which was issued in accordance with the Capital Markets Board’s decision dated 10.01.2019 and numbered 2/49; our Company’s Corporate Governance Compliance Report for the period 01.01.2024 - 31.12.2024 was prepared as “Corporate Governance Compliance Report (URF)” and “Corporate Governance Information Form (KYBF)” according to the aforementioned format and published on the Public Disclosure Platform. The disclosures in question are accessible via the following links:

You can access from these links; <https://www.kap.org.tr/tr/Bildirim/1405003> and <https://www.kap.org.tr/tr/Bildirim/1405010>



To access the Corporate Governance Compliance Report (URF), scan the QR Code on your smart device.



To access the Corporate Governance Information Form (KYBF), scan the QR Code on your smart device.

SUSTAINABILITY PRINCIPLES COMPLIANCE STATEMENT

As Arzum, we continue our development with an understanding of responsible growth by modeling good practices within the scope of sustainability management. In this context, we aim to maintain our full compliance status due to the principles and good practices specified in the Capital Markets Board's "Sustainability Principles Harmonization Framework," and to put into practice in the near future what we have not yet implemented. We aim to work towards increasing our compliance status as much as possible by regularly reviewing our principles and activities in 2025, taking into account the benefit of all stakeholders, especially shareholders.

The 2024 Sustainability Principles Compliance Report, prepared according to the "Communiqué (No. II-171.a) on the Amendment to the Corporate Governance Communiqué (No. II-171)" issued by the CMB on 02/10/2020 and the Board Decision dated 23.06.2022 and numbered 34/977, has been submitted to the information of shareholders and stakeholders at <https://www.kap.org.tr/tr/Bildirim/1405014>. In 2025 and the upcoming periods, our keen approach to find solutions for the areas that require compliance and improvement will be maintained by internalizing the Corporate Governance Principles and Sustainability Principles, taking into account the requirements and developments in the legislation.



To access the Sustainability Principles Compliance Report, scan the QR Code on your smart device.

INVESTOR RELATIONS

Arzum Investor Relations Core Activities

- To keep regular, secure, and up-to-date records of the correspondence made between the investors and the corporation, and other information and documents, and to carry out the transactions before the Central Registry Agency.
- To answer the questions received by the department during the period and the information requests of the shareholders regarding the partnership, with the exception of the confidential and trade secret information about the Company, openly and clearly, face to face or through communication tools, in line with the Company's public disclosure procedure.
- To prepare the documents to be submitted for the information and examination of the shareholders regarding the General Assembly Meeting and to take measures to ensure that the General Assembly Meeting is held in accordance with the relevant legislation, Articles of Association and other in-house regulations.
- To participate in conferences, panels, seminars and on-site promotional meetings in order to supervise and monitor the fulfillment of the obligations arising from the capital market legislation, including all matters related to corporate governance and public disclosure, to coordinate the communication with the public as well as the explanations made as required by the legislation, and to ensure to hold meetings with investors and analysts.

Based on Article 11 of the Capital Markets Board's Corporate Governance Communiqué titled "Investor Relations Department," an Investor Relations Department was established within the Company after the shares were offered to the public and traded on the stock exchange; the Assistant Manager of the Investor Relations Department reports to the Assistant General Manager in charge of Financial and Corporate Affairs. The Assistant Manager of Investor Relations, who is also a member of the Corporate Governance Committee, holds Capital Market Activities Level 3, Corporate Governance Rating, Credit Rating and Derivative Instruments Licenses. Contact information of Investor Relations is as follows:

Investor Relations Assistant Manager

Merve Temel^(*)

Telephone: 0212 476 80 80

E-mail: yatirimci@arzum.com

^(*)Merve Temel, who holds "Capital Market Activities Level 3 License" and "Corporate Governance Rating License," was appointed as Assistant Investor Relations Manager and Corporate Governance Committee member on 01.08.2024 to carry out the activities of the Investor Relations Department of our Company.

Exercise of Shareholders' Right to Information

No discrimination is made between shareholders regarding the exercise of the right of the shareholders to obtain and review information. Every shareholder has the right to receive and review information. There is no regulation in the Articles of Association that restricts the right to receive information.

In terms of exercising the shareholder rights, the Company complies with the legislation, Articles of Association and other in-house regulations, measures are taken to ensure the exercise of these rights, and all shareholders are treated equally. The main purpose of the Company is to enable the shareholders to exercise their right to obtain information and to provide information objectively and completely within the framework of the law.

All matters regarding the public disclosure obligation are presented in accordance with the legislation and the Articles of Association, and in this context, important material event disclosures regarding investors are disclosed to the public on the Public Disclosure Platform (KAP) in accordance with the legislation and in a timely manner.

In 2024, written and verbal information requests from investors and shareholders were answered in accordance with the Capital Markets Legislation, CMB regulations and decisions, and the relevant information and documents were delivered to the shareholders, with the exception of confidential or trade secrets, by observing the principle of equality. Within the framework of the current legislation, the Investor Relations page (<https://yatirimciiliskileri.arzum.com.tr/tr/home/>) in the corporate website of the company is used effectively in order to expand the shareholders' right to obtain information and to exercise their rights in a healthy way. In this context, information and documents stipulated by the Corporate Governance Principles and regulatory authorities are made available to shareholders on the corporate website.

GENERAL ASSEMBLY

General Assembly Meetings

The General Assembly meetings convenes ordinarily or extraordinarily. During the General Assembly Meetings, the provisions of the Turkish Commercial Code, the capital market legislation, the Company's Articles of Association and the Internal Directive on the Working Principles and Procedures of the General Assembly are applied.

Notifications regarding the General Assembly Meetings are made within the framework of the provisions of the Turkish Commercial Code and the capital market legislation. The announcement of the General Assembly Meeting is made at least three weeks before the date of the General Assembly Meeting, excluding the announcement and meeting days, by using all kinds of communication means, including electronic communication, as well as the procedures stipulated in the legislation. The announcement in question is published on the Company's website, on the Public Disclosure Platform and in other places determined by the Capital Markets Board, and in the Turkish Trade Registry Gazette. Shareholders are informed about the announcement of the General Assembly Meeting, the notifications and explanations that the Company must make in accordance with the legislation, and the matters determined by the corporate governance regulations of the Capital Markets Board via the Company's website.

Ordinary General Assembly Meetings are held after the end of the relevant accounting period of the Company and at least once a year. Extraordinary General Assemblies, on the other hand, are convened as and when required by the business of the Company.

At General Assembly Meetings, each shareholder has one vote for each share. The provisions of the TCC, the provisions of the capital market legislation and the regulations of the Capital Markets Board on corporate governance principles are complied with in the invitation to the General Assembly Meetings, in the meetings and in the decision quorum in these meetings. Without prejudice to Article 438 of the Turkish Commercial Code and Article 29 of the Capital Markets Law, matters that are not included in the agenda cannot be discussed and resolved. Without prejudice to the provisions of Articles 6 and 7 of the Articles of Association, meeting and decision quorums in General Assemblies are subject to the relevant articles of the Turkish Commercial Code and capital market legislation. The General Assembly convenes at the Company's head office or at a convenient place in the city where its head office is located. Pursuant to the "Regulation on the General Assembly of Joint Stock Companies to be Held via Electronic Means," the Company may set up an electronic General Assembly system or procure any system developed for this purpose so that shareholders are able to attend, express their views, make suggestions, and cast their votes via electronic communication means.

At General Assembly Meetings, shareholders may participate themselves, or get represented in the General Assembly by other shareholders or an externally appointed proxy. Proxies who are shareholders in the Company are authorized to vote for the shares of the shareholders they represent, as well as for their own shares. The form of authorizations is determined and announced by the Board of Directors. Capital market legislation and relevant legislation shall be complied with regarding representation by proxy. The Shares are an indivisible whole against the Company. If a share has more than one owner, they can exercise their rights against the Company only through a proxy to be appointed jointly. If they do not appoint a joint attorney, the notifications made by the Company to one of them will apply to all of them.

2023 Annual General Meeting

2023 Ordinary General Assembly Meeting was held on 02.07.2024 at the address "Defterdar Mahallesi Otakçılar Caddesi Sinpaş Flatofis No: 78 İç Kapı No: 34 Eyüpsultan, İstanbul" and registered on 19.07.2024.

At the Annual General Assembly Meeting, agenda items are communicated to shareholders in an impartial, thorough, clear, and understandable manner such that they may express their views under the same conditions and are offered an opportunity to ask questions. At the General Assembly Meeting held on July 2, 2024, the questions posed by the shareholders were answered during the meeting.

2024 Extraordinary General Assembly Meeting

2024 Extraordinary General Assembly Meeting was held on 24.12.2024 at the address "Defterdar Mahallesi Otakçılar Caddesi Sinpaş Flatofis No: 78 İç Kapı No: 34 Eyüpsultan, İstanbul" and registered on 16.01.2025.

Voting Rights and Minority Rights

The Company's Articles of Association do not grant any privileges regarding voting rights. One voting right is granted for each share in ordinary or extraordinary General Assemblies.

The Company avoids practices that make it difficult for shareholders to exercise their voting rights. In this context, according to Article 13 of the Company's Articles of Association regarding the General Assembly, the beneficiaries who have the right to attend the General Assembly Meetings of the Company can also attend these meetings electronically in accordance with Article no. 1527 of the Turkish Commercial Code.

Those who have a ratio of less than one twentieth of the capital are not granted with the minority rights as per the Articles of Association, and the use of minority rights in the Company is subject to Turkish Commercial Code, Capital Markets Law, relevant legislation and the notifications and decisions of the Capital Markets Board. Utmost care is taken in this regard.

PROFIT DISTRIBUTION POLICY

Right to Dividend

The profit distribution principles of the Company are regulated by the provisions of the Articles of Association regarding profit distribution. Accordingly, the Company acts in accordance with the provisions of the Turkish Commercial Code and capital market legislation regarding profit determination and distribution. There are no privileges granted to shareholders in the Articles of Association regarding participation in company profits.

The profit distribution policy of the Company is given below.

Profit Distribution Policy

The Company's Dividend Distribution Policy has been prepared within the framework of the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other relevant regulations, as well as the article on profit distribution in our Articles of Association, and profit distribution is made accordingly.

In profit distribution, a balanced and consistent policy is followed between the interests of the shareholders and the Company in accordance with the Corporate Governance Principles. In principle, it is aimed to distribute at least one third of the distributable period profit calculated within the framework of the Capital Markets Regulations to the shareholders and other persons participating in the profit in the form of cash and/or bonus shares in proportion to their shares as long as the relevant regulations and financial possibilities allow, and as long as it can be met from the resources available in our legal records based on the market expectations, our long-term company strategy, the capital requirements of our subsidiaries and affiliates, our investment and financing policies, profitability and cash situation. After the first dividend is paid to the Board Members and their employees, the payment of dividends is subject to the decision of the General Assembly in accordance with Article 19 of the Company's Articles of Association, and the dividend distribution rates to be made to the Board Members and employees will be determined by the General Assembly.

It is aimed to distribute the profits within one month at the latest following the General Assembly Meeting, and the dividends will be distributed equally to the shareholders on the date determined by the General Assembly following the approval of the General Assembly within the legal deadlines, regardless of all existing shares and their issuance and acquisition dates. The General Assembly or if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with the Capital Markets Regulations.

In any case, the distribution process starts at the latest as of the end of the accounting period in which the General Assembly Meeting is held.

According to the Articles of Association, the Board of Directors may distribute advance dividend only if authorized by the General Assembly and adhering to the Capital Market Regulations.

Article 19 of the Articles of Association, titled "Determination and Distribution of Profit," includes the principles regarding profit distribution.

This Policy is submitted for the approval of shareholders at the General Assembly Meeting. Any changes to this policy are also submitted for the approval of the shareholders at the first General Assembly meeting after the change and announced to the public on the website.

Transfer of Shares

The principles for the transfer of shares have been regulated in Article 6 of Articles of Association, restrictions have been imposed on the transfer of group A shares that are not traded on the stock exchange, but there are no provisions that make it difficult for B group shareholders to transfer their shares or restrict the transfer of shares freely.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

Company Management

The business and administration of the Company is carried out by a Board of Directors consisting of at least 5 (five) members to be elected by the General Assembly within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law, meeting the conditions specified in the Turkish Commercial Code and the capital market legislation. Half of the Board Members of the Company will be elected among the candidates determined by the majority of votes among the A Group shareholders, with the quorum specified in the Turkish Commercial Code and the Capital Markets Code. The number of Board Members to be elected among the candidates determined by the majority of the votes of Group A shareholders can never exceed half of the total number of Board Members. If the total number of Board Members is odd and therefore half of them is fractional, the number of Board Members to be appointed by Group A shareholders is rounded down. The Board Members to be elected among the candidates nominated by the said Group A shareholders will be from members other than the independent members specified in the Corporate Governance Principles of the Capital Markets Board. The affirmative vote of 51% of the votes representing the total issued capital of the Company at the General Assembly is required for the election of the members other than the Board Members to be elected among the candidates nominated by the Group A shareholders. A sufficient number of independent Board Members are elected by the General Assembly within the framework of the principles regarding the independence of the Members of the Board of Directors specified in the corporate governance principles of the Capital Markets Board. Independent members must meet the conditions set forth in the regulations of the Capital Markets Board on corporate governance. The Chairman of the Board of Directors is elected among the Members of the A Group Board of Directors. The Chairman of the Board of Directors does not have the right to cast a decisive vote in case of equality.

Term and Re-election of the Board of Directors

Each Board Member will be elected for a maximum of 3 (three) years and shall serve until death, resignation or incapacity occurs before the end of the said period. A Board Member whose term of office has ended can be reappointed. Regarding the terms of office of the Independent Board Members, the regulations of the Capital Markets Board regarding corporate governance and the provisions of this Articles of Association shall apply.

The General Assembly shall change the Board Members anytime if deemed necessary. The Board of Directors may conclude contracts and other transactions exceeding the term of office. In the event that a Board membership becomes vacant for any reason or the Independent Board Member loses his independence, the appointment is made in accordance with the provisions of the TCC and the capital market legislation and submitted to the approval of the first

subsequent General Assembly. In the event that a member nominated by Group A shareholders leaves the Board of Directors for any reason, Group A shareholders also have the right to nominate the successor of the Board Member. In such a case, Group A shareholders appoint a new Board Member and the Board of Directors elects the said candidate as a Board Member in accordance with Article 363 of the TCC and to be submitted to the approval of the next General Assembly. The Board Members approved by the General Assembly serve until the expiry of the remaining term of their predecessors. In the event that the member leaving the Board of Directors is not a member nominated by the A Group shareholders, the vacant membership is elected by the Board of Directors in accordance with the TCC and Capital Markets Legislation.

Legal entities may be elected as a Board Member in accordance with the provisions of the Turkish Commercial Code. If the legal person represented by the real person determined, registered and announced by the legal person no longer has any relationship with the Board Member, the said real person cannot act on behalf of the legal person and another real person is determined by the legal person. The remuneration regarding the Board of Directors is determined by the General Assembly. The General Assembly is authorized for the financial rights to be granted to the Board Members, other than salaries. The provisions of the Capital Markets Code and relevant legislation regarding the remuneration of the Independent Board Members are reserved.

Board of Directors' Meetings

The Board of Directors convenes with regularity that will help the Board effectively carry out its tasks and duties. The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other Board Members and the Chief Executive Officer. Each Board Member may request the Chairman or Vice Chairman to call a meeting. Meetings of the Board of Directors to be held in the physical environment are held within the borders of the Republic of Türkiye, unless otherwise unanimously decided by the Board of Directors. If necessary, a sworn translator is present at the meetings.

Invitation to the Board of Directors Meetings is made by the Chairman or the Vice Chairman of the Board via fax, electronically signed e-mail or registered mail with return receipt at least 5 (five) days before the date determined for the meeting. The invitation includes a detailed agenda including the issues to be discussed at the meeting and documents related to the agenda.

Corporate Governance

If all Board Members agree in writing, the Meeting of the Board of Directors can be held without notice. In such case, members are given sufficient time to prepare and attend the meeting. The presence of any member at the Board of Directors Meeting constitutes evidence that this member has waived the requirement to duly notify them. Each Board Member may request the Chairman or the Vice Chairman of the Board of Directors to add a new item to the agenda. In this case, the Chairman or Vice Chairman of the Board of Directors, who invites the meeting, makes the necessary addition to the agenda.

Pursuant to the provisions of the Turkish Commercial Code, unless any of the Board Members requests a meeting, and provided that the written approval are received from a sufficient number of Board Members stipulated in the Turkish Commercial Code, the capital market legislation and this Articles of Association for a decision made by one of the Board Members on a certain subject, a Board of Directors decision may be reached.

The provisions of the Turkish Commercial Code and the capital market legislation are applied regarding the meeting and decision quorums at the Board of Directors Meetings. In 2024, the Board of Directors held 18 meetings with an average attendance rate of 87%.

Administration and Representation of the Company

The representation of the Company against third parties belongs to the Board of Directors. The Board of Directors performs the duties assigned to it in accordance with the Turkish Commercial Code, the Capital Markets Law, other relevant legislation and this Articles of Association.

Upon the decision taken by the Board of Directors, the power to represent the Company can be assigned with a single

signature to one of the members of the board of directors or to one or more executive members or to third parties who are managers. At least one Board Member must be authorized to represent the Company. Unless the decision, indicating the persons entitled to represent the Company and the method of representing, is registered and published in the trade registry, the transfer of the authority will not be valid. Limitation of the power to represent does not set forth any terms and conditions for bona fide third parties; however, the registered and announced restrictions on using the power to represent the company from a single center or branch or altogether are applicable. The provisions of Articles 371, 374 and 375 of the Turkish Commercial Code are reserved.

In accordance with Articles 367 and 371 of the Turkish Commercial Code, the Company may issue an internal directive regarding the transfer of representation authority. It is obligatory to register and announce the internal directive to be issued regarding the transfer of the power of attorney. The Company may appoint commercial attorneys or other merchant assistants with limited authority pursuant to the internal directive to be issued regarding the transfer of the power of attorney.

Pursuant to Articles 367 and 371 of the Turkish Commercial Code, the Board of Directors is authorized to transfer the management, partially or completely, to one or more Board Members or third parties, with an internal directive to be issued. This internal directive regulates the management of the Company and defines the duties, definitions and locations required for this, in particular, determines who is reporting to whom and who is responsible to provide information. Upon request, the Board of Directors notifies the shareholders and creditors who convincingly demonstrate their interests worth protecting, in writing, about this internal directive.

Board of Directors

Currently, the Company's Board of Directors consists of six members. Information about the Board Members are given below:

Name Surname	Duty	Executive	Duties Held Within the Group	Duties Held Outside of the Group
Talip Murat Kolbaşı	Chairman	Not Executive	Chairman	-
Yasemin Rezan Kolbaşı	Vice Chairperson	Not Executive	Vice Chairperson	-
Ali Osman Kolbaşı	Board Member	Not Executive	Board Member	-
Evren Albaş ^(*)	Board Member and Chief Executive Officer	Executive	Board Member and Chief Executive Officer	-
Server Gamze Çuhadaroğlu	Independent Board Member	Not Executive	Independent Board Member	-
Cenk Serdar	Independent Board Member	Not Executive	Independent Board Member	-

^(*) At our Company's Board of Directors meeting dated 28.11.2024, it was resolved to accept the resignation of Arif Emre Ünal, who has been serving as a member of the Board of Directors, from the said position, to continue his current position in the company, and to appoint Evren Albaş, the General Manager of our Company, as a member of the Board of Directors to complete the remaining term of office and to be submitted for approval at the first General Assembly to be held.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

Independent Board Members

Our Company's shares started to be traded on the BIST as of December 24, 2020. Within the scope of Article 5/(4) of the CMB II-17.1 Corporate Governance Communiqué, the necessary compliance with the Corporate Governance Principles has been achieved as of the date of the first General Assembly held after our shares started to be traded on the stock exchange and Ms. Server Gamze Çuhadaroğlu and Mr. Cenk Serdar have been appointed as Independent Board Members of our Company at the General Assembly meeting held on June 02, 2024.

Declarations of independence of our Independent Board Members are given in ANNEX/1.

Board of Directors Committees

The Audit Committee, the Corporate Governance Committee, the Early Detection of Risk Committee, the Executive Committee and the Sustainability Committee have been formed in the Company in order to contribute to the healthy fulfillment of the duties and responsibilities of the Board of Directors, and the committees carry out their activities within the framework of the determined working principles. The working principles of the committees are also announced on the corporate website of the Company. No separate Nomination Committee and Remuneration Committee have been formed within the Company, and it has been adopted that the Corporate Governance Committee should also fulfill these duties in accordance with the principle decision number 4.5.1. The Board of Directors provides all resources and support that the committees need in order to execute their functions. Executive members do not take part in committees. Independent Board Members take part in more than one committee, since the committee chairs of the Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee, and members of the Audit Committee, which are compulsorily established from the committees formed within the Board of Directors, must be elected from among the Independent Board Members.

The Company's Board of Directors Committees are as follows:

Audit Committee

Audit Committee oversees the Company's accounting system, public disclosure of financial information, independent auditing, and the operation and effectiveness of the Company's internal control and internal audit system. The Audit Committee monitors selection of independent audit companies, preparation of independent audit contracts, launch of the independent audit process and all activities of independent audit companies at any phase. Additionally, the Audit Committee also determines the methods and criteria to be applied for the examination and resolution of the complaints received by the Company about the accounting, internal control system and the independent audit, and the processing the Company employees' reports on accounting and independent audit within the framework of the confidentiality principle.

The Audit Committee convenes at the Company headquarters or elsewhere upon the invitation of the Committee Chairman, at least four times a year, at least once every three months. The Committee may be called for an extraordinary meeting by the Chairman of the Board or the Chairman of the Committee. It can hold meetings with the auditors and managers with a special agenda. The Audit Committee convened 4 times in the 2024 fiscal year, examined the audit reports, and made a written notification to the Board of Directors.

The members of the Audit Committee, which does not assume a direct executive function and are independent members of the Board of Directors, and who have sufficient knowledge and experience in financial matters, are given below.

Name Surname	Duty in the Committee	Independent or Not	Executive or Not
Server Gamze Çuhadaroğlu	Chairwoman	Independent Member	Not Executive
Cenk Serdar	Member	Independent Member	Not Executive

Early Detection of Risk Committee

The Early Detection of Risk Committee is responsible for carrying out activities for early detection of the risks which may jeopardize the existence, development, and continuity of the Company, taking the necessary measures against the detected risks and managing the risks.

Early Detection of Risk Committee convenes at the Company headquarters or elsewhere upon the invitation of the Committee Chairman, at least 6 times a year, at least once every two months. The Committee may be called for an extraordinary meeting by the Chairman of the Board or

the Chairman of the Committee. The Early Detection of Risk Committee convened six times in the 2024 fiscal year and examined and approved the audit reports.

The members of the Early Detection of Risk Committee, which does not assume a direct executive function and are independent members of the Board of Directors, and who have sufficient knowledge and experience in financial matters, are given below. In addition to the Independent Members, the Executive Assistant General Manager responsible for Financial Affairs also serves as a member of the committee.

Name Surname	Duty in the Committee	Independent or Not	Executive or Not
Cenk Serdar	Chairman	Independent Member	Not Executive
Server Gamze Çuhadaroğlu	Member	Independent Member	Not Executive
Şecaettin Arda Altınok ⁽¹⁾	Member	Not Independent Member	Executive

⁽¹⁾ Mr. Şecaettin Arda Altınok, who was serving as General Manager in charge of Financial, Commercial and Corporate Affairs, resigned as of 31.01.2025. Mr. Şecaettin Arda Altınok resigned from his position as of 31.01.2025.

Corporate Governance Committee

The Corporate Governance Committee detects whether the corporate governance principles are being implemented, determines the reasons thereof as well as the conflicts of interest arising from failing to fully comply with these principles, and makes recommendations to the Board of Directors to improve the corporate governance practices and oversees the work of the Investor Relations department. However, no separate Nomination Committee and Remuneration Committee have been formed within the Company, and it has been adopted that the Corporate Governance Committee should also fulfill these duties in accordance with the principle decision number 4.5.1.

The Committee evaluated the Company's corporate governance practices and the Corporate Governance Principles Compliance Report in fiscal 2024, and followed the work of the Investor Relations Department. In addition, the Committee presented its views on the determination of

the amount of attendance fee to be paid to non-executive Board Members of the Company to the Board of Directors. The Committee evaluates the number of members of the Company's Board of Directors, and also the structure and efficiency of the Board of Directors.

The Corporate Governance Committee convenes at least twice a year at the Company headquarters or elsewhere upon the invitation of the Committee Chairman. The Committee may be called for an extraordinary meeting by the Chairman of the Board or the Chairman of the Committee. The Corporate Governance Committee convened four times during the 2024 fiscal year.

The members of the Corporate Governance Committee, who do not assume a direct executive function, are independent members of the Board of Directors, and have sufficient knowledge and experience in financial matters, are given below. Apart from the Independent Members, the Investor Relations Manager is also a member of the committee.

Name Surname	Duty in the Committee	Independent or Not	Executive or Not
Server Gamze Çuhadaroğlu	Chairwoman	Independent Member	Not Executive
Cenk Serdar	Member	Independent Member	Not Executive
Merve Temel ⁽¹⁾	Member	-	-

⁽¹⁾ Merve Temel, who holds "Capital Market Activities Level 3 License" and "Corporate Governance Rating License," was appointed as Assistant Investor Relations Manager and Corporate Governance Committee member on 01.08.2024 to carry out the activities of the Investor Relations Department of our Company.

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

Executive Committee

The Executive Committee closely follows the developments in the industry in which the Company carries on business activities, and operates to inform the Board of Directors when necessary, to assist the Company's Board of Directors, to ensure coordination between the executive of the Company and the Board of Directors, to increase the

efficiency of the decision-making processes of the Board of Directors, to maintain the balance between all beneficiaries of the Company, and to develop investment strategies and making suggestions to the Board of Directors.

The Executive Committee convened 12 times in the 2024 fiscal year, and the Committee Members are mentioned below.

Name Surname	Duty in the Committee	Independent or Not	Executive or Not
Talip Murat Kolbaşı	Chairman	Not Independent Member	Executive
Yasemin Rezan Kolbaşı	Member	Not Independent Member	Not Executive
Ali Osman Kolbaşı	Member	Not Independent Member	Not Executive

Sustainability Committee

The Sustainability Committee was established to give recommendations and suggestions to the Board of Directors for determining the sustainability strategy, policy, and targets; making and realizing relevant planning; monitoring and auditing performance; defining and assessing risks

and opportunities in environmental, social, economic and corporate areas; and determining the required steps.

The Sustainability Committee convened 2 times in the 2024 fiscal year, and the Committee Members are mentioned below.

Name Surname	Duty in the Committee	Independent or Not	Executive or Not
Arif Emre Ünal	Chairman	Not Independent Member	Executive
Şecaettin Arda Altınok ⁽¹⁾	Member	Not Independent Member	Executive
Bilge Çetin	Member	Not Independent Member	-

⁽¹⁾ Mr. Şecaettin Arda Altınok, who was serving as General Manager in charge of Financial, Commercial and Corporate Affairs, resigned as of 31.01.2025. Mr. Şecaettin Arda Altınok resigned from his position as of 31.01.2025.

Board of Directors Evaluation of the Efficiency of Board Committees

All of the documents regulating the duties and working principles of the above-mentioned committees have been accepted by the Board of Directors and have been made available to the public on the Investor Relations page of the Company's website at www.arzum.com.tr.

During 2024, all the Board of Directors committees fulfilled their duties and responsibilities in accordance with the Corporate Governance Principles and their own regulations, and operated in an efficient manner. The committees submitted their reports to the Board of Directors; these reports included the work they did during the year and the results of the meetings held.

Accordingly:

- The "Audit Committee," which is responsible for the effective implementation of the internal audit system as well as taking all necessary measures for the adequate and transparent performance of all kinds of internal and independent audits, submitted all of its suggestions to the Board of Directors. In this context, in order to minimize the effects of internal risks that may affect the Company's stakeholders, particularly the shareholders, an internal audit unit was established in the Company in 2023 upon the recommendation of the Audit Committee by obtaining consultancy services from an independent institution in order to review the internal control processes, and the unit has regularly communicated its findings to the committee since February 2023, and the measures and decisions to be taken by the committee on the subject have been reported to the Board of Directors.
- Established to monitor the Company's compliance with the Corporate Governance Principles, to carry out improvement activities in this regard and to offer suggestions to the Board of Directors, the "Corporate Governance Committee" has defined whether the Corporate Governance Principles are implemented, the reasons behind it if not implemented, and conflicts of interest due to not fully complying with these principles, has made recommendations to the Board of Directors to improve corporate governance practices, and has supervised the work of the Investor Relations Department.
- The "Early Detection of Risk Committee," which works for the purposes of early detection of risks that may jeopardize the existence, development and continuity of the Company, implementing the necessary measures regarding the risks identified and managing the risks, held regular meetings with sub-working groups under 3 titles selected according to the dynamics of the Company, namely Competition Working Group, Anti-Counterfeiting Working Group and PDPL Working Group, and continuously reviewed the Company's risk management.
- Established in accordance with the Corporate Governance Communiqué of the Capital Markets Board (II-17.1), apart from the obligatory committees, the Executive Committee, as per the duties and working principles of the committee, continued to hold its meetings actively to inform the Board of Directors when necessary, to assist the Company's Board of Directors, to closely follow the developments in the industry in which the Company operates, to ensure coordination between the executive of the Company and the Board of Directors, to increase the efficiency of the decision-making processes of the Board of Directors, to make suggestions to the Board of Directors, to maintain the balance between all beneficiaries of the Company, and to develop investment strategies.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The main financial instruments used by Arzum are bank loans, bonds and commercial bills issued to qualified investors, cash, and short-term bank deposits. The main purpose of using these instruments is to create financing for operations. The Company also has financial instruments such as trade receivables and trade payables arising directly from operations.

The risks arising from the instruments used are foreign currency risk, interest risk, credit risk and liquidity risk. Arzum also monitors the market risk that may arise from the use of financial instruments. Details of how the Company manage these risks are included in the independent audit report.

In line with Cash Flow Planning, necessary evaluations and researches are carried out with financial institutions and banks in order to ensure that the repayments of the bank loans used in the previous periods continue, and to provide financing with appropriate terms and conditions, taking into account the maturities of the new needs that will arise.

The Company's excess cash will be evaluated under the most favorable conditions in the market, and appropriate opportunities will be grasped to minimize the foreign exchange risk by closely monitoring the financial markets for the best management of the Company's foreign exchange risk.

In order to minimize the Company's increasing need for working capital, periodic studies are carried out with the participation of the relevant units regarding receivables, debts, and stocks, and possible opportunities are taken advantage of to reduce the working capital requirement.

In 2024, actions were taken to increase the ratio of collateralized receivables, and receivables insurance was used more effectively. In addition, the trade receivables of Arzum group companies for international sales have also started to be collateralized with Eximbank trade receivables insurance guarantee, and the scope of the policy has been expanded. In addition to receivables insurance, the collaterals of letters of guarantee, Direct Debit System, letters of credit, and hypothecation guarantees are obtained from the customers. New products and instruments are continuously assessed to raise the speed of receivables and the ratio of collateralized receivables, and those that are appropriate for the Company's needs are used. New procedures and processes for risk management were designed and launched together with the relevant units.

Information on the important risk factors related to the issuer, its activities and the industry in which it operates

Significant risks regarding the Company, its activities and the industry in which it operates are as follows. These risks are not listed in order of importance.

Risks related to the issuer and its activities

- The company has all the products it sells manufactured by third parties. Failure to deliver the products on time, or to produce the products in accordance with the Company's instructions, or to comply with the mandatory legal regulations may adversely affect the activities of the Company.
- A significant part of the company's products are manufactured by specific suppliers. The Company's inability to maintain its relations with its suppliers, or the interruptions in the services of these suppliers, or the complete cessation of their services may harm the Company's operations. Supplier concentration is regularly monitored to mitigate the impact of this risk.
- The Company depends on third parties for domestic and international logistics, storage activities and after-sales services. The activities of the Company may be interrupted due to reasons related to third parties.
- The Company cooperates with third party carriers to deliver its products to customers. Failure of these parties to fulfill their obligations or to cope with the increased costs may adversely affect the operations of the Company.
- In case the suppliers of the Company do not comply with the labor law, environmental regulations and other mandatory legal regulations, or if there is an impression that such violations exist, the public perception and the reputation of the Company's brands may be damaged.
- It may not be possible to fully compensate the losses incurred by the Company due to the insufficient protection provided by the Company's insurances or the failure of the insurance companies to fulfill their obligations.
- The Company derives nearly half of its revenue from its top 10 customers, and if it loses some of these customers, the Company's operations may be adversely affected. Scenario studies are conducted to avoid this risk.

- The Company depends on third parties in its international sales. If the cooperation with its distributors is interrupted or terminated, the Company's position in the relevant markets and its sales may suffer significantly. In order to mitigate this risk, the Company used its 100% subsidiary, Arzum Europe, to establish an on-site warehouse structure, aiming to implement the same structuring abroad as in Türkiye and maintain the business model in Türkiye with the same quality in Germany with this formation.
- The Company is exposed to exchange rate risk. In order to avoid this risk, the Company uses forward instrument (a Derivative product) to achieve an advantageous protection against any potential volatility in foreign exchange rate fluctuations in the spot market during its import payments with specified maturities.
- The small domestic appliances industry is an unconsolidated industry in which many companies operate. As the Company's market share increases, the risk of violating competition law regulations may increase, or investigations that may be initiated by the Competition Authority may adversely affect the Company.
- Most of the Company's overseas production are done in China. Economic and political sanctions against China may adversely affect the Company's supply chain or costs. To eliminate this risk, agreements were concluded with the producers in countries with which Türkiye has Free Trade Agreements.

Risks related to the industry of the issuer

- The competitive environment of the Company may significantly adversely affect the Company's operations.
- In the sector where the Company operates, depending on the fact that the number of days of receivables is longer than the average payment period to suppliers, the need for working capital and incurring financing costs while meeting the financing need may adversely affect the Company's operations and performance.
- The Company's products and activities are subject to the regulations of the countries in which it operates. The activities of the Company may be adversely affected by the changes that may occur in the applicable legal regulations.
- Local and global economic conditions and their effects on consumer spending habits may adversely affect the Company's operations and performance.
- Türkiye, the sector that the Company operates in, and the Company's activities may be adversely affected by global macroeconomic conditions.

Other risks

Earthquakes, epidemics, war, other natural disasters, and various extraordinary circumstances may damage the Company's industry, facilities, and operations. In case of external risks or force majeure events, global trade flows could be disrupted.

RATINGS BY CREDIT RATING AND CORPORATE GOVERNANCE RATING AGENCIES

Credit Ratings

As a result of the review conducted by the credit rating agency JCR Eurasia Rating on our Company's credit ratings; our Company's Long Term National Corporate Credit Rating has been confirmed as 'A+ (tr)' and all ratings are as follows.

Long Term National Corporate Credit Rating:	A+ (tr) / (Stable Outlook)
Short Term National Corporate Credit Rating:	J1 (tr) / (Stable View)
Long Term International Foreign Currency Institutional Credit Rating:	BB / (Stable Outlook)
Long Term International Local Currency Corporate Credit Rating:	BB / (Stable Outlook)

Corporate Governance Rating

Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services Inc.), a rating agency authorized to conduct rating activities in accordance with the Capital Markets Board's (CMB) Corporate Governance Principles, regarding the rating of our Company's compliance with Corporate Governance Principles, our Company's Corporate Governance Rating was determined as 9.41 out of 10. When the sub-headings are analyzed, 90.41, 96.82, 95.35 and 94.35 points out of 100 were obtained from the Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors sections, respectively.

Corporate Governance Compliance Rating Score	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Corporate Governance Principles Compliance Rating
Weight	25%	25%	15%	35%	100%
Rating	90.41	96.82	95.35	94.35	94.13

Credit Ratings

A+

Corporate Governance Rating

9.41

OTHER UPDATES

Donations and aids

On 2024, no donations were made to associations and foundations.

Staff and worker movements

As of the end of 2024, the number of employees in our company was 166. There are no unionized workers.

Financial rights of the members of managing bodies and of senior executives

The total amount of salaries and similar benefits provided to the senior management between January 1 and December 31, 2024, is TL 49,461,010 (January 1-December 31, 2023: TL 66,196,118). At Arzum, Board Members and Chief Executive Officers are designated as senior management.

Information on the Company's investments made in the relevant accounting period

The Company invested TL 50,123,457 in 2024.

Benefited incentives and subsidies and their conditions

There is no significant level of incentives utilized as of December 31, 2024.

Information about the Company's acquisition of its own shares

The Company does not own any shares acquired.

Information on private and public auditing

As is customary pursuant to the provisions of the "Regulation on Subsequent Control and Control of Risky Transactions" published in the Official Gazette dated 27.10.2008 and numbered 27037, the "subsequent control" studies covering the 2023 reporting period have started with the inspection letter sent to us by the Ministry of Trade on 11.09.2023, and the said audit has not yet been finalized as of the date of the report.

Information on important lawsuits filed and ongoing against the Company and their possible consequences

There are no significant lawsuits that may affect the activities of our Company.

Information on significant administrative sanctions and fines imposed on the Company and the members of the Board of Directors due to practices contrary to the provisions of the legislation

None.

Information on the transactions of the members of the board of directors with the company on their own behalf or on behalf of others within the framework of the permission granted by the general assembly of the company and their activities within the scope of the prohibition of competition

None.

OTHER UPDATES

Information on the attainment of targets set in previous periods, implementation of General Assembly resolutions, and any reasons for failure attaining targets or implementing resolutions

The Board of Directors has made a positive assessment that the Company has achieved the defined operational and financial performance targets. Additionally, the resolutions of the General Assembly have been also fulfilled.

Information on legislative amendments which can have a significant impact on the Company's activities

There is no information on legislative amendments which can have a significant impact on the Company's activities.

Information on the Company's conflicts of interest with the service providers such as investment advisors and rating agencies, and the precautions taken by the Company to prevent these conflicts of interest

There have been no considerations that could lead to a conflict of interest between the Company and its service providers such as investment advisors and rating agencies.

Evaluation within the scope of Article 376 of the Turkish Commercial Code

It was evaluated whether the Company's capital was unrequited under Article 376 of the Turkish Commercial Code; It was concluded that the issued capital of our Company, which was TL 32,210,000 as of 31.12.2024, has maintained its existence with an equity amount of TL 284,224,639 as of the end of 2024 and that the Company's debt structure is suitable for the continuation of its activities in a healthy manner.

Related party transactions

Defining a company as a related company is determined based on the fact that one of the companies has control over the other or has a significant influence on the financial and administrative decisions of the related company.

Trade payables to related parties

The Group has no payables to or receivables from related parties as of December 31, 2024, and 2023.

Goods and services purchases from related parties

As of December 31, 2024, and 2023, the Group does not have any goods and service purchases or sales with related parties.

Post balance sheet events

- 1) Registered Capital Ceiling was approved as TL 2,000,000,000,000 at the General Assembly on 24.12.2024, registered on 13.01.2025 and announced in the Trade Registry Gazette on 16.01.2025.
- 2) Our application to the Capital Markets Board for the approval of the Issue Document regarding the increase of our Company's paid-in capital of TL 32,210,000 to TL 300,000,000 through a bonus issue of 831.39%, all of which will be covered from capital adjustment differences, and for the amendment of Article 6 titled "Capital" of our Company's Articles of Association has been approved with the bulletin dated 20.02.2025 and numbered 2025/10, and the starting date for the use of the right to receive bonus shares has been set as 26.02.2025.
- 3) Within the scope of the issuance limit approved by the decision of the Capital Markets Board dated 23.08.2024 and numbered 47/1312, within the scope of the issuance limit approved by the decision of the Capital Markets Board dated 23.08.2024 and numbered 47/1312, as a result of the sales transaction mediated by Integral Yatırım Menkul Değerler A.Ş. for the financing bond with ISIN code TRFAZEV72513 with a maturity of 182 days, single coupon payment, redemption date 11.07.2025, to be sold to qualified investors without public offering in the country, the issue amount was finalized as TL 400,000,000.
- 4) In parallel with the Board of Directors' decision on the issuance of Asset Backed Securities (ABS) dated 21.01.2025 and numbered 2025/4, the processes regarding the establishment of TMKŞ Arzum First Asset Finance Fund by Birleşik İpotek Finansmanı Anonim Şirketi have been completed and the application for an issuance ceiling of TL 1,500,000,000 was approved by the Capital Markets Board's decision dated 27.02.2025 and numbered 11/373.

Subsidiaries and Their Share Ratios

Title of the Subsidiary	Paid-in/Issued Capital	Share of Participated Capital (%)
ARZUM ASIA PACIFIC LTD.	USD 350,000.00	100
ARZUM EUROPE GMBH	EUR 25,000.00	100
ARZUM ELEKTRİKLİ EVALETLERİ SANAYİ VE TİCARET A.Ş. FREE ZONE BRANCH	USD 50,000	100
ARZUM USA	USD 100,000	100
ARZUM SHANGHAI	USD 100,000	100
ARZUM FZE	AED 200,000	100

Corporate Identity Information

Business Name	Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş.
Address of Registered Office	Defterdar Mahallesi Otakçılar Cad. Sinpaş Flatofis No: 78 İç Kapı No: 34 Eyüpsultan/İstanbul
Branch Address	Istanbul Industry and Trade Free Zone Branch: Aydınli SB Mahallesi Mod-2 Cad. No: 11 Tuzla-İstanbul Ömer Halisdemir University Teknopark Branch: Fertek Köyü, Cumhuriyet Mevkii Ömer Halisdemir (Küme Evler) No: 34/208 Merkez/Niğde
Affiliated Trade Registry Office and Number	İstanbul Sicil Memurluğu/148674 İstanbul Registry Office/148674
Legal Legislation	Laws of the Republic of Türkiye
Phone and Fax Number	Telephone: +90 212 467 80 80
Fax: +90 212 467 80 00	yatirimci@arzum.com ve finans@arzum.com
Website	www.arzum.com.tr
Corporate E-mail Address	yatirimci@arzum.com and finans@arzum.com
Capital	TL 32,210,000(*)
Registered Capital Ceiling	TL 160,000,000(**)
Stock Exchange and Market Where It is Traded	Borsa İstanbul A.Ş. (BİST)-Main Market
Trading Date on the Stock Exchange	December 24, 2020
Ticker	ARZUM
Independent Auditor	KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Address of the Independent Auditor	İş Kuleleri, Kule 3, Kat: 2-9 Levent, İstanbul

(*) Our application to the Capital Markets Board for the approval of the Issue Document regarding the increase of our Company's paid-in capital of TL 32,210,000 to TL 300,000 through a bonus issue of 831.39%, all of which will be covered from capital adjustment differences, and for the amendment of Article 6 titled "Capital" of our Company's Articles of Association has been approved with the bulletin dated 20.02.2025 and numbered 2025/10, and the starting date for the use of the right to receive bonus shares has been set as 26.02.2025.

(**) Registered Capital Ceiling was approved as TL 2,000,000,000,000 at the General Assembly on 24.12.2024, registered on 13.01.2025 and announced in the Trade Registry Gazette on 16.01.2025.

OTHER UPDATES

Annex/1

Statement of Independence

Arzum Elektrikli Ev Aletleri San. ve Tic. I hereby declare that I am a candidate for assuming the role of an "independent member" of the Board of Directors of Arzum Elektrikli Ev Aletleri San. ve Tic. A.Ş. ("Company"), within the criteria stipulated in the legislation, the articles of association, and the Capital Markets Board's Corporate Governance Communiqué, and in this context;

a) Between the Company, partnerships where the Company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the Company, and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either jointly or separately; I did not establish significant commercial relations with them,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the Company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the Company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) As can be seen in my resume, I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) If I am nominated in public institutions and organizations and if I am elected separately as of the date of this declaration, I am/will not be working full-time during my duty,

e) I am considered a resident in Türkiye according to the Income Tax Code (n.193) dated 31/12/1960,

f) I have strong ethical standards, professional reputation, and experience to contribute positively to Company's operations, to preserve my impartiality in disputes between the Company and shareholders, and to decide with my free will by taking note of the rights of stakeholders,

g) I will make sufficient time for keeping track of the Company's activities and for fully performing my duties on behalf of the Company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I did not serve as an Independent Board Member in more than three companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.

And I hereby submit this declaration to the information of the Company organs, shareholders and all concerned.

02.07.2024

Server Gamze Çuhadaroğlu (*)

(*) The signature has been blackened in accordance with the Law on the Protection of Personal Data.

Annex/1 Statement of Independence

Arzum Elektrikli Ev Aletleri San. ve Tic. I hereby declare that I am a candidate for assuming the role of an "independent member" of the Board of Directors of Arzum Elektrikli Ev Aletleri San. ve Tic. A.Ş. ("Company"), within the criteria stipulated in the legislation, the articles of association, and the Capital Markets Board's Corporate Governance Communiqué, and in this context;

a) Between the Company, partnerships where the Company has managerial control or significant influence, partners or legal entities that hold managerial control or significant influence over the Company, and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities; I did not hold 5% or above of their shares, voting rights or preferred shares either jointly or separately; I did not establish significant commercial relations with them,

b) I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which the Company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the Company's audit (including tax audit, statutory audit, internal audit), rating and consultancy services in the last five years,

c) As can be seen in my resume, I have the necessary professional education and training, knowledge, and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,

d) If I am nominated in public institutions and organizations and if I am elected separately as of the date of this declaration, I am/will not be working full-time during my duty,

e) I am considered a resident in Türkiye according to the Income Tax Code (n.193) dated 31/12/1960,

f) I have strong ethical standards, professional reputation, and experience to contribute positively to Company's operations, to preserve my impartiality in disputes between the Company and shareholders, and to decide with my free will by taking note of the rights of stakeholders,

g) I will make sufficient time for keeping track of the Company's activities and for fully performing my duties on behalf of the Company,

h) I have not been a member of the Board of Directors of the Company for more than six years in total within the last decade,

i) I did not serve as an Independent Board Member in more than three companies where the Company or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.

And I hereby submit this declaration to the information of the Company organs, shareholders and all concerned.

02.07.2024

Cenk Serdar (*)

(*) The signature has been blackened in accordance with the Law on the Protection of Personal Data.

LEGAL DISCLAIMER

This Annual Report ("Report") is prepared for informing the shareholders and does not serve as a basis for any investment decision. The realization of the forward-looking views and estimated figures in the report may differ depending on the variables and assumptions on which the relevant estimates are based. Accordingly, Arzum, or the Board Members of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or (ii) based on any information contained/not-contained in this Report. As of the date of this report, all information contained in this report is believed to be accurate, however, Arzum assumes no responsibility for any typographical and printing errors that may occur.

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

*(Convenience Translation into English of Consolidated
Financial Statements -Originally Issued in Turkish)*

Consolidated Financial Statements
as at and for the Year Ended
31 December 2024
with Independent Auditor's Reports

11 March 2025

This report includes 5 pages of independent auditors'
report and 72 pages of consolidated financial statements
together with their explanatory notes



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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including *Independence Standards*) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.6 to the consolidated financial statements for summary of material accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The main revenue item of the Group consists of sales of electronic household appliances.</p> <p>The revenue is recognized in the consolidated financial statements when the Group fulfills (or fulfills) its performance obligation by transferring control of the products traded by the Group to the customer.</p> <p>Since sales contracts can be complex, the recognition of revenue in the relevant period depends on the correct assessment of the sales conditions specific to each case. For this reason, there is a risk that the revenue will not be recognized in the correct period or amount for those that may be returned from the delivered products and those whose invoice has not yet been issued to the customer, and those whose invoice has been issued but the control has not yet been transferred to the customer.</p> <p>Due to the nature of the Group's activities and the size of its operations, the recognition of revenue has been determined as a key audit matter, since the accurate determination of the revenue amount and its recognition in the consolidated financial statements in the relevant reporting period require significant management judgment.</p>	<p>-Our audit procedures in this area include the following.</p> <ul style="list-style-type: none"> - Evaluation of the effectiveness of the design, implementation and operation of internal controls for revenue recognition by information systems experts. - Evaluating the compliance of the accounting policies applied in terms of revenue generated sales with TFRS 15 by examining the selected contracts with a sample of grouped sales contracts. - Evaluating the compliance of the revenue recognition with the Group's accounting policies and the recognition of the revenue in the relevant reporting period by examining when the transfer of control occurred through the sales documents received for the sales transactions selected with the sample. - Checking the existence of trade receivables and the accuracy of receivable balances with external confirmations obtained directly for t customers selected by the sample - Performing analytical examinations to detect the existence of discontinuous transactions. - Testing whether the returns realized after the reporting period are selected by sampling method and included in the consolidated financial statements in the relevant reporting period. <p>Evaluation of the appropriateness and adequacy of the footnote disclosures made by the Group regarding the revenue in its consolidated financial statements in accordance with TFRS 15.</p>

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 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.

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

Responsibilities of auditors in an audit are as follows:

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 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 standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can 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 the standards on auditing issued by the CMB and Standards on Auditing issued by POA, 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 on the appropriateness of management's use of the going concern basis of accounting and, 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. 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 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. We 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 when, 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) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 11 March 2025.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2024 and 31 December 2024, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Şirin Soyşal, SMMM
Partner

11 March 2025
İstanbul, Türkiye

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ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position as at 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

ASSETS	Notes	Current Year	Prior Year
		Audited	Audited
		31 December 2024	31 December 2023
Current Assets			
Cash and cash equivalents	3	148.399.832	342.803.195
Trade receivables	5	1.519.198.687	1.553.144.084
- <i>Due from third parties</i>	5	1.519.198.687	1.553.144.084
Other receivables	6	4.604.137	5.209.442
- <i>Due from third parties</i>	6	4.604.137	5.209.442
Inventories	7	876.029.406	596.738.960
Prepaid expenses	8	146.998.196	205.568.162
Current tax assets	21	72.008.543	18.586.614
Derivative financial instruments	25	--	34.582
Other current assets	6	55.708.586	1.420.957
Total current assets		2.822.947.387	2.723.505.996
Non-Current assets			
Trade receivables	5	--	29.311.778
- <i>Due from third parties</i>	5	--	29.311.778
Property, plant and equipment	9	216.928.527	232.355.351
Intangible assets	10	67.323.181	47.555.839
Investment properties		748.808	769.779
Right of use assets	11	67.251.928	80.093.249
Prepaid expenses	8	118.745	1.879.087
Deferred tax assets	21	92.162.135	74.803.190
Total non-current assets		444.533.324	466.768.273
Total Assets		3.267.480.711	3.190.274.269

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

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Financial Position as at 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

	Notes	Current	Prior Year
		Year	Year
		Audited	Audited
		31 December	31 December
LIABILITIES		2024	2023
Short-term liabilities			
Short-term borrowings	4	1.674.140.080	1.309.615.878
Short-term portion of long-term borrowings	4	88.842.385	--
Trade payables	5	1.101.953.558	1.057.738.304
- Due to third parties	5	1.101.953.558	1.057.738.304
Liabilities for employee benefits	13	4.411.772	4.270.942
Other payables	6	300.048	682.349
- Due to third parties	6	300.048	682.349
Short-term provisions		21.843.371	51.820.456
- Short-term provisions for employee benefits	13	7.673.068	35.633.266
- Other short-term provisions	12	14.170.303	16.187.190
Other short-term liabilities	6	17.602.075	21.869.513
Total short-term liabilities		2.909.093.289	2.445.997.442
Long term liabilities			
Long term borrowings	4	48.851.965	39.333.371
Long term provisions		25.310.818	26.858.224
-Long-term provisions for employee benefits	13	13.738.094	16.122.851
-Other long-term provisions	12	11.572.724	10.735.373
Total long-term liabilities		74.162.783	66.191.595
Total liabilities		2.983.256.072	2.512.189.037
Equity			
Share capital	14	32.210.000	32.210.000
Adjustment to share capital differences	14	579.048.858	579.048.858
Other Accumulated comprehensive income that will not be reclassified to profit or loss	14	(29.707.774)	(28.545.107)
-Gains (Losses) on remeasurements of defined benefit plans	14	(29.707.774)	(28.545.107)
Share premiums	14	305.882.357	305.882.357
Other comprehensive income will be reclassified to profit or loss	14	38.176.238	30.910.034
- Foreign currency translation differences	14	38.176.238	30.910.034
Restricted reserves	14	80.270.095	80.270.095
Accumulated losses	14	(321.691.005)	(398.182.435)
Net profit / (loss) for the year		(399.964.130)	76.491.430
Total equity		284.224.639	678.085.232
Total liabilities and equity		3.267.480.711	3.190.274.269

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

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

		Current Year	Prior Year
		Audited	Audited
		1 January - 31 December 2024	1 January - 31 December 2023
	Notes		
Revenue	15	5.545.592.852	5.328.200.929
Cost of sales (-)	15	(3.877.929.958)	(3.660.604.976)
Gross profit		1.667.662.894	1.667.595.953
Sales, marketing and distribution expenses (-)	16	(847.580.797)	(811.928.379)
General administrative expenses (-)	16	(393.299.080)	(379.114.288)
Other operating income	18	69.835.059	136.809.469
Other operating expenses (-)	18	(122.562.660)	(133.352.282)
Operating profit / (loss)		374.055.416	480.010.473
Operating profit / (loss) before finance income		374.055.416	480.010.473
Finance income	19	53.925.714	105.412.518
Finance expenses	19	(1.108.808.714)	(518.035.606)
Net monetary position gains	20	237.894.706	67.704.254
Profit / (loss) before tax		(442.932.878)	135.091.639
Tax expense		42.968.748	(58.600.209)
- Current year tax expense	21	25.901.162	(102.825.731)
- Deferred tax income	21	17.067.586	44.225.522
Profit/ (loss) for the year		(399.964.130)	76.491.430
Distribution of profit/ (loss) for the year			
Equity holders of the parent		(399.964.130)	76.491.430
Earning / (loss) per share (nominal equivalent of TL 1)	22	(12,417)	2,375
Other comprehensive income		6.103.537	536.220
Not be reclassified to profit or loss		(1.162.667)	(8.150.845)
Gain/ (loss) arising from defined benefit plans	13	(1.454.026)	(9.486.334)
Deferred tax (expenses) / income on other comprehensive income items that will not be reclassified in profit or loss	21	291.359	1.335.489
Reclassified to profit or loss		7.266.204	8.687.065
Foreign currency translation differences		7.266.204	8.687.065
Other comprehensive income/expense) (after tax)		6.103.537	536.220
Total comprehensive income/ (expense)		(393.860.593)	77.027.650

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

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024, to reflect the effects of inflation, unless otherwise stated.)

Notes	Share capital	Adjustment to share capital differences	Other comprehensive income will not be reclassified to profit or loss		Share premiums	Restricted reserves	Accumulated losses		Total
			Gain/(loss) arising from defined benefit plans	Foreign currency translation differences			Profit for the year	Accumulated losses	
Balances as of 1 January 2023	14	32.210.000	579.048.858	(20.394.262)	22.222.969	305.882.357	77.841.131	(227.838.745)	628.268.800
Loss for the year		--	--	--	--	--	--	76.491.430	76.491.430
Other comprehensive income/ (expense)		--	--	(8.150.845)	8.687.065	--	--	--	536.220
Total comprehensive income (expense)		--	--	(8.150.845)	8.687.065	--	--	76.491.430	77.027.650
Transfers		--	--	--	--	--	2.428.964	(230.267.709)	--
Dividend payment		--	--	--	--	--	--	(27.211.218)	(27.211.218)
As of 31 December 2023	14	32.210.000	579.048.858	(28.545.107)	30.910.034	305.882.357	80.270.095	76.491.430	678.085.232
Balances as of 1 January 2024	14	32.210.000	579.048.858	(28.545.107)	30.910.034	305.882.357	80.270.095	76.491.430	678.085.232
Profit for the year		--	--	--	--	--	--	(399.964.130)	(399.964.130)
Other comprehensive income/ (expense)		--	--	(1.162.667)	7.266.204	--	--	--	6.103.537
Total comprehensive income (expense)		--	--	(1.162.667)	7.266.204	--	--	(399.964.130)	(393.860.593)
Transfers		--	--	--	--	--	--	(76.491.430)	76.491.430
As of 31 December 2024	14	32.210.000	579.048.858	(29.707.774)	38.176.238	305.882.357	80.270.095	(399.964.130)	284.224.639

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

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Consolidated Statement of Cash Flows for the Year Ended 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

	Notes	Audited 1 January- 31 December 2024	Audited 1 January- 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period		(399.964.130)	76.491.430
	9,10,1		
Adjustments to depreciation expense and amortization	1	122.039.503	98.068.717
Adjustments related to tax expense	19	(42.968.748)	58.600.209
Adjustments related to provision expenses		46.867.265	22.608.361
Adjustments to inventory impairment	7	5.287.649	6.954.271
Adjustments to rediscount expense/income	5	21.903.727	60.519.391
Adjustments to interest expense/income, net	19	819.171.007	312.229.737
Adjustments to doubtful trade receivables, net	5	1.842.024	496.697
Adjustments for loss/gain from disposal of fixed assets		(395.923)	3.632.370
Currency differences arising from derivative transactions, (net)	25	34.582	(2.724.882)
Adjustment to monetary position gain/ (loss)		(419.768.123)	163.382.502
Adjustments to severance pay provision	13	4.729.238	(320.904)
Before changes in working capital changes in		158.778.071	799.937.899
Adjustments for increase in trade receivables		24.347.928	(240.055.037)
Adjustments for (increases) / decreases in stocks		(284.578.095)	4.208.221
Other increases / decreases related to activities		2.160.046	(72.959.742)
Adjustments for increase (decrease) in trade payables		59.378.750	216.395.132
After changes in working capital		(39.913.300)	707.526.473
Taxes paid	21	(72.008.543)	(130.734.292)
Severance payments paid	13	(8.276.662)	(13.144.332)
Premiums paid	13	(31.810.583)	(41.944.625)
A. Net cash from operating activities (used)		(152.009.088)	521.703.224
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash outflows from purchases of property, plant and equipment and intangible assets	9,10	(74.010.880)	(48.405.027)
Cash outflows resulting from right of use	11	(42.854.553)	(95.157.516)
Cash inflows from sale of property, plant and equipment and intangible assets		3.722.656	--
B. Net cash used in investment activities		(113.142.777)	(143.562.543)
CASH FLOWS USED FROM FINANCING ACTIVITIES			
Proceeds from borrowing	4	1.326.805.611	1.098.020.082
Repayments of borrowings	4	(1.368.842.416)	(2.130.366.531)
Bonds issued	4	1.014.676.159	889.373.232
Interest paid		(786.671.769)	(337.110.887)
Payments of lease liabilities	4	(64.898.177)	(29.608.823)
Interest payments on leasing transactions	4	(19.651.588)	(14.447.018)
Dividends paid	14	--	(27.211.217)
Interest received	19	53.925.714	51.685.681
C. Net cash from financing activities		155.343.534	(499.665.481)
D. Monetary (loss)/gain impact on cash and cash equivalents		(91.861.236)	(296.840.676)
NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(201.669.567)	(418.365.476)
E. EFFECT OF CURRENCY TRANSLATION DIFFERENCES		7.266.204	8.687.065
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)		(194.403.363)	(409.678.411)
F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	342.803.195	752.481.606
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)	3	148.399.832	342.803.195

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

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2024

(Amounts expressed in thousands of Turkish Lira ("TL") with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

1. Group's Organization and Nature Of Operations

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi ("the Company") was founded in 1977 in the name of Güney İthalat Anonim Şirketi by Kazım Kolbaşı, Kemal Kolbaşı and İbrahim Kolbaşı. In 1993 and 2005, Arzum Dış Ticaret Anonim Şirketi ("Arzum Dış") and Felix Elektrikli Ev Aletleri Anonim Şirketi ("Felix") were established to sell the products of the Company, respectively. All companies were under the common control of Kolbaşı family. On 31 December 2007, the Company acquired the shares of both Arzum Dış and Felix. On 29 December 2008, the Company and its two subsidiaries were merged under one legal entity in the name of Arzum Elektrikli Ev Aletleri AŞ. On 14 April 2008 and 4 March 2009, 38% and 11% of the Company's shares were sold to Turkish Household Appliances BV ("Turkish Household"), respectively. On 9 December 2013, 49% of the Company held by Turkish Household Appliances BV ("Turkish Household") was sold to SDA International S.a.r.l (SDA International). In 2020, 47,51% share of SDA International was offered to the public.

The Company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa Istanbul A.Ş. ("BIST") as of 2020. As of 31 December 2023, the Company has 49,00% of its shares registered in BIST (Note 14).

The company performs trading activities of electrical household appliances through wholesale, retailer, chain stores and through e-commerce.

On 1 June 2009, Arzum Asia Pacific ("Arzum Asia Pacific"), 100% of which shares owned by the Company, was established to make purchases on behalf of the Company in Hong Kong.

On 11 July 2011, Arzum Europe GMBH ("Arzum Europe"), 50% of which shares owned by the Company and 50% of shares owned by Arzum Asia Pacific, was established to make sales on behalf of the Company in Europe. 100% of shares of Arzum Europe is owned by the Company as of 31 December 2013.

On 15 June 2012, Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi İstanbul Endüstri ve Ticaret Serbest Bölge Şubesi ("Serbest Bölge"), 100% of which shares owned by the Company, was established to operate in free trade zone.

The Company opened the Ömer Halisdemir Üniversitesi Teknopark Branch on 31 January 2019.

On 17 January 2023, the Company established Arzum Shanghai Limited ("Arzum Shanghai") in the People's Republic of China with 100% shares owned by Arzum Asia Pacific in order to expand its business model abroad.

On 8 November 2022, Arzum USA ("Arzum USA") was incorporated in the state of Delaware in order to further expand the Group's existing operations in the American market and the capital transactions of the Company were completed as of 12 April 2023.

On 21 May 2024, Arzum FZE, a 100% owned subsidiary, was legally established in the Jebel Ali Free Zone, Dubai, and the capital contribution was fully executed.

The accompanying consolidated financial statements as of and for the year ended 31 December 2023 are comprised of the Company and its subsidiaries (together referred to as the "Group").

The address of the Company's registered office is Defterdar Mah. Otakçılar Cad. Sinpaş Flatofis No: 78 İç Kapı No: 34 Eyüpsultan, İstanbul.

As of 31 December 2023, the number of employees of the Group is 166 (31 December 2023: 178).

ARZUM ELEKTRİKLI EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements as at and for the Year Ended 31 December 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) with the purchasing power of 31 December 2024 to reflect the effects of inflation, unless otherwise stated.)

2. Basis Of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

(a) Statement of Compliance to Turkish Financial Reporting Standards (“TFRS” s)

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) which was adopted by Capital Markets Board of Turkey (“CMB”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with “Announcement regarding with TFRS Taxonomy” which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published CMB based on the financial statement and disclosure formats of CMB.

Approval of the financial statements:

The consolidated financial statements are approved by the Company’s Board of Directors on 20 March 2024. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

(b) Basis of Measurement

The consolidated financial statements have been prepared based on the historical costs, except for the derivative instruments measured at fair value. In accordance with the TAS 29 “Financial Reporting in Hyperinflationary Economies” standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison in the consolidated financial statements of the previous period.

(c) Functional and reporting currency

The Group’s consolidated financial position and results of operations are presented in Turkish Lira (TL), which is the functional currency of the Company and also the presentation currency for the consolidated financial statements. The functional currencies of the Company’s subsidiaries are as follows: US Dollar (USD) for Arzum Asia Pacific and Arzum USA, Euro (EUR) for Arzum Europe, and United Arab Emirates Dirham (AED) for Arzum FZE.

(d) Correction on financial statements during hyperinflationary periods

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023.

In accordance with the decision of the Capital Markets Board “CMB” dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply the Turkish Accounting/Financial Reporting Standards (TAS) will start applying inflation Accounting by applying the provisions of TAS 29 for their annual Financial statements for the Reporting periods ending on 31 December 2023 and 31 December 2022.

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2. Basis Of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

(d) Correction on financial statements during hyperinflationary periods (Continued)

TAS 29 is applied to the financial statements of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As of the reporting date, the cumulative change in the general purchasing power over the past three years, based on the Consumer Price Index ("CPI"), has exceeded 100%. Accordingly, entities operating in Türkiye are required to apply IAS 29 *Financial Reporting in Hyperinflationary Economies* for reporting periods ending on or after 31 December 2023. The table below presents the inflation rates for the relevant years, calculated based on the Consumer Price Indices published by the Turkish Statistical Institute (TurkStat).

Date	Index	Conversion factor
31 December 2024	2.684,55	1,0000
31 December 2023	1.859,38	1,4438
31 December 2022	1.128,45	2,3790

Comparative figures for prior period are restated into the same current measuring unit.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- The effects of inflation on the net monetary positions of the Group, is included in the profit or loss statement as "monetary gain / (loss).
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of TAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be restated to reflect the effects of inflation from the date the assets were acquired, and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

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2. Basis Of Presentation of Consolidated Financial Statements *(Continued)*

2.1 Basis of Presentation *(Continued)*

(e) Principles of Consolidation

Consolidated financial statements include the financial statements of the Company and the subsidiary controlled by the Company. When necessary, adjustments and reclasses are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls the asset if it is entitled to, or is subject to, variable returns on account of its involvement in the asset, and it may affect it with control over the asset. The financial statements of the subsidiaries are included in the financial statements of the Group from the beginning of the control power to the date when the control power ceases.

The accounting policies of the subsidiaries have been changed when deemed necessary to comply with the policies accepted by the Group.

The table below shows the Group's share rate and its subsidiary as of 31 December 2024 and 2023:

	Arzum and its subsidiaries' direct and indirect control shares (%)	
	31 December 2024	31 December 2023
Arzum Asia Pasific	100	100
Arzum Europe	100	100
Arzum Serbest Bölge (*)	100	100
Arzum USA	100	100
Arzum Shangai	100	100
Arzum FZE (**)	100	100

(*) Although it does not have a separate legal entity, Arzum Serbest Bölge is also accepted as a subsidiary subject to consolidation in the attached consolidated financial statements. This branch is a free zone branch pursuant to the circular titled Evaluation of Operating License Applications, Branch, Branch Addressed Company, in which the regulations for free zone branches of the Ministry of Commerce and no 1998/, it is a branch of the main company, but it has its own capital and bookkeeping of the branch is maintained separately. Although it does not have a legally separate legal personality, it is subject to consolidation due to its own capital.

(**) In order to develop overseas operations and accelerate globalization efforts, the founding capital of the 100% subsidiary established in Jebel Ali Free Zone of Dubai under the name of "Arzum FZE" amounting to 200,000 United Arab Emirates Dirham has been paid and commercial activities have started.

ii. Changes in the control power of the Group's current subsidiary

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

ARZUM ELEKTRİKLI EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2. Basis Of Presentation Of Consolidated Financial Statements *(Continued)*

2.1 Basis of Presentation *(Continued)*

(e) Principles of Consolidation *(Continued)*

ii. Changes in the control power of the Group's current subsidiary (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

iii. Elimination processes in consolidation

Process of the preparation of the consolidated financial statements, intra-group transactions, inter-group balances and unrealized income and expenses arising from intra-group transactions are eliminated mutually. The profits and losses resulting from the transactions between the affiliate, the parent company and the consolidated subsidiaries of the parent company and jointly controlled partnerships have been netted off in proportion to the parent partnership's share in the associate. Unrealized losses are derecognized as unrealized gains, unless there is evidence of impairment.

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends, the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows. The Group has consolidated its balance sheet as of 31 December 2024 with its consolidated balance sheet prepared as of 31 December 2023; The profit or loss and other comprehensive income statement for the year ended 31 December 2024, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement have been prepared in comparison with the relevant consolidated financial statements for the year ended 31 December 2023. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed. The Group reclassified personnel expenses amounting to TL 69.017.902 which were recognized under selling, marketing and distribution expenses as of 31 December 2023, under general administrative expenses. This change has no effect on profit/loss for the period

2.3 Netting/ Offset

Financial assets and liabilities are shown with their net values in the balance sheet if there is a legal right to set off and they are expected to be paid and/or collected on a net basis, or when the asset will be realized, and the obligation will be settled at the same time.

2.4 Changes in the accounting policies

Significant changes in accounting policies have been applied retrospectively, and the financial statements for prior periods have been restated. The accounting policies have been consistently applied by the Group in all periods presented in the consolidated financial statements.

ARZUM ELEKTRİKLİ EV ALETLERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2024:

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

Classification of financial assets with contingent feature

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract. This contingent financial asset's classification will be determined by the SPPI test. The SPPI test determines whether the asset should be accounted for at amortized cost or fair value.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. Judgement will be required in determining whether the new test is met.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Settlement by electronic payments

A company that settles its trade payable by using an electronic payment system generally derecognizes its trade payable on settlement date. The amendments provide an exception for the derecognition of such financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Other amendments

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards *(Continued)*

Other amendments (Continued)

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities. The Group does not expect that application of these Amendments to IFRS 9 and IFRS 7 will have significant impact on consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Subsidiaries of companies using IFRS Accounting Standards can substantially reduce their disclosures and focus more on users' needs following the release of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability;
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

The amendments apply for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Group does not expect that application of IFRS 19 will have significant impact on consolidated financial statements.

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards *(Continued)*

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates *(Continued)*

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group does not expect that application of these Amendments to IAS 21 will have significant impact on consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

On 9 April 2024, IASB has issued IFRS 18 *Presentation and Disclosure in Financial Statements* that will replace IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 introduces three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and requires all companies to provide new defined subtotals, including operating profit.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively. Early adoption is permitted.

The Group does not expect that application of IFRS 18 will have significant impact on its [consolidated] financial statements.

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards *(Continued)*

IFRS Annual Improvements – 11. Amendment:

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In July 2024, the IASB issued "Annual Improvements to IFRS Accounting Standards—Volume 11" to make minor amendments to 5 standards.

Transaction Price (Amendments to IFRS 9: Financial Instruments) The term "transaction price" used in IFRS 9, with a meaning that is not necessarily consistent with the definition in IFRS 15, has been updated to "the amount determined by applying IFRS 15" for consistency.

Lessee derecognition of lease liabilities (Amendments to IFRS 9: Financial Instruments): If a lease liability is derecognized, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB's amendment states that when lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards)

IFRS 1 is amended:

- to improve their consistency with the requirements in IFRS 9 for hedge accounting; and
- to improve the understandability.

A cross-reference to IFRS 9 in IFRS 1 "Exception to the retrospective application of other IFRSs" is added.

Gain or Loss on Derecognition (Amendments to IFRS 7 Financial Instruments: Disclosures): With this amendment, a statement is added clarifying that the guidance in IFRS 7 does not illustrate all the requirements regarding the accounting for gains and losses arising from derecognition. Additionally, the phrase "inputs that were not based on observable market data" is adjusted to "unobservable inputs" to align with IFRS 13 terminology

Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to IFRS 7 Financial Instruments: Disclosures): The statement that was not amended after the publication of IFRS 13 in May 2011 is clarified and simplified with this change, explaining that the transaction price at initial recognition may differ from the fair value. Fair value is not supported by a quoted price in an active market for an identical asset or liability (Level 1 input) nor by a valuation technique relying solely on observable market data. (In these circumstances, the difference will be recognized in profit or loss in subsequent periods in accordance with IFRS 9.)

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards *(Continued)*

Annual Improvements to IFRS Accounting Standards- Volume 11: *(Continued)*

Credit Risk Disclosures (Amendments to IFRS 7 Financial Instruments: Disclosures): The IG1 paragraph has been revised to provide clarity, explaining that not all requirements in the referenced paragraphs of IFRS 7 are necessarily illustrated.

Determination of a 'De Facto Agent' (Amendments to IFRS 10 Consolidated Financial Statements)

When determining an investor whether another party is acting on its behalf, IFRS 10 is amended to use conclusive language when the parties that direct the activities of the investor have the ability to direct that party to act on the investor's behalf, judgement is required to determine whether a party is acting as a de facto agent.

Cost Method (Amendments to IAS 7): Following the removal of the term "cost method" in previous amendments, the statement in IAS 7 is adjusted from "cost method" to "accounted at cost"

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, The International Accounting Standards Board (IASB) has now amended IFRS 9 to address challenges in applying IFRS 9 to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements ("PPAs"). The amendments include guidance on:

- the 'own-use' exemption for purchasers of electricity under such PPAs; and
- hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.
- new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The amendments apply for reporting periods beginning on or after 1 January 2026. Early application is permitted.

Own-use Exemption for PPAs

If the own-use exemption does not apply under IFRS 9 when purchasing electricity through PPAs, PPAs are treated as derivatives, measured at FVTPL, potentially causing significant volatility in the income statement over time, especially as PPAs are often long-term agreements.

To apply the own-use exemption to a PPA, IFRS 9 currently requires companies to assess whether the contract is for receipt of electricity in line with the company's expected purchase or usage requirements – e.g. the company expects to consume the purchased electricity. Due to electricity's unique characteristics, its inability to be stored and the requirement to sell unused electricity back to the market within a short period and these sales occur due to market conditions rather than short-term price speculation, a clarification of application of own-use exemption under existing requirements was needed. The amendments allow companies to apply the own-use exemption to PPAs if they have been, and expect to continue being, net purchasers of electricity during the contract period.

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.5 New and Revised Accounting and Reporting Standards *(Continued)*

Annual Improvements to IFRS Accounting Standards- Volume 11: *(Continued)*

These amendments apply retrospectively based on the facts and circumstances at the start of the reporting period of initial application, without requiring restatement of prior periods.

Hedge accounting requirements for PPAs

Since virtual PPAs (contracts for differences) and PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL, the hedge accounting requirements in IFRS 9 have been amended to allow applying hedge accounting for PPAs, to reduce profit or loss volatility:

- It permits companies to designate a variable nominal volume of forecasted sales or purchases of renewable electricity as the hedged transaction, rather than a fixed volume.
- It allows the measurement the hedged item using the same volume assumptions as those used for the hedging instrument.

The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship, if the same hedging instrument (i.e. the nature-dependent electricity contract) is designated in a new hedging relationship applying the amendments.

New Accounting Policies and Amendments are effective on 1 January 2024:

- 1) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) for SME's Accounting Standard– International Tax Reform – Pillar Two Model Rules
- 2) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
- 3) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- 4) IFRS General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
The Company falls within the scope of the mandatory assurance for the Sustainability Report as of December 31, 2024 in accordance with the provisions of the Turkish Sustainability Reporting Standards ("TSRS") 1 General Provisions on Disclosure of Sustainability-Related Financial Information ("TSRS 1"), TSRS 2 Climate-Related Disclosures ("TSRS 2") and the Board Decision on the Scope of Application of "TSRS" issued by POA.
- 5) International Tax Reform – Pillar Two Model Rules- Amendments to IAS 12: The IASB has amended IAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the Global Anti-Base Erosion Model Rules ("the GloBE model rules"). Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief.

The relief is effective immediately and applies retrospectively in accordance with IAS 8. It will apply until the IASB decides either to remove it or to make it permanent.

These newly adopted amendments to standards have no significant impact on Group's consolidated financial statements.

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are summarized below:

Revenue

The Group transfers the revenue to a customer and records the revenue in its consolidated financial statements as it fulfills or fulfills the performance obligation. When an asset is checked (or passed) by the customer, the asset is transferred.

The Group records the proceeds in its financial statements in accordance with the following basic principles:

- Determination of contracts with customers,
- Determination of performance obligations in the contract,
- Determination of the transaction price in the contract,
- Dividing the transaction price into the contractual performance obligations,
- Revenue recognition when each performance obligation is met.

In the event that all of the following conditions are met, the Group recognizes a contract with its customer as revenue:

- The parties to the Convention have ratified the contract (in accordance with written, oral or other commercial practices) and undertakes to carry out their own actions,
- The group may define the rights related to the goods or services to be transferred by each party,
- The Group may define payment conditions for goods or services to be transferred,
- The contract is essentially commercial,
- It is probable that the Group will be charged for the goods or services to be transferred to the customer. When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

At the beginning of the contract, the Group evaluates the goods or services committed in the contract with the customer and defines each commitment made to transfer it to the customer as a separate performance obligation. The group also determines whether it fulfills each performance obligation over time or at a certain point in time at the inception of the contract.

The Group makes endorsement and incentive bonus payments to its customers in line with its performance results. The amounts calculated for these payments as of the balance sheet date are recorded in the liabilities account arising from customer contracts in the balance sheet, and in the revenue account as sales discounts in the profit or loss statement.

When another party is involved in the provision of goods or services to the customer, the Group determines that the nature of its commitment is a performance obligation to provide the specified goods or services in person (principal) or to mediate (agent) those goods or services provided by the other party. The group is principal if it controls the specified goods or services before transferring those goods or services to the customer. In this case, when it fulfills (or fulfills) its performance obligation, it recognizes the revenue equal to the gross amount of the price it expects to deserve in return for the transferred goods or services. If the Group acts as an intermediary for the provision of goods or services with determined performance obligations by another party, it acts as an agent and does not reflect the revenue to the financial statements for the said performance obligation.

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2. Basis Of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(Continued)*

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost factors include all purchasing costs and all costs incurred in bringing the inventories to their current state and location. Average cost method is used in calculating the cost of inventories. Net realizable value is the amount obtained by deducting the estimated completion cost and the estimated marketing, sales and distribution expenses required to realize the sale from the estimated selling price in the ordinary commercial activity.

Tangible assets

Tangible fixed assets are shown over the amount after the accumulated depreciation and accumulated impairment losses, if any, are deducted from their cost values.

Cost amounts of tangible fixed assets are subjected to depreciation using the linear depreciation method according to their expected useful lives. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates and if there is a change in estimates, they are accounted for prospectively.

The gain or loss resulting from disposal of tangible fixed assets or decommissioning a tangible fixed asset is determined as the difference between the sales revenue and the asset's book value and is included in the year profit or loss. Amounts spent for the repair, maintenance and repair of tangible fixed assets are recorded as expense.

The depreciation years reflecting the average useful lives of tangible fixed assets in the current and comparative year are as follows:

	Useful Life
Vehicles	5 years
Furniture and fixtures	3-15 years
Leasehold improvements	5-10 years

Leasehold improvements are subject to depreciation on a straight-line method over the shorter of the lease term or the useful life of the leasehold improvement.

Intangible assets

Purchased intangible fixed assets are shown at cost less accumulated amortization and, if any, accumulated impairment losses. These assets are amortized using the straight-line method according to their expected useful lives. Expected useful life and amortization methods are reviewed every year to determine the possible effects of changes in estimates and changes in estimates are accounted for prospectively. Average amortization years of intangible fixed assets mostly vary between 3-5 years.

An intangible fixed asset is derecognized when it is disposed of or if no future economic benefits are expected from its use or sale. Profit or loss resulting from the exclusion of an intangible fixed asset from the statement of financial position, if any, is calculated as the difference between the net collections from disposal of the assets and their book values. This difference is recognized in profit or loss when the relevant asset is taken out of the statement of financial position.

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2. Basis Of Presentation of Consolidated Financial Statements *(Continued)*

2.6 Summary of significant accounting policies *(Continued)*

Development costs

Project costs within the scope of research expenditures are recognized in profit or loss when actualized. Development expenditures are incurred only if such costs can be measured reliably, product or usage costs are technically and commercially feasible, consumption is likely to yield economic benefits, and the Group's development expenditures to sell or use the assets are spent and sufficient resources are available. Otherwise, the actuals are recognized in profit or loss. Upon initial recognition, development costs are calculated by subtracting accumulated amortization and, if any, accumulated impairment losses. In the current period, the amortization periods, which determine the average useful life of the development periods, are 3-5 years. (2023: 3-5 years)

Investment properties

Investment properties are real estates held to earn rent and / or capital gain, and lands and buildings held for this purpose are classified as "investment properties". Investment properties are shown by deducting the depreciation (useful life of 50 years) and the impairment, if any, from the cost value.

Investment properties are examined in order to detect a possible impairment, and if the registered value of investment properties is higher than their recoverable value at the end of this examination, they are reduced to their recoverable value by making provision. The recoverable value is accepted as the higher of the net cash flows that will come from the current use of the relevant investment property and its fair value less sales cost.

Leases

At the inception of the contract, the Group evaluates whether the contract is or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. To assess whether a contract provides the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

As a Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The c recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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2. Basis Of Presentation of Consolidated Financial Statements (*Continued*)

2.6 Summary of significant accounting policies (*Continued*)

Leases (*Continued*)

As Lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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2. Basis Of Presentation of Consolidated Financial Statements (*Continued*)

2.6 Summary of significant accounting policies (*Continued*)

Financial Instruments

(i) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through the Statement of Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

On initial recognition at consolidated financial statements, a financial asset is classified as: amortized cost; Fair Value Through the statement of Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL

Financial instruments are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Financial Instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Assessment of the business model:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how additional compensation to business managers is determined (for example, whether additional compensation is based on the fair value of assets managed or on contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL:

For the purposes of this assessment, the principal is the fair value of the financial asset at initial recognition in the consolidated financial statements. Interest consists of the time value of money, the credit risk of the principal balance for a given time period, other key lending risks and costs (for example, liquidity risk and management costs), and the profit margin.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, (i) for a financial asset acquired at a discount or premium to its contractual par amount, (ii) a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest and (iii) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial Assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial Assets at Amortized Cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Financial Instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial liabilities - Classification, subsequent measurement, gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting the financial assets and liabilities

The Group offsets financial assets and liabilities and presents the net amount in the financial statements only when it has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivative instruments are initially recognized at their fair value. As these instruments do not meet the criteria for hedge accounting, subsequent changes in their fair value after initial recognition are accounted for in the consolidated statement of profit or loss.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Financial Instruments *(continued)*

(v) Derivative financial instruments and hedging

As of 31 December 2024 and 31 December 2023, the Group has derivative financial instruments for hedging purposes. Derivative instruments are initially recognized at their fair value. Since derivative instruments do not meet specific hedge accounting criteria, changes in their valuation after initial recognition are accounted for in consolidated profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances and deposit accounts with a maturity of three months or less on the day of receipt, with little risk of change in their fair value, and are used by the Group to finance short-term liabilities.

Cash and cash equivalents include cash, bank deposits and other cash and cash equivalents.

Non derivative financial liabilities

All financial liabilities, other than debt securities and subordinated liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities consist of financial liabilities, lease payables, current accounts with banks, trade and other payables and payables to related parties.

If a financial instrument causes an outflow of cash, any asset or another financial instrument on a part of the Group, this financial instrument is classified as a financial liability. Financial instrument can be defined as a capital instrument only if it includes the following conditions:

- a) It does not have a contractual obligation to provide cash or another financial asset to another entity, or if the entity does not have a contractual obligation to exchange financial instruments with another entity to the disadvantage of the entity.
- b) The financial instrument is a derivative financial instrument that does not fall within the definition of derivative financial instrument requiring various number of capital transfers to the Group, or includes the Group's fixed amount of cash change or the exchange of a fixed amount of capital instrument, if it is realized or will be realized with the Group's capital instruments in the case of.

Capital

Ordinary shares are classified as equity. Additional costs that can be directly associated with the issue of ordinary shares are recognized as a decrease in equity after deducting the tax effect.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its consolidated financial statements (reporting entity).

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

(i) Has control or joint control over the reporting entity,

(ii) Has significant influence over the reporting entity,

(iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

(b) The party is an associate of the Group;

(c) The party is a joint venture in which the Group is a joint venturer;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power is held directly or indirectly by, any individual referred to in (d) or (e);

(g) The party has a post-employment benefit plan for the benefit of employees of the Group or of an entity that is a related party of the Group.

A number of transactions are conducted with related parties in the ordinary course of business.

Impairment of assets

(i) *Non-derivative financial assets*

Financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses for:

- financial assets measured at amortized cost;

The group measures the loss allowance at the amount equal to lifetime ECLs, as stated below:

- Debt instruments determined to have low credit risk at the reporting date, and

- Other debt instruments and bank balances for which the credit risk (ie, the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has chosen lifetime ECLs in calculating the impairment of its trade receivables.

In determining whether a financial asset's credit risk has increased significantly since initial recognition and in estimating its ECAs, it considers reasonable and supportable information available without undue cost or effort regarding the estimation of expected credit losses, including the effects of expected prepayments. This information includes quantitative and qualitative information and analysis based on the Group's past experience of credit losses and forward-looking information.

To determine whether a financial instrument has low credit risk, it may use other methodologies that align with a globally accepted definition of low credit risk and that take into account the type and risks of financial instruments being evaluated. The maximum period for which ECLs will be measured is the maximum contractual period for which the Group is exposed to credit risk.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Impairment of assets *(continued)*

The Group assumes that the credit risk on a financial asset increases significantly when it is 30 days past due.

The Group considers a financial asset in default if:

- The debtor's failure to fulfill its loan obligation in full without resorting to actions such as the use of collateral (if any) by the Group, or
- The financial instrument is past due 90 days.

Lifetime ECLs are expected credit losses arising from all possible default events over the expected life of the financial instrument.

The 12-month ECLs are the portion of the expected credit losses arising from possible default events on the financial instrument within 12 months of the reporting date.

The maximum period for which ECLs will be measured is the maximum contractual period for which the Group is exposed to credit risk.

Measurement of ECLs

The ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. In other words, they are credit losses measured at the present value of all cash deficits (for example, the difference between the contractual cash inflows to the business and the cash flows the business expects to receive).

The cash gap is the difference between the contractual cash flows to the business and the cash flows that the business expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss is incurred even if the entity expects to receive full payment later than the contractual maturity. ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets measured at amortized cost and borrowing assets measured at fair value through other comprehensive income are impaired. A financial asset is credit impaired when one or more events occur that adversely affect the estimated future cash flows of a financial asset.

Evidence of a financial asset's credit impairment includes the following observable data:

- the debtor or issuer is in significant financial difficulty;
- breach of contract, such as a debtor's default or 90 days past due date of the financial instrument;
- Restructuring a loan or advance on conditions that the Group would not consider otherwise.
- the debtor is likely to go into bankruptcy or financial restructuring, or
- the disappearance of an active market for a security due to financial difficulties.

Presentation of impairment

Loss provisions for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The loss allowance for debt instruments measured at fair value through other comprehensive income is recognized in consolidated other comprehensive income instead of reducing the carrying amount of the financial asset in the statement of financial position.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Impairment of assets *(continued)*

Write-off

In the absence of reasonable expectations of a partial or full recovery of a financial asset's value, an entity reduces the gross carrying amount of the financial asset directly. A write-off is a cause for derecognition

For individual customers, the Group has a policy of write-off over the gross carrying amount of a financial asset that is past due 180 days, based on its historical experience with the recovery of similar assets. For corporate customers, the Group makes an assessment of the timing and deductions based on whether there is an individual reasonable expectation of recovery. The Group does not anticipate any significant recovery regarding the amount written off.

However, financial assets written off may still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

At each reporting period, the Group reviews the carrying amounts of its non-financial assets (excluding investment property, inventories and deferred tax assets) to determine if there are any signs of impairment. If such an indicator exists, the asset's recoverable amount is estimated.

For impairment testing, assets are grouped by the smallest group of assets generating cash inflows, regardless of continued use, cash inflows from other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the higher of its value in use and its fair value to be sold at a lower cost. Value in use is based on estimated future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount of that asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU and then reduced by the carrying amount of the other assets in the CGU.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Transactions in foreign currency

The financial statements of the Group are presented in the currency (functional currency) valid in the basic economic environment in which the Parent Company operates. The financial situation and operating results of the Group are expressed in TL, which is the valid currency unit of the Company and the presentation unit for consolidated financial statements.

During the preparation of the consolidated financial statements of the Group, transactions in foreign currency are recorded based on the exchange rates on the transaction date. Monetary assets and liabilities in foreign currency in the statement of financial position are converted to TL using the exchange rates valid at the end of the reporting year. Among the non-monetary items monitored with their fair value, those recorded in foreign currency are converted to TL based on the exchange rates on the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the year in which they occur:

Overseas activities

Assets and liabilities in foreign operations are converted into TL at the exchange rate at the reporting date. Except for overseas activities operating in economies with high inflation, all income and expenses arising from other foreign activities are converted into TL at the annual average exchange rate. Foreign currency translation differences are recorded in other comprehensive income and are shown in reserve of foreign currency translation differences under equity.

Earnings per share

Earnings / (loss) per share presented in the statement of comprehensive income is calculated by dividing the net profit by the weighted average number of shares in the market during the year (Note 21).

In Turkey, companies can increase their capital by distributing "bonus shares" to their shareholders from previous years' profits. This type of "bonus share" distributions are considered as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is calculated by considering the retrospective effects of the said share distributions.

Provisions, contingent assets and liabilities

A provision is made in the consolidated financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is calculated by estimating the expense to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is equal to the present value of the relevant cash flows.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Provisions, contingent assets and liabilities *(continued)*

Where it is expected that some or all of the economic benefits required to settle the provision will be met by third parties, the amount to be collected is recognized as an asset if it is almost certain that the amount will be collected and can be measured reliably.

Warranty provisions

When the product or service covered by the warranty is sold, a provision is made for the relevant warranty. The reserve to be set aside date is calculated based on the warranty information and by weighting the probable probabilities of all possible consequences. Warranty expenses are accounted for in the cost of sales account.

Taxes calculated on corporate income

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 and its Subsidiaries' liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such 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 there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Current tax expense *(continued)*

Deferred tax *(continued)*

If it is probable that there will be an amount of taxable income sufficient to offset them in the future for unused past year financial losses, tax advantages and deductible temporary differences, a deferred tax asset is recognized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 tax and deferred tax expense

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognized directly in other comprehensive income, or where they arise from the initial accounting for a business combination.

Tax risk

While determining the period tax expense and deferred tax expense amounts, the Group considers uncertain tax positions and whether there is any additional tax and interest liability to be paid. The Group believes that the tax provisions are sufficient for the periods that have not passed the tax examination, based on the tax law and past experience. This assessment may contain many professional judgments about future events and is based on estimates and assumptions. In the event that new information emerges that will change the Group's professional opinion about the adequacy of the current tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

Provisions for employee benefits

Severance pays

According to the current laws in Turkey, severance pay is paid in case of retirement or dismissal. Such payments are considered as defined retirement benefit plans in accordance with the updated TAS 19 "Employee Benefits Standard" ("TAS 19"). The severance pay liability, which is recognized in the statement of financial position, was calculated according to the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the consolidated financial statements. Calculated actuarial gains and losses are recorded in the other comprehensive income statement.

Other short-term benefits

Other short-term benefits include unused leave provisions in accordance with the current labor law in Turkey, the employer is obliged to pay for the unused leave days in case the employee deserves leave and leaves the job. Unused vacation provision is the total undiscounted liability amount corresponding to the leave days that employees deserve but have not used yet.

Bonus payments

The Group makes provisions in cases where there is a contractual obligation or a past practice that creates a constructive obligation.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.6 Summary of significant accounting policies *(continued)*

Financial income and financial expense

Financial income consists of interest income from invested funds and foreign exchange income on financial assets and liabilities (other than trade receivables and payables). Interest income is recognized by accruing using the effective interest method. Financial expenses consist of interest expenses of borrowings, foreign exchange expenses on financial assets and liabilities (other than trade receivables and payables). Foreign exchange income or expenses are shown net in financial income or financial expenses, depending on whether the foreign exchange movements are net income or net expense.

Other operating income and expenses

Other operating income consists of gains from sales of tangible fixed assets, deferred finance income, foreign exchange gains from derivative products and foreign exchange gains from monetary financial assets and liabilities, excluding debt instruments, provisions that are no longer subject and income from other operations. Other operating expenses consist of foreign exchange differences arising from monetary financial assets and liabilities other than debt instruments, provision expenses and expenses related to other activities.

Reporting financial information according to departments

The group operates in only one area, in the sale and marketing of small home appliances. The Group does not have reportable operating segments containing the information used by the management to evaluate their performance and decide on resource allocation.

State incentives and aids

Unconditional government incentives related to group research and development are recognized under profit or loss if these incentives become receivables. Other government incentives are recorded at their fair values if there is sufficient assurance that the Group will meet the necessary conditions for the incentive and that this incentive will be received, and then they are systematically recognized under profit or loss throughout the useful life of the asset.

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2. Basis of Presentation of Consolidated Financial Statements *(continued)*

2.7 Significant Accounting evaluations, estimates and assumptions

Preparation in accordance with the consolidated financial TFRS requires the management to implement the policies and make decisions, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions underlying estimates are constantly reviewed. Updates in accounting estimates are recorded in the year of update and subsequent years affected by these updates.

Information on the estimates that have a significant effect on the amounts recorded in the consolidated financial statements are explained below:

- a) Provisions for doubtful receivables reflect the amounts that the Company management believes will cover the future losses of the receivables that exist as of the balance sheet date but have the risk of not being collected under current economic conditions. While evaluating whether the receivables are impaired, the past performances of the borrowers, their credibility in the market, their performances from the balance sheet date to the date of approval of the financial statements and the re-negotiated conditions are also taken into consideration. In addition, the impairment of receivables is calculated with the "Expected Credit Loss" (ECL) model. The impairment model is applied to amortized cost financial assets and contract assets. Lifetime GAU measurement is applied when the credit risk of a financial asset increases significantly after the initial recognition at the reporting date. In all other cases where the relevant increase is not experienced, a 12-month DEB calculation has been applied. Provisions for doubtful receivables as of the relevant balance sheet date are explained in Note 5.
- b) Regarding the impairment of Inventories, the physical and historical background of the Inventories are examined, their usability is determined in line with the opinions of the technical personnel and provisions are made for items that are expected to be unusable. In addition, the data regarding the list prices of inventories after discount are used when calculating the inventory impairment. In cases where the projected net realizable value is below the cost value, an inventory impairment provision is reserved (Note 7).
- c) Company management has made important assumptions in the determination of useful economic lives of tangible and intangible assets in line with the experiences of its technical team (Notes 9 and 10).
- d) Severance pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties. Details regarding provisions for employee benefits are included in Note 13.
- e) Warranty expenses include the repair-maintenance costs for the goods sold under the warranty, the labor and material expenses incurred by the authorized services within the scope of the warranty without charging the customer. Warranty expenses are accounted for in the current period, taking into account the number of warranty returns and the current year warranty unit costs, which are calculated as a result of the estimates of the return and repair levels calculated from the data of past 3 years that may occur in the following years regarding the products recorded as revenue in the current period (Note 12).
- f) The Group calculates the return provision for the recognized revenue based on past experience and is accounted for in its consolidated financial statements.

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3. Cash and Cash Equivalents

As at 31 December 2024 and 2023, cash and cash equivalents are comprised of the following:

	31 December 2024	31 December 2023
Cash at Banks	147.834.971	342.361.995
- Demand Deposits (*)	97.342.182	247.278.532
- Time Deposits	50.492.789	95.083.463
Other cash and cash equivalents (**)	564.861	441.200
Total	148.399.832	342.803.195

(*) As of December 31, the Turkish Lira amount of demand deposits is 30.367.793 and the remaining balance is demand deposits denominated in foreign currencies held by the Company and its subsidiaries (December 31, 2023: 34.577.163)

(**) Other cash and cash equivalents consist of B type liquid funds with a maturity of less than 3 months.

As of 31 December 2024, the maturity date and interest rate details of the Group's time deposits are as follows:

Currency	Maturity Date	Interest rate (%)	31 December 2024
TL	43,00	2 January 2025	50.492.789
Total			50.492.789

As of 31 December 2023, the maturity date and interest rate details of the Group's time deposits are as follows:

Currency	Maturity Date	Interest rate (%)	31 December 2023
TL	34,00	2 January 2024	72.189.386
TL	40,00	2 January 2024	22.378.710
TL	24,00	2 January 2024	515.367
Total			95.083.463

As of 31 December 2024, and 2023, there is no blockage or restriction on deposits in banks.

Currency, interest rate risks and sensitivity analysis for the financial assets and liabilities of the Group are explained in Note 24.

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4. Borrowings

As of 31 December 2024 and 2023, the Group's financial liabilities are as follows:

	31 December 2024	31 December 2023
Short term bank borrowings	719.219.988	597.650.255
Short-term bond issues	714.027.804	612.596.664
Short-term lease liabilities	20.892.288	19.960.694
Other short-term borrowings	220.000.000	79.408.265
Total short-term borrowings	1.674.140.080	1.309.615.878
Short-term portion of long-term borrowings	88.842.385	--
Total Short-Term Portion of Long-Term Borrowings	88.842.385	--
Long term bank borrowings	38.043.284	--
Long term lease liabilities	10.808.681	39.333.371
Total long-term borrowings	48.851.965	39.333.371
Total borrowings	1.811.834.430	1.348.949.249

Bank borrowings

As of 31 December 2024 and 31 December 2024 interest rate, nominal value, maturity and currency details of the borrowings are as follows:

31 December 2024						
Currency	Nominal interest rate %	Maturity	Short term	Short-term portion of long term borrowings	Long term	Nominal
TL loans	42,76-60,00	2025-2027	719.219.988	88.842.385	38.043.284	811.581.843
Total			719.219.988	88.842.385	38.043.284	811.581.843
31 December 2023						
Currency	Nominal interest rate %	Maturity	Short term	Short-term portion of long term borrowings	Long term	Nominal
TL loans	17,52-54,00	2024	597.650.255	--	--	572.946.040
Total			597.650.255	--	--	572.946.040

As of 31 December 2024, the Group has guarantees on bank borrowings amounting to TL 65.990.000 of which TL 17.990.000 is export commitment (31 December 2023: TL 15.196.609 export commitment). Foreign currency and interest rate risks and sensitivity analysis for the Group's financial assets and liabilities are disclosed in Note 24.

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4. Borrowings (continued)

Bank borrowings (continued)

Movement tables of borrowings for the periods ending on 31 December 2024 and 2023 are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	597.650.255	863.811.478
Additions	1.073.537.384	936.869.141
Interest accruals	33.101.590	31.586.377
Payments	(597.009.498)	(855.573.917)
Monetary gain/(loss)	(261.174.074)	(379.042.824)
Balance at 31 December	846.105.657	597.650.255

Bond Issues

The Group has issued following bonds listed in İstanbul Stock Exchange: floating rate 3-monthly coupon bonds amounting to TL 120.000.000 on 13 March 2024, floating rate 3-monthly coupon bonds amounting to TL 250.000.000 on 27 March 2024, floating rate 3-monthly coupon bonds amounting to TL 214.000.000 on 7 June 2024, floating rate 3-monthly coupon bonds amounting to TL 100.000.000 on 9 September 2024, totaling TL 684.000.000. The redemption dates of the financing bonds are 12 March 2025, 26 March 2025, 30 May 2025 and 8 September 2025 and the interest rates are TLREF + 4%, TLREF + 6%, TLREF + 4% and TLREF + 4%, respectively.

Movement tables of borrowings for the periods ending on 31 December 2024 and 2023 are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	612.596.664	638.202.086
Additions	1.014.676.159	978.332.557
Interest accruals	33.661.774	11.679
Payments	(692.424.653)	(734.940.570)
Monetary gain/(loss)	(254.482.140)	(269.009.088)
Balance at 31 December	714.027.804	612.596.664

Lease Liabilities

As of 31 December 2024, and 2023, the details of lease liabilities are as follows:

	31 December 2024	31 December 2023
Short term lease liabilities		
Short-term lease liabilities from other parties	20.892.288	19.960.694
- Lease liabilities	20.892.288	19.960.694
Long term lease liabilities		
Long-term lease liabilities from other parties	10.808.681	39.333.371
- Lease liabilities	10.808.681	39.333.371

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4. Borrowings (continued)

Lease Liabilities (continued)

As of 31 December 2024 and 31 December 2023, the details of the lease obligations are as follows:

	31 December 2024	31 December 2023
In a year	28.656.540	37.191.840
Minus : Future financial expenses	(7.764.252)	(17.231.146)
	20.892.288	19.960.694
Two years and over	12.011.400	49.489.000
Minus : Future financial expenses	(1.202.719)	(10.155.629)
Present value of lease liabilities	10.808.681	39.333.371

The Group's lease liabilities represent the present value of the vehicles, buildings and future liabilities that it has leased from third parties during the useful life of the asset. Lease liabilities are discounted using alternative borrowing interest rates, 47,50% for buildings and vehicles.

As of 31 December 2024 and 2023, the reconciliation of the Group's liabilities arising from lease transactions is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	59.294.065	11.798.085
Additions	33.268.227	81.742.677
Rent payments	(64.898.177)	(29.608.823)
Interest expense	19.651.588	14.447.018
Interest payments	(19.651.588)	(14.447.018)
Monetary gain/(loss)	4.036.854	(4.637.874)
Present value of lease liabilities	31.700.969	59.294.065

5. Trade Receivables and Payables

a) Trade Receivables

As of 31 December 2024 and 2023, the Group's trade receivables are as follows:

	31 December 2024	31 December 2023
Trade receivables	1.238.472.556	1.254.045.370
Checks received	278.377.212	294.600.458
Credit card receivables	2.348.919	4.498.256
Doubtful trade receivables	18.791.327	21.981.629
Provision for Impairment (-)	(18.791.327)	(21.981.629)
Total	1.519.198.687	1.553.144.084

The average maturity of the Group's trade receivables is 91 days (31 December 2023: 87 days). The average maturity calculation is based on the average number of days of collection calculated according to the maturity aging of the trade receivable balances at the end of the related period.

As of 31 December 2024, a provision amounting to TL 18.791.327 has been reserved for doubtful trade receivables of the Group (31 December 2023: TL 21.981.629).

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5. Trade Receivables and Payables (continued)

a) Trade receivables (continued)

The movement table regarding the provision for impairment for the years ended 31 December 2024 and 2023 is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	21.981.629	47.511.399
Provision during the period (*)	2.494.625	7.714.470
Doubtful receivables provision released	(652.601)	(7.217.773)
Monetary gain/(loss)	(5.032.326)	(26.026.467)
Balance at 31 December	18.791.327	21.981.629

(*) The Group reviews its receivables as of the balance sheet date; It allocates provision for doubtful receivables for trade receivables that are not in legal proceedings, but whose collection ability is in doubt and that it is foreseen to be uncollectible.

As of 31 December 2024, the Group has no long-term trade receivables from third parties (31 December 2023: TL 29.311.778).

The Group's exposure to credit and foreign currency risk related to trade receivables is disclosed in Note 24.

b) Trade Payables

As of 31 December 2024 and 31 December 2023, the Group's short-term trade payables are as follows:

	31 December 2024	31 December 2023
Trade payables	1.093.508.273	1.052.315.276
Expense accruals	8.445.285	5.423.028
Total	1.101.953.558	1.057.738.304

The Group's exposure to credit and currency risk related to trade payables is disclosed in Note 24.

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6. Other Receivables and Payables and Other Current Assets and Other Current Liabilities

a) Other Receivables

As of 31 December 2024 and 31 December 2023, the Group's other short-term receivables are as follows:

	31 December 2024	31 December 2023
Deposits and guarantees given	3.319.675	4.035.665
Other receivables	1.284.462	1.173.777
Total	4.604.137	5.209.442

b) Other Payables

As of 31 December 2024 and 31 December 2023, the Group's other payables are as follows

	31 December 2024	31 December 2023
Other payables	300.048	682.349
Total	300.048	682.349

c) Other current assets

As of 31 December 2024 and 31 December 2023, the other current assets of the Group are as follows:

	31 December 2024	31 December 2023
Deferred VAT	46.411.907	--
Work advances	8.441.881	550.996
Other	854.798	869.961
Total	55.708.586	1.420.957

d) Other short term liabilities

As of 31 December 2024 and 31 December 2023, the other short-term liabilities of the Group are as follows

	31 December 2024	31 December 2023
Taxes and funds payable	17.602.075	21.869.513
Total	17.602.075	21.869.513

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7. Inventories

As of 31 December 2024 and 31 December 2023, inventories of the Group are as follows:

	31 December 2024	31 December 2023
Finished goods	880.478.677	603.122.139
Other Inventories	838.378	571.092
Provision for inventory impairment (-)	(5.287.649)	(6.954.271)
Total	876.029.406	596.738.960

As of 31 December 2024, the insurance amount on the inventories is TL 903.069.730, and the carried amounts are under insurance. (31 December 2023: TL 544.747.870).

As of 31 December 2024 and 31 December 2023 movement of the provision for inventory impairment is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	(6.954.271)	(8.180.052)
Provisions during the year	--	--
Provisions reversed during the period	1.666.622	1.225.781
Balance at 31 December	(5.287.649)	(6.954.271)

8. Prepaid Expenses

Prepaid Expenses

As of 31 December 2024 and 31 December 2023, prepaid expenses of the Group are as follows:

	31 December 2024	31 December 2023
Short term		
Advances given (*)	63.472.047	163.476.176
Short term prepaid expenses	83.526.149	42.091.986
Total short term	146.998.196	205.568.162
Long term		
Long term prepaid expenses	--	1.707.644
Advances given (*)	118.745	171.443
Total long term	118.745	1.879.087

(*) Advances given at the end of the reporting year consist of prepayments made to suppliers.

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9. Property, Plant and Equipment

The movement table of property, plant and equipment for the year ended 31 December 2024 is as follows:

Cost value	Vehicles	Furniture and Fixtures	Leasehold improvements	Ongoing investments	Total
Balance at 1 January 2024	22.423.535	430.541.927	53.438.219	28.294.484	534.698.165
Additions	873.431	34.048.322	7.383.279	1.568.642	43.873.674
Disposals	(9.857.989)	(863.525)	--	--	(10.721.514)
Transfers	--	3.759.179	--	(7.646.957)	(3.887.778)
Closing balance as of 31 December 2024	13.438.977	467.485.903	60.821.498	22.216.169	563.962.547
Accumulated depreciation					
Balances at 1 January 2024	(13.799.693)	(238.457.354)	(50.085.767)	--	(302.342.814)
Current expenses	(3.281.503)	(47.076.296)	(1.728.188)	--	(52.085.987)
Disposals	6.671.749	723.032	--	--	7.394.781
Net book value as of 31 December 2024	(10.409.447)	(284.810.618)	(51.813.955)	--	(347.034.020)
Net book value as of 1 January 2024	8.623.842	192.084.573	3.352.452	28.294.485	232.355.351
Net book value as of 31 December 2024	3.029.530	182.675.285	9.007.543	22.216.169	216.928.527

For the year ended 31 December 2024, the total amounts of depreciation expenses recognized at cost of sales, marketing, selling and distribution expenses and general administrative expenses are TL 29.184.903, TL 984.451 and TL 21.916.633 respectively.

As of 31 December 2024, the amount of insurance coverage on tangible assets is TL 47.577.726 (31 December 2023: TL 48.474.744).

As of 31 December 2024, the Group does not have any mortgage on tangible assets (31 December 2023: None.).

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9. Property, Plant and Equipment *(continued)*

The movement table of property, plant and equipment for the year ended 31 December 2023 is as follows:

Cost value	Vehicles	Furniture and Fixtures	Leasehold improvements	Ongoing investments	Total
Balance at 1 January 2023	21.824.697	379.985.815	52.484.789	51.712.517	506.007.818
Additions	598.838	13.032.074	678.459	22.635.157	36.944.528
Disposals	--	--	--	(3.632.370)	(3.632.370)
Transfers (*)	--	25.475.204	--	(30.097.015)	(4.621.811)
Closing balance as of 31 December 2023	22.423.535	418.493.093	53.163.248	40.618.289	534.698.165
Accumulated depreciation					
Balance at 1 January 2023	(9.002.085)	(198.875.242)	(49.143.196)	--	(257.020.523)
Current expense	(4.797.608)	(39.582.112)	(942.571)	--	(45.322.291)
Disposals	--	--	--	--	--
Net book value as of 31 December 2023	(13.799.693)	(238.457.354)	(50.085.767)	--	(302.342.814)
Net book value as of 1 January 2023	12.822.610	181.110.572	3.341.594	51.712.517	248.987.294
Net book value as of 31 December 2023	8.623.842	180.035.739	3.077.481	40.618.289	232.355.351

(*) Transferred to intangible fixed assets.

For the year ended 31 December 2023, the total amounts of depreciation expenses recognized at cost of sales, marketing, selling and distribution expenses and general administrative expenses are TL 27.455.205, TL 1.439.282 and TL 16.427.804 respectively.

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10. Intangible Assets

The movement table of intangible assets for the year ended 31 December 2024 is as follows:

Cost value	Rights	Research and development expenses	Total
Balance at 1 January 2024	180.190.537	43.146.017	223.336.554
Additions	26.218.770	3.918.436	30.137.206
Transfers (*)	543.991	3.343.787	3.887.778
Closing balances as of 31 December 2024	206.953.298	50.408.240	257.361.538
Accumulated amortization			
Balance at 1 January 2024	(136.805.369)	(38.975.346)	(175.780.715)
Current expense	(12.254.234)	(2.003.408)	(14.257.642)
Closing balance as of 31 December 2024	(149.059.603)	(40.978.754)	(190.038.357)
Net book value as of 1 January 2024	43.385.168	4.170.671	47.555.839
Net book value as of 31 December 2024	57.893.695	9.429.486	67.323.181

The movement table of intangible assets for the year ended 31 December 2023 is as follows:

Cost value	Rights	Research and development expenses	Total
Balance at 1 January 2023	165.336.301	41.917.942	207.254.243
Additions	11.460.500	--	11.460.500
Transfers (*)	3.393.736	1.228.075	4.621.811
Closing balances as of 31 December 2023	180.190.537	43.146.017	223.336.554
Accumulated amortization			
Balance at 1 January 2023	(123.507.103)	(36.649.716)	(160.156.819)
Current expense	(13.298.266)	(2.325.630)	(15.623.896)
Closing balance as of 31 December 2023	(136.805.369)	(38.975.346)	(175.780.715)
Net book value as of 1 January 2023	41.829.198	5.268.226	47.097.425
Net book value as of 31 December 2023	43.385.168	4.170.671	47.555.839

(*) Transferred from construction in progress accounted under property, plant and equipment.

For the year ended 31 December 2024, the amount of amortization recognized in marketing, selling and distribution expenses and general administrative expenses is TL 4.277.293 ve TL 9.980.349 respectively (31 December 2023: TL 4.687.169 and TL 10.936.727).

The Group's main research and development expenses consist of costs related to the prototyping and design of products that have been or will be sold and the Group calculates the return on investment for each product developed and determines whether there is any impairment. As of 31 December 2023, there is no impairment (31 December 2023: None).

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11. Right of use assets

The movement table of right-of-use assets for the years ended 31 December 2024 and 2023 is as follows:

	Building	Vehicle	Total
Balance at 1 January 2024	9.035.468	71.057.781	80.093.249
Additions (Note: 4)	57.897.014	72.466.078	130.363.092
Accumulated Depreciation	(56.948.266)	(86.256.147)	(143.204.413)
Net book value as of 31 December 2024	9.984.216	57.267.712	67.251.928
	Building	Vehicle	Total
Balance at 1 January 2023	23.841.052	48.604.270	72.445.322
Additions (Note: 4)	6.619.270	88.538.246	95.157.516
Accumulated Depreciation	(21.424.854)	(66.084.735)	(87.509.589)
Net book value as of 31 December 2023	9.035.468	71.057.781	80.093.249

For the year ended 31 December 2023, the amount of amortization recognized in marketing, selling and distribution expenses and general administrative expenses is TL 40.096.888 and TL15.598.986, respectively (31 December 2023: TL 11.138.949 and TL 25.983.580 As of 31 December 2024 and 2023, the Group has no obligations to fulfill from loan and financial leasing agreements.

12. Provisions, Contingent Assets and Liabilities

a) Provisions

As of 31 December 2024 and 31 December 2023, long and short term provisions are as follows:

	31 December 2024	31 December 2023
Warranty provision	13.372.782	12.754.302
Sales premium provision	797.521	2.855.373
Other	--	577.515
Total Short-term provisions	14.170.303	16.187.190
Warranty provision	11.572.724	10.735.373
Total Long-Term Provisions	11.572.724	10.735.373
Total	25.743.027	26.922.563

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12. Provisions, Contingent Assets and Liabilities (continued)

a) Provisions (continued)

Warranty Provision

As of 31 December 2024 and 2023, movement of warranty provision is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	23.489.675	27.954.401
Provisions made during the year	40.362.321	43.838.140
Used during the year	(30.403.772)	(35.496.329)
Monetary gain/ (loss)	(8.502.718)	(12.806.537)
Balance at 31 December	24.945.506	23.489.675

Sales Premium Provision

As of 31 December 2024 and 2023, movement of sales premium provision is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	2.855.373	3.550.631
Provisions made during the year	915.414	3.650.830
Used during the year	(2.855.373)	(3.550.631)
Monetary gain/ (loss)	(117.893)	(795.457)
Balance at 31 December	797.521	2.855.373

b) Collateral / pledges / mortgages ("TRİ")

Collaterals pledges and mortgages ("CPM") given by the Group as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024		31 December 2023	
	Original Balances		Original Balances	
	Total TL	TL	Total TL	TL
A. CPM's given in the behalf of own company (*)	76.105.128	76.105.128	16.094.589	16.094.589
B. CPM's given on behalf of the fully consolidated subsidiaries	--	--	--	--
C. CPM's given on behalf of third parties or ordinary course of business	--	--	--	--
D. Total amount of other CPM's given	--	--	--	--
i. Total amount of CPM's given on behalf of the parent	--	--	--	--
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	--	--	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--	--	--
Total CPM	76.105.128	76.105.128	16.094.589	16.094.589

The ratio of other CPM's given by the Group to the Group's equity is 0% as of 31 December 2024 (31 December 2023: 0%). The guarantees given are letters of guarantee given to the suppliers in return for the commissions paid by the Company and to Eximbank for the loans used by the Company.

(*)As of 31 December 2024, the Group does not have customer checks given as collateral (31 December 2023: None). The guarantees given for the loans are disclosed in Note 4.

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12. Provisions, Contingent Assets and Liabilities *(continued)*

c) Guarantees / pledges / mortgages received ("GPM")

As of 31 December 2024 and 31 December 2023, the Group's GPM's are as follows:

Type	31 December 2024	31 December 2023
Receivables insurance	841.564.638	776.661.763
DBS / DTS	143.165.882	176.607.760
Letters of guarantee	136.784.703	175.945.177
Mortgage	26.355.613	47.329.611
Exim Bank	8.697.177	13.279.874
Total	1.156.568.013	1.189.824.185

d) Letters of credit

The Group has no letters of credit as of 31 December 2024 and 31 December 2023.

13. Employee Benefits

a) Liabilities for employee benefits

As of 31 December 2024 and 31 December 2023, liabilities for employee benefits are as follows:

	31 December 2024	31 December 2023
Social security premium payables	4.411.772	4.194.989
Due to personnel	--	75.953
Total	4.411.772	4.270.942

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13. Employee Benefits (continued)

b) Provision for employee benefit

As of 31 December 2024 and 31 December 2023, provisions for employee benefits are as follows:

	31 December 2024	31 December 2023
Short-term		
Bonus provision	7.673.068	6.678.056
Unused vacation provision	--	28.955.210
Total short-term provisions	7.673.068	35.633.266
Long term		
Provision for severance pay	13.738.094	16.122.851
Total long-term provisions	13.738.094	16.122.851
Total	21.411.162	51.756.117

The movement of the provision for severance pay for the years ended 31 December 2024 and 2023 is as follows:

	1 January – 31 December 2024	1 January – 1 December 2023
Provision as of 1 January	16.122.851	21.189.653
Service cost	6.794.143	6.049.854
Interest cost	2.979.598	1.780.081
Paid severance pays	(8.276.662)	(13.144.332)
Actuarial difference	1.454.026	9.486.334
Monetary gain/ (loss)	(5.335.862)	(9.238.739)
Provision at the end of the year	13.738.094	16.122.851

Within the framework of the laws in Turkey, those who have completed their one-year service period in the Group and its subsidiaries and joint agreements in Turkey and whose employment is terminated without any valid reason, who are called up for military service, who pass away, 25 years for men and 20 years for women. Employees who have completed their service period and have reached retirement age (58 for women, 60 for men) must be paid severance pay. There are certain transitional obligations regarding the length of service due to retirement, as the legislation changed as of 8 September 1999.

Statistical valuation methods have been developed to estimate the Group's liabilities arising from certain benefit plans. The following statistical assumptions were used in calculating the total liability:

	2024	2023
	%	%
Discount rate	2,00	2,00
Interest rate	27,0	29,5
Inflation rate	23,3	27

The provision for severance pay was calculated based on the severance pay ceiling announced by the Government. As of 31 December 2024, the severance pay ceiling amounted to TL 41.828,42 (shown in full TL amount) (as of 31 December 2023 23.489,83 (shown with full TL amount)).

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13. Employee Benefits *(continued)*

b) Provision for employee benefit *(continued)*

Bonus Provision

The movement of the bonus provision for the years ended 31 December 2024 and 2023 is as follows:

	1 January – 31 December 2024	1 January – 1 December 2023
Balance at 1 January	28.955.210	38.393.994
Provision made during the year	--	37.021.627
Provision paid during the year	(28.955.210)	(38.393.994)
Monetary gain/ (loss)	--	(8.066.417)
Balance at 31 December	--	28.955.210

Unused vacation provision

The movement of the unused vacation provision for the years ended 31 December 2024 and 2023 is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Balance at 1 January	6.678.056	7.053.074
Current provisions expense / (reversal), net	3.498.218	3.065.496
Monetary gain/ (loss)	(2.503.206)	(3.440.514)
Balance at 31 December	7.673.068	6.678.056

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14. Share Capital

a) Capital

As of 31 December 2024 and 2023, the Company's paid-in capital structure is as follows:

Shareholders	Group	31 December 2024		31 December 2023		
		Share Amount	%	Share Amount	%	
Talip Murat Kolbaşı	A	3.449.692	10,71	A	3.449.692	10,71
Ali Osman Kolbaşı	A	3.066.392	9,52	A	3.066.392	9,52
Yasemin Rezan Kolbaşı	A	2.710.472	8,42	A	2.710.472	8,42
Zeynep Figen Peker	A	2.710.472	8,42	A	2.710.472	8,42
Aliye Kolbaşı	A	1.971.250	6,12	A	1.971.250	6,12
Rengin Yağan	A	1.259.411	3,91	A	1.259.411	3,91
Filiz Kolbaşı	A	314.852	0,98	A	314.852	0,98
Bora Kolbaşı	A	314.853	0,98	A	314.853	0,98
İbrahim Buğra Kolbaşı	A	314.853	0,98	A	314.853	0,98
Kayra Kolbaşı	A	314.853	0,98	A	314.853	0,98
Stock Exchange Listed (*)	B	15.782.900	49,00	B	15.782.900	49,00
Paid-in capital		32.210.000			32.210.000	
Capital adjustment positive differences		579.048.858			579.048.858	

(*) The Company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa Istanbul A.Ş. ("BIST") as of 2020. %1,49 of shares among the remaining Group B shares which were not traded on the BIST, were registered as of 6 July 2021 and have become tradable on the BIST. As of 6 July 2021, 51% of the shares are non-public shares and 49% are publicly held shares. As of the same date, the shareholders holding the Company's shares and their share ratios are as above.

As of 31 December 2024, the official and nominal capital of the Company is 32.210.000 TL (31 December 2023: 32.210.000 TL). This capital is divided into 32,210,000 registered shares, each with a nominal value of 1 TL (31 December 2023: 32,210,000). The shares consist of 16,427,100 Group A shares and 15,782,900 Group B shares.

As of December 31, 2023, the Company's capital adjustment difference is TL 579.048.858 (31 December 2023: TL 579.048.858).

Within the scope of the Company's Articles of Association, half of the members of the Board of Directors will be elected from among the candidates determined by the majority of votes among the A Group shareholders, in the Board of Directors, which will consist of at least five people. The number of members of the Board of Directors to be elected among the candidates to be determined by the majority of the votes of the Group A shareholders can never exceed half of the total number of the members of the Board of Directors. If the total number of members of the Board of Directors is odd and therefore half of them is fractional, the number of Board members to be appointed by Group A shareholders is rounded down, the said shares do not have voting privileges.

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14. Share Capital (Continued)

b) Shares Premium

In the extraordinary general assembly meeting held on 14 April 2008, the sale of Company shares worth TL 100.859.407 to Turkish Household Appliances was approved. Turkish Household Appliances. TL 210.626.862 was paid for the shares sold and TL 135.096.233 of this was recorded as share premium.

In the extraordinary general assembly meeting held on March 2009, the sale of Company shares worth TL 41.413.679 to Turkish Household was approved. For the shares sold by Turkish Household, TL 264.300.676 was paid and TL 135.096.233 of this was recorded as share premium.

c) Legal Reserves

The statutory legal reserves consist of first and second reserves, appropriated in accordance with TCC. TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the entity's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital As of 31 December 2023, the Group's legal reserves included in the restricted reserves account allocated from profit is TL 80.270.095 (31 December 2023: TL 53.914.526).

d) Foreign Currency Translation Reserves

Foreign currency conversion differences consist of the differences arising from the conversion of the financial statements of Arzum Asia Pacific, whose functional currency is the US dollar, and Arzum Europe, whose functional currency is the Euro, into TL, which is the reporting currency. As of 31 December 2023, the Group's total foreign currency translation differences is TL 38.176.238 (31 December 2023: TL 30.910.034).

e) Retained Earnings

The Group has accumulated previous year's losses amounting to TL 321.691.005 TL as of 31 December 2023 (31 December 2023: TL 398.182.435 accumulated losses).

f) Additional Information on Capital, Reserves and Other Equity Items

The historical values and inflation adjustment effects of the following accounts under the Group's equity are as follows as of 31 December 2024 in accordance with TFRS and VUK financial statements:

31 December 2024 (IFRS)	Historical Value	Inflation Adjustment	
		Effect	Indexed Value
Capital	32.210.000	579.048.858	611.258.858
Share Premium	18.635.298	287.247.059	305.882.357
Legal Reserves	11.475.401	68.794.694	80.270.095

31 December 2024 (VUK)	Historical Value	Inflation Adjustment	
		Effect	Indexed Value
Capital	32.210.000	795.882.447	828.092.447
Share Premium	18.635.298	419.468.111	438.103.409
Legal Reserves	10.136.451	95.188.144	105.324.595

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15. Revenue and Cost of Sales

For the years ended 31 December 2024 and 2023, revenue and cost of sales is as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Domestic modern channel sales	7.517.201.424	7.246.104.410
Domestic traditional channel sales	2.932.643.328	2.687.421.054
Domestic other sales	171.824.349	140.521.206
Foreign sales	435.560.139	482.705.104
Gross sales	11.057.229.240	10.556.751.774
Sales returns	(154.886.873)	(96.918.589)
Sales discounts	(5.356.749.515)	(5.131.632.256)
Net sales	5.545.592.852	5.328.200.929
Cost of goods sold (-)	(3.792.000.049)	(3.578.021.529)
Warranty expenses	(56.745.006)	(57.613.914)
Depreciation expenses and amortization	(29.184.903)	(24.969.533)
Cost of sales (-)	(3.877.929.958)	(3.660.604.976)
Gross profit	1.667.662.894	1.667.595.953

(*) It consists of spare parts sales and service revenues within the scope of the Group's after-sales service operations.

The Group sells small household appliances in six product categories: food preparation, cooking and frying, beverage preparation, house cleaning, personal care and iron.

The distribution of group sales by geographical regions is as follows:

Revenue	1 January – 31 December 2024	1 January – 31 December 2023
Turkiye	5.136.105.332	4.845.495.825
Egypt	68.539.202	38.616.408
Germany	47.225.182	62.831.851
Kuwait	47.016.221	65.862.657
Other	246.706.915	315.394.188
Net sales	5.545.592.852	5.328.200.929

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16. Operational Expenses

Marketing, Sales and Distribution Expenses

For the years ended 31 December 2024 and 2023, marketing, sales and distribution expenses is as follow:

	1 January - 31 December 2024	1 January - 31 December 2023
Advertising and marketing expenses	351.664.383	285.069.012
Personnel expenses	173.591.782	179.268.284
Distribution expenses	103.285.704	113.751.218
Storage expenses	85.459.205	58.370.160
Depreciation expenses and amortization	45.358.632	17.265.401
Exhibition and fair expenses	36.583.986	81.063.001
Freight expenses	11.661.660	1.866.880
Travel expenses	8.912.458	18.722.721
Communication expenses	8.178.037	6.128.898
Motor vehicle expenses	6.485.069	6.402.146
Market research expenses	6.065.625	2.978.491
Outsourcing expenses	2.567.905	12.971.265
Insurance Expenses	1.761.045	1.516.782
Other	6.005.306	26.554.120
Total	847.580.797	811.928.379

General Administrative Expenses

For the years ended 31 December 2024 and 2023, general administrative expenses are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expenses	200.922.508	195.627.989
Software expenses	50.556.677	28.758.456
Depreciation expenses and amortization	47.495.968	55.833.783
Consulting expenses	37.595.118	30.381.461
Insurance expenses	11.632.588	7.076.987
Office expenses	8.286.789	19.060.153
Taxes, fees and charges	6.785.695	4.770.623
Travel expenses	5.727.855	6.938.689
Motor vehicle expenses	4.549.605	2.518.958
Repair and Maintenance Expenses	3.689.802	4.062.394
Communication expenses	1.528.718	799.544
Other	14.527.757	23.285.251
Total	393.299.080	379.114.288

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17. Expenses by nature

For the years ended 31 December 2024 and 2023, expenses by natures is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Cost of goods sold	3.792.000.049	3.578.021.529
Personnel expenses	374.514.290	374.896.273
Advertising and marketing expenses	351.664.383	285.069.012
Depreciation expenses and amortization	122.039.503	98.068.717
Distribution expenses	103.285.704	113.751.218
Storage expenses	85.459.205	58.370.160
Warranty expenses	56.745.006	57.613.914
Software expenses	50.556.677	28.758.456
Consulting expenses	37.595.118	30.381.461
Exhibition and fair expenses	36.583.986	81.063.001
Travel expenses	14.640.313	25.661.410
Insurance expenses	13.393.633	8.593.769
Freight expenses	11.661.660	1.866.880
Motor vehicle expenses	11.034.674	8.921.104
Communication expenses	9.706.755	6.928.442
Office expenses	8.286.789	19.060.153
Taxes, fees and charges	6.785.695	4.770.623
Market research expenses	6.065.625	2.978.491
Repair and maintenance expenses	3.689.802	4.062.394
Outsourcing expenses	2.567.905	12.971.265
Other	20.533.063	49.839.371
Total	5.118.809.835	4.851.647.643

Fees for Services Received from Independent Auditor/Independent Audit Firms

Information regarding the fees for the services received from the independent audit firms, in accordance with the letter of POA dated 19 August 2021 that was prepared considering the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	1 J January - 31 December 2024	1 January - 31 December 2023
Independent audit fee for the reporting period (*)	2.926.299	2.779.315
Tax advisory service	876.199	626.748
Other assurance services	67.091	201.676
Total	3.869.589	3.607.739

(*) The fees above have been determined through including the independent audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries have been converted into TL using the annual average rates of the relevant years.

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18. Income /Expenses from Operating Activities

For the years ended 31 December 2024 and 2023, other income from operating activities is as follows:

Other income from operating activities	1 January – 31 December 2024	1 January – 31 December 2023
Foreign exchange gains, net	38.535.059	56.648.679
Deferred finance income	15.163.496	54.619.601
Provisions no longer required	739.870	11.856.139
Other	15.396.634	13.685.050
Total	69.835.059	136.809.469

For the years ended 31 December 2024 and 2023, other expenses from operating activities is as follows:

Other expense from operating activities	1 January – 31 December 2024	1 January – 31 December 2023
Deferred finance expenses	115.967.223	115.138.992
Other	6.595.437	18.213.290
Total	122.562.660	133.352.282

19. Financial Income and Expenses

Financial Income and expenses for 31 December 2024 and 2023 periods are as follow:

Financial Income	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	53.925.714	51.685.681
Gains on derivative instruments	--	28.050.048
Foreign exchange gains, net	--	25.676.789
Total	53.925.714	105.412.518

For the years ended 31 December 2024 and 2023, financial income and expenses is as follows:

Financial Expense	1 January - 31 December 2024	1 January - 31 December 2023
Bond interest expense	438.853.543	193.685.377
Loan interest expenses	343.396.936	155.783.023
Bank commission and pos expenses	247.375.275	152.340.107
Derivative expense, net	34.390.378	--
Interest expenses on leasing transactions	19.651.588	14.447.018
Foreign Exchange Expense, net	2.979.598	--
Severance interest expense	22.161.396	1.780.081
Total	1.108.808.714	518.035.606

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20. Explanations Regarding Net Monetary Position Gains/(Losses)

Non-monetary items	31 December 2024
Statement of financial position items	(49.959.367)
Inventories	51.194.155
Prepaid expenses	14.347.642
Investments accounted for using the equity method, financial investments, subsidiaries	4.846.223
Property, plant, and equipment	44.461.989
Intangible assets	13.848.196
Investment property	218.841
Right of use assets	22.933.331
Capital	(14.294.403)
Adjustment to share capital	(173.592.756)
Share premium	(94.021.324)
Other accumulated comprehensive income and expense not to be reclassified to profit or loss	8.961.378
Other accumulated comprehensive income and expense to be reclassified to profit or loss	(2.685.231)
Restricted reserves	(24.673.213)
Retained earnings	98.495.805
Profit or Loss Statement Items	287.854.073
Revenue	(625.323.143)
Cost of Sales	591.551.218
Research and development expenses	3.025.795
Marketing expenses	106.700.885
General and administrative expenses	90.254.306
Other income/expenses from operating activities	690.041
Finance income/expenses	105.931.367
Tax expense for the period	(7.969.210)
Deferred tax expense	22.992.814
Net Monetary Position Gains/(Losses)	237.894.706

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21. Taxation

Tax Expense

For the years ended 31 December 2024 and 2023, tax expense is as follows:

Tax expense	1 January – 31 December 2024	1 January – 31 December 2023
Corporate tax expense	25.901.162	(102.825.731)
Deferred tax income / (expense)	17.067.586	44.225.522
Total	42.968.748	(58.600.209)

Tax Payable

As of 31 December 2024 and 31 December 2023, current tax asset /liability are as follows:

Current tax asset / (liability)	31 December 2024	31 December 2023
Corporate tax provision	--	112.147.678
Prepaid taxes (-)	(72.008.543)	(130.734.292)
Corporate tax provision / (assets related to current tax)	(72.008.543)	(18.586.614)

Corporate tax

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared by the evening of the last day of the fourth month following the end of the relevant accounting period and is paid in a single installment until the end of the relevant month. Institutions are required to calculate provisional tax at the current rate based on their financial profits realized quarterly, declare it by the 17th day of the second month following the period, and pay it by the evening of the 17th day. Provisional taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If the provisional tax amount remains despite the offset, this amount can be refunded in cash or offset against other financial debts.

In Turkey, the general rate of corporate tax applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial profits of the institutions and deducting the exemptions in the tax laws was applied as 20% as of December 31, 2022. However, the "Law on the Creation of Additional Motor Vehicle Tax and Amendments to Certain Laws and the Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette No. 32249 dated July 15, 2023 In accordance with Article 21, with the amendments made to Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate; Starting from the declarations that must be submitted as of October 1, 2023, the general rate applied to corporate tax has been increased from 20% to 25%. Therefore, the Company and its subsidiaries located in Turkey used a 25% tax rate in the current tax calculation for 2024.

Within the scope of this change, the tax rate used in deferred tax calculation as of 31 December 2024 is 25%.. (31 December 2023: %25).

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21. Taxation (continued)

Corporate tax (continued)

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law No. 213 with the Law No. 7352 "Law Amending the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette No. 31734 dated 29 January 2022:

- Regardless of whether the conditions regarding the inflation adjustment within the scope of Article 298, including the provisional tax periods, are met or not, the duplicate financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods and the provisional tax periods of the 2023 accounting period,
- 31 December 2023 dated financial statements will be subject to inflation adjustment with no effect on the corporate tax base, is provided for.

In accordance with the Tax Procedure Law General Communiqué No. 555 published in the 2nd bis Official Gazette dated 30 December 2023 and numbered 32415 and the 298th bis article of the Tax Procedural Law No. 213, the financial statements of enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. It is essential to keep it. These inflation-adjusted financial statements will constitute an opening balance sheet basis in the tax returns to be prepared as of 1 January 2024, and inflation effects will not be taken into account in the period tax calculation for 2023.

As of 31 December 2023, the Hong Kong corporate tax rate is %8,25 (31 December 2023: %8,25)

As of 31 December 2023, the German corporate tax rate is %30 (31 December 2023: %30).

Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the financial statements is calculated separately on a company basis.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period for a period not exceeding 5 years. Declarations and relevant accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies' resident in Turkey to those other than those who are not liable for corporate tax and income tax and those who are exempt, and to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey are subject to 10% income tax.

Dividend payments made from joint stock companies' resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

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21. Taxation (continued)

Corporate tax (continued)

Dividend earnings obtained by institutions from participating in the capital of another institution subject to full liability are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares that have been in the assets of the institutions for at least two full years, as well as the founding shares, usufruct shares and priority rights of the real estate (immovable properties) they have owned for the same period, are exempt from corporate tax. However, with the amendment made by Law No. 7061, this rate was reduced from 75% to 50% for real estate, and this rate is used as 50% in tax returns to be prepared as of 2018. Additionally, with the amendment, as of July 15, 2023; The 50% tax exemption foreseen for real estate sales profits in Law No. 5520 has been abolished. However, this exception will be applied as 25% on the sales of real estate in the assets of businesses before July 15, 2023.

In order to benefit from the exemption, the earnings in question must be kept in a passive fund account and must not be withdrawn from the business for 5 years. The sales price must be collected by the end of the second calendar year following the year in which the sale was made.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the month in which the accounting period closes. Authorities authorized for tax inspection may examine tax returns and the accounting records underlying them during the five years following the accounting period and make re-assessments as a result of their findings.

There is a withholding tax obligation on dividend distributions, and this withholding tax obligation is declared in the period when the dividend is paid in cash or on account. Dividend payments other than those made to non-resident taxpayer institutions that generate income through a workplace or permanent representative in Turkey and institutions resident in Turkey were subject to 15% withholding tax until 22 December 2021. However, in accordance with the Presidential Decree No. 4936, which came into force after being published in the Official Gazette No. 31697 dated 22 December 2021, the dividend withholding tax rate, which was 15% according to the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, was reduced to 10%. In the application of withholding tax rates regarding profit distributions made to non-resident taxpayer institutions and natural persons, the withholding tax rates included in the relevant Double Taxation Avoidance Agreements are also taken into consideration. Addition of retained earnings to capital is not considered profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulations

The transfer pricing law is covered under Article 13 "disguised profit distribution via transfer pricing" of the Corporate Tax Law. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

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21. Taxation (continued)

Deferred tax

The Group calculates deferred tax assets and liabilities for temporary timing differences arising from differences between the legal consolidated financial statements prepared for tax purposes and the consolidated financial statements prepared for reporting purposes. The aforementioned differences are generally due to the fact that some income and expense items are included in taxable consolidated financial statements and consolidated financial statements prepared in accordance with TAS / TFRS in different years, and these differences are specified below.

Since the tax rate used in the calculation of the Company's deferred tax assets and liabilities will be applied by reducing two points from the tax rate valid for 5 years as of 1 January 2021, temporary differences expected to be realized or closed by 31 December 2025 will not be included in the deferred tax calculation as of 31 December 2023. The tax rate was used by deducting two points for the tax rate. The rate in question will be valid for the years 2023, 2024 and 2025.

The breakdown of the accumulated temporary differences and deferred tax assets and liabilities that are subject to deferred tax as of 31 December 2024 and 2023, using the applicable tax rates, is as follows:

Deferred tax assets / liabilities	Cumulative temporary differences		Deferred tax	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Trade and Other Receivables	(396.450.997)	(340.362.752)	91.183.729	78.283.432
Employee Benefits	(21.411.162)	(54.611.488)	4.924.568	12.560.642
Guarantee Provisions	(24.945.506)	(23.489.674)	5.737.466	5.402.625
Tax Losses Carried Forward	(228.492.198)	(11.491.072)	52.730.753	3.447.322
Provision for Impairment	(703.438)	(6.422.360)	161.791	1.477.144
Inventories	111.646.795	11.961.975	(25.678.763)	(2.751.253)
Derivative Instruments	--	34.582	--	(7.954)
Right of Use Assets and Liabilities, net	35.550.959	20.799.183	(8.176.721)	(4.783.812)
Property, Plant and Equipment and Intangible Assets	32.376.351	38.231.170	(7.446.561)	(8.793.169)
Borrowings	(1.581.234)	636.591	363.683	(146.416)
Trade Payables and Other Liabilities	46.722.016	45.563.804	(10.746.064)	(10.479.675)
Other Assets and Liabilities, net	47.355.422	(2.583.942)	(10.891.746)	594.304
Deferred tax asset, net	(399.932.992)	(321.733.983)	92.162.135	74.803.190

As of 31 December 2024, and 31 December 2023, the details of tax losses carried forward subject to deferred tax are as follows:

Year of formation	Amortization Date	Cumulative temporary differences		Deferred tax	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
2019	2024	--	(3.045.657)	--	913.697
2020	2025	--	(1.135.909)	--	340.773
2021	2026	(455.083)	(1.675.942)	136.525	502.783
2022	2027	(2.081.308)	(5.633.564)	624.392	1.690.069
2023	2028	--	--	--	--
2024	2029	(225.955.807)	--	51.969.836	--
Total		(228.492.198)	(11.491.072)	52.730.753	3.447.322

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21. Taxation (continued)

Deferred tax (continued)

The movement table of deferred tax assets/ (liabilities) for the years ended 31 December 2024 and 2023 is as follows:

	1 January –31 December 2024	1 January –31 December 2023
Balance at 1 January	74.803.190	29.242.179
Deferred tax recognized in profit	17.067.586	44.225.522
Deferred tax recognized in other comprehensive income	291.359	1.335.489
Balance at 31 December	92.162.135	74.803.190

The movement table of tax expense for the years ended 31 December 2024 and 2023 is as follows:

	1 January - 31 December 2024	%	1 January - 31 December 2023	%
Profit before taxation	(442.932.878)		135.091.639	
Tax expense calculated with the income tax rate	101.874.562	(23,00)	(31.071.077)	(23,00)
Differences due to corporate tax rate deduction	(379.581)	0,09	561.989	0,42
Non-deductible expenses	(20.197.843)	4,56	(39.424.051)	(29,18)
Income exempts from tax	2.824.280	(0,64)	5.669.750	4,20
Effect of revaluation	(36.101.230)	8,15	3.157.040	2,34
implementation of a 5% tax discount	--	--	6.721.919	4,98
Effect of prior period adjustments	17.957.257	(4,05)	--	--
Temporary differences which no deferred tax recognized	(1.592.029)	0,36	--	--
Other	(6.393.064)	1,44	(646.825)	(0,48)
Monetary gain/ (loss)	(15.023.604)	3,39	(3.568.954)	(2,64)
Current Period Tax Expense	42.968.748	(9,70)	(58.600.209)	(43,38)

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22. Earnings Per Share

The weighted average number of Group shares and earnings per unit for the years ending 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Profit per share		
Average number of common shares available during the year (exact value)	32.210.000	32.210.000
Total	32.210.000	32.210.000
Term profit	(399.964.130)	76.491.430
Loss/ (Gain) per ordinary share (1 TL nominal equivalent)	(12,4174)	2,3748

23. Related Party Disclosures

a) Related parties balances

As of 31 December 2024 and 31 December 2023, the Group has no trade payables or receivables to related parties.

b) Related party transactions

As of 31 December 2024 and 2023, the Group does not have any goods and service purchases or sales with related parties.

c) Benefits provided to senior managers

The senior management team of the Group consists of the members of the Board of Directors and the members of the Executive Board. Benefits provided to senior executives include wages, severance pay, premiums, private pension, health insurance, life insurance payments, etc. consists of payments made within the scope of other expenses, severance pay and other provisions.

The benefits provided to senior managers for the years ended 31 December 2024 and 2023 are as follows:

	1 January –31 December 2024	1 January –31 December 2023
Fees and other benefits	49.461.010	66.196.118
Total	49.461.010	66.196.118

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24. Natural and Level of Risk Arising from Financial Instruments

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way. The Group's funding structure consists of debts including loans disclosed in Note 4, and equity items including issued capital, reserves and retained earnings, respectively. As of 31 December 2024 and 31 December 2023, the net debt/equity ratio is as follows:

	31 December 2024	31 December 2023
Total borrowings	1.811.834.430	1.348.949.249
Minus: Cash and cash equivalents	(148.399.832)	(342.803.195)
Net liability	1.663.434.598	1.006.146.054
Total equity	284.224.639	678.085.232
Total capital	32.210.000	32.210.000
Liability / equity	5,8525	1,3667

Financial risk factors

The Group is exposed to market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk due to its activities. The Group's risk management program generally focuses on minimizing the potential adverse effects of uncertainty in financial markets on the Group's financial performance.

Credit risk management

The risk of financial loss to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations is defined as credit risk. The Group seeks to mitigate credit risk by conducting transactions only with creditworthy parties and, where possible, obtaining adequate collateral. The Group's exposure to credit risks is continuously monitored. Credit risk is controlled by the insurance policy for customers and limits that are reviewed and approved by Group management.

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24. Natural and Level of Risk Arising from Financial Instruments (continued)

Credit risk

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

	Receivables				Cash and cash equivalents ⁽³⁾
	Trade receivables		Other receivables		
	Related party	Other Party	Related party	Other Party ⁽²⁾	
31 December 2024					
Maximum credit risk exposed as of the end of the reporting year (1)	--	1.519.198.687	--	--	148.399.832
- The part of the maximum risk under guarantee with collateral etc. (4)	--	1.156.568.013	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	--	1.335.820.489	--	--	148.399.832
B. The book value of financial assets whose conditions have been renegotiated, otherwise deemed overdue or impaired	--	--	--	--	--
Net book value of assets that are overdue but not impaired	--	183.378.198	--	--	--
- the part secured with security, etc.	--	158.331.292	--	--	--
D. Net book values of impaired assets	--	--	--	--	--
Overdue (gross book value)	--	18.791.327	--	--	--
- Impairment (-)	--	(18.791.327)	--	--	--
- The part of the net value that is secured with security, etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- The part of the net value that is secured with security, etc.	--	--	--	--	--
E. Elements containing credit risk outside the statement of financial position	--	--	--	--	--

	Receivables				Cash and cash equivalents ⁽³⁾
	Trade receivables		Other receivables		
	Related party	Other Party	Related party	Other Party ⁽²⁾	
31 December 2023					
Maximum credit risk exposed as of the end of the reporting year (1)	--	1.582.455.862	--	--	342.803.195
- The part of the maximum risk under guarantee with collateral etc. (4)	--	1.189.824.185	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	--	1.501.467.979	--	--	342.803.195
B. The book value of financial assets whose conditions have been renegotiated, otherwise deemed overdue or impaired	--	--	--	--	--
Net book value of assets that are overdue but not impaired	--	80.987.883	--	--	--
- the part secured with security, etc.	--	64.063.082	--	--	--
D. Net book values of impaired assets	--	--	--	--	--
Overdue (gross book value)	--	21.981.629	--	--	--
- Impairment (-)	--	(21.981.629)	--	--	--
- The part of the net value that is secured with security, etc.	--	--	--	--	--
- Not overdue (gross book value)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- The part of the net value that is secured with security, etc.	--	--	--	--	--
E. Elements containing credit risk outside the statement of financial position	--	--	--	--	--

(1) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account.

(2) Does not include VAT amounts and deposits and guarantees given.

(3) Does not include cash amounts in the safe.

(4) Letters of guarantee consist of mortgage, coface, DBS / DTS and Eximbank balances (Note 12 c).

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24. Natural and Level of Risk Arising from Financial Instruments *(continued)*

Credit risk *(continued)*

Disclosures on the credit quality of financial assets

As of 31 December 2024, and 31 December 31 2023, cash and cash equivalents included in financial assets that are neither past due nor impaired are mostly held by banks with high credit ratings, and trade receivables include customers / related parties with whom we have been working for a long time and have not experienced any significant collection problems.

The aging of the overdue but not impaired receivables is as follows:

31 December 2024	Trade receivables	Other receivables	Total
Past due 1-30 days	74.268.421	--	74.268.421
Past due 1-3 months	107.377.177	--	107.377.177
Past due 3-12 months	1.732.600	--	1.732.600
Past due 1-5 years	--	--	--
Total overdue receivables	183.378.198	--	183.378.198
The part under guarantee with collateral etc.	158.331.292	--	158.331.292

31 December 2023	Trade receivables	Other receivables	Total
Past due 1-30 days	65.020.734	--	65.020.734
Past due 1-3 months	13.840.560	--	13.840.560
Past due 3-12 months	2.126.590	--	2.126.590
Past due 1-5 years	--	--	--
Total overdue receivables	80.987.883	--	80.987.883
The part under guarantee with collateral etc.	64.063.082	--	64.063.082

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24. Natural and Level of Risk Arising from Financial Instruments (continued)

Liquidity risk management

The main responsibility for liquidity risk management rests with senior management. The Group manages liquidity risk by maintaining adequate funds and borrowing reserves by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below shows the maturity distribution of the Group's financial liabilities. Non-derivative financial liabilities are prepared without discount and based on the earliest payment dates. The interests to be paid on these liabilities are included in the table below.

Terms according to the contract as at 31 December 2024	Registered value	Cash as per contract sum of outputs (I + II + III)	Less than 6 months (I)	6 to 12 months (II)	More than 1 year (III)
Derivative and non-derivative financial instruments					
Financial borrowings	1.780.133.461	2.133.785.301	973.600.189	903.756.004	256.429.108
Financial lease payables	31.700.969	40.667.940	14.328.270	14.328.270	12.011.400
Trade and other payables	1.102.253.606	1.148.975.622	1.148.975.622	--	--
Derivative instruments	--	--	--	--	--
Total financial liabilities	2.914.088.036	3.323.428.863	2.136.904.081	918.084.274	268.440.508
Terms according to the contract as at 31 December 2023	Registered value	Cash as per contract sum of outputs (I + II + III)	Less than 6 months (I)	6 to 12 months (II)	More than 1 year (III)
Derivative and non-derivative financial instruments					
Financial borrowings	1.210.246.919	1.350.614.089	895.779.880	454.834.209	--
Financial lease payables	59.294.065	86.680.839	18.595.919	18.595.919	49.489.000
Trade and other payables	1.137.828.918	1.183.392.721	1.183.392.721	--	--
Derivative instruments	(34.582)	553.129.872	410.669.534	142.460.338	--
Total financial liabilities	2.407.335.320	3.173.817.521	2.508.438.054	615.890.466	49.489.000

Market risk management

The Group is exposed to financial risks related to changes in foreign exchange rates due to its activities. Market risks encountered at the group level are measured based on sensitivity analysis. In the current period, there has been no change in the market risk the Group is exposed to or the method of handling the risks encountered or the method used to measure these risks compared to the previous period.

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24. Nature And Level of Risk Arising from Financial Instruments (continued)

Currency Risk

Transactions in foreign currencies cause exchange rate risk. The Group uses derivative financial instruments to hedge the currency risk arising from the cash flows of its operations and financing agreements. The distribution of the monetary and non-monetary assets and monetary and non-monetary liabilities of the Group in foreign currency as of the end of the reporting year is as follows:

	31 December 2024			
	TL equivalent (functional currency)	Usd	Eur	Chinese Yuan
1. Trade receivables	50.126.912	1.422.441	649	--
2 a. Monetary financial assets	38.387.522	581.317	208.319	2.137.621
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. CURRENT ASSETS	88.514.434	2.003.758	208.968	2.137.621
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. NON-FIXED ASSETS	--	--	--	--
9. TOTAL ASSETS	88.514.434	2.003.758	208.968	2.137.621
10. Trade payables	152.261.929	1.560.504	226.421	18.542.558
11. Financial liabilities	--	--	--	--
12a. Other Monetary Liabilities	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--
13. SHORT-TERM LIABILITIES	152.261.929	1.560.504	226.421	18.542.558
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. LONG-TERM LIABILITIES	--	--	--	--
18. TOTAL LIABILITIES	152.261.929	1.560.504	226.421	18.542.558
19. Net assets / liability position (19a-19b)	--	--	--	--
19a. Amount of foreign currency derivative products with active character out of financial position statement	--	--	--	--
19b. Amount of derivative products with passive character in non-financial position in foreign currency	--	--	--	--
20. Net foreign currency asset liability position	(63.747.495)	443.254	(17.453)	(16.404.937)
21. Monetary items net foreign currency asset / liability position (1 + 2a + 5 + 6a-10-11-12a-14-15-16a)	(63.747.495)	443.254	(17.453)	(16.404.937)
22. Financial instruments used for foreign currency hedging total fair value	--	--	--	--
23. The amount of the hedged portion of foreign currency assets	--	--	--	--
24. The amount of the hedged portion of foreign currency liabilities	--	--	--	--

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24. Nature And Level of Risk Arising from Financial Instruments (continued)

Currency Risk (continued)

	31 December 2023		
	TL equivalent (functional currency)	Usd	Eur
1. Trade receivables	161.644.760	1.464.239	2.113.786
2 a. Monetary financial assets	107.224.255	2.281.890	217.696
2b. Non-monetary financial assets	--	--	--
3. Other	--	--	--
4. CURRENT ASSETS	268.869.015	3.746.129	2.331.482
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	--	--	--
8. NON-FIXED ASSETS	--	--	--
9. TOTAL ASSETS	268.869.015	3.746.129	2.331.482
10. Trade payables	37.547.567	819.295	57.952
11. Financial liabilities	--	--	--
12a. Other Monetary Liabilities	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--
13. SHORT-TERM LIABILITIES	37.547.567	819.295	57.952
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Other monetary liabilities	--	--	--
16b. Other non-monetary liabilities	--	--	--
17. LONG-TERM LIABILITIES	--	--	--
18. TOTAL LIABILITIES	37.547.567	819.295	57.952
19. Net assets / liability position (19a-19b)	490.053.957	11.530.000	--
19a. Amount of foreign currency derivative products with active character out of financial position statement	490.053.957	11.530.000	--
19b. Amount of derivative products with passive character in non-financial position in foreign currency	--	--	--
20. Net foreign currency asset liability position	721.375.406	14.456.834	2.273.530
21. Monetary items net foreign currency asset / liability position (1 + 2a + 5 + 6a-10-11-12a-14-15-16a)	231.321.448	2.926.834	2.273.530
22. Financial instruments used for foreign currency hedging total fair value	--	--	--
23. The amount of the hedged portion of foreign currency assets	--	--	--
24. The amount of the hedged portion of foreign currency liabilities	--	--	--

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24. Nature And Level of Risk Arising from Financial Instruments *(continued)*

Interest rate risk

Changes in market interest rates cause fluctuations in the prices of financial instruments, causing the Group to cope with the interest rate risk. The sensitivity of the Group to interest rate risk is related to the mismatch of assets and liabilities in their maturities.

As of 31 December 2024, and 31 December 2023, the Group's interest position is as follows:

Interest position table		
	31 December 2024	31 December 2023
Fixed rate financial instruments		
Financial assets	51.057.650	95.524.663
Financial liabilities	(1.097.806.626)	(1.269.540.983)
Variable rate financial instruments		
Financial liabilities	(714.027.804)	--

As of 31 December 2024 if interest rates of all foreign currency denominated assets and liabilities with variable interest rates has strengthened/weakened by 100 base point with all other variables held constant, income before taxes would have been TL 1.577.532 as a result of lower/higher interest income/expense arise from time deposits and borrowings with variable interest rates.

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25. Financial Instruments

The Group has calculated the fair values of financial instruments using available market information and appropriate valuation methods. However, as it is necessary to use judgment to find fair value, fair value measurements may not reflect the values that may occur in current market conditions. The fair values of the financial assets and debts, which are shown by the Group management at the cost value discounted with effective interest, including the receivables from the cash and banks, other financial assets and short-term financial debts, are close to their book values considering that they are short-term and that possible losses may be insignificant. On the other hand, the carried values of short-term loans are assumed to reflect their fair value due to their short term.

31 December 2024	Loans and receivables	Financial instruments at fair value through profit or loss	Financial liabilities shown at amortized value	Registered value	Fair value	Note
Financial assets						
Cash and cash equivalents	148.399.832	--	--	148.399.832	148.399.832	3
Trade receivables	1.519.198.687	--	--	1.519.198.687	1.519.198.687	5
Other receivables	4.604.137	--	--	4.604.137	4.604.137	6
Financial liabilities						
Financial liabilities	--	--	1.811.834.430	1.811.834.430	1.811.834.430	4
Trade payables	--	--	1.101.953.558	1.101.953.558	1.101.953.558	5
Other payables	--	--	300.048	300.048	300.048	22

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25. Financial Instruments (continued)

31 December 2023	Loans and receivables	Financial instruments at fair value through profit or loss	Financial liabilities shown at amortized value	Registered value	Fair value	Note
Financial assets						
Cash and cash equivalents	342.803.195	--	--	342.803.195	342.803.195	3
Trade receivables	1.553.144.084	--	--	1.553.144.084	1.553.144.084	5
Derivative instruments	--	34.582	--	34.582	34.582	22
Other receivables	5.209.442	--	--	5.209.442	5.209.442	6
Financial liabilities						
Financial liabilities	--	--	1.348.949.249	1.348.949.249	1.348.949.249	4
Trade payables	--	--	1.057.738.304	1.057.738.304	1.057.738.304	5
Other payables	--	--	682.349	682.349	682.349	6

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25. Financial Instruments (continued)

Classification of measurement by fair value

The Group makes the classification of the measurement of financial instruments with their fair value at three levels according to the source of the financial instruments as follows:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices.

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data.

Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

As of 31 December 2024 and 31 December 2023, the fair value classification of financial assets and liabilities measured at fair value is as follows:

31 December 2024	Level 1	Level 2	Level 3
Derivative financial liabilities (*)	--	--	--
31 December 2023	Level 1	Level 2	Level 3
Derivative financial liabilities (*)	--	(34.582)	--

(*) As of 31 December 2024, derivative financial liabilities are USD forward transactions with a maturity between July 2024 and December 2024 and a nominal value of TL 185.301.850 (31 December 2023: TL 476.086.178).

The Group's investment properties are carried at cost less depreciation and impairment losses, if any. The valuation of the Group's investment properties as of December 31, 2024 has been carried out by the Group management. The valuation method is based on comparative analysis.

The value of the Group's investment properties is TL 1.500.000. With the peer comparison method, the square meter and total market values, including land shares, are determined for the subject immovables in their current condition after price adjustments are made within the framework of the criteria that may affect the market value, taking into account similar real estate properties that have been recently issued and sold, and the precedents found are compared within the criteria such as location and size, and are determined by contacting real estate marketing companies for the current evaluation of the real estate market.

26. Subsequent Events

Within the scope of the issuance limit approved by the decision of the Capital Markets Board dated 23.08.2024 and numbered 47/1312, as a result of the sales transaction mediated by Integral Yatırım Menkul Değerler A.Ş. for the financing bond with ISIN code TRFAZEV72513 with a maturity of 182 days, single coupon payment, redemption date 11.07.2025, to be sold to qualified investors without public offering in the country, the issue amount was finalized as TL 400.000.000.

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26. Subsequent Events *(continued)*

The Extraordinary General Assembly Meeting of our Company dated 24.12.2024 was registered by the Istanbul Registry Office on 13.01.2025 and announced in the Turkish Trade Registry Gazette dated 16.01.2025 and numbered 11251.

Article 6 of the Company's Articles of Association, approved at the Extraordinary General Assembly Meeting dated 24.12.2024, was registered by the Istanbul Registry Office on 13.01.2025 and announced in the Turkish Trade Registry Gazette dated 16.01.2025 and numbered 11251.

As a result of the review of our Company's credit ratings by the credit rating agency JCR Eurasia Rating; Our Company's Long-Term National Institution Credit Rating Score has been confirmed as 'A+ (tr)'.

Pursuant to the decision of our Company's Board of Directors dated 27.01.2025; Mr. Şecaettin Arda Altınok, who was serving as General Manager in charge of Financial, Commercial and Corporate Affairs, resigned from his position as of 31.01.2025. Mr. Şecaettin Arda Altınok resigned from his position as of 31.01.2025. It has been decided that the authorities and responsibilities being fulfilled by Mr. Şecaettin Arda Altınok will be carried out by Mr. Hakan Erkun under the title of Assistant General Manager Responsible for Financial and Corporate Affairs as of 01.02.2025. Mr. Hakan Erkun as the Assistant General Manager in charge of Financial and Corporate Affairs as of 01.02.2025.

In the Competition Board's letter numbered E-70922894-110.01.04-108197, sent to us on 20.02.2025; it was reported that within the scope of the preliminary investigation conducted with the Competition Board's decision dated 09.01.2025 and numbered 25-01/45-M, an administrative fine of 14,641,752.29 TL was imposed on our Company, subject to legal action, in accordance with subparagraph (d) of the first paragraph of Article 16 of Law No. 4054. The decision notified to our Company does not constitute a reasoned decision, and the details regarding the reasoning of the fine have not yet been communicated to our Company.

It has been notified to our Company that the Competition Authority has decided to initiate an investigation pursuant to Article 41 of the Law No. 4054 on the Protection of Competition (the "Law") in order to determine whether Article 4 of the Law has been violated or not.

Our application to the Capital Markets Board for the approval of the Issuance Certificate regarding the increase of our Company's paid-in capital from TRY 32,210,000 to TRY 300,000,000 through a bonus issue at a ratio of 831.39%, to be fully covered from capital adjustment differences, and for the issuance of a conformity opinion on the amendment of Article 6 titled "Capital" of our Company's Articles of Association, has been approved as per the Bulletin dated 20.02.2025 and numbered 2025/10.

COMPANY INFORMATION

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş.

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