

**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



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
İş Kuleleri Kule 3 Kat:2-9  
Levent 34330 İstanbul  
Tel +90 212 316 6000  
Fax +90 212 316 6060  
www.kpmg.com.tr

## **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.

<b><u>The key audit matter</u></b>	<b><u>How the matter was addressed in our audit</u></b>
<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>	<ul style="list-style-type: none"> <li>-Our audit procedures in this area include the following.</li> <li>- Evaluation of the effectiveness of the design, implementation and operation of internal controls for revenue recognition by information systems experts.</li> <li>- 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.</li> <li>- 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.</li> <li>- Checking the existence of trade receivables and the accuracy of receivable balances with external confirmations obtained directly for t customers selected by the sample</li> <li>- Performing analytical examinations to detect the existence of discontinuous transactions.</li> <li>- 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.</li> </ul> <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 Soysal, SMMM  
Partner

11 March 2025  
İstanbul, Türkiye

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**ARZUM ELEKTRİKLI 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.)

		<b>Current Year</b>	<b>Prior Year</b>
		<b>Audited</b>	<b>Audited</b>
		<b>31 December</b>	<b>31 December</b>
<b>ASSETS</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>			
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	<i>1.519.198.687</i>	<i>1.553.144.084</i>
Other receivables	6	4.604.137	5.209.442
- <i>Due from third parties</i>	6	<i>4.604.137</i>	<i>5.209.442</i>
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
<b>Total current assets</b>		<b>2.822.947.387</b>	<b>2.723.505.996</b>
<b>Non-Current assets</b>			
Trade receivables	5	--	29.311.778
- <i>Due from third parties</i>	5	--	<i>29.311.778</i>
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
<b>Total non-current assets</b>		<b>444.533.324</b>	<b>466.768.273</b>
<b>Total Assets</b>		<b>3.267.480.711</b>	<b>3.190.274.269</b>

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.)

		<b>Current Year Audited 31 December 2024</b>	<b>Prior Year Audited 31 December 2023</b>
<b>LIABILITIES</b>			
<b>Short-term liabilities</b>			
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
- <i>Due to third parties</i>	5	<i>1.101.953.558</i>	<i>1.057.738.304</i>
Liabilities for employee benefits	13	4.411.772	4.270.942
Other payables	6	300.048	682.349
- <i>Due to third parties</i>	6	<i>300.048</i>	<i>682.349</i>
Short-term provisions		21.843.371	51.820.456
- <i>Short-term provisions for employee benefits</i>	13	<i>7.673.068</i>	<i>35.633.266</i>
- <i>Other short-term provisions</i>	12	<i>14.170.303</i>	<i>16.187.190</i>
Other short-term liabilities	6	17.602.075	21.869.513
<b>Total short-term liabilities</b>		<b>2.909.093.289</b>	<b>2.445.997.442</b>
<b>Long term liabilities</b>			
Long term borrowings	4	48.851.965	39.333.371
Long term provisions		25.310.818	26.858.224
- <i>Long-term provisions for employee benefits</i>	13	<i>13.738.094</i>	<i>16.122.851</i>
- <i>Other long-term provisions</i>	12	<i>11.572.724</i>	<i>10.735.373</i>
<b>Total long-term liabilities</b>		<b>74.162.783</b>	<b>66.191.595</b>
<b>Total liabilities</b>		<b>2.983.256.072</b>	<b>2.512.189.037</b>
<b>Equity</b>			
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)
- <i>Gains (Losses) on remeasurements of defined benefit plans</i>	14	<i>(29.707.774)</i>	<i>(28.545.107)</i>
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
- <i>Foreign currency translation differences</i>	14	<i>38.176.238</i>	<i>30.910.034</i>
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
<b>Total equity</b>		<b>284.224.639</b>	<b>678.085.232</b>
<b>Total liabilities and equity</b>		<b>3.267.480.711</b>	<b>3.190.274.269</b>

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.)

		<b>Current Year</b>	<b>Prior Year</b>
		<b>Audited</b>	<b>Audited</b>
		<b>1 January -</b>	<b>1 January -</b>
	<b>Notes</b>	<b>31 December</b>	<b>31 December</b>
		<b>2024</b>	<b>2023</b>
Revenue	15	5.545.592.852	5.328.200.929
Cost of sales (-)	15	(3.877.929.958)	(3.660.604.976)
<b>Gross profit</b>		<b>1.667.662.894</b>	<b>1.667.595.953</b>
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)
<b>Operating profit / (loss)</b>		<b>374.055.416</b>	<b>480.010.473</b>
<b>Operating profit / (loss) before finance income</b>		<b>374.055.416</b>	<b>480.010.473</b>
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
<b>Profit / (loss) before tax</b>		<b>(442.932.878)</b>	<b>135.091.639</b>
<b>Tax expense</b>		<b>42.968.748</b>	<b>(58.600.209)</b>
- Current year tax expense	21	25.901.162	(102.825.731)
- Deferred tax income	21	17.067.586	44.225.522
<b>Profit/ (loss) for the year</b>		<b>(399.964.130)</b>	<b>76.491.430</b>
<b>Distribution of profit/ (loss) for the year</b>			
Equity holders of the parent		<b>(399.964.130)</b>	<b>76.491.430</b>
Earning / (loss) per share (nominal equivalent of TL 1)	22	<b>(12,417)</b>	<b>2,375</b>
<b>Other comprehensive income</b>		<b>6.103.537</b>	<b>536.220</b>
<b>Not be reclassified to profit or loss</b>		<b>(1.162.667)</b>	<b>(8.150.845)</b>
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
<b>Reclassified to profit or loss</b>		<b>7.266.204</b>	<b>8.687.065</b>
Foreign currency translation differences		7.266.204	8.687.065
<b>Other comprehensive income/expense) (after tax)</b>		<b>6.103.537</b>	<b>536.220</b>
<b>Total comprehensive income/ (expense)</b>		<b>(393.860.593)</b>	<b>77.027.650</b>

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	Other comprehensive income will 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	
<b>Balances as of 1 January 2023</b>	<b>14</b>	<b>32.210.000</b>	<b>579.048.858</b>	<b>(20.394.262)</b>	<b>22.222.969</b>	<b>305.882.357</b>	<b>77.841.131</b>	<b>(227.838.745)</b>	<b>(140.703.508)</b>	<b>628.268.800</b>
Loss for the year		--	--	--	--	--	--	76.491.430	--	76.491.430
Other comprehensive income/ (expense)		--	--	(8.150.845)	8.687.065	--	--	--	--	536.220
<b>Total comprehensive income /(expense)</b>		--	--	<b>(8.150.845)</b>	<b>8.687.065</b>	--	--	<b>76.491.430</b>	--	<b>77.027.650</b>
Transfers		--	--	--	--	--	2.428.964	227.838.745	(230.267.709)	--
Dividend payment		--	--	--	--	--	--	--	(27.211.218)	(27.211.218)
<b>As of 31 December 2023</b>	<b>14</b>	<b>32.210.000</b>	<b>579.048.858</b>	<b>(28.545.107)</b>	<b>30.910.034</b>	<b>305.882.357</b>	<b>80.270.095</b>	<b>76.491.430</b>	<b>(398.182.435)</b>	<b>678.085.232</b>
<b>Balances as of 1 January 2024</b>	<b>14</b>	<b>32.210.000</b>	<b>579.048.858</b>	<b>(28.545.107)</b>	<b>30.910.034</b>	<b>305.882.357</b>	<b>80.270.095</b>	<b>76.491.430</b>	<b>(398.182.435)</b>	<b>678.085.232</b>
Profit for the year		--	--	--	--	--	--	(399.964.130)	--	(399.964.130)
Other comprehensive income/ (expense)		--	--	(1.162.667)	7.266.204	--	--	--	--	6.103.537
<b>Total comprehensive income /(expense)</b>		--	--	<b>(1.162.667)</b>	<b>7.266.204</b>	--	--	<b>(399.964.130)</b>	--	<b>(393.860.593)</b>
Transfers		--	--	--	--	--	--	(76.491.430)	76.491.430	--
<b>As of 31 December 2024</b>	<b>14</b>	<b>32.210.000</b>	<b>579.048.858</b>	<b>(29.707.774)</b>	<b>38.176.238</b>	<b>305.882.357</b>	<b>80.270.095</b>	<b>(399.964.130)</b>	<b>(321.691.005)</b>	<b>284.224.639</b>

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

**ARZUM ELEKTRİKLI 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.)

		<b>Audited</b>	<b>Audited</b>
		<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
	<b>Notes</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) for the period		<b>(399.964.130)</b>	<b>76.491.430</b>
Adjustments to depreciation expense and amortization	9,10,1		
Adjustments related to tax expense	1	122.039.503	98.068.717
Adjustments related to provision expenses	19	(42.968.748)	58.600.209
Adjustments to inventory impairment	7	46.867.265	22.608.361
Adjustments to rediscount expense/income	5	5.287.649	6.954.271
Adjustments to interest expense/income, net	5	21.903.727	60.519.391
Adjustments to doubtful trade receivables, net	19	819.171.007	312.229.737
Adjustments for loss/gain from disposal of fixed assets	5	1.842.024	496.697
Currency differences arising from derivative transactions, (net)	25	(395.923)	3.632.370
Adjustment to monetary position gain/ (loss)	25	34.582	(2.724.882)
Adjustments to severance pay provision	13	(419.768.123)	163.382.502
		4.729.238	(320.904)
<b>Before changes in working capital changes in</b>		<b>158.778.071</b>	<b>799.937.899</b>
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
<b>After changes in working capital</b>		<b>(39.913.300)</b>	<b>707.526.473</b>
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)
<b>A. Net cash from operating activities (used)</b>		<b>(152.009.088)</b>	<b>521.703.224</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
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>B. Net cash used in investment activities</b>		<b>(113.142.777)</b>	<b>(143.562.543)</b>
<b>CASH FLOWS USED FROM FINANCING ACTIVITIES</b>			
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
<b>C. Net cash from financing activities</b>		<b>155.343.534</b>	<b>(499.665.481)</b>
<b>D. Monetary (loss)/gain impact on cash and cash equivalents</b>		<b>(91.861.236)</b>	<b>(296.840.676)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>(201.669.567)</b>	<b>(418.365.476)</b>
<b>E. EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>		<b>7.266.204</b>	<b>8.687.065</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)</b>		<b>(194.403.363)</b>	<b>(409.678.411)</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	3	<b>342.803.195</b>	<b>752.481.606</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D+E)</b>	3	<b>148.399.832</b>	<b>342.803.195</b>

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

# 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.)*

#### 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 İstanbul 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

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### 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.

**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 (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).

<b>Date</b>	<b>Index</b>	<b>Conversion factor</b>
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.

# 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 (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**

**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 (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 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 (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).

**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)**

**2.5 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.

# 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)

### 2.5 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.

**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)**

**2.5 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.)

**ARZUM ELEKTRİK Lİ 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 (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.

# 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

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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:

	<b>Useful Life</b>
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***

<b>Financial Assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial Assets at Amortized Cost</b>	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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
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
<b>Total</b>	<b>148.399.832</b>	<b>342.803.195</b>

(\*) 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:

<b>Currency</b>	<b>Maturity Date</b>	<b>Interest rate (%)</b>	<b>31 December 2024</b>
TL	43,00	2 January 2025	50.492.789
<b>Total</b>			<b>50.492.789</b>

As of 31 December 2023, the maturity date and interest rate details of the Group's time deposits are as follows:

<b>Currency</b>	<b>Maturity Date</b>	<b>Interest rate (%)</b>	<b>31 December 2023</b>
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
<b>Total</b>			<b>95.083.463</b>

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
<b>Total short-term borrowings</b>	<b>1.674.140.080</b>	<b>1.309.615.878</b>
Short-term portion of long-term borrowings	88.842.385	--
<b>Total Short-Term Portion of Long-Term Borrowings</b>	<b>88.842.385</b>	<b>--</b>
Long term bank borrowings	38.043.284	--
Long term lease liabilities	10.808.681	39.333.371
<b>Total long-term borrowings</b>	<b>48.851.965</b>	<b>39.333.371</b>
<b>Total borrowings</b>	<b>1.811.834.430</b>	<b>1.348.949.249</b>

**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
<b>Total</b>			<b>719.219.988</b>	<b>88.842.385</b>	<b>38.043.284</b>	<b>811.581.843</b>
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
<b>Total</b>			<b>597.650.255</b>	<b>--</b>	<b>--</b>	<b>572.946.040</b>

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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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)
<b>Balance at 31 December</b>	<b>846.105.657</b>	<b>597.650.255</b>

**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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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)
<b>Balance at 31 December</b>	<b>714.027.804</b>	<b>612.596.664</b>

**Lease Liabilities**

As of 31 December 2024, and 2023, the details of lease liabilities are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Short term lease liabilities</b>		
Short-term lease liabilities from other parties	20.892.288	19.960.694
- Lease liabilities	20.892.288	19.960.694
<b>Long term lease liabilities</b>		
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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
In a year	28.656.540	37.191.840
Minus : Future financial expenses	(7.764.252)	(17.231.146)
	<b>20.892.288</b>	<b>19.960.694</b>
Two years and over	12.011.400	49.489.000
Minus : Future financial expenses	(1.202.719)	(10.155.629)
<b>Present value of lease liabilities</b>	<b>10.808.681</b>	<b>39.333.371</b>

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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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)
<b>Present value of lease liabilities</b>	<b>31.700.969</b>	<b>59.294.065</b>

**5. Trade Receivables and Payables**

**a) Trade Receivables**

As of 31 December 2024 and 2023, the Group's trade receivables are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
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)
<b>Total</b>	<b>1.519.198.687</b>	<b>1.553.144.084</b>

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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
<b>Balance at 1 January</b>	<b>21.981.629</b>	<b>47.511.399</b>
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)
<b>Balance at 31 December</b>	<b>18.791.327</b>	<b>21.981.629</b>

(\*) 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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade payables	1.093.508.273	1.052.315.276
Expense accruals	8.445.285	5.423.028
<b>Total</b>	<b>1.101.953.558</b>	<b>1.057.738.304</b>

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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Deposits and guarantees given	3.319.675	4.035.665
Other receivables	1.284.462	1.173.777
<b>Total</b>	<b>4.604.137</b>	<b>5.209.442</b>

**b) Other Payables**

As of 31 December 2024 and 31 December 2023, the Group's other payables are as follows

	<b>31 December 2024</b>	<b>31 December 2023</b>
Other payables	300.048	682.349
<b>Total</b>	<b>300.048</b>	<b>682.349</b>

**c) Other current assets**

As of 31 December 2024 and 31 December 2023, the other current assets of the Group are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Deferred VAT	46.411.907	--
Work advances	8.441.881	550.996
Other	854.798	869.961
<b>Total</b>	<b>55.708.586</b>	<b>1.420.957</b>

**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

	<b>31 December 2024</b>	<b>31 December 2023</b>
Taxes and funds payable	17.602.075	21.869.513
<b>Total</b>	<b>17.602.075</b>	<b>21.869.513</b>

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**7. Inventories**

As of 31 December 2024 and 31 December 2023, inventories of the Group are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Finished goods	880.478.677	603.122.139
Other Inventories	838.378	571.092
Provision for inventory impairment (-)	(5.287.649)	(6.954.271)
<b>Total</b>	<b>876.029.406</b>	<b>596.738.960</b>

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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
<b>Balance at 1 January</b>	<b>(6.954.271)</b>	<b>(8.180.052)</b>
Provisions during the year	--	--
Provisions reversed during the period	1.666.622	1.225.781
<b>Balance at 31 December</b>	<b>(5.287.649)</b>	<b>(6.954.271)</b>

**8. Prepaid Expenses**

**Prepaid Expenses**

As of 31 December 2024 and 31 December 2023, prepaid expenses of the Group are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Short term</b>		
Advances given (*)	63.472.047	163.476.176
Short term prepaid expenses	83.526.149	42.091.986
<b>Total short term</b>	<b>146.998.196</b>	<b>205.568.162</b>
<b>Long term</b>		
Long term prepaid expenses	--	1.707.644
Advances given (*)	118.745	171.443
<b>Total long term</b>	<b>118.745</b>	<b>1.879.087</b>

(\*) 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:

<b>Cost value</b>	<b>Vehicles</b>	<b>Furniture and Fixtures</b>	<b>Leasehold improvements</b>	<b>Ongoing investments</b>	<b>Total</b>
<b>Balance at 1 January 2024</b>	<b>22.423.535</b>	<b>430.541.927</b>	<b>53.438.219</b>	<b>28.294.484</b>	<b>534.698.165</b>
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)
<b>Closing balance as of 31 December 2024</b>	<b>13.438.977</b>	<b>467.485.903</b>	<b>60.821.498</b>	<b>22.216.169</b>	<b>563.962.547</b>
<b>Accumulated depreciation</b>					
<b>Balances at 1 January 2024</b>	<b>(13.799.693)</b>	<b>(238.457.354)</b>	<b>(50.085.767)</b>	<b>--</b>	<b>(302.342.814)</b>
Current expenses	(3.281.503)	(47.076.296)	(1.728.188)	--	(52.085.987)
Disposals	6.671.749	723.032	--	--	7.394.781
<b>Net book value as of 31 December 2024</b>	<b>(10.409.447)</b>	<b>(284.810.618)</b>	<b>(51.813.955)</b>	<b>--</b>	<b>(347.034.020)</b>
<b>Net book value as of 1 January 2024</b>	<b>8.623.842</b>	<b>192.084.573</b>	<b>3.352.452</b>	<b>28.294.485</b>	<b>232.355.351</b>
<b>Net book value as of 31 December 2024</b>	<b>3.029.530</b>	<b>182.675.285</b>	<b>9.007.543</b>	<b>22.216.169</b>	<b>216.928.527</b>

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:

<b>Cost value</b>	<b>Vehicles</b>	<b>Furniture and Fixtures</b>	<b>Leasehold improvements</b>	<b>Ongoing investments</b>	<b>Total</b>
<b>Balance at 1 January 2023</b>	<b>21.824.697</b>	<b>379.985.815</b>	<b>52.484.789</b>	<b>51.712.517</b>	<b>506.007.818</b>
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)
<b>Closing balance as of 31 December 2023</b>	<b>22.423.535</b>	<b>418.493.093</b>	<b>53.163.248</b>	<b>40.618.289</b>	<b>534.698.165</b>
<b>Accumulated depreciation</b>					
<b>Balance at 1 January 2023</b>	<b>(9.002.085)</b>	<b>(198.875.242)</b>	<b>(49.143.196)</b>	<b>--</b>	<b>(257.020.523)</b>
Current expense	(4.797.608)	(39.582.112)	(942.571)	--	(45.322.291)
Disposals	--	--	--	--	--
<b>Net book value as of 31 December 2023</b>	<b>(13.799.693)</b>	<b>(238.457.354)</b>	<b>(50.085.767)</b>	<b>--</b>	<b>(302.342.814)</b>
<b>Net book value as of 1 January 2023</b>	<b>12.822.610</b>	<b>181.110.572</b>	<b>3.341.594</b>	<b>51.712.517</b>	<b>248.987.294</b>
<b>Net book value as of 31 December 2023</b>	<b>8.623.842</b>	<b>180.035.739</b>	<b>3.077.481</b>	<b>40.618.289</b>	<b>232.355.351</b>

(\*) 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:

<b>Cost value</b>	<b>Rights</b>	<b>Research and development expenses</b>	<b>Total</b>
<b>Balance at 1 January 2024</b>	<b>180.190.537</b>	<b>43.146.017</b>	<b>223.336.554</b>
Additions	26.218.770	3.918.436	30.137.206
Transfers (*)	543.991	3.343.787	3.887.778
<b>Closing balances as of 31 December 2024</b>	<b>206.953.298</b>	<b>50.408.240</b>	<b>257.361.538</b>
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2024</b>	<b>(136.805.369)</b>	<b>(38.975.346)</b>	<b>(175.780.715)</b>
Current expense	(12.254.234)	(2.003.408)	(14.257.642)
<b>Closing balance as of 31 December 2024</b>	<b>(149.059.603)</b>	<b>(40.978.754)</b>	<b>(190.038.357)</b>
<b>Net book value as of 1 January 2024</b>	<b>43.385.168</b>	<b>4.170.671</b>	<b>47.555.839</b>
<b>Net book value as of 31 December 2024</b>	<b>57.893.695</b>	<b>9.429.486</b>	<b>67.323.181</b>

The movement table of intangible assets for the year ended 31 December 2023 is as follows:

<b>Cost value</b>	<b>Rights</b>	<b>Research and development expenses</b>	<b>Total</b>
<b>Balance at 1 January 2023</b>	<b>165.336.301</b>	<b>41.917.942</b>	<b>207.254.243</b>
Additions	11.460.500	--	11.460.500
Transfers (*)	3.393.736	1.228.075	4.621.811
<b>Closing balances as of 31 December 2023</b>	<b>180.190.537</b>	<b>43.146.017</b>	<b>223.336.554</b>
<b>Accumulated amortization</b>			
<b>Balance at 1 January 2023</b>	<b>(123.507.103)</b>	<b>(36.649.716)</b>	<b>(160.156.819)</b>
Current expense	(13.298.266)	(2.325.630)	(15.623.896)
<b>Closing balance as of 31 December 2023</b>	<b>(136.805.369)</b>	<b>(38.975.346)</b>	<b>(175.780.715)</b>
<b>Net book value as of 1 January 2023</b>	<b>41.829.198</b>	<b>5.268.226</b>	<b>47.097.425</b>
<b>Net book value as of 31 December 2023</b>	<b>43.385.168</b>	<b>4.170.671</b>	<b>47.555.839</b>

(\*) 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:

	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
<b>Balance at 1 January 2024</b>	<b>9.035.468</b>	<b>71.057.781</b>	<b>80.093.249</b>
Additions (Note: 4)	57.897.014	72.466.078	130.363.092
Accumulated Depreciation	(56.948.266)	(86.256.147)	(143.204.413)
<b>Net book value as of 31 December 2024</b>	<b>9.984.216</b>	<b>57.267.712</b>	<b>67.251.928</b>
	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
<b>Balance at 1 January 2023</b>	<b>23.841.052</b>	<b>48.604.270</b>	<b>72.445.322</b>
Additions (Note: 4)	6.619.270	88.538.246	95.157.516
Accumulated Depreciation	(21.424.854)	(66.084.735)	(87.509.589)
<b>Net book value as of 31 December 2023</b>	<b>9.035.468</b>	<b>71.057.781</b>	<b>80.093.249</b>

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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Warranty provision	13.372.782	12.754.302
Sales premium provision	797.521	2.855.373
Other	--	577.515
<b>Total Short-term provisions</b>	<b>14.170.303</b>	<b>16.187.190</b>
Warranty provision	11.572.724	10.735.373
<b>Total Long-Term Provisions</b>	<b>11.572.724</b>	<b>10.735.373</b>
<b>Total</b>	<b>25.743.027</b>	<b>26.922.563</b>

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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
<b>Balance at 1 January</b>	<b>23.489.675</b>	<b>27.954.401</b>
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)
<b>Balance at 31 December</b>	<b>24.945.506</b>	<b>23.489.675</b>

**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
<b>Balance at 1 January</b>	<b>2.855.373</b>	<b>3.550.631</b>
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)
<b>Balance at 31 December</b>	<b>797.521</b>	<b>2.855.373</b>

**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	--	--	--	--
<b>Total CPM</b>	<b>76.105.128</b>	<b>76.105.128</b>	<b>16.094.589</b>	<b>16.094.589</b>

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:

<b>Type</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
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
<b>Total</b>	<b>1.156.568.013</b>	<b>1.189.824.185</b>

**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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Social security premium payables	4.411.772	4.194.989
Due to personnel	--	75.953
<b>Total</b>	<b>4.411.772</b>	<b>4.270.942</b>

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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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Short-term</b>		
Bonus provision	7.673.068	6.678.056
Unused vacation provision	--	28.955.210
<b>Total short-term provisions</b>	<b>7.673.068</b>	<b>35.633.266</b>
<b>Long term</b>		
Provision for severance pay	13.738.094	16.122.851
<b>Total long-term provisions</b>	<b>13.738.094</b>	<b>16.122.851</b>
<b>Total</b>	<b>21.411.162</b>	<b>51.756.117</b>

The movement of the provision for severance pay for the years ended 31 December 2024 and 2023 is as follows:

	<b>1 January – 31 December 2024</b>	<b>1 January – 1 December 2023</b>
<b>Provision as of 1 January</b>	<b>16.122.851</b>	<b>21.189.653</b>
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)
<b>Provision at the end of the year</b>	<b>13.738.094</b>	<b>16.122.851</b>

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:

	<b>2024</b>	<b>2023</b>
	%	%
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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 1 December 2023</b>
<b>Balance at 1 January</b>	<b>28.955.210</b>	<b>38.393.994</b>
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)
<b>Balance at 31 December</b>	<b>--</b>	<b>28.955.210</b>

**Unused vacation provision**

The movement of the unused vacation provision for the years ended 31 December 2024 and 2023 is as follows:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
<b>Balance at 1 January</b>	<b>6.678.056</b>	<b>7.053.074</b>
Current provisions expense / (reversal), net	3.498.218	3.065.496
Monetary gain/ (loss)	(2.503.206)	(3.440.514)
<b>Balance at 31 December</b>	<b>7.673.068</b>	<b>6.678.056</b>

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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
<b>Paid-in capital</b>		<b>32.210.000</b>			<b>32.210.000</b>	
<b>Capital adjustment positive differences</b>		<b>579.048.858</b>			<b>579.048.858</b>	

(\*) 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:

	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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
<b>Gross sales</b>	<b>11.057.229.240</b>	<b>10.556.751.774</b>
Sales returns	(154.886.873)	(96.918.589)
Sales discounts	(5.356.749.515)	(5.131.632.256)
<b>Net sales</b>	<b>5.545.592.852</b>	<b>5.328.200.929</b>
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)
<b>Cost of sales (-)</b>	<b>(3.877.929.958)</b>	<b>(3.660.604.976)</b>
<b>Gross profit</b>	<b>1.667.662.894</b>	<b>1.667.595.953</b>

(\*) 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:

<b>Revenue</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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
<b>Net sales</b>	<b>5.545.592.852</b>	<b>5.328.200.929</b>

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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:

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
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
<b>Total</b>	<b>847.580.797</b>	<b>811.928.379</b>

**General Administrative Expenses**

For the years ended 31 December 2024 and 2023, general administrative expenses are as follows:

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
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
<b>Total</b>	<b>393.299.080</b>	<b>379.114.288</b>

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**17. Expenses by nature**

For the years ended 31 December 2024 and 2023, expenses by natures is as follows:

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
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
<b>Total</b>	<b>5.118.809.835</b>	<b>4.851.647.643</b>

***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:

	<b>1 J January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
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
<b>Total</b>	<b>3.869.589</b>	<b>3.607.739</b>

(\*) 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:

<b>Other income from operating activities</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
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
<b>Total</b>	<b>69.835.059</b>	<b>136.809.469</b>

For the years ended 31 December 2024 and 2023, other expenses from operating activities is as follows:

<b>Other expense from operating activities</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Deferred finance expenses	115.967.223	115.138.992
Other	6.595.437	18.213.290
<b>Total</b>	<b>122.562.660</b>	<b>133.352.282</b>

**19. Financial Income and Expenses**

Financial Income and expenses for 31 December 2024 and 2023 periods are as follow:

<b>Financial Income</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
Interest income	53.925.714	51.685.681
Gains on derivative instruments	--	28.050.048
Foreign exchange gains, net	--	25.676.789
<b>Total</b>	<b>53.925.714</b>	<b>105.412.518</b>

For the years ended 31 December 2024 and 2023, financial income and expenses is as follows:

<b>Financial Expense</b>	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
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
<b>Total</b>	<b>1.108.808.714</b>	<b>518.035.606</b>

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**20. Explanations Regarding Net Monetary Position Gains/(Losses)**

<b>Non-monetary items</b>	<b>31 December 2024</b>
<b>Statement of financial position items</b>	<b>(49.959.367)</b>
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
<b>Profit or Loss Statement Items</b>	<b>287.854.073</b>
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
<b>Net Monetary Position Gains/(Losses)</b>	<b>237.894.706</b>

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**21. Taxation**

**Tax Expense**

For the years ended 31 December 2024 and 2023, tax expense is as follows:

<b>Tax expense</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Corporate tax expense	25.901.162	(102.825.731)
Deferred tax income / (expense)	17.067.586	44.225.522
<b>Total</b>	<b>42.968.748</b>	<b>(58.600.209)</b>

**Tax Payable**

As of 31 December 2024 and 31 December 2023, current tax asset /liability are as follows:

<b>Current tax asset / (liability)</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Corporate tax provision	--	112.147.678
Prepaid taxes (-)	(72.008.543)	(130.734.292)
<b>Corporate tax provision / (assets related to current tax)</b>	<b>(72.008.543)</b>	<b>(18.586.614)</b>

**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
<b>Deferred tax asset, net</b>	<b>(399.932.992)</b>	<b>(321.733.983)</b>	<b>92.162.135</b>	<b>74.803.190</b>

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	--
<b>Total</b>		<b>(228.492.198)</b>	<b>(11.491.072)</b>	<b>52.730.753</b>	<b>3.447.322</b>

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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:

	<b>1 January –31 December 2024</b>	<b>1 January –31 December 2023</b>
<b>Balance at 1 January</b>	<b>74.803.190</b>	<b>29.242.179</b>
Deferred tax recognized in profit	17.067.586	44.225.522
Deferred tax recognized in other comprehensive income	291.359	1.335.489
<b>Balance at 31 December</b>	<b>92.162.135</b>	<b>74.803.190</b>

The movement table of tax expense for the years ended 31 December 2024 and 2023 is as follows:

	<b>1 January - 31 December 2024</b>	<b>%</b>	<b>1 January - 31 December 2023</b>	<b>%</b>
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)
<b>Current Period Tax Expense</b>	<b>42.968.748</b>	<b>(9,70)</b>	<b>(58.600.209)</b>	<b>(43,38)</b>

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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:

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
<b>Profit per share</b>		
Average number of common shares available during the year (exact value)	32.210.000	32.210.000
<b>Total</b>	<b>32.210.000</b>	<b>32.210.000</b>
<b>Term profit</b>	(399.964.130)	76.491.430
<b>Loss/ (Gain) per ordinary share (1 TL nominal equivalent)</b>	<b>(12,4174)</b>	<b>2,3748</b>

**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:

	<b>1 January –31 December 2024</b>	<b>1 January –31 December 2023</b>
Fees and other benefits	49.461.010	66.196.118
<b>Total</b>	<b>49.461.010</b>	<b>66.196.118</b>

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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:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Total borrowings	1.811.834.430	1.348.949.249
Minus: Cash and cash equivalents	(148.399.832)	(342.803.195)
<b>Net liability</b>	<b>1.663.434.598</b>	<b>1.006.146.054</b>
Total equity	284.224.639	678.085.232
Total capital	32.210.000	32.210.000
<b>Liability / equity</b>	<b>5,8525</b>	<b>1,3667</b>

**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 <sup>(3)</sup>
	Trade receivables		Other receivables		
	Related party	Other Party	Related party	Other Party <sup>(2)</sup>	
<b>31 December 2024</b>					
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 <sup>(3)</sup>
	Trade receivables		Other receivables		
	Related party	Other Party	Related party	Other Party <sup>(2)</sup>	
<b>31 December 2023</b>					
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:

<b>31 December 2024</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
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	--	--	--
<b>Total overdue receivables</b>	<b>183.378.198</b>	<b>--</b>	<b>183.378.198</b>
<b>The part under guarantee with collateral etc.</b>	<b>158.331.292</b>	<b>--</b>	<b>158.331.292</b>

<b>31 December 2023</b>	<b>Trade receivables</b>	<b>Other receivables</b>	<b>Total</b>
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	--	--	--
<b>Total overdue receivables</b>	<b>80.987.883</b>	<b>--</b>	<b>80.987.883</b>
<b>The part under guarantee with collateral etc.</b>	<b>64.063.082</b>	<b>--</b>	<b>64.063.082</b>

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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)
<b>Derivative and non-derivative financial instruments</b>					
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	--	--	--	--	--
<b>Total financial liabilities</b>	<b>2.914.088.036</b>	<b>3.323.428.863</b>	<b>2.136.904.081</b>	<b>918.084.274</b>	<b>268.440.508</b>

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)
<b>Derivative and non-derivative financial instruments</b>					
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	--
<b>Total financial liabilities</b>	<b>2.407.335.320</b>	<b>3.173.817.521</b>	<b>2.508.438.054</b>	<b>615.890.466</b>	<b>49.489.000</b>

**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	--	--	--	--
<b>4. CURRENT ASSETS</b>	<b>88.514.434</b>	<b>2.003.758</b>	<b>208.968</b>	<b>2.137.621</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. NON-FIXED ASSETS	--	--	--	--
<b>9. TOTAL ASSETS</b>	<b>88.514.434</b>	<b>2.003.758</b>	<b>208.968</b>	<b>2.137.621</b>
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	--	--	--	--
<b>13. SHORT-TERM LIABILITIES</b>	<b>152.261.929</b>	<b>1.560.504</b>	<b>226.421</b>	<b>18.542.558</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	--	--	--	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. LONG-TERM LIABILITIES	--	--	--	--
<b>18. TOTAL LIABILITIES</b>	<b>152.261.929</b>	<b>1.560.504</b>	<b>226.421</b>	<b>18.542.558</b>
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	--	--	--	--
<b>20. Net foreign currency asset liability position</b>	<b>(63.747.495)</b>	<b>443.254</b>	<b>(17.453)</b>	<b>(16.404.937)</b>
<b>21. Monetary items net foreign currency asset / liability position (1 + 2a + 5 + 6a-10-11-12a-14-15-16a)</b>	<b>(63.747.495)</b>	<b>443.254</b>	<b>(17.453)</b>	<b>(16.404.937)</b>
<b>22. Financial instruments used for foreign currency hedging total fair value</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--
<b>4. CURRENT ASSETS</b>	<b>268.869.015</b>	<b>3.746.129</b>	<b>2.331.482</b>
5. Trade receivables	--	--	--
6a. Monetary financial assets	--	--	--
6b. Non-monetary financial assets	--	--	--
7. Other	--	--	--
8. NON-FIXED ASSETS	--	--	--
<b>9. TOTAL ASSETS</b>	<b>268.869.015</b>	<b>3.746.129</b>	<b>2.331.482</b>
10. Trade payables	37.547.567	819.295	57.952
11. Financial liabilities	--	--	--
12a. Other Monetary Liabilities	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--
<b>13. SHORT-TERM LIABILITIES</b>	<b>37.547.567</b>	<b>819.295</b>	<b>57.952</b>
14. Trade payables	--	--	--
15. Financial liabilities	--	--	--
16a. Other monetary liabilities	--	--	--
16b. Other non-monetary liabilities	--	--	--
17. LONG-TERM LIABILITIES	--	--	--
<b>18. TOTAL LIABILITIES</b>	<b>37.547.567</b>	<b>819.295</b>	<b>57.952</b>
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	--	--	--
<b>20. Net foreign currency asset liability position</b>	<b>721.375.406</b>	<b>14.456.834</b>	<b>2.273.530</b>
<b>21. Monetary items net foreign currency asset / liability position (1 + 2a + 5 + 6a-10-11-12a-14-15-16a)</b>	<b>231.321.448</b>	<b>2.926.834</b>	<b>2.273.530</b>
<b>22. Financial instruments used for foreign currency hedging total fair value</b>	<b>--</b>	<b>--</b>	<b>--</b>
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:

<b>Interest position table</b>		
	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Fixed rate financial instruments</b>		
Financial assets	51.057.650	95.524.663
Financial liabilities	(1.097.806.626)	(1.269.540.983)
<b>Variable rate financial instruments</b>		
Financial liabilities	<b>(714.027.804)</b>	--

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. the ayes have it. 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
<b><u>Financial assets</u></b>						
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
<b><u>Financial liabilities</u></b>						
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
<b><u>Financial assets</u></b>						
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
<b><u>Financial liabilities</u></b>						
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:

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial liabilities (*)	--	--	--
<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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.