

19 March 2024

2023 Earnings Release

Evaluation of Halil Erdoğan, Ebebek Mağazacılık A.Ş. Chairman of the Board and Group CEO

With our public offering in September, we received a demand 7,7 times higher than the allocated shares and made 4.52% of Türkiye's population, that is, one in 20 people, our investor. Going public was not only a financial development, but also a strategic step we took to protect the long-term sustainability and corporate heritage of our company. While we reached 235 stores in 2023, we welcomed 47,4 million visitors in our stores compared with 38,5 million in previous year, and approximately 129 million visitors on ebebek.com. In this way, the total number of products we sold increased from 69,3 million to 81,6 million. While we closed the year with 11.359 million TL in net sales, our net profit was 302 million TL. Our EBITDA reached 721 million TL following an increase of 143% compared to previous year. With the high motivation and faith of our team, I believe we will achieve greater success in the future.”

Our number of stores increased to 235 as of December 31.

As of September 30, 2023, our company has a total of 224 stores in Turkey, 220 of which are traditional and 4 are mini concept stores. As of December 31, 2023, the number of stores of our company has reached 235, of which 228 are traditional and 7 are mini concept stores.

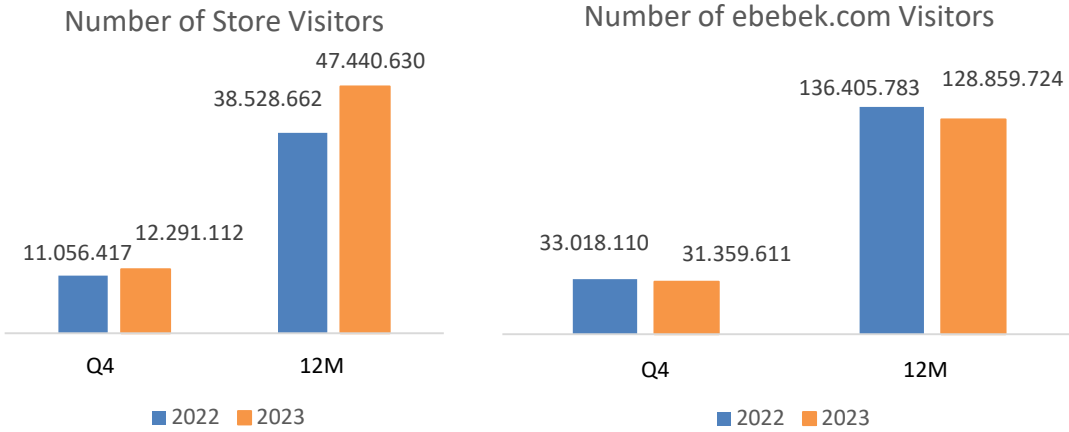
Between 1 October - 31 December 2023; a total of 12 stores, 3 of which are mini were opened (1 in Iğdır, 1 in Manisa, 3 in Bursa (Yunus Emre 23 Nisan, Orhangazi Mini, Görükle), 1 in Aydın, 1 in İstanbul, 1 in Ordu, 1 in Adana, 1 in Çanakkale, 1 in Zonguldak, and 1 in Erzurum) and 1 store was closed (in Balıkesir).

Number of Store and Website Visitors in the 4th Quarter and the First 12 Months

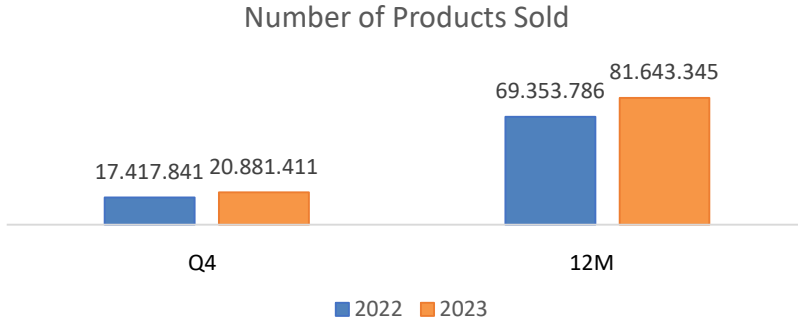
The number of visitors to ebebek stores in the fourth quarter of the year increased by 11,2% compared to the same period of the previous year, reaching 12.291.112. In the first 12-month period ending in December 2023, the number of visitors to ebebek stores increased by 23,1%, reaching 47.440.630.



The number of ebebek.com visitors in the fourth quarter of 2023 decreased by 5,0% compared to the same period of 2022, reaching 31.359.611. The number of visitors to ebebek.com website in the first 12 months of the year decreased by 5,5% reaching 128.859.724. The decrease in visitors to the website is a result of the digital marketing strategy shaped with the aim of increasing customer conversion rate. ebebek.com sales volumes increased both in the fourth quarter and the first 12 months of 2023 compared to the same periods of 2022.

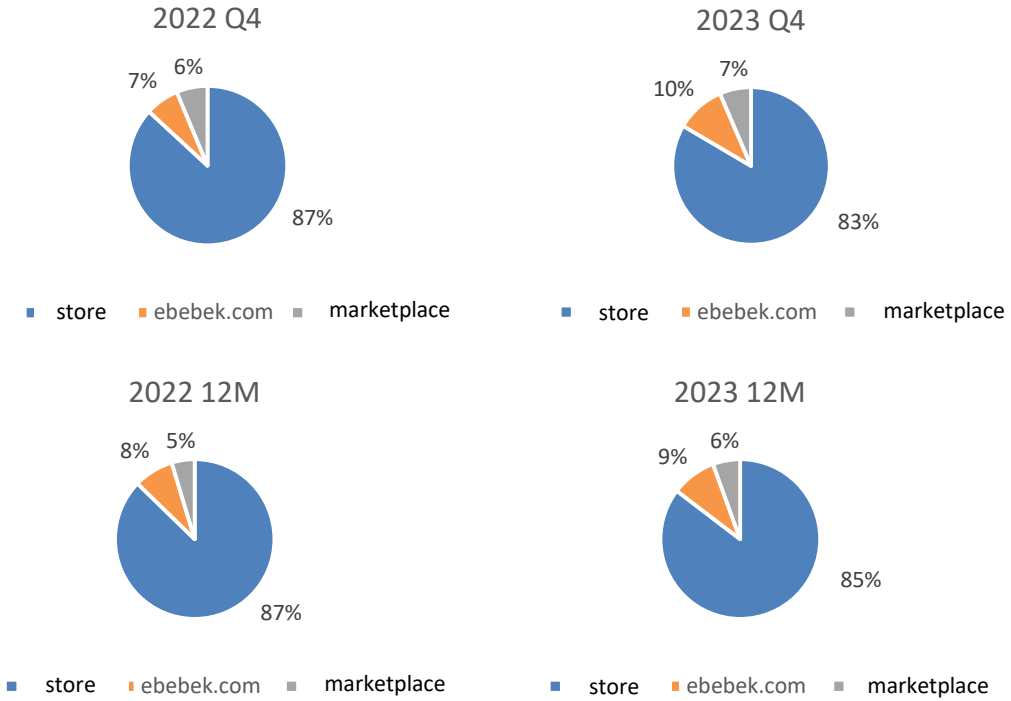


4th Quarter and First 12 Month Store and E-commerce Number of Products Sold

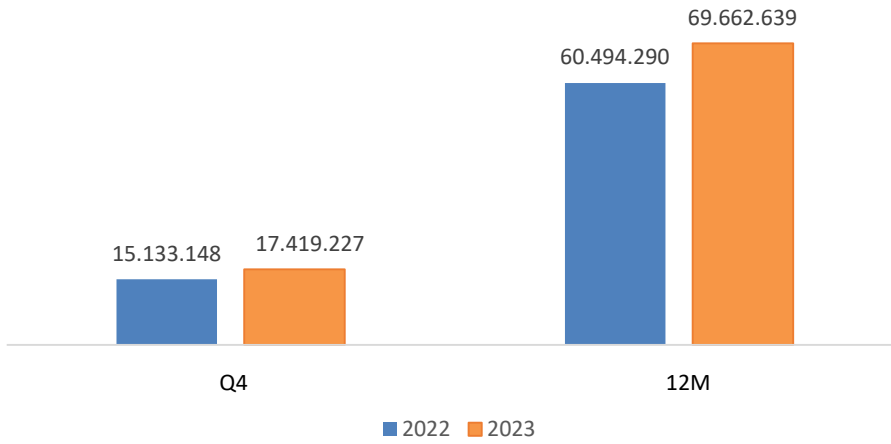


In the fourth quarter of 2023, the total number of products sold through ebebek stores and e-commerce channels in Türkiye increased by 19,9% compared to the same period of 2022, reaching 20.881.411, while in the first 12 months of 2023, this number increased by 17,7% compared to the same period of 2022, reaching 81.643.345.

Breakdown of number of products sold by sales channel:

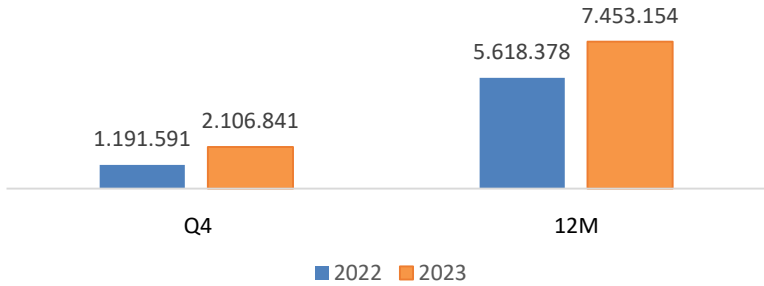


Number of Products Sold in Stores



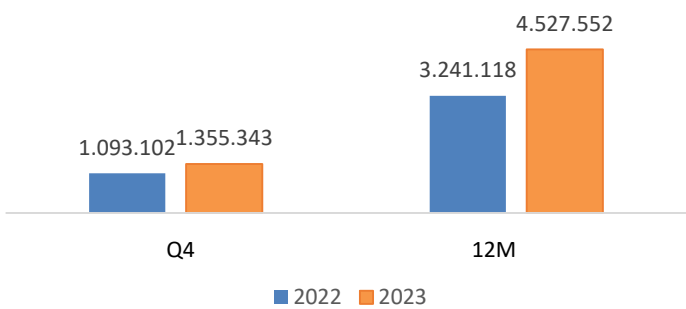
In the fourth quarter of 2023, the total number of products sold in ebebek stores in Turkey increased by 15,1% compared to the same period of 2022, reaching 17.419.227, while in the first 12 months of 2023, this number increased by 15,2% compared to the same period of 2022, reaching 69.662.639.

Number of Products Sold on ebebek.com



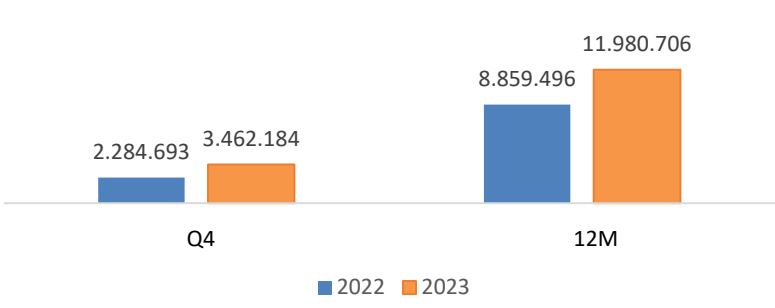
While the total number of products sold on ebebek.com in the fourth quarter of 2023 increased by 76,8% compared to the same period of 2022, reaching 2.106.841, in the first 12 months of 2023, this number increased by 32,7% compared to the same period of 2022, reaching 7.453.154.

Number of Products Sold in Marketplaces



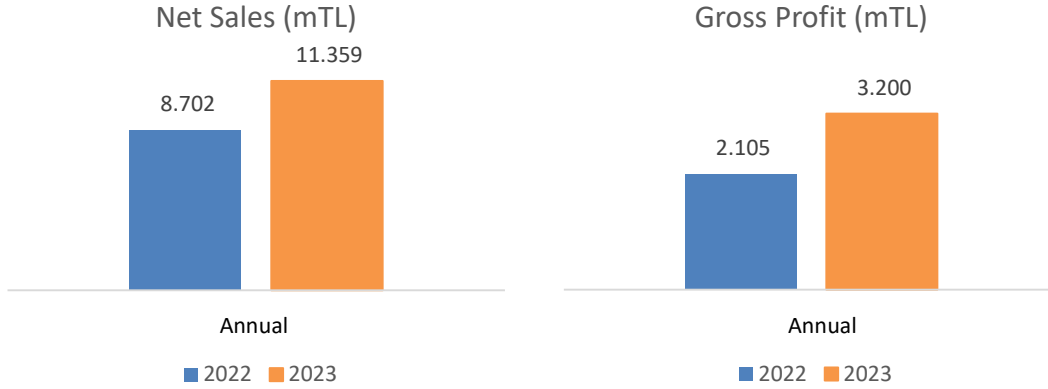
While the total number of products sold from marketplaces in the fourth quarter of 2023 increased by 24% compared to the same period of 2022, reaching 1.355.343, in the first 12 months of 2023, this number increased by 39,7% compared to the same period of the previous year, reaching 4.527.552.

Total Number of Products Sold on E-commerce



While the total number of products sold through e-commerce channels in the fourth quarter of 2023 increased by 51,5% compared to the same period of 2022, reaching 3.462.184, in the first 12 months of 2023, this number increased by 35,2% compared to the same period of 2022, reaching 11.980.706.

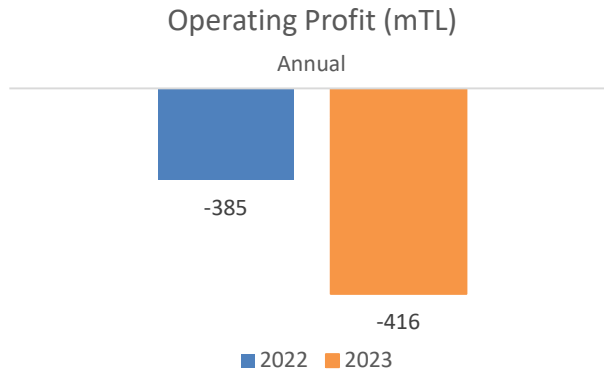
In the fourth quarter, our revenue increased by 31% and reached 11,4 billion TL.



Our revenue increased by 31% compared to 2022, reaching 11,4 billion TL, thanks to increasing number of stores and sales volumes.

While gross profit increased by 52% to 3,2 billion TL, gross profit margin improved from 24,2% to 28,2% in 2023. The most important reason for this increase is the effect of financing expenses related to forward purchases, which increased due to increasing financing costs. Financing expenses related to forward purchases are classified under other operating expenses.

An operating loss of 416 million TL was recorded in 2023.

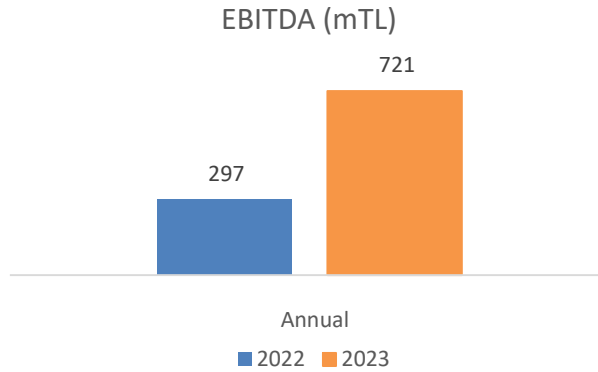


In 2023, operating loss increased by 8,1% and reached 416 million TL. The operating loss margin decreased from (4,4%) to (3,7%).

When this change in operating loss margin is examined, the items that show significant differences compared to the previous period are as follows:

- Gross profit increased by 4% as detailed above.
- The ratio of personnel expenses to revenue increased from 10,7% to 12%. The main reason for this increase is that the minimum wage hikes implemented in 2022 could be reflected in prices earlier compared to 2023.
- The ratio of energy expenses to revenue decreased from 1,7% to 1,1%.
- The ratio of advertising expenses to revenue decreased from 1,9% to 1,8% as a result of the new digital marketing strategy.
- The ratio of other income/expense from operating activities to revenue increased from 4,1% to 6,4%. The primary reason for this increase is the rise in financing expenses related to forward purchases, which have increased in proportion to the rising borrowing rates.

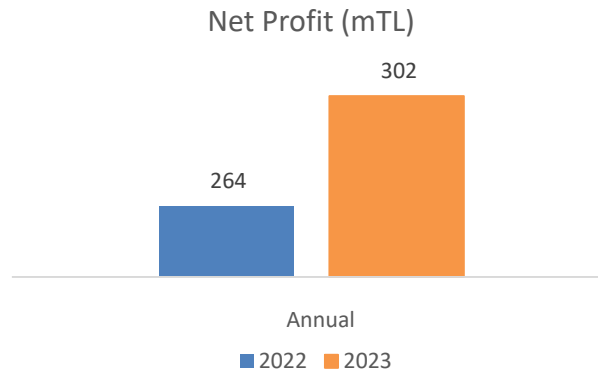
EBITDA increased by 143% and reached 721 million TL.



In 2023, EBITDA increased by 143% compared to 2022 and reached 721 million TL, and the EBITDA margin increased from 3,4% to 6,3%. The main reason for this increase is the increase in gross margin.

A net profit of 302 million TL was generated in 2023.

In 2023, net profit increased by 14,8% to 302 million TL, while net profit margin decreased from 3% to 2,7%.



Financial Debt

While the Group's net financial debt is at 834 million TL as of December 31, 2022, the Group's net financial debt is at 4 million TL as of December 31, 2023. Excluding the net cash inflow resulting from the public offering as of December 31, 2023, the net financial debt is calculated as 1.066 million TL. Net Financial Debt/EBITDA ratio, excluding the net cash inflow resulting from the public offering, was 2,8 in 2022 and improved to 1,5 in 2023.

m TL	31 December 2023	31 December 2022
Cash and Cash Equivalents	866	88
Financial Investments	121	-
Short-Term Borrowings	(459)	(520)
Short-Term Lease Liabilities	(111)	(68)
Long-Term Lease Liabilities	(421)	(335)
Net Cash / (Net Financial Debt) Position	(4)	(834)
Net Cash Inflow from Public Offering	1.062	-
Net Financial Debt Excluding Cash Inflow from IPO	(1.066)	(834)

Summary Statement of Financial Position

mTL	31 Dec 23	%	31 Dec 22	%
Current Assets				
Cash and Cash Equivalents	866	13,8	88	2,0
Financial Investments	121	1,9	-	-
Trade Receivables	43	0,7	59	1,3
Inventories	2.731	43,6	2.462	55,5
Other	667	10,7	388	8,8
TOTAL CURRENT ASSETS	4.448	70,7	2.997	67,6
Non-Current Assets				
Long-Term Financial Investments	-	-	-	-
Right-of-Use Assets	678	10,8	522	11,6
Tangible and Intangible Non-Current Assets	1.142	18,2	912	20,2
Other	12	0,2	3	0,1
TOTAL NON-CURRENT ASSETS	1.832	29,3	1.438	32,4
TOTAL ASSETS	6.261	100,0	4.435	100,0
Short-Term Liabilities				
Short-Term Borrowings	459	7,3	520	11,7
Short-Term Lease Liabilities	111	1,8	68	1,5
Trade Payables	2.372	37,9	2.220	50,1
Current Income Tax Liabilities	40	0,6	0	0,0
Other	112	1,8	83	1,9
TOTAL SHORT-TERM LIABILITIES	3.095	49,5	2.892	65,2
Long Term Liabilities				
Long-Term Lease Liabilities	421	6,7	335	7,5
Long-Term Provisions	55	0,9	113	2,6
Deferred Tax Liabilities	145	2,3	73	1,6
Other	14	0,2	17	0,4
TOTAL LONG-TERM LIABILITIES	634	10,1	538	12,1
TOTAL EQUITY	2.531	40,4	1.005	22,7
TOTAL LIABILITIES AND EQUITY	6.261	100,0	4.435	100,0

Summary Profit/Loss Statement

mTL	31 December 2023	%	31 December 2022	%
Net Sales	11.359	100,0	8.702	100,0
Cost of Sales	(8.031)	(70,7)	(6.426)	(73,8)
Personnel Expenses	(1.360)	(12,0)	(931)	(10,7)
Advertising and Promotion Expenses	(199)	(1,8)	(169)	(1,9)
Energy Expenses	(129)	(1,1)	(149)	(1,7)
Cargo Expenses	(149)	(1,3)	(91)	(1,0)
Transportation Expenses	(88)	(0,8)	(77)	(0,9)
Other Operational Expenses	(682)	(6,0)	(562)	(6,5)
EBITDA	721	6,3	297	3,4
Depreciation and Amortization Expenses	(415)	(3,7)	(330)	(3,8)
Other Income/Expense from Operating Activities	(722)	(6,4)	(353)	(4,1)
OPERATING PROFIT	(416)	(3,7)	(386)	(4,4)
Income/Expense from Investment Activities	71	0,6	11	0,1
Financial Income/Expense	(363)	(3,2)	(319)	(3,7)
Net monetary position gain/(loss)	1.162	10,2	970	11,1
PROFIT BEFORE TAX	454	4,0	276	3,2
Tax Income/Expense	(151)	(1,3)	(12)	(0,1)
NET INCOME FOR THE PERIOD	302	2,7	264	3,0

Financial data before TMS 29 effect

Comparative summary financial data for 2022 and 2023 before the implementation of “TMS 29 Financial Reporting in Economies with High Inflation” were as follows:

Consolidated revenue, which was 4.569 million TL in 2022, reached 9.136 million TL in 2023 with a 100% increase. While gross profit increased by 118% and reached 3.436 million TL in 2023, gross profit margin increased by 3,1 points to 37,6% in the same period.

EBITDA, which was 631 million TL in 2022, was realized as 1.463 million TL in 2023. EBITDA margin increased by 2,2 points to 16% in the same period.



About the Company

ebebek is a website and store chain that provides quality products, friendly staff, high service standards, affordable prices, expert knowledge and after-shopping support 24 hours a day to meet all needs of mother and baby from the prenatal period up to the age of four. ebebek, which started with an e-commerce site in 2001, moved into physical retailing at the beginning of 2003 and continues to serve parents with its internet sales site and physical stores. The shares of the Company, which went public in 2023, are traded on Borsa Istanbul's Stars Market under the code EBEBK. You can find more information about the company at <https://kurumsal.ebebek.com/en/>.

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Reservation

This document contains statements regarding the performance of the Company. The statements in question have been prepared based on current data available. Whether the Company's future performance will occur as expected or not depends on uncertainties and/or unpredictable events that may be encountered in the future which may significantly affect the Company's performance, including but not limited to, changes in macroeconomic and geopolitical conditions, increases in tax rates, unexpected climate events and natural disasters. Uncertainties and/or unforeseeable events, including but not limited to those mentioned, may cause the future performance of the Company to differ from the expectations contained in this document.

The Company acknowledges that the findings and information contained in this document are based on available data and warns the addressees of this document that it is not a guarantee or promise regarding the future performance and financial results of the Company. The Company, the Company's board members, the Company's managers and/or the Company's employees are not responsible for any damages that may arise due to the use of the content in this document.

In this information note regarding the financial results of 2023, corrected and independently audited financial data were used, in accordance with the inflation effect based on the relevant accounting principles included in the Turkish Accounting Standard 29 “TMS 29 Financial Reporting in Economies with High Inflation” in accordance with the decision of the Capital Markets Board dated 28 December 2023 and numbered 81/1820.



On the other hand, in the period before the Capital Markets Board's decision dated 28 December 2023 and numbered 81/1820, the Company's future expectations and 2023 interim financial results were reported using financial data without inflation accounting. In this context, in order to ensure an accurate and efficient analysis by both investors and analysts, for the selected indicative items that we have used in our investor information notes in the past periods, data prepared based on the costs in the relevant period were also included. The additional data mentioned were disclosed only for this period and have not been independently audited; they only consist of information prepared for management reporting.

Financial Report

The information contained in this information note is largely derived from the 31.12.2023 dated tables published on Public Disclosure Platform (KAP). The report published on KAP can be accessed from <https://www.kap.org.tr/tr/Bildirim/1260331>.