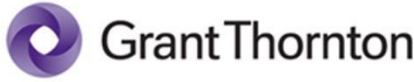




**NATURALLY,
WE THINK
AHEAD.**

**ARZUM 2025
TSRS-COMPLIANT SUSTAINABILITY REPORT**



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To the General Assembly of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi:

We have undertaken a limited assurance engagement on the sustainability information (“Sustainability Information”) of Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi (the “Company” or “Arzum”) and its subsidiaries (together the “Group”), presented in accordance with Turkey Sustainability Reporting Standards 1 “General Requirements for Disclosure of Sustainability-related Financial Information” and Turkey Sustainability Reporting Standards 2 “Climate-related Disclosures” for the year ended 31 December 2025.

Our assurance engagement does not extend to information for prior periods or any other information associated with the Sustainability Information, including any images, audio files, or embedded videos.

Conclusion on Limited Assurance

Based on the procedures we have performed and the evidence we have obtained, as described in the section titled “Summary of Work Performed as the Basis for the Assurance Conclusion”, nothing has come to our attention that causes us to believe that the Group’s Sustainability Information for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Turkey Sustainability Reporting Standards (“TSRS”) published by the Public Oversight, Accounting and Auditing Standards Authority (“KGK”) in the Official Gazette dated 29 December 2023 and numbered 32414 (M). We do not express an assurance conclusion on the information for prior periods or any other information associated with Sustainability Information (including any images, audio files, or embedded videos).

Structural Limitations in the Preparation of Sustainability Information

Sustainability Information is subject to structural uncertainties arising from gaps in scientific and economic knowledge. Inadequacies in scientific knowledge in the calculation of greenhouse gas emissions lead to uncertainty. Furthermore, due to the lack of data regarding the probability, timing, and impacts of potential future physical and transition climate risks, Sustainability Information contains uncertainties based on climate-related scenarios.

Responsibilities of Management and Those Charged with Governance for Sustainability Information

Group Management is responsible for:

- The preparation of the Sustainability Information in accordance with the principles of Turkey Sustainability Reporting Standards;
- The design, implementation, and maintenance of internal control relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error;
- In addition, Group Management is responsible for the selection and application of appropriate sustainability reporting methods, and the making of reasonable assumptions and estimates that are appropriate in the circumstances.

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



Independent Auditor's Responsibilities for the Limited Assurance Engagement on the Sustainability Information

We are responsible for the following matters:

- To plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- To reach an independent conclusion based on the evidence we have obtained and the procedures we have performed; and
- To report our conclusion to Group management.

Since we are responsible for expressing an independent conclusion on the Sustainability Information prepared by management, we are not permitted to be involved in the preparation process of the Sustainability Information in order to prevent our independence from being compromised.

Compliance with Professional Standards

We conducted our limited assurance engagement in accordance with Assurance Engagement Standard 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("GDS 3000") and, with respect to the greenhouse gas emissions included in the Sustainability Information, Assurance Engagement Standard 3410 "Assurance Engagements on Greenhouse Gas Statements" ("GDS 3410") issued by the KGK.

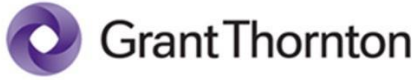
Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Independent Auditors (including Independence Standards) (Code of Ethics) issued by the KGK, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our firm applies Quality Management Standard 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable regulatory requirements. Our work was conducted by an independent, multidisciplinary team comprising auditors as well as sustainability and risk experts. We have utilized the work of our expert team to assist in evaluating the reasonableness of the information and assumptions regarding the Group's climate and sustainability-related risks and opportunities. We are solely responsible for our assurance conclusion.

Summary of Work Performed as the Basis for the Assurance Conclusion

We are required to plan and perform our work to address areas where we have determined that the likelihood of material misstatements in Sustainability Information is high. The procedures we applied are based on our professional judgment. In conducting our limited assurance engagement on Sustainability Information, we:

- Face-to-face and online interviews were conducted with the Group's key senior personnel to understand the processes in place for obtaining the Sustainability Information for the reporting period.
- The Group's internal documentation was used to evaluate and review sustainability-related information.



- An evaluation of the disclosure and presentation of sustainability-related information was performed.
- Through inquiries, an understanding was obtained regarding the Group's control environment and information systems relevant to the preparation of the Sustainability Information. However, the design of specific control activities was not evaluated, evidence regarding their implementation was not obtained, and their operating effectiveness was not tested.
- It was evaluated whether the Group's methods for developing estimates are appropriate and applied consistently. However, our procedures do not include testing the data underlying the estimates or developing our own estimates to evaluate the Group's estimates.

The procedures applied in a limited assurance engagement differ in nature and timing from, and are substantially less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Eren Bağımsız Denetim A.Ş.
Member Firm of GRANT THORNTON International



Ömer Cihan Caymaz, SMMM
Engagement Partner

11 August 2026
İstanbul, Türkiye

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1 Introduction

1.1 About the Report

Arzum Elektrikli Ev Aletleri San. ve Tic. A.Ş. ("Arzum" or the "Company") is included in the List of Enterprises Subject to Thresholds Enumerated in the First Paragraph of Article 3 of the Board Decision published in the Official Gazette dated 29 December 2023, meets at least two of the criteria established for enterprises in this list for two consecutive reporting periods, and is obligated to report in accordance with Turkey Sustainability Reporting Standards (TSRS).

Based on the 12-month financial period from 1 January to 31 December 2025, this report has been prepared in accordance with the requirements set out in TSRS 1: General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2: Climate-related Disclosures Standards. It is the company's second TSRS-Compliant Sustainability Report, and the information shared in this report should be evaluated together with the company's consolidated financial statements.

In addition, the metrics and related disclosures contained in the section "Volume 6 – Multiline and Specialty Retailers and Distributors" of the Guidance on the Industry-Specific Application of TSRS 2 have also been included in this report. Within the scope of reporting, transition reliefs regarding the second reporting period have been utilized, and these reliefs are detailed under the heading "Application of Transition Reliefs".

In the report, sustainability and climate-related risks and opportunities have been addressed by also drawing upon the framework established by the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB).

The Company has addressed the governance, strategy, risk management model, and related metrics and targets of its sustainability and climate-related risks and opportunities transparently and in a manner reflecting its current performance. Closely monitoring sustainability-related developments from global, national, and sectoral perspectives, Arzum aims to enhance its performance in addressing sustainability and climate-related risks and opportunities, and to integrate the frameworks determined in this regard into its business model.

1.1.1 Connection to Financial Disclosures

The sustainability and climate-related disclosures contained in this report have been prepared in conjunction with Arzum's 12-month financial period from 1 January to 31 December 2025, and the information shared in this report should be evaluated together with the company's consolidated financial statements.

1.1.2 Application of Transition Reliefs

There are transition reliefs established for the transition period of the TSRS Standards. Pursuant to the announcement dated 30/12/2025 titled "Reliefs to be Applied in the Preparation of Sustainability Reports for the 2025 Activity Period by Enterprises Making Sustainability Reporting in Compliance with TSRS for the First Time in the 2024 Reporting Period," the transition reliefs applied by Arzum in its second report published within the scope of TSRS are presented below.

- TSRS 1-E4: The entity is permitted to report its sustainability-related financial disclosures after publishing its related financial statements.
- TSRS 1-E5: (Pursuant to TSRS 2) It is permitted to disclose only information regarding climate-related risks and opportunities. Accordingly, Arzum has considered only climate-related risks and opportunities in this report. However, information regarding governance, strategy, and the risk

management approach encompasses all sustainability topics, including climate.

- TSRS 1-E6(b): In the entity's second annual reporting period in which it applies this Standard, the disclosure of comparative information regarding sustainability-related risks and opportunities, other than climate-related risks and opportunities, is not mandatory.
- TSRS 2 C4: Taking into account the exemption set forth in Provisional Article 3 of the Board Decision published by the KGK on December 27, 2023, Scope 3 greenhouse gas emissions are not disclosed in the 2025 TSRS Reporting.

1.1.3 Reporting Boundaries, Measurement Approach, and Metrics

The companies, assets, and operations included within the scope of this report are identical to those included in Arzum's consolidated financial statements dated 31 December 2025. The industry-specific metrics used in this report have been evaluated in accordance with the standards of the Sustainability Accounting Standards Board (SASB) and the Public Oversight, Accounting and Auditing Standards Authority (KGK). In line with the Guidance on the Industry-Specific Application of TSRS 2, disclosures regarding the metrics in the sectoral guidance corresponding to Arzum's field of activity—Volume 6 – Multiline and Specialty Retailers and Distributors—have been included. Among the metrics within the scope of the industry guidance, those not directly related to Arzum's value chain, activities, risks, and opportunities have been excluded from the scope. For detailed information, please refer to the “Industry-Specific Metrics” section.

2 About Arzum

2.1 Company Organization and Field of Activity

Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş. was founded in 1977 by Kazım Kolbaşı, Kemal Kolbaşı, and İbrahim Kolbaşı under the name Güney İthalat A.Ş. During the company's growth process, Arzum Dış Ticaret A.Ş. ("Arzum Dış") in 1993 and Felix Elektrikli Ev Aletleri A.Ş. ("Felix") in 2005 commenced operations to market Arzum's products. All these companies operated under the management of the Kolbaşı family, and on December 31, 2007, Arzum acquired all shares of Arzum Dış and Felix, and on December 29, 2008, the Company and the other two entities merged under a single legal entity named Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi.

On December 29, 2008, April 14, 2008, and March 4, 2009, 38% and 11% shares of the Company were sold to Turkish Household Appliances BV ("Turkish Household"), respectively. On December 9, 2013, 49% shares of Turkish Household Appliances BV ("Turkish Household") were sold to SDA International S.a.r.l ("SDA International"). In 2014, 1.49% of SDA International's stake was transferred to other partners. In 2020, 47.51% of SDA International's stake was offered to the public.

Arzum is registered with the Capital Markets Board (CMB) and has been traded on Borsa Istanbul (BIST) since 2020. As of December 31, 2025, 49% of the Company's shares are traded on BIST.

The Company operates in the small home appliances sector and manufactures its products through suppliers in Turkey and China. It conducts its sales through wholesalers, retailers, chain stores, and e-commerce channels.

Arzum has established subsidiaries in various countries with the aim of strengthening its presence in international markets. Arzum Asia Pacific was established in Hong Kong on June 1, 2009, to make overseas purchases on its own behalf. To conduct sales operations in Europe, Arzum Europe GmbH ("Arzum Europe") was established on July 11, 2011, to conduct sales in Europe on its own behalf, with 50% owned by Arzum and the remaining 50% by Arzum Asia Pacific; as of December 31, 2013, Arzum became the sole owner of Arzum Europe. On June 15, 2012, Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret A.Ş. Istanbul Industry and Trade Free Zone Branch ("Arzum Free Zone") was opened to operate in the free trade zone. On January 31, 2019, the Ömer Halisdemir University Technopark Branch was opened to support R&D activities. On January 17, 2023, the Company established Arzum Shanghai Limited in the People's Republic of China, with 100% of its shares owned by Arzum Asia Pacific, in order to carry its business model abroad. On November 8, 2022, with the aim of elevating the Group's existing operations in the US market, the Company actually established Arzum USA ("Arzum USA") in the state of Delaware, and as of April 12, 2023, the Company's capital transactions were completed. Similarly, with the same objective, on May 21, 2024, the company "Arzum FZE" was actually established as a 100% subsidiary in Dubai's Jebel Ali Free Zone, and its capital transactions were completed. As of December 31, 2025, and for the year ended on the same date, the consolidated financial statements consist of the Company and its subsidiaries (hereinafter referred to as the "Group"). The Company's headquarters is located at Defterdar Mah. Otakçılar Cad. Sinpaş Flatofis No: 78 Inner Door No: 34 Eyüpsultan, Istanbul.

The shareholding percentages owned by the Group and its subsidiaries as of December 31, 2025, are shown below:

Subsidiaries	Direct and indirect control shares of subsidiaries (%)
Arzum Asia Pasific	100
Arzum Europe	100
Arzum Free Zone*	100
Arzum USA	100
Arzum Shanghai**	100
Arzum FZE	100

* Although it does not have a separate legal personality, Arzum Elektrikli Ev Aletleri Sanayi ve Ticaret Anonim Şirketi Istanbul Industry and Trade Free Zone Branch is also considered a subsidiary subject to consolidation in the attached consolidated financial statements. This branch is a free zone branch pursuant to circular no. 1998/4 of the Ministry of Trade titled "Evaluation of Activity License Applications, Branch, Branch-Addressed Company," which sets out regulations for free zone branches; although it is affiliated with the headquarters, it has its own capital and its accounting records are kept separately from the headquarters. Although it does not have a separate legal personality from a legal standpoint, it is subject to consolidation due to having its own capital. It has been decided by the Group to close the Istanbul Industry and Trade Free Zone Branch as of March 6, 2026, with the aim of increasing economic sustainability and operational efficiency.

** Arzum Shanghai, 100% owned by Arzum Asia Pacific, was closed on December 19, 2025.

2.2 Business Model and Value Chain

When preparing its sustainability and climate-related financial disclosures, Arzum comprehensively evaluates its entire value chain, encompassing not only its own operations but also its suppliers and distribution network. Operating in the small home appliances sector with an extensive supply network and strategic business partnerships, the Company does not engage in direct manufacturing; instead, it manages its business processes by establishing strong collaborations with suppliers and service providers. Arzum's business model includes product development and design, manufacturer selection, quality control, distribution, and after-sales support services. The value chain features many different stakeholders, ranging from suppliers and logistics providers to e-commerce platforms and dealers. In this process, the compliance of production processes with quality standards and sustainability criteria, supplier management, and the efficiency of logistics processes directly impact Arzum's long-term success.

Arzum's upstream value chain, operations, and downstream value chain relationships are shown below.

Value Chain Stage	Description and Definition		Geographic Location
Upstream Value Chain	Main Suppliers	The production of small home appliances is provided by Arzum through cooperation with various suppliers domestically and abroad.	Türkiye, China
	Logistics	Products are delivered from suppliers to warehouses and distribution centers using international logistics networks. Strategic logistics partnerships are established for the effective management of the supply chain.	Türkiye, China, Germany, Dubai
Operations	R&D and Product Development	Two different methods are applied during the product development process. Original design and product development activities are carried out by the company's own R&D team; at the same time, products developed by manufacturers are acquired along with their rights and included in the portfolio. Through these processes, the development of innovative and high-quality products is ensured.	Türkiye, China
	Quality Control	Products are manufactured by suppliers in accordance with designated quality standards and are monitored through Arzum's quality control processes and supplier audits.	Türkiye, China
Downstream Value Chain	Distributors and Sales	Products are offered for sale through an extensive dealer and distributor network. Although there are no physical stores, direct-to-consumer sales are carried out via Arzum's own website. In addition, products are delivered to a wide consumer audience through retail chains and distributors.	Türkiye, Europe
	Customer Care and After-Sales Support	After-sales services are provided through a widespread technical service network across Turkey, and customer satisfaction-oriented operations are carried out.	Türkiye

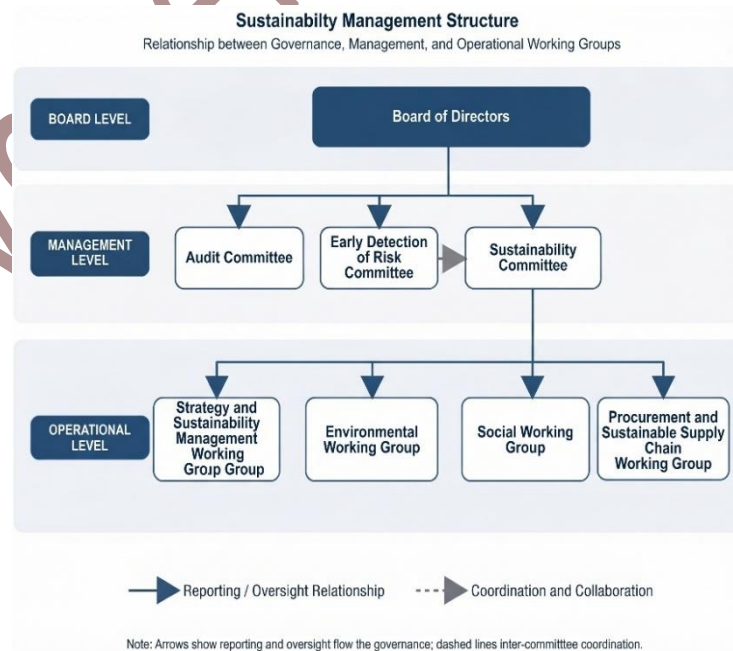
3 Governance

3.1 Arzum Sustainability and Climate Change Governance Structure

Arzum's sustainability and climate-related efforts are addressed within the scope of the company's overall governance structure, with the Board of Directors playing a fundamental role in strategic oversight and decision-making processes in these areas. Planning, coordination, and implementation processes in the field of sustainability and climate change are supported by the Sustainability Committee. The Committee takes part in the formulation and execution of relevant strategies and keeps the Board of Directors informed.

The Credit Control and Risk Management Department evaluates risks arising during the period or risk elements communicated to it by the relevant units of the company and, where deemed necessary, forwards these risks to the Early Detection of Risk Committee. In addition, a risk report prepared once a year and reviewed every 2 months is drawn up by the said department and submitted to the Early Detection of Risk Committee in line with the early risk diagnosis obligation defined within the scope of the Turkish Commercial Code.

The Early Detection of Risk Committee examines and evaluates the consolidated risk inventory prepared by the Credit Control and Risk Management Department and submits it to the Board of Directors. The Committee also continuously oversees the effectiveness and adequacy of the company's risk management system and monitors areas for improvement. The Audit Committee is responsible for submitting its evaluations in writing to the Board of Directors, by taking the opinions of the Company's responsible managers and independent auditors regarding the compliance, truthfulness, and accuracy of the annual and interim financial statements to be publicly disclosed with the accounting principles adopted by the Company. At the same time, it is planned that the Audit Committee will also perform the duty of submitting the disclosures to be made within the framework of Turkish Sustainability Reporting Standards to the Board of Directors in each reporting period. The general framework of Arzum's sustainability management structure is presented below.



3.2 Board of Directors

The Board of Directors is responsible for determining Arzum's sustainability strategy and approves the necessary resources to ensure that sustainability initiatives are managed effectively. Integrating a risk-based perspective into strategic decision-making processes, the Board ensures that the corporate strategy is supported by a robust risk management mechanism. It carries out this oversight responsibility through the Early Detection of Risk Committee. Within the scope of the initiatives launched in 2024, it was aimed to establish a governance structure that would enable the Board of Directors to participate more effectively in the evaluation of sustainability and climate-related risks and opportunities; accordingly, efforts to clearly and systematically define responsibilities regarding the formulation of sustainability strategies, risk and opportunity management, performance tracking, and reporting processes continued throughout 2025.

The Board of Directors integrates sustainability into the company's overall strategy. In this direction, steps are being taken to systematically integrate sustainability and climate-related risks and opportunities into strategic decision-making, the setting of performance targets, and risk management processes. Efforts are ongoing to strengthen the relevant structures and mechanisms to ensure the Board of Directors' more holistic involvement in these processes.

The Corporate Risk Management Implementation Procedure Guide is utilized in managing and evaluating all risks, including sustainability and climate risks, at Arzum. The Board of Directors conducts studies to ensure that controls and procedures are integrated more systematically into governance processes for the effective oversight of sustainability and climate-related risks and opportunities. Furthermore, it is targeted that the findings obtained from risk management processes be regularly reported to the Sustainability Committee, and that the Risk Management and Finance teams work together in future periods to analyze the potential financial impacts of sustainability and climate risks and present these analyses to the Board of Directors. Arzum carries out efforts to develop relevant performance metrics for setting targets regarding sustainability and climate-related risks and opportunities and tracking progress toward these targets. In this context, plans are underway to define sustainability and climate-related KPIs specific to senior executives, relevant department managers, and employees, and to integrate these KPIs into annual performance evaluation processes and the remuneration system.

3.3 Sustainability Committee

The monitoring and evaluation of Arzum's sustainability and climate-related risks and opportunities are carried out by the Sustainability Committee. The Sustainability Committee plays an active role in the formulation of the sustainability strategy, policies, and targets; it closely monitors risks and opportunities encountered in environmental, social, economic, and corporate matters, and develops strategic recommendations in line with the company's targets. The Committee submits its decisions to the Board of Directors in the capacity of recommendations, and the final decision-making authority regarding sustainability and climate-related matters rests with the Board of Directors. The duties and responsibilities of the Committee are set forth in the [Charter of the Sustainability Committee](#).

Within the framework of efforts to establish a governance structure that will enable the Board of Directors to participate more effectively in the evaluation of sustainability and climate-related risks and opportunities, it is being evaluated that the **Early Detection of Risk Committee** assume responsibility for monitoring sustainability

and climate-related risks through the **Credit Control and Risk Department**. With this structure, it is planned to ensure the regular monitoring and analysis of sustainability and climate-related risks and opportunities, with the Early Detection of Risk Committee informing the Sustainability Committee at regular intervals.

As of the end of 2025, the Sustainability Committee consists of a total of four members: a General Manager, a Deputy General Manager, the Deputy Director of Investor Relations and Sustainability, and the Deputy Director of Financial Planning and Control. The Committee convenes at least twice a year to address items on its agenda and ensures that the Board of Directors is informed through the reports it prepares. Efforts are ongoing to put the agenda items and decisions of Committee meetings into writing and record them regularly, with the aim of strengthening corporate memory and increasing the transparency of processes.

Regular consultations are held with independent sustainability consultants to enhance the Committee's competence in identifying and managing sustainability and climate-related risks and opportunities. The independent sustainability consultant provides strategic guidance by supplying knowledge and expertise on sustainability matters. In order to strengthen the existing governance structure, the creation of a competency matrix is under evaluation. Within this scope, efforts are underway to include individuals experienced in sustainability and climate matters within the governance structures. Furthermore, periodic training sessions are planned to raise the awareness of the Board of Directors and the Sustainability Committee regarding climate and sustainability risks. In addition, the Deputy Director of Investor Relations and Sustainability attended the Corporate Sustainability Reporting Expertise Accredited Training organized by the Integrated Reporting Association Turkey (ERTA) between April 28 and May 16.

In order to further strengthen the oversight mechanisms for the management of sustainability and climate-related risks and opportunities, plans are underway to have the activities of the Sustainability Committee evaluated by the Audit Committee through internal audit functions.

3.4 Working Groups

Operating at the operational level within Arzum's sustainability management, sub-working groups are organized under the Arzum Sustainability Committee. This structure consists of core groups representing the four focus areas of the company under the sustainability theme: the Strategy and Sustainability Management Working Group, the Environment Working Group, the Social Working Group, and the Procurement and Sustainable Supply Chain Working Group. These working groups feature a structure composed of various department managers and technical experts. While holding meetings as needed regarding their respective fields, efforts are planned to be pursued so that these working groups operate in a more regular structure to support the company's progress toward its sustainability targets. The sub-working groups did not operate in 2025.

4 Strategy

The escalating impacts of climate change represent one of the most critical global challenges faced not only by individuals but also by the business world today. This situation has gained such significance that it is driving the restructuring of environmental approaches, economic systems, and social frameworks. The growing sensitivity toward climate change has also begun to influence the consumption habits of individuals and institutions. Closely monitoring the effects of the climate crisis on consumption habits and the business world, Arzum evaluates its responsibility in combating climate change.

In the event that actions are not taken to limit the global temperature increase to 1.5°C within the scope of the Paris Agreement targets, it is anticipated that irreversible consequences will be faced, and research is being conducted on this issue to develop solutions. In this direction, while identifying its climate change-related risks and opportunities, Arzum has carried out evaluations by addressing its entire value chain, affiliate structure, business strategies, and matters concerning decision-making processes.

Materiality Assessment

While conducting evaluations regarding the potential financial impacts of climate-related risks and opportunities, Arzum has accepted the financial materiality threshold as a change of 3% or more in the profit margin before tax.

In alignment with the timelines it uses in strategic decision-making processes, Arzum has defined time horizons for sustainability and climate-related risk assessment processes as follows:

Short term: 0–1 year

Medium term: 1–3 years

Long term: 3 years and above

In this context, the risks identified as material have been determined as acute physical risks, specifically the risk of damage to manufacturers resulting from extreme weather events caused by climate change, and the risk of disruption to logistics processes resulting from extreme weather events caused by climate change. Within this framework, Arzum has conducted evaluations through scenario analyses in order to more effectively manage the risks that climate change may create, and the relevant evaluations have been included as the subject of this Report under each respective risk.

4.1 Climate-Related Risks

4.1.1 Risk of Damage to Manufacturers Resulting from Extreme Weather Events Caused by Climate Change

For Arzum, supply chain resilience is one of the cornerstones of operational continuity and financial stability. Climate change-induced conditions increase the vulnerability of supply chains and can threaten Arzum's processes. Therefore, building a resilient supply chain constitutes a strategic pillar for Arzum's long-term success, contributing to safeguarding its operational efficiency and market position.

In the 2024 reporting period, the "Risk of Damage to Manufacturers Resulting from Extreme Weather Events Caused by Climate Change" was evaluated with a focus on overseas maritime logistics and was taken into account for manufacturers in China, Malaysia, and Türkiye. In this context, projections were examined via the Climate Impact Explorer source. In the 2025 reporting period, no significant changes were identified in the core assumptions or financial materiality assessment of the risk in question.

Risk Description	Risk of Damage to Manufacturers Resulting from Extreme Weather Events Caused by Climate Change
Risk Category	Acute Physical Risk
Position in the Value Chain	Upstream Value Chain - Supply Chain
Activity Vulnerable to the Risk	Manufacturing processes taking place abroad
Risk Definition	The increasing extreme weather events driven by climate change have impacts on manufacturing activities. Arzum ensures that the products it offers to consumers in the market are manufactured by producers located in Türkiye, China, and Malaysia. The failure of these suppliers to supply products to Arzum on time and in sufficient quantities for any reason may lead to delays in customer orders, causing direct sales losses and customer dissatisfaction. Each product model in Arzum's product portfolio is manufactured by a specific producer. Although the design specifications of the product models belong to Arzum, if the supplier manufacturing the relevant product is unable to carry out production and/or deliver the product to Arzum on time, even if the product procurement is realized by transferring these design specifications to an alternative supplier of Arzum, this may lead to a situation where the product cannot be manufactured at the same quality and within the desired timeframe, thereby creating the risk of failing to meet customer demand on time. This risk is of even greater importance for days when sales of small household appliances, which are critical for Arzum's sector, are concentrated.
Term	Long
Impact Scale	4
Probability	3
Risk Score	12
Scenario Analysis and Climate Resilience	While assessing physical risks related to climate change, Arzum has taken into account the IPCC's projections based on the RCP 4.5 and RCP 8.5 scenarios, specifically for Türkiye, China, and Malaysia, where its suppliers operate. The evaluations indicate that temperature changes for these three geographies are not projected to have a significant negative impact on manufacturing operations in the short and medium term. Similarly, changes in wind speed are understood to remain at limited levels and will not pose a critical threat to operational continuity. Therefore, extreme precipitation stands out more prominently in the evaluation of physical climate risks. Precipitation projections point to varying risk levels across countries in the long term, a situation that is taken into consideration in Arzum's climate risk strategies. It is observed that extreme precipitation projections specific to the three countries from which Arzum procures its products have the potential to create operational disruptions particularly in the long term, but do not pose a meaningful risk in the short and medium term. China: The examined extreme precipitation projections indicate that the change remains limited in the medium term, while showing an increasing trend in the frequency and intensity of extreme precipitation in the long term, particularly under the RCP 8.5 scenario. This trend keeps the risk of operational disruptions caused by floods and inundations on the agenda in manufacturing regions. Arzum closely monitors this situation and renders this risk manageable through production diversification strategies.

¹ <https://climate-impact-explorer.climateanalytics.org/>

	• Malaysia: The examined extreme precipitation projections indicate that the operational impact remains limited in the medium term, while showing an increasing trend in heavy precipitation in the long term, particularly under the RCP 8.5 scenario. This trend necessitates the monitoring of risks arising from floods and delays in port regions and external logistics processes. The dual-sourcing strategy implemented by Arzum provides resilience against potential disruptions in this region. • Türkiye: The projections for heavy precipitation days examined for the years 2030 and 2050, including RCP 4.5 and RCP 8.5, do not show a widespread and prominent signal of increase across Türkiye. Although limited local increases are observed in certain regions, the overall outlook does not indicate a strong increase in hazard on a scale that would cause systematic disruptions in operational processes in the short and medium term. As a result, in the scenario analyses conducted regarding Arzum's manufacturing operations in Türkiye, China, and Malaysia, no severe production disruptions caused by extreme precipitation are anticipated in the short and medium term. When long-term projections are evaluated, it is foreseen that risks of production disruptions may be encountered; however, it is planned to manage these risks through risk monitoring mechanisms and supplier diversification. NGFS (Network for Greening the Financial System) Current Policies Scenario: This scenario is one of the projections within the Climate Impact Explorer source, envisaging a future where current climate policies remain unchanged and no new steps are taken. In this model, where global greenhouse gas emissions continue to increase until 2080, it is anticipated that irreversible effects will occur, such as the global temperature increase reaching approximately 3°C and sea levels rising. In NGFS terminology, this is referred to as a "hot house" world.
Risk Impacts	Although Türkiye, China, and Malaysia will be affected by climate change in different aspects and at varying levels, it is observed that countries such as China and Malaysia exhibit a higher level of vulnerability to specific climate events. This situation indicates that these countries may be at greater risk due to their geographical locations and vulnerabilities to climate events. Due to its land area, China is one of the countries that may encounter the most complex consequences of the global climate crisis in terms of diversity. Malaysia, on the other hand, is in a more vulnerable position against rising sea levels and the destructive impacts of tropical storms due to its geographical location. The impacts of the climate crisis on countries vary depending on various factors such as geographical location, economic structure, infrastructure, and adaptive capacity. Considering the impact of products manufactured in Türkiye, China, and Malaysia on Arzum's revenues, the producers located in Türkiye and China have been addressed as a priority. Extreme weather events may cause physical damage to suppliers' manufacturing facilities and/or production lines, leading to delays in manufacturing processes and, consequently, in product procurement. Such delays may make it difficult to manage stakeholder relationships due to the failure to place products on shelves at the right time. To compensate for production disruptions caused by sudden shocks stemming from climate change, unplanned alternative supplier cooperation may also bring along additional issues, such as the preservation of quality standards. Therefore, the impacts of climate change on the supply chain will not be limited to the operational field alone but may also generate strategic risks.

Potential Financial Impact	Far Eastern production, which accounts for 25% of origin, has approximately 12% of its production unavailable in Türkiye, and these products are procured exclusively from the Far East. However, a double sourcing model encompassing both domestic and import supply sources is applied for the Company's products such as tea makers, Turkish coffee machines, and upright cordless vacuum cleaners. In this product group, which holds a significant share of 9% in sales revenues, potential disruptions in supply processes due to a climate-induced event have the potential to create a meaningful financial impact for the Company. Accordingly, financial impact projections have been made taking into account both Türkiye and Far East supply scenarios. Current Period Financial Impacts The risk in question did not materialize during the reporting period, and therefore no associated financial impact occurred. Projected Financial Impacts Evaluations were conducted through the scenario of transitioning to the Türkiye-Centered Supply Model in the event of a supply disruption due to climate-induced production stoppages in the Far East, specifically China and Malaysia. The FOB (Free On Board) prices of products in Türkiye are at higher levels compared to Far Eastern sources. Nevertheless, the domestic supply option offers a more balanced structure financially thanks to term payment conditions and the flexibility it provides to cash flow. Furthermore, the Türkiye supply model is evaluated as a safer alternative in terms of ensuring greater predictability of total landed costs and preserving supply continuity during crisis periods. This amount consists of financial impacts of approximately TRY 32,192,175 (\$750,000) for Turkish coffee machines and TRY 42,622,440 (\$993,000) for air-styling hair dryers. As for espresso machines, although no local supplier meeting Arzum's expectations could be found in Türkiye during the reporting period, the cost of developing an alternative manufacturer is estimated to be higher than approximately TRY 34,338,320 (\$800,000). The differences between the FOB prices of Turkish and Far Eastern suppliers for Turkish coffee machines and air-styling hair dryers, and the cost of developing an alternative manufacturer due to the absence of an existing manufacturer in Türkiye for espresso machines, have been taken into consideration. As a result of the localization efforts carried out in 2024 for tea makers and upright cordless vacuum cleaners, which were included in the evaluation, it was assessed that the financial burden stemming from imported supply for these products no longer persisted as of 2025. Localization has been completed for tea makers, while approximately 70% of the products have been localized in the case of upright cordless vacuum cleaners. In the product-based evaluation conducted for the three main product groups with high sales volumes as of 2025, it is projected that transitioning to an alternative supply/manufacturing model for Turkish coffee machines, espresso machines, and air-styling hair dryers may create an additional financial burden totaling approximately TRY 109,152,935 (\$2,543,000). The financial materiality threshold has been accepted as a 3% change in the profit margin before tax, and was determined as TRY 158.5 million for 2025. Accordingly, the projected impact remains below the threshold. (Currency conversions are based on the CBRT USD foreign exchange selling rate of TRY 42.9229 dated December 31, 2025.)
Measurement Uncertainties	Production stoppages and supply chain disruptions driven by climate change carry significant uncertainty due to various external factors. While the concentration of manufacturing facilities in certain regions increases vulnerability to extreme weather events, infrastructure capacity, response speed, and the level of adaptation determine the scale of this impact. Although lead times and cost estimates are based on historical data, elements such as geopolitical developments, freight bottlenecks, exchange rate fluctuations, and regulatory changes can lead to deviations in these estimates. This situation reduces the reliability of costs and delivery times, creating measurement uncertainty in financial planning. Furthermore, fluctuations in freight, customs, and transportation costs can pose risks of increases in final product prices, a decrease in competitiveness, and sales losses. Delays stemming from supply or quality issues, on the other hand, entail the risks of customer dissatisfaction and operational inefficiency.
Mitigating Measures and Actions Against the Risk	To mitigate this risk, the Company maintains supplier diversity, optimizes payment terms, and regularly evaluates alternative supply chain scenarios. Arzum carries out efforts towards the localization of its product portfolio by also manufacturing the products it produces in China and Malaysia within Türkiye as well. These efforts not only provide economic and operational advantages but also support the development of significant resilience against supply chain risks caused by climate change. Production stoppages that may arise as a result of destructive impacts such as extreme weather events driven by increasing climate change jeopardize supply continuity on a global scale. This double-sourcing approach of Arzum, which limits the use of single suppliers, enhances the resilience of the supply system against climate-induced disruptions. Through this approach, Arzum limits the financial consequences of the destructive impacts that extreme weather events may create on manufacturing facilities and production lines, secures business continuity by offering alternative solutions against climate-related negative conditions, and this plays a critical role in ensuring supply continuity.

4.1.2 Risk of Disruption to Logistics Processes Due to Climate Change-Induced Extreme Weather Events

The resilience of logistics processes stands out as one of the critical elements of operational continuity and financial stability. Operating on a global scale, Arzum is aware that any disruption in the logistics chain can adversely affect product distribution and lead to sales losses and customer dissatisfaction. Extreme weather events associated with climate change can threaten Arzum's operations by increasing the vulnerability of logistics networks.

Regarding this risk, during the 2024 reporting period, the "Risk of Impact on Logistics Processes Resulting from Climate Change-Induced Extreme Weather Events" was evaluated with a focus on international maritime logistics, taking into account the main maritime transportation routes used for shipments from producers in China, Malaysia, and Türkiye to destinations such as China, Germany, Türkiye, and Dubai. In this context, extreme precipitation projections around the Suez Canal and the Cape of Good Hope were examined through the Climate Impact Explorer source. No significant changes were identified in the core assumptions and financial materiality assessment of this risk during the 2025 reporting period.

Risk Description	Risk of Impact on Logistics Processes Resulting from Climate Change-Induced Extreme Weather Events
Risk Category	Acute Physical Risk
Position in the Value Chain	Upstream Value Chain - Supply Chain
Activity Vulnerable to the Risk	Maritime logistics process of products manufactured abroad
Risk Definition	Arzum carries out logistics and shipment processes for the products it has manufactured in the Far East, specifically China and Malaysia, to different regions of the world within the scope of its international sales activities. In this context, considering the geographical distribution of shipping routes, maritime chokepoints of critical importance to global trade, such as the Cape of Good Hope and the Suez Canal, stand out. Tropical storms, extreme precipitation, and sudden changes in sea conditions that are increasingly likely to occur in these regions due to the impact of climate change are evaluated as potential risk factors for the continuity and safety of transportation operations. Such extreme weather events can cause interruptions in vessel traffic, route diversions, or extensions in transit times, thereby affecting supply chain performance and delivery planning.
Term	Long
Impact Scale	4
Probability	3
Risk Score	12

Scenario Analysis and Climate Resilience	Arzum also addresses physical risks driven by climate change with a specific focus on logistics routes that could affect the continuity of the global supply chain. In this context, extreme precipitation projections were evaluated around the Suez Canal and the Cape of Good Hope, two key transit points of strategic importance for maritime transportation. These two regions are located along the primary maritime transportation routes used for product shipments from Arzum's producers in China, Malaysia, and Türkiye to destinations such as China, Germany, Türkiye, and Dubai. Extreme precipitation projections made for Al Isma'iliyah (Egypt) and South Africa were examined to assess potential climate risks that could affect Arzum's logistics operations, given their location at strategic transit points of global maritime transportation, such as the Suez Canal and the Cape of Good Hope. Analyses conducted based on the RCP4.5 and RCP8.5 scenarios reveal differing trends for both regions: Al Isma'iliyah (Egypt): The examined extreme precipitation projections do not show a prominent increase signal across the region. The observation of a slight downward trend, particularly under the RCP8.5 scenario, supports that the risk of extreme precipitation is not a dominant factor in the short, medium, and long term for port and land logistics activities conducted via Egypt; therefore, its impact on Arzum's export routes is low. Climate-induced extreme precipitation risk is not seen as a significant factor in logistics activities conducted via Egypt in the short, medium, and long term. South Africa: The examined extreme precipitation projections present a geographically variable outlook. While changes remain limited in the medium term, an increasing trend in extreme precipitation becomes evident in certain parts of the region in the long term, particularly under the RCP8.5 scenario. Although this increase has the potential to create risks of floods, infrastructure degradation, and transit delays in maritime and road transportation, current outputs do not point to a direct and severe impact on operations. Route diversification and forward-looking route safety analyses gain importance in this context. These scenarios are evaluated by Arzum to optimize future transit times and to anticipate and develop precautions against route safety threats. When climate-induced logistics risks for both regions are evaluated, it is projected that they will not be at a critical level for Arzum in the short and medium term. However, efforts regarding climate resilience along the routes are carefully carried out within the scope of long-term strategies.
Risk Impacts	Extreme weather events driven by climate change, shifts in wind regimes, and irregularities in ocean currents can pose significant operational and financial risks, particularly in supply processes relying on maritime transportation. Increasing tropical storms, severe weather conditions, and port closures in shipments from production hubs such as China and Malaysia can lead to interruptions in vessel routes, voyage delays, and bottlenecks in the logistics chain. This situation can make the timely procurement of products difficult, disrupting production plans, causing customer demands to be met with delays or not met at all, and thereby adversely affecting sales performance. Delays experienced in transportation increase the necessity of generating solutions in a short time; alternative routes or expedited shipping solutions can create unexpected cost increases in logistics and customs processes. In addition, exchange rate fluctuations, rises in fuel prices, and uncertainties in freight rates increase the financing burden and negatively impact the cost structure. While extended transit times and rising operational expenses make the sustainability of quality standards challenging, potential declines in delivery reliability may constitute a risk.

Potential Financial Impact	A double-sourcing model encompassing both domestic and import supply sources is applied for the Company's products such as tea makers, Turkish coffee machines, and upright cordless vacuum cleaners. In these product groups, which hold a significant share of 9% in sales revenues, potential disruptions in logistics processes due to a climate-induced event have the potential to create a meaningful financial impact for the Company. Current Period Financial Impacts The risk in question did not materialize during the reporting period, and therefore no associated financial impact occurred. Projected Financial Impacts Evaluations were conducted through the scenario of transitioning to the Türkiye-Centered Supply Model in the event of a climate-induced logistics disruption in products whose logistics are managed from the Far East, specifically China and Malaysia. Accordingly, while the FOB prices of products are relatively high, operational flexibility is ensured thanks to shorter delivery times and lower logistics costs. Domestic production is more resilient against climate-induced logistics interruptions and has a mitigating effect on stock-out risks for domestic market demands. Furthermore, term payment agreements made with domestic suppliers support the Company's cash flow management and contribute to the preservation of financial stability during potential crisis periods. For these reasons, the Türkiye supply model provides a more sustainable operational structure despite higher unit costs. This amount consists of financial impacts of approximately TRY 32,192,175 (\$750,000) for Turkish coffee machines and TRY 42,622,440 (\$993,000) for air-styling hair dryers. As for espresso machines, although no local supplier meeting Arzum's expectations could be found in Türkiye during the reporting period, the cost of developing an alternative manufacturer is estimated to be higher than approximately TRY 34,338,320 (\$800,000). The differences between the FOB prices of Turkish and Far Eastern suppliers for Turkish coffee machines and air-styling hair dryers, and the cost of developing an alternative manufacturer due to the absence of an existing manufacturer in Türkiye for espresso machines, have been taken into consideration. As a result of the localization efforts carried out in 2024 for tea makers and upright cordless vacuum cleaners, which were included in the evaluation, it was assessed that the financial burden stemming from imported supply for these products no longer persisted as of 2025. Localization has been completed for tea makers, while approximately 70% of the products have been localized in the case of upright cordless vacuum cleaners. In the product-based evaluation conducted for the three main product groups with high sales volumes as of 2025, it is projected that transitioning to an alternative supply/manufacturing model for Turkish coffee machines, espresso machines, and air-styling hair dryers may create an additional financial burden totaling approximately TRY 109,152,935 (\$2,543,000). The financial materiality threshold has been accepted as a 3% change in the profit margin before tax and was determined as TRY 158.5 million for 2025. Accordingly, the projected impact remains below the threshold. (Currency conversions are based on the CBRT USD foreign exchange selling rate of TRY 42.9229 dated December 31, 2025.)
Measurement Uncertainties	Evaluating the impacts of climate change-induced extreme weather events on maritime transportation, although based on scenario-based projections, involves significant measurement uncertainties. Projections regarding tropical storm frequency, route safety, and transit times have limited precision due to reasons such as regional climate model differences, limited historical data sets, and the margin of accuracy of meteorological forecasts. Furthermore, external economic variables render operational risk estimations even more uncertain.
Mitigating Measures and Actions Against the Risk	Efforts are underway to increase the number of manufacturers operating in Türkiye in order to shorten the lead times of products manufactured abroad and subjected to long maritime journeys, and to minimize climate-related or non-climate-related risks that may be encountered during transit. The multi-source supplier network established by Arzum among China, Malaysia, and Türkiye provides significant flexibility against climate change-induced logistics disruptions. In the event of any logistics-related issue in a given region, alternative products can be quickly commissioned through suppliers in different locations, thereby preserving market continuity. While this structure increases supply chain resilience, it also offers a strategic advantage in terms of operational continuity. Furthermore, Arzum does not rely on a single transportation mode alone in shipping. By developing multimodal logistics solutions such as rail and ship, or rail and road, Arzum enhances its resilience against disruptions that climate change may cause on logistics operations and improves its agility. Utilizing alternative transportation modes and being ready to deploy them ensures that Arzum possesses a more robust structure against climate-induced logistics interruptions.

4.2 Impacts of Climate-Related Risks on the Company's Strategy

Arzum has evaluated the risks stemming from climate change and determined, by virtue of its business model, that the supply chain is of greater importance than other matters. To minimize the impacts of supply chain disruptions, the Company identifies upstream and downstream logistics effects and carries out efforts to enhance flexibility and resilience within its business model.

In this context, aiming to mitigate the risks created by dependence on a single supplier, the Company has decided to cooperate with multiple manufacturers for the production of product groups of strategic importance and high market demand. By increasing diversity within the supply chain, it is aimed to establish a more robust structure against other operational challenges, including changes in climatic conditions. Through this new approach, within the framework of its sustainable growth strategy, the Company has begun to build a flexible supply network that will adapt to changing dynamics in the event of climate change-induced damage to manufacturing areas and/or production lines.

At the same time, it is aimed to integrate different transportation modes into processes in order to enhance supply chain resilience, optimize costs, and minimize the adverse effects that climate change may cause on logistics operations. Arzum's combined use of different transportation methods, coupled with diversified supplier collaborations, enables the creation of a broad range of supply sources. This helps Arzum maintain its competitive advantages, reduce the impact of climate-induced logistics disruptions on customer deliveries, better respond to customer expectations, and take an important step toward developing a sustainable growth model.

5 Risk Management

5.1 Evaluation of Sustainability and Climate-Related Risks and Opportunities

Arzum adopts an Enterprise Risk Management (ERM) framework to identify, assess, prioritize, and manage material risks. The risk management process ensures that risks are addressed systematically, control mechanisms are evaluated, and action plans are developed to reduce risks to acceptable levels.

Arzum's risk management process is executed within the scope of the risk appetite determined by the Board of Directors, aiming to increase risk awareness across the Company and ensure sustainability by managing risks with a holistic approach. The monitoring and evaluation of sustainability and climate-related risks and opportunities are carried out by Arzum's Sustainability Committee. Risk management processes encompass the identification of risks, conducting scenario analyses, examining data sources, and performing probability-impact assessments.

5.1.1 Identification and Definition of Risks

Arzum adopts a systematic approach to identify, assess, prioritize, and monitor risks. In this context, risks are tracked through a risk inventory containing factors that may threaten strategic objectives. Within the inventory, risks are numbered using the abbreviation of their respective function, briefly defined, broken down by their root causes, and categorized according to primary risk types. Furthermore, risk references are included where applicable, and a maximum of two responsible authorities are assigned to each risk.

To identify risks and opportunities, sectoral analyses, risk management publications, scenario analyses, and the practices of other companies in the sector are monitored. Additionally, the report utilizes global standards such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) Standards of the International Sustainability Standards Board (ISSB). Potential risks are identified by analyzing internal and external audit reports, and a shared risk perception is fostered through workshops organized with employee participation. Risk maps and inventories serve as fundamental tools throughout this process.

5.1.2 Assessment and Prioritization of Risks

Arzum evaluates risks based on net impact and net likelihood ratings to determine their risk scores and levels. The identified risks are classified and managed on a heat map. Since high-risk levels pose critical threats to the company, detailed action plans are prepared for these risks, ensuring the involvement of senior management. Medium-level risks require specific control mechanisms and are monitored by the relevant managers. Although low-medium risks pose relatively fewer threats, necessary precautions are taken, and formalizing action plans in writing is left to the discretion of the business. Low risks have a minimal impact on the business, are managed by the risk owner, and do not require written action plans.

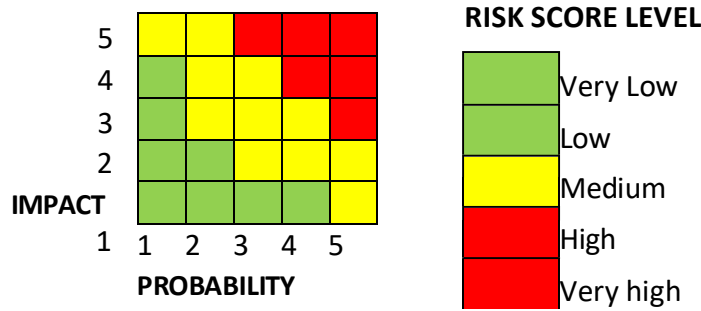


Figure 1: Impact and Likelihood Scale

5.1.3 Risk Response

Arzum determines responses to risks in line with the net risk score and addresses them under four main categories: Risk Avoidance, Risk Acceptance, Risk Reduction, and Risk Sharing. Risk assessments are carried out through periodic meetings or in response to emerging needs; during this process, root causes of risks are analyzed, appropriate action plans are established, and actions are implemented with the approval of relevant parties. Actions and measures taken regarding priority risks are submitted to the Board of Directors via the Early Identification of Risks Committee.

The Credit Control and Risk Management Department evaluates the effectiveness of existing controls during the prioritization of risks identified in workshops and collaborates with the Internal Audit Manager to raise awareness among risk owners and provide necessary guidance.

5.1.4 Reporting and Monitoring of Risks

The monitoring and evaluation of risks encompass the establishment and tracking of individual risk inventories by each unit, with all risks being consolidated and managed by the Credit Control and Risk Management Department. Emerging risks or changes in existing risks are reviewed bimonthly and reported to senior management. Furthermore, critical changes or newly identified risks are communicated to relevant parties in a timely manner. Arzum carries out the monitoring and evaluation of sustainability and climate-related risks through the Sustainability Committee.

Changes in Arzum's risk monitoring process are reviewed annually during the preparation of the annual report, and processes are updated in line with the lessons learned and best practices derived from the previous year's Enterprise Risk Management practices.

6 Metrics and Targets

6.1 Industry-Based Metrics

Considering Arzum's field of activity, business model, and value chain, the relevant metrics are presented below in accordance with the guidelines set forth in "TSRS 2 Appendix Volume 6 — Multiline and Specialty Retailers and Distributors" under the Guide on the Sector-Based Application of TSRS 2.

Arzum operates in the small electrical home appliances sector and realizes its product sales through wholesalers, retailers, chain stores, and e-commerce channels. The company's value chain encompasses sales, distribution, after-sales services, and supply chain management processes.

Accordingly, sector-specific metrics regarding energy management and operational scope, reflecting the nature of Arzum's activities, are provided below.

6.1.1 Total Energy Consumed

Subject	Metric	2024	2025	Unit
Energy management in retail and distribution	Total energy consumed	10.212,84*	8.097,44	Gigajoule (GJ)

*The total energy consumption for 2024 within the scope of retail and distribution activities has been restated as 10,212.84 GJ instead of 416.23 GJ, following the inclusion of diesel and gasoline consumed in company vehicles and purchased electricity consumption.

6.1.2 Percentage of Grid Electricity

Subject	Metric	2024	2025	Unit
Energy management in retail and distribution	Percentage of grid electricity	100	100	Percent (%)

6.1.3 Percentage of Renewable Energy

Subject	Metric	2024	2025	Unit
Energy management in retail and distribution	Percentage of renewable energy	0	0	Percent (%)

6.2 Operational Metrics

Within the scope of Arzum's retail and distribution operations, the company's operational locations and the sizes of these areas are presented in the table below. These metrics reflect the company's operational scope and infrastructure. Due to inventory management priorities in 2025, warehouse space was gradually reduced from 10,000 m^3 in 2024 to 4,000 m^3 in 2025.

Operational Metrics		2024	2025	Unit
Number of retail outlets and distribution centers		3	3	Number of
Total area of retail spaces and distribution centers	Türkiye	10.000	4.000	Cubic meter (m3)
	Germany	500	500	
	Dubai	1.000	1.000	

6.3 Cross-Industry Metrics

Metric	Description
Greenhouse gas emissions	Scope 1 and Scope 2 emission values for the years 2024 and 2025 have been included in the report, and the calculation methods and methodology used are explained under the section "6.3.1 Greenhouse Gas Emission Metrics". According to Provisional Article 3 on "Transition provisions regarding reporting" set forth in the Board Decision on the Scope of Application of TSRS, there is no obligation to include Scope 3 emissions in the report during the first two reporting periods in which TSRS is applied. Meanwhile, efforts regarding the calculation of Scope 3 emissions are ongoing.
Climate-related transition risks—amount and percentage of vulnerable assets or business activities facing climate-related transition risks	No assets or business activities vulnerable to climate-related transition risks have been identified for Arzum.
Climate-related physical risks—amount and percentage of vulnerable assets or business activities facing climate-related physical risks	<i>Far Eastern procurements where the double-sourcing method is not applied have been evaluated within this scope and are explained under the heading "4.1 Climate-Related Physical Risks".</i>
Climate-related opportunities—amount and percentage of assets or business activities aligned with climate-related opportunities	Since no opportunity that could affect Arzum's climate-related financial performance has been identified, no assets or business activities aligned with such opportunities have been defined.

Capital deployment: amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	No capital expenditure, financing, or investment has been deployed for climate-related risks and opportunities.
For internal carbon prices: - An explanation of whether the company applies a carbon price in its decision-making process and how it does so (e.g., investment decisions, transfer pricing, and scenario analysis), and - The price per metric ton of greenhouse gas emissions that the company uses to value the costs of its greenhouse gas emissions	There is currently no official carbon pricing mechanism in force in Turkey. Therefore, Arzum does not apply a carbon price in its decision-making processes, and no shareable data is available on this matter. However, developments regarding carbon pricing mechanisms in Turkey are being monitored, and the company plans to develop strategies and practices in this area in the future, depending on changes in legislation and market conditions.
For compensation: - An explanation of whether climate-related matters are included in executive compensation and, if so, how they are included - The percentage of senior executive compensation included in the financial statements for the current period in connection with climate-related matters	As stated in the explanation under the “3.2 Board of Directors” subheading within the “3. Governance” section, climate-related issues do not currently have an impact on executive compensation.

6.3.1 Greenhouse Gas Emissions

Arzum’s greenhouse gas emissions have been classified and calculated within the framework of the GHG Protocol (Corporate Accounting and Reporting Standard). The calculations include electricity consumption of the office area located at Flat Ofis, where Arzum conducts its headquarters operations, fuel consumption of company vehicles used for transportation, and emissions arising from fire extinguishers and refrigerant gas leaks. Local and internationally recognized, reliable sources were used for emission factors during the calculations. Scope 1 emissions include Arzum’s impact during the reporting period due to company vehicle fuels, fire extinguishers, and refrigerant gas leaks. Since there is no natural gas consumption for heating purposes, natural gas consumption is not included in Scope 1 emissions. Emission factors from the Intergovernmental Panel on Climate Change (IPCC) sources were utilized in calculating the emissions from these data. Scope 2 emissions originate from the electricity purchased by Arzum during the reporting period and were calculated by taking into account the national grid electricity emission factor.

Arzum aims to conduct studies to determine actions for reducing its emissions in the upcoming period. Additionally, it plans to calculate and report its Scope 3 greenhouse gas emissions.

Arzum’s subsidiaries have not been included in the reporting as they have no emissions.

Greenhouse Gas Emissions				
	Scope 1 (ttCO ₂ e)	Scope 2 (Location Based-ttCO ₂ e)	Scope 2 (Market Based-ttCO ₂ e)	Total Greenhouse Emissions (ttCO ₂ e)
2024	731,34	54,39	54,39	785,73
2025	575,48	54,82	54,82	630,30

*As the company lacks an I-REC or equivalent energy certificate for renewable energy, its Scope 2 emissions are the same for both market-based and location-based approaches.

Emission Factors and Calculation Methodology

Scope 1 and Scope 2 greenhouse gas emissions for 2025 were calculated by multiplying the relevant activity data by appropriate emission factors. Activity data were collected in kilograms for refrigerants and fire extinguishers, liters for company vehicles, and kWh for purchased electricity. Calculations for each emission source were performed using the following formula:

$$\text{Greenhouse gas emission (tCO}_2\text{e)} = [\text{Activity data} \times \text{Emission factor (kgCO}_2\text{e/birim)}] / 1.000$$

Emission factors for gasoline and diesel used in company vehicles were calculated based on the lower heating value and density of the fuel, default emission factors for CO₂, CH₄, and N₂O, and their global warming potentials. Global warming potential values from the IPCC Sixth Assessment Report were used for factors regarding refrigerants and CO₂ refills. Emissions related to purchased electricity were calculated using the consumption-point emission factor published for the Turkish electricity grid.

Emission source	Scope	Emission factor	Unit	Source
R134A refrigerant gas leak	1	1.530	kgCO ₂ e/kg	IPCC AR6, Table 7.SM.7
R404A refrigerant gas leak	1	4.728	kgCO ₂ e/kg	IPCC AR6, Table 7.SM.7
R410A refrigerant gas leak	1	2.256	kgCO ₂ e/kg	IPCC AR6, Table 7.SM.7

Emission source	Scope	Emission factor	Unit	Source
Company vehicles – gasoline	1	2,506	kgCO ₂ e/liter	IPCC 2006 Guidelines, Volume 2 Energy, Chapter 3, Tables 3.2.1 and 3.2.2; IPCC AR6, Table 7.SM.7
Company vehicles – diesel	1	2,756	kgCO ₂ e/liter	IPCC 2006 Guidelines, Volume 2 Energy, Chapter 3, Tables 3.2.1 and 3.2.2; IPCC AR6, Table 7.SM.7
Fire extinguishers – CO ₂ recharge	1	1	kgCO ₂ e/kg	IPCC AR6, Table 7.SM.7
Purchased electricity	2	0,434	kgCO ₂ e/kWh	Türkiye Electricity Generation and Electricity Consumption Point Emission Factors Information Form

arzum

Arzum's TSRS-compliant (Turkish Sustainability Reporting Standards) sustainability report has been prepared by **Forvis Mazars Turkey**.

In the event of any discrepancy between the Turkish and English versions of this report, the Turkish version shall prevail.