APPENDIX 1: BOARD OF DIRECTORS' REPORT ON THE USE OF FUNDS TO BE RAISED THROUGH THE CAPITAL INCREASE

1. PURPOSE OF THE REPORT

Pursuant to the provisions of Article 33 of the Capital Markets Board's (CMB) Share Circular No. VII-128.1 **("Share Circular"),** , regarding the use of funds raised through a paid-in capital increase: *"In paid-in capital increases to be conducted by publicly traded companies whose shares are traded on the stock exchange, a report must be prepared specifying the purposes for which the funds raised from the capital increase will be used, this report must be approved by the board of directors and submitted to the Board at the time of the application for approval of the prospectus or offering circular, and it must be disclosed to the public*."

This "Report on the Use of Funds to Be Raised Through the Capital Increase" has been prepared in accordance with Article 33 of the Share Circular to explain the purpose for which the funds raised through the paid-in capital increase will be used.

2) REASON FOR THE CAPITAL INCREASE

The rationale for the private placement capital increase planned pursuant to Resolution No. 2026/34, adopted by our Company's Board of Directors on July 8, 2026, is as follows: to raise capital, strengthen the Company's capital structure, increase profitability by reducing debt and financing costs, create self-financing sources for the Company's new investments, and improve profit margins.

Our Company plans to use the net proceeds it expects to generate from the shares to be issued through the paid-in capital increase for the purposes outlined below.

3) PLANNED USES OF THE FUNDS TO BE RAISED

Pursuant to Board of Directors Resolution No. 2026/34 dated July 8, 2026, regarding the capital increase against consideration, the entire gross proceeds of 240,000,000 TL expected to be raised have been transferred in cash to the Company's accounts as a capital advance. Since the estimated issuance costs of 1,500,000 TL—comprising the Capital Markets Board (SPK) registration fee, BIST/MKK expenses, and other legal and operational expenses related to the capital increase—will be covered from sources outside the Company's budget, the net proceeds from the capital increase will amount to 240,000,000 TL.

Our Company plans to use the net proceeds it intends to generate from the shares to be issued through the paid-in capital increase for the purposes outlined below.

Use of Funds	**Planned Allocation Percentage (%)**
Repayment of Financial and Commercial Debts	100.00
Total	**100.00**

Purposes for Which Funds from the Capital Increase Will Be Used:

Repayment of Financial and Commercial Debts

All funds raised from the capital increase will be used to repay existing financial and commercial debts.

Although both supply and sales prices in the small household appliances sector are determined in foreign currency, the Company has primarily used TL-denominated fixed/variable-rate debt instruments. This situation results in the Company incurring financing costs from suppliers in addition to its financial debt instruments.

Accordingly, to mitigate the impact of exchange rate and interest rate risks arising from the Company's financial and commercial debts and to reduce the debt stock level—thereby bringing financing expenses down to reasonable levels and supporting net working capital—the 240,000,000 TL in funds subject to the paid-in capital increase were transferred to the Company's accounts as a capital advance prior to the capital increase.

Since the estimated issuance cost of 1,500,000 TL will be covered from sources outside the Company's budget, the net proceeds from the capital increase will amount to 240,000,000 TL.

It is planned to use this amount to make redemptions of the Company's financing bonds, to pay principal and interest installments on maturing bank loans, and to settle trade payables. These payments are intended to reduce the Company's current financing burden and debt stock.

This payment will strengthen the Company's financial structure and reduce its financial obligations, thereby enabling it to achieve a healthier financing structure.