

EBEBEK MAĞAZACILIK A.Ş.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024**

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Ebebek Mağazacılık A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Ebebek Mağazacılık A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 15 August 2024

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(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
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EBEBEK MAĞAZACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

	Notes	Current period 30 June 2024	Prior period 31 December 2023
ASSETS			
Current assets		5,412,179,228	5,523,799,478
Cash and cash equivalents	3	1,137,232,956	1,080,344,545
Financial investments	13	142,481,854	150,970,267
Trade receivables			
- Trade receivables from third parties	4	59,003,067	53,842,098
Other receivables			
- Other receivables from third parties		5,050,141	3,876,926
Inventories	7	3,296,350,413	3,406,475,206
Prepaid expenses	5	546,127,708	495,791,311
Other current assets	6	225,933,089	332,499,125
Non-current assets		2,753,235,000	2,285,230,014
Other receivables			
- Other receivables from third parties		931,797	1,034,401
Property, plant and equipment	8	1,223,833,861	1,125,753,929
Intangible assets			
- Other intangible assets	9	150,166,280	105,147,167
- Goodwill		193,582,971	193,582,971
Right-of-use-assets	10	1,058,259,127	845,284,497
Prepaid expenses	5	126,460,964	14,427,049
Total assets		8,165,414,228	7,809,029,492

These consolidated financial statements were signed by Board of Directors to be issued on 15 August 2024.

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

	Notes	Current period 30 June 2024	Prior period 31 December 2023
LIABILITIES			
Short term liabilities		4,086,160,179	3,860,358,374
Short-term borrowings	11	857,562,708	572,449,428
Lease liabilities	11	143,797,588	138,588,322
Trade payables			
- Trade payables to related parties	4, 21	33,943,256	26,701,587
- Trade payables to third parties	4	2,923,138,714	2,932,557,369
Employee benefit obligations		59,856,815	68,618,308
Current income tax liabilities	20	-	50,452,079
Short-term provisions			
- Other short term provisions		5,732,496	4,123,920
Deferred income		37,287,938	40,663,067
Other short term liabilities		24,840,664	26,204,294
Long term liabilities		835,712,406	789,944,012
Lease liabilities	11	521,031,578	524,857,023
Long-term provisions			
- Provisions for employee benefits		50,494,649	45,279,412
- Other long term provisions		25,825,887	22,976,965
Deferred income		3,715,341	5,329,050
Deferred tax liability	20	225,005,034	180,524,918
Other long term liabilities		9,639,917	10,976,644
Equity			
Equity holders of the parent		3,246,355,548	3,157,164,497
Paid-in capital	14	160,000,000	160,000,000
Adjustment to share capital	14	241,589,657	241,589,657
Share premium	14	1,424,918,177	1,424,918,177
Restricted reserves	14	4,506,521	4,506,521
Other comprehensive income or expenses not to be reclassified to profit or loss			
- Actuarial losses arising from defined benefit plans		(25,291,296)	(19,881,868)
Other comprehensive income or expenses to be reclassified to profit or loss			
- Currency translation differences		11,685,719	9,773,452
Retained earnings		1,336,258,558	959,436,155
Net income for the period		92,688,212	376,822,403
Non-controlling interests		(2,813,905)	1,562,609
Total Equity		3,243,541,643	3,158,727,106
Total liabilities and equity		8,165,414,228	7,809,029,492

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

	Notes	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
Net sales	15	7,719,658,866	6,959,762,544	3,864,185,010	3,527,067,241
Cost of sales (-)	15,16	(5,205,742,849)	(5,056,437,669)	(2,496,061,934)	(2,412,504,549)
Gross profit		2,513,916,017	1,903,324,875	1,368,123,076	1,114,562,692
Marketing expenses (-)	16	(1,811,651,859)	(1,474,061,854)	(830,110,557)	(741,039,299)
General administrative expenses (-)	16	(309,856,235)	(238,675,320)	(158,437,301)	(116,989,098)
Other income from operating activities	17	9,861,366	28,044,704	5,075,832	17,746,264
Other expenses from operating activities (-)	17	(556,411,851)	(313,908,822)	(335,881,385)	(241,999,525)
Operating profit / (loss)		(154,142,562)	(95,276,417)	48,769,665	32,281,034
Income from investment activities	18	25,930,469	4,753,997	6,554,759	(1,170,212)
Operating profit before financial expense		(128,212,093)	(90,522,420)	55,324,424	31,110,822
Financial expenses (-)	19	(259,120,179)	(219,205,991)	(138,639,229)	(106,935,566)
Net monetary position gain/(loss)		521,368,255	493,060,308	60,534,767	(43,633,993)
Profit from continuing operations before tax		134,035,983	183,331,897	(22,780,038)	(119,458,737)
Current tax expense for the period (-)	20	-	(31,026,669)	981,597	(25,549,690)
Deferred tax (expense)/income	20	(45,724,285)	(46,657,119)	52,286,117	32,037,649
Net profit from continuing operations		88,311,698	105,648,109	30,487,676	(112,970,778)
Profit / (Loss) Distribution					
- Non-controlling interests		(4,376,514)	255,540	(5,659,099)	(1,189,093)
- Equity holders of the parent		92,688,212	105,392,569	36,146,775	(111,781,685)
Earnings per share	22	0,58	0,66	0,23	(0,70)
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss					
Gain/ loss arising from defined benefit plans		(6,653,597)	(8,862,910)	(5,076,356)	(7,174,054)
Total taxes on other comprehensive expense that will not be reclassified to profit or loss		1,244,169	1,477,152	949,237	1,195,676
To be reclassified to profit or loss					
Currency translation differences		1,912,267	3,115,889	(1,117,701)	(4,442,686)
OTHER COMPREHENSIVE INCOME		(3,497,161)	(4,269,869)	(5,244,820)	(10,421,064)
TOTAL COMPREHENSIVE INCOME		84,814,537	101,378,240	25,242,856	(123,391,842)
Distribution of total comprehensive income					
- Non-controlling interests		(4,376,514)	255,540	(5,659,099)	(1,189,093)
- Equity holders of the parent		89,191,051	101,122,700	30,901,955	(122,202,749)

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

	Paid-in capital	Adjustment to share capital	Share premium	Restricted reserves	Other comprehensive income that will not be reclassified in profit or loss Actuarial losses arising from defined benefit plans	Other comprehensive income that be reclassified in profit or loss Currency translation differences	Retained earnings	Net income for the period	Equity holders of the parent	Non controlling interests	Total equity
Balances as of January 1, 2023	17,500,000	136,843,794	-	1,572,207	(78,556,891)	(1,180,826)	841,739,429	336,053,310	1,253,971,023	1,194,343	1,255,165,366
Capital increase	118,500,000	96,064,340	-	-	-	-	(214,564,340)	-	-	-	-
Transfers	-	-	-	2,934,314	-	-	333,118,996	(336,053,310)	-	-	-
Total comprehensive income	-	-	-	-	(7,385,758)	3,115,889	-	105,392,569	101,122,700	255,540	101,378,240
Balances as of 30 June 2023	136,000,000	232,908,134	-	4,506,521	(85,942,649)	1,935,063	960,294,085	105,392,569	1,355,093,723	1,449,883	1,356,543,606
Balances as of January 1, 2024	160,000,000	241,589,6571,424,918,177	-	4,506,521	(19,881,868)	9,773,452	959,436,155	376,822,403	3,157,164,497	1,562,609	3,158,727,106
Transfers	-	-	-	-	-	-	376,822,403	(376,822,403)	-	-	-
Total comprehensive income	-	-	-	-	(5,409,428)	1,912,267	-	92,688,212	89,191,051	(4,376,514)	84,814,537
Balances as of 30 Jun 2024	160,000,000	241,589,6571,424,918,177	-	4,506,521	(25,291,296)	11,685,719	1,336,258,558	92,688,212	3,246,355,548	(2,813,905)	3,243,541,643

The accompanying notes form an integral part of these consolidated financial statements,

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

	Notes	Current period 30 June 2024	Prior period 30 June 2023
A, Cash flows from operating activities		588,824,498	625,333,556
Net income for the period		88,311,698	105,648,109
Adjustments to reconcile net profit		(106,231,816)	(15,319,303)
Depreciation and amortization expenses	8,9,10	221,573,665	213,445,103
Corrections regarding provisions		16,443,711	5,733,290
- Adjustments regarding provisions for employee benefits		11,986,213	5,296,504
- Corrections regarding warranty provisions		4,457,498	436,786
Adjustments for stock impairment	7	(519,837)	(8,669,772)
Adjustments regarding financing (income)/expenses		259,120,179	219,205,991
- Financial income		-	-
- Financial expenses	19	259,120,179	219,205,991
Adjustments resulting from the sale of tangible assets,	18	(2,742,329)	(4,753,997)
Adjustments for other items that give rise to			
cash flows from investing or financing activities		(23,188,140)	-
Adjustments related to tax expense	20	45,724,285	77,683,788
Monetary gain/(loss)		(622,643,350)	(517,963,706)
Changes in net working capital		674,945,816	552,047,393
Adjustments for (increase)/decrease in trade receivables		(15,837,736)	(580,313)
Adjustments for (increase)/decrease in inventories		110,644,631	(577,435,313)
Adjustments for (increase)/decrease in prepaid expenses		(50,336,397)	12,219,490
Adjustments for (increase)/decrease in trade payables		584,637,421	1,144,733,370
Adjustments for (increase)/decrease in other receivables		(1,070,611)	2,447,409
Adjustments for Increase (decrease) in employee benefit liabilities		4,845,363	20,925,448
Other adjustments related to decrease (increase) in net working capital		42,063,145	(50,262,698)
Cash generated from operations		657,025,698	642,376,199
Payments related to provisions for employee benefits		(14,827,207)	(12,581,074)
Taxes paid		(53,373,993)	(4,461,569)
B Cash flows from investing activities		(394,199,889)	(305,859,721)
Cash inflows from the sale of tangible and intangible assets		2,979,560	8,713,357
- Cash flow from sale of tangible assets		2,979,560	8,713,357
Cash outflows from the purchase of tangible and intangible assets		(285,145,534)	(315,104,229)
- Cash outflow from purchase of tangible assets	8	(217,763,118)	(272,231,677)
- Cash outflow from purchase of intangible assets	9	(67,382,416)	(42,872,552)
Other advances and payables		(112,033,915)	531,151
C. Cash flows from financing activities		74,581,433	(195,118,524)
Proceeds from borrowings	24	794,018,686	1,020,448,610
Repayments of borrowings	24	(415,863,722)	(955,511,763)
Cash outflows related to payment of lease liabilities	24	(124,571,724)	(100,654,433)
Interest paid		(179,001,807)	(159,400,938)
D. Inflation impact on cash and cash equivalents		(214,229,898)	(18,223,254)
Net increase in cash and cash equivalents before currency translation differences (A+B+C+D)		54,976,144	106,132,057
E. Currency translation differences		1,912,267	3,115,889
F. Cash and cash equivalents at the beginning of the period	3	1,080,344,545	110,380,784
Cash and cash equivalents at the end of the period (A+B+C+D+E+F)		1,137,232,956	219,628,730

The accompanying notes form an integral part of these consolidated financial statements

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Ebebek Mağazacılık A.Ş. (“ebebek” or the “Company”) was established on 1 June 2000 by Halil Erdoğan, as En Ucuz Tekstil Gıda Ürünleri Pazarlama Sanayi ve Tic. Ltd. and registered as incorporated company on 5 August 2010. On 2 December 2011, the majority shares of the Company were acquired by Topbaş Family. On 25 December 2017, the title of the Company was changed to Ebebek Mağazacılık A.Ş. The main operation of the Company is the retailing of mother-baby products under “ebebek” brand. The Company aims to meet all the needs of the mother and the baby from prenatal period to 4 years of age. The Company carries out its sales through stores and e-commerce channels.

The registered address of the Company is İçerenköy Mah, Degirmenyolu Cad, No: 37 D: 6 Ataşehir, Istanbul. The main shareholders of the Company are Topbaş Family.

The Company and its subsidiaries together are referred to as the “Group”.

The Company has 249 stores as of June 30, 2024 (December 31, 2023: 235 stores).

In 2015, the Company acquired Batiege Kozmetik İthalat İhracat Ltd. Şti. (“Batiege”) , a retail merchandising company that owned “Hello Baby” brand, On 31 December 2015 Batiege was merged with ebebek.

On 17 December 2021 ; share purchase agreement was signed to acquire Tuna Çocuk Gereçleri A.Ş. (“Tuna Çocuk”) ‘s shares with Tuna Çocuk’s shareholders. Based on the Board of Directors' decision dated 19 January 2022, the company purchased the 70% of Tuna Çocuk’s shares. Tuna Çocuk is producing products in baby vehicles category.

The company's shares started trading on Borsa Istanbul as of 7 September 2023.

As of 30 June 2024, the number of employees of the Company is 4,391 (December 31, 2023: 3,961). As of 30 June 2024, the number of employees of the Group is 4,561 (December 31, 2023: 4,151).

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

Basis of preparation of the financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) in line with the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on June 13, 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 3 July 2024 by POA and the format and mandatory information recommended by CMB.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRS’s have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 30 June 2023 and 31 December 2023, on the purchasing power basis as of 30 June 2024.

Pursuant to the decision of the Capital Markets Board (SPK) dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of 30 June 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year end	Index	Conversion factor	Three-year inflation rate
30 June 2024	2,319.29	1.0000	324%
31 December 2023	1,859.38	1.2473	268%
30 June 2023	1,351.59	1.7160	190%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 “Impairment of Assets” and IAS 2 “Inventories” are applied, respectively.

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EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

Functional Currency and Financial Statement Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRY, which is the functional currency of ebebek and the presentation currency of the Group.

Financial Statements of Subsidiaries Operating in Foreign Countries

The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/IFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognised in the “currency translation difference” under the use of equity. As of 30 June 2024, 32,8262 TRY, 32,8853 TRY and 31,6139 TRY for the period-end purchase, period-end sales and average US dollar exchange rate used during the consolidation in foreign countries, for the Euro exchange rate 35,1284 TRY, 35,1917 TRY and 34,1905 TRY, for British pounds 41,4365 TRY, 41,6525 TRY, 40,0032 TRY were used, (December 31, 2023: 29,4382 TRY, 29,4913 TRY ve 23,7482 TRY for the USD exchange rate, 32,5739 TRY, 32,6326 TRY, 25,6852 TRY for the Euro exchange rate 37,4417 TRY, 37,6369 TRY, 29,5278 TRY for the British pound).

Consolidation Principles

- a) The consolidated financial statements include the accounts of the parent company, ebebek, and its Subsidiaries on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

- b) Subsidiaries are the companies controlled by ebebek when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- c) Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The statement of financial position and statements profit or loss of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by ebebek and its Subsidiaries is eliminated against the related shareholders’ equity. Intercompany transactions and balances between ebebek and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by ebebek in its Subsidiaries are eliminated from shareholders’ equity and income for the year, respectively.

As of 30 June 2024 and 31 December 2023, the effective shareholding ratios of ebebek in Subsidiaries included in the scope of consolidation are shown below:

	30 June 2024	31 December 2023
Ebebek Deutschland Retail Services GmbH	100%	100%
Ebebek USA Retail Services Inc	100%	100%
Ebebek UK Retail Services LTD	100%	100%
Tuna Çocuk	70%	70%

Going concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

The Group has applied consistent accounting policies in its consolidated financial statements for the periods presented, and there are no significant changes in accounting policies and estimates in the current period.

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(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to future periods, both in the period in which the change is made and prospectively.

a) Standards, amendments, and interpretations applicable as of 30 June 2024:

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of preparation (Continued)

b) *Standards, amendments, and interpretations that are issued but not effective as of 30 June 2024:*

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, managementdefined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.2 Summary of significant accounting policies

Condensed consolidated financial statements for the interim period ending on June 30, 2024 have been prepared in accordance with the TMS 34. The accounting policies used in the preparation of the condensed interim consolidated financial statements for the period ended June 30, 2024 are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2023. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash	17,756,934	13,253,132
Banks		
- Demand deposits	130,781,554	165,135,822
Credit card receivables (*)	988,694,468	901,955,591
Total cash and cash equivalents	1,137,232,956	1,080,344,545

(*) Includes credit card receivables resulting from retail sales transactions with an average collection period of less than one month.

As of 30 June 2024, there is no blockage on bank accounts (31 December 2023: None). As of 30 June 2024, there are no time deposits. (31 December 2023: None)

The credit risks of the banks where the Group has deposits are evaluated by taking into account independent data and no significant credit risk is expected. The fair values of cash and cash equivalents approximate their carrying values.

NOTE 4 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	30 June 2024	31 December 2023
Short-term trade receivables		
Trade receivables	56,127,429	44,405,155
Note receivables (*)	2,875,638	10,440,713
Less : Provisions for doubtful trade receivables	-	(1,003,770)
Total trade receivables	59,003,067	53,842,098

(*) Consists of short-term customer checks of Tuna Çocuk, a fully consolidated subsidiary of the Company.

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NOTE 4 - TRADE RECEIVABLES AND PAYABLES (Continued)

The Group has no overdue trade receivables as of 30 June 2024 (31 December 2023: None).

b) Trade payables

	30 June 2024	31 December 2023
Short-term trade payables:		
Trade payables to third parties	3,088,724,930	3,104,000,712
Trade payables to related parties (Note 26)	33,943,256	26,701,587
Less: Unearned credit finance expense (*)	(165,586,216)	(171,443,343)
Total trade payables	2,957,081,970	2,959,258,956

Trade payables consist of payables to different suppliers due to the purchase of trade goods and services, Average due dates of short-term trade payables is 101 days (31 December 2023 – 101 days).

(*) Unearned finance expense is calculated for the forward purchases related with trade payables of the Group. The rate used in this method and determined on the basis of compound interest is called the “effective interest rate”; the aforementioned rate was used as 66% for 30 June 2024 and 62% for 31 December 2023.

NOTE 5 - PREPAID EXPENSES

	30 June 2024	31 December 2023
Short-term prepaid expenses:		
Advances given for inventories	484,161,942	461,099,420
Job advances	22,670,895	9,468,009
Prepaid insurance expenses	13,442,659	2,479,931
Other	25,852,212	22,743,951
Total short-term prepaid expenses	546,127,708	495,791,311

	30 June 2024	31 December 2023
Long-term prepaid expenses:		
Advances given for property, plant and equipment	126,460,964	14,427,049
Total long-term prepaid expenses	126,460,964	14,427,049

NOTE 6 - OTHER CURRENT ASSETS

	30 June 2024	31 December 2023
Deferred VAT	218,744,738	330,295,064
Other	7,188,351	2,204,061
Total other current assets	225,933,089	332,499,125

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2024

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NOTE 7 - INVENTORIES

	30 June 2024	31 December 2023
Trade goods	3,177,427,833	3,307,318,226
Raw materials and supplies	26,128,577	25,048,910
Work in progress	18,990,578	11,725,570
Finished goods	47,663,389	30,687,848
Other inventories	32,530,138	38,604,591
Less: Provisions for inventories	(6,390,102)	(6,909,939)
Total inventories	3,296,350,413	3,406,475,206

As of 30 June 2024, there is no pledge/mortgage on inventories (31 December 2023: None).

Provisions for inventories were accounted for in the cost of sales account.

	2024	2023
1 January	6,909,939	16,886,441
Reversal of provision	(6,909,939)	(16,886,441)
Provisions for inventories	6,390,102	8,216,669
30 June	6,390,102	8,216,669

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Transfers	Disposals	30 June 2024
Cost					
Machinery and equipment	129,536,410	7,609,688	290,230	(93,450)	137,342,878
Furniture and fixtures	1,082,055,260	49,720,511	38,882,081	(4,169,264)	1,166,488,588
Vehicles	18,385,622	-	-	-	18,385,622
Leasehold improvements	1,175,277,504	55,708,972	49,254,890	(4,982,590)	1,275,258,776
Construction in progress	28,948,271	104,723,947	(88,427,201)	-	45,245,017
	2,434,203,067	217,763,118	-	(9,245,304)	2,642,720,881
Accumulated depreciation					
Machinery and equipment	(28,933,357)	(4,220,321)	-	93,450	(33,060,228)
Furniture and fixtures	(613,784,927)	(68,541,772)	-	3,942,076	(678,384,623)
Vehicles	(3,859,312)	(1,383,798)	-	-	(5,243,110)
Leasehold improvements	(661,871,542)	(45,310,107)	-	4,982,590	(702,199,059)
	(1,308,449,138)	(119,455,998)	-	9,018,116	(1,418,887,020)
Net book value	1,125,753,929				1,223,833,861

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2023	Additions	Transfers	Disposals	30 June 2023
Cost					
Buldings	11,798,913	-	-	-	11,798,913
Machinery and equipment	126,641,266	3,325,004	-	(1,539,517)	128,426,753
Furniture and fixtures	867,257,684	95,997,634	13,967,607	(4,637,391)	972,585,534
Vehicles	24,931,453	-	-	-	24,931,453
Leasehold improvements	922,259,987	80,564,315	53,127,582	(6,477,943)	1,049,473,941
Construction in progress	18,050,535	92,344,724	(67,095,189)	-	43,300,070
	1,970,939,838	272,231,677	-	(12,654,851)	2,230,516,664
Accumulated depreciation					
Buldings	(3,061,405)	(117,019)	-	-	(3,178,424)
Machinery and equipment	(22,094,136)	(3,578,690)	-	1,288,440	(24,384,386)
Furniture and fixtures	(499,619,655)	(57,834,063)	-	3,057,622	(554,396,096)
Vehicles	(2,084,796)	(2,625,572)	-	-	(4,710,368)
Leasehold improvements	(541,528,819)	(61,028,491)	-	4,349,429	(598,207,881)
	(1,068,388,811)	(125,183,835)	-	8,695,491	(1,184,877,155)
Net book value	902,551,027				1,045,639,509

As of 30 June 2024, there are no guarantees, pledges and mortgages on property, plant and equipment (31 December 2023: None).

The distribution of depreciation expenses is given in Note 16.

NOTE 9 - INTANGIBLE ASSETS

	1 January 2024	Additions	Disposals	30 June 2024
Cost				
Rights	3,732,269	-	(13,734)	3,718,535
Development costs (**)	28,226,458	30,588,300	-	58,814,758
Other intangible assets (*)	277,664,942	36,794,116	-	314,459,058
	309,623,669	67,382,416	(13,734)	376,992,351
Accumulated depreciation				
Rights	(1,613,024)	(133,208)	3,691	(1,742,541)
Development costs (**)	-	-	-	-
Other intangible assets (*)	(202,863,478)	(22,220,052)	-	(225,083,530)
	(204,476,502)	(22,353,260)	3,691	(226,826,071)
Net book value	105,147,167			150,166,280

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NOTE 9 - INTANGIBLE ASSETS (Continued)

	1 January 2023	Additions	Disposals	30 June 2023
Cost				
Rights	3,689,235	-	(2,582)	3,686,653
Development costs (**)	-	7,298,489	-	7,298,489
Other intangible assets (*)	208,063,115	35,574,063	(64,516)	243,572,662
	211,752,350	42,872,552	(67,098)	254,557,804
Birikmiş itfa payları (-)				
Rights	(1,346,458)	(135,523)	2,582	(1,479,399)
Development costs (**)	-	-	-	-
Other intangible assets (*)	(168,617,256)	(15,387,095)	64,516	(183,939,835)
	(169,963,714)	(15,522,618)	67,098	(185,419,234)
Net book value	41,788,636			69,138,570

(*) Other intangible assets mainly consist of software licenses.

(**) The Group carries out software development activities in order to meet the internal requirements within the scope of the Technology Zones Development Law No 4691.

As of 30 June 2024, there is no guarantee, pledge or mortgage on intangible assets (31 December 2023: None).

The distribution of amortization expenses is given in Note 16.

NOTE 10 - RIGHT OF USE ASSETS

	Vehicles	Buildings	Total
Cost			
1 January 2024	71,302,507	1,561,768,684	1,633,071,191
Additions	1,765,619	290,973,418	292,739,037
Disposals	(48,490,075)	(341,448,862)	(389,938,937)
30 June 2024	24,578,051	1,511,293,240	1,535,871,291
Accumulated depreciation			
1 January 2024	51,083,363	736,703,331	787,786,694
Additions	9,092,025	70,672,382	79,764,407
Disposals	(48,490,075)	(341,448,862)	(389,938,937)
30 June 2024	11,685,313	465,926,851	477,612,164
Total	12,892,738	1,045,366,389	1,058,259,127

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NOTE 10 - RIGHT OF USE ASSETS (Continued)

	Vehicles	Buildings	Total
Cost			
1 January 2023	34,050,631	1,192,620,322	1,226,670,953
Additions	10,953,271	191,873,939	202,827,210
Disposals	(167,736)	(1,758,393)	(1,926,129)
30 June 2023	44,836,166	1,382,735,868	1,427,572,034
Accumulated depreciation			
1 January 2023	28,839,195	546,519,014	575,358,209
Additions	6,411,445	66,327,205	72,738,650
Disposals	(36,497)	(51,717)	(88,214)
30 June 2023	35,214,143	612,794,502	648,008,645
Total	9,622,023	769,941,366	779,563,389

The distribution of depreciation expenses is given in Note 16.

NOTE 11 - SHORT AND LONG TERM BORROWINGS

30 June 2024	Maturity range	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	01.07.2024 -16.06.2025	66.40	800,612,431
Credit card			56,950,277
Total			857,562,708
30 June 2024			TRY
Short-term portions of long-term borrowings			
Lease liabilities	01.07.2024 – 30.06.2025	20.00 – 66.40	143,797,588
Total			143,797,588

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NOTE 11 - SHORT AND LONG TERM BORROWINGS (Continued)

30 June 2024	Maturity range	Effective rate (%)	TRY
Long-term borrowings			
Lease liabilities	01.07.2025 – 31.05.2034	20.00 – 66.40	521,031,578
Total			521,031,578
31 December 2023	Maturity	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	10.01.2024 - 23.12.2024	61.91	533,849,632
Credit card		-	38,599,796
Total			572,449,428
31 December 2023			TRY
Short-term portions of long-term borrowings			
Lease liabilities	01.01.2024 - 31.12.2024	20.00 - 61.91	138,588,322
Total			138,588,322
31 December 2023	Maturity range	Effective rate (%)	TRY
Long-term borrowings			
Lease liabilities	01.01.2025 – 30.11.2033	20.00 – 61.91	524,857,023
Total			524,857,023

As of 30 June 2024 and 31 December 2023, the Group's loan contracts do not include any covenants.

Commission payments made to banks for the relevant loan agreements are also included in the calculation of the effective rates of short-term loan.

It is assumed that the carrying values of borrowings approximate to their fair values.

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NOTE 12 - COMMITMENTS

The Group's collateral/pledge/mortgage ("CPM") position as of 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
A, Total amount of CPM given in the name of its own legal entity	119,335,034	197,953,684
B, Total amount of CPM's given in favor of partnerships included in full consolidation	-	-
C, Total amount of CPM's given to other 3rd parties for the purpose of carrying out ordinary commercial activities	-	-
D, Total amount of other CPMs given	-	-
	119,335,034	197,953,684

	30 June 2024		31 December 2023	
	Original currency	TRY	Original currency	TRY
	TL	99,995,089	TL	171,167,552
	USD	6,029,142	USD	11,975,044
	EUR	13,310,803	EUR	14,811,088
		119,335,034		197,953,684

Guarantee letters

a) Collaterals given as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Guarantee letters	119,335,034	197,953,684
	119,335,034	197,953,684

b) Collateral received as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Guarantee letters	8,125,000	1,403,264
	8,125,000	1,403,264

NOTE 13 - FINANCIAL INVESTMENTS

As of 30 June 2024, the investments comprise securities evaluated in the Albaraka MTN Program 1st Tranche Sukuk, denominated in USD with a coupon payment every three months and a maturity date of 10 November 2024, identified by the security code XS2667526011 and in the Albaraka Portföy Short-Term Participation Fund.

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NOTE 14 - EQUITY

Paid-in capital

The company's capital consists of 160,000,000 shares with a par value of 1 TRY each (as of December 31, 2023: 160,000,000), with a nominal value of 160,000,000 TRY (as of 31 December 2023: 160,000,000).

As of 30 June 2024 and 31 December 2023, the Company's shareholders and their shares in the capital are as follows:

	30 June 2024		31 December 2023	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Ahmet Afif Topbaş	16,51%	26,409,567	16,51%	26,409,567
Mahmud Muhammed Topbaş	15,60%	24,960,000	15,60%	24,960,000
Musa Topbaş	15,60%	24,960,000	15,60%	24,960,000
Halil Erdoğan	10,74%	17,181,730	10,74%	17,181,730
Fatma Hande Topbaş	5,85%	9,352,856	5,85%	9,352,856
Fatma Zehra Ülker	5,85%	9,352,856	5,85%	9,352,856
Kemal Anthony Hatoum	3,13%	5,012,845	3,13%	5,012,845
Mustafa Latif Topbaş	0,46%	738,284	0,46%	738,284
Other	1,27%	2,031,862	1,27%	2,031,862
Publicly traded	25,00%	40,000,000	25,00%	40,000,000
Paid-in capital	100,00%	160,000,000	100,00%	160,000,000
Adjustment to share capital		241,589,657		241,589,657
Total		401,589,657		401,589,657

Capital adjustment variances represent the difference between the total amounts of cash and cash equivalent additions to equity adjusted for inflation accounting and the amounts before adjustment. There is no use for capital adjustment variances other than being added to equity.

Appropriated restricted reserves consist of legal reserves, According to the Turkish Commercial Code, legal reserves are divided into two types: first and second tier legal reserves. According to the Turkish Commercial Code, the first tier legal reserves are allocated as 5% of the statutory net profit until reaching 20% of the paid-in capital. Second tier legal reserves, on the other hand, are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, legal reserves can only be used to offset losses as long as they do not exceed 50% of the paid-in capital; otherwise, they cannot be used in any way.

Through a public offering, the company increased its paid-in capital to 160,000,000 TRY and accounted for the premiums related to shares in the premium account after deducting public offering expenses, which exceeded the nominal capital increase amount.

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NOTE 15 - NET SALES AND COST OF SALES

	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Goods and Services Sales				
- Store sales	6,395,565,077	5,620,204,157	3,377,622,631	2,857,170,241
- E-commerce sales	1,414,369,428	1,399,955,543	530,681,312	693,855,449
- Other sales	243,483,485	260,116,647	42,556,753	128,588,540
Gross sales	8,053,417,990	7,280,276,347	3,950,860,696	3,679,614,230
Sales returns and discounts (-)	(333,759,124)	(320,513,803)	(86,675,686)	(152,546,989)
Net sales	7,719,658,866	6,959,762,544	3,864,185,010	3,527,067,241
Domestic sales	7,680,173,930	6,939,227,793	3,838,978,348	3,511,171,220
Sales abroad (*)	39,484,936	20,534,751	25,206,662	15,896,021
Cost of sales	(5,205,742,849)	(5,056,437,669)	(2,496,061,934)	(2,412,504,549)
Gross profit	2,513,916,017	1,903,324,875	1,368,123,076	1,114,562,692

All of the Group product sales revenues consist of at a point in time revenues.

(*) It consist of Group's exports and also the Group's sales via its subsidiaries abroad.

NOTE 16 - EXPENSES BY NATURE

	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Cost of trade goods sold	5,113,338,624	4,993,882,838	2,453,526,797	2,396,272,783
Personnel expenses	1,105,427,535	826,812,373	536,046,459	411,976,920
Depreciation and amortization expenses	221,573,665	213,445,103	95,645,167	112,096,384
Cargo expenses	147,490,998	78,491,867	51,073,210	32,699,147
Advertising and promotion expenses	148,817,396	131,846,815	68,648,752	69,687,206
Transportation expenses	71,848,052	49,802,941	31,587,188	24,891,459
Energy expenses	62,279,644	85,903,429	27,513,187	31,743,916
Storage expenses	39,404,582	26,167,127	20,468,117	9,370,775
Other	417,070,447	362,822,350	200,100,915	181,794,356
Total expenses by nature	7,327,250,943	6,769,174,843	3,484,609,792	3,270,532,946

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NOTE 16 - EXPENSES BY NATURE (Continued)

Personnel Expense	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Cost of sales	55,803,458	35,127,126	30,550,617	16,549,484
Marketing expenses	863,007,276	654,387,719	418,801,920	332,539,936
General administrative expenses	186,616,801	137,297,528	86,693,922	62,887,500
Total	1,105,427,535	826,812,373	536,046,459	411,976,920
Depreciation & amortization expenses	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Cost of sales	2,372,433	4,184,115	1,133,712	2,105,407
Marketing expenses	191,210,426	186,016,696	74,362,608	97,637,783
General administrative expenses	27,990,806	23,244,292	20,148,847	12,353,194
Total	221,573,665	213,445,103	95,645,167	112,096,384

NOTE 17 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Investment support income	1,046,678	7,103,257	555,079	5,460,562
Other	8,814,688	20,941,447	4,520,753	12,285,702
Other operating income	9,861,366	28,044,704	5,075,832	17,746,264
	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Credit finance charges arising from purchases	(536,853,434)	(287,514,767)	(327,295,010)	(223,271,210)
Foreign exchange losses	(1,752,925)	(8,501,420)	(362,680)	(7,969,415)
Other	(17,805,492)	(17,892,635)	(8,223,695)	(10,758,900)
Other operating expenses	(556,411,851)	(313,908,822)	(335,881,385)	(241,999,525)

NOTE 18 - INCOME FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Income from financial investments' capital gains	23,188,140	-	6,619,103	-
Income from sales of property plant and equipment	2,742,329	4,753,997	(64,344)	(1,170,212)
Income from investment activities	25,930,469	4,753,997	6,554,759	(1,170,212)

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NOTE 19 - FINANCIAL EXPENSES

	1 January - 30 June 2024	1 January - 30 June 2023	1 April- 30 June 2024	1 April - 30 June 2023
Loan fund commission expenses	(172,587,390)	(54,717,437)	(97,911,416)	(22,110,241)
Lease liabilities interest expenses	(68,561,230)	(59,395,908)	(32,928,014)	(28,338,830)
Credit card commission expenses	-	(79,237,585)	-	(40,452,313)
Other	(17,971,559)	(25,855,061)	(7,799,799)	(16,034,182)
Financial expenses	(259,120,179)	(219,205,991)	(138,639,229)	(106,935,566)

NOTE 20 - TAX ASSETS AND LIABILITIES

	30 June 2024	31 December 2023
Corporate tax payable	-	110,536,150
Less: Prepaid taxes	-	(60,084,071)
Current period tax liabilities	-	50,452,079

	1 January - 30 June 2024	1 January - 30 June 2023
Current period income tax expense	-	(31,026,669)
Deferred tax (income)/expense	(45,724,285)	(46,657,119)
Tax expense	(45,724,285)	(77,683,788)

In Turkey, the corporate tax rate is 25% (2023: 25%). Corporate tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

The law amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No, it has been enacted with the number 7352, and it has been decided that the financial statements will not be subject to inflation adjustment in the 2023 and 2023 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of Repeated Article 298 are met.

Corporate tax rates in England, the United States, and Germany, where the Group has subsidiaries, are 25%, 21%, and 30%, respectively (2023: 25%, 21% and 30%).

Deferred taxes

The Group calculates its deferred tax assets and liabilities by taking into account the effects of temporary differences between the financial statements prepared in accordance with TFRS and the statutory financial statements. These temporary differences generally arise from the recognition of income and expenses in different reporting periods in accordance with TFRS Financial Reporting Standards and Tax Laws.

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NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

As of 30 June 2024 and 31 December 2023, the breakdown of accumulated temporary differences and deferred tax assets/(liabilities) using the applicable tax rates is as follows:

	<u>Temporary differences</u>		<u>Deferred tax</u>	
	<u>30 June 2024</u>	<u>31 December 2023</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Inventory	135,175,931	178,791,801	(31,090,464)	(41,122,114)
Property, plant and equipment and intangible assets	392,766,280	447,390,824	(90,336,244)	(102,899,889)
Trade and other payables	113,476,291	34,702,618	(26,099,547)	(7,981,602)
Employee benefits	(50,494,649)	(45,279,412)	11,613,769	9,055,882
Warranty provisions	(31,558,383)	(27,100,885)	7,258,428	5,420,177
Right of use assets and lease liabilities	393,429,961	181,839,152	(90,488,891)	(37,196,235)
Other	25,487,326	25,222,332	(5,862,085)	(5,801,137)
Deferred tax asset, net			(225,005,034)	(180,524,918)

Movement of deferred tax assets during the period is as follows:

	2024	2023
1 January	(180,524,918)	(90,624,204)
Tax expense recognized in the profit or loss statement	(45,724,285)	(46,657,119)
Tax income on other comprehensive income items	1,244,169	1,477,152
30 June	(225,005,034)	(135,804,171)

NOTE 21 - RELATED PARTY DISCLOSURES

In line with the objectives of the consolidated financial statements, partners, senior management, and members of the Board of Directors, along with their families and entities controlled by or affiliated with them, are considered and disclosed as related parties. The related parties, whose transaction details are provided below, are managed by the Group's partners.

As of 30 June 2024 and 31 December 2023, balances due to and due to related parties and a summary of transactions with related parties during the 1 January 2024-30 June 2024 and 1 January 2023-30 June 2023 periods are presented below:

i) Related party balances as of 30 June 2024 and 31 December 2023:

a) Trade and other receivables from related parties

As of 30 June 2024, the Group has no trade and other receivables from related parties, (31 December 2023: None)

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NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payables to related parties

	30 June 2024	31 December 2023
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	21,271,080	10,357,715
Turkuvaz Plastik ve Tem, Ürün, San, Tic, A,Ş,	10,856,728	11,864,859
Seranit Granit Seramik San, Ve Tic, A,Ş,	1,018,983	906,120
Avansas Ofis Malzemeleri Ticaret A,Ş,	796,465	3,572,893
Total	33,943,256	26,701,587

ii) Sales to and purchases from related parties for the accounting period 1 January - 30 June 2024 and 1 January-30 June 2023:

a) Purchases from related parties

	Trade goods	Other	1 January – 30 June 2024
Anadolu Ulaşım A,Ş	-	7,085,715	7,085,715
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	2,975,363	2,975,363
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	21,543,333	-	21,543,333
Turkuvaz Plastik ve Tem, Ürün, San, Tic, A,Ş,	32,109,549	-	32,109,549
Bim Birlesik Magazalar A,S,	-	281,712	281,712
Seranit Granit Seramik San, Ve Tic, A,Ş,	-	5,727,579	5,727,579
Evidea Mağazacılık A,Ş,	-	4,694	4,694
İdeal Standart İşl, ve Müm, San, ve Tic, A,Ş,	403,007	-	403,007
Total	54,055,889	16,075,063	70,130,952

	Trade Goods	Other	1 January - 30 June 2023
Anadolu Ulaşım A,Ş	-	4,527,608	4,527,608
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	2,576,520	2,576,520
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	24,227,499	-	24,227,499
Turkuvaz Plastik ve Tem, Ürün, San, Tic, A,Ş,	46,945,674	-	46,945,674
Bim Birlesik Magazalar A,S,	31,754	6,684,348	6,716,102
Seranit Granit Seramik San, Ve Tic, A,Ş,	-	16,263,021	16,263,021
Evidea Mağazacılık A,Ş,	37,550	4,490,336	4,527,886
Toptal	71,242,477	34,541,833	105,784,310

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NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

	Trade Goods	Other	1 April - 30 June 2024
Anadolu Ulaşım A,Ş	-	3,272,436	3,272,436
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	1,424,351	1,424,351
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	10,538,620	-	10,538,620
Turkuvaz Plastik ve Tem,Ürün,San,Tic,A,Ş,	13,363,907	-	13,363,907
Bim Birlesik Magazalar A,S,	-	-	-
Seranit Granit Seramik San, Ve Tic, A,Ş,	-	1,449,993	1,449,993
Evidea Mağazacılık A,Ş,	-	4,694	4,694
İdeal Standart İşl, ve Müm, San, ve Tic, A,Ş,	-	-	-
Total	23,902,527	6,151,474	30,054,001

	Trade Gooda	Other	1 April - 30 June 2023
Anadolu Ulaşım A,Ş	-	2,334,793	2,334,793
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	1,342,631	1,342,631
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	2,600,456	-	2,600,456
Turkuvaz Plastik ve Tem,Ürün,San,Tic,A,Ş,	13,142,869	-	13,142,869
Bim Birlesik Magazalar A,S,	15,281	6,403,378	6,418,659
Seranit Granit Seramik San, Ve Tic, A,Ş,	-	7,943,207	7,943,207
Evidea Mağazacılık A,Ş,	18,988	1,829,002	1,847,990
Total	15,777,594	19,853,011	35,630,605

b) Sales to related parties

	Product Sales	Other Sales	1 January - 30 June 2024
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	13,909	13,909
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	14,299,696	8,357	14,308,053
Bim Birlesik Magazalar A,S,	1,233	-	1,233
Anadolu Ulaşım A,Ş,	1,709	-	1,709
Evidea Mağazacılık A,Ş,	21,066	1,316,448	1,337,514
Aktül Kağıt Üretim Paz, A,Ş,	42,321	-	42,321
Total	14,366,025	1,338,714	15,704,739

	Product Sales	Other Sales	1 January - 30 June 2023
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	22,195	22,195
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	6,777,826	-	6,777,826
Bim Birlesik Magazalar A,S,	1,483	-	1,483
Anadolu Ulaşım A,Ş,	46,468	-	46,468
Evidea Mağazacılık A,Ş,	1,492	6,432,958	6,434,450
Aktül Kağıt Üretim Paz, A,Ş,	8,563	-	8,563
Toplam	6,835,832	6,455,153	13,290,985

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NOTE 21 - RELATED PARTY DISCLOSURES (Continued)

	Product Sales	Other Sales	1 April - 30 June 2024
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	11,170,481	-	11,170,481
Toplam	11,170,481	-	11,170,481

b) Sales to related parties

	Product Sales	Other Sales	1 April - 30 June 2023
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	143,559	-	143,559
Anadolu Ulaşım A,Ş,	7,264	-	7,264
Evidea Mağazacılık A,Ş,	-	3,096,087	3,096,087
Aktül Kağıt Üretim Paz, A,Ş,	5,537	-	5,537
Toplam	156,360	3,096,087	3,252,447

c) Other transactions with related parties for the accounting period 1 January -30 June 2024 and 1 January - 30 June 2023 :

Benefits including wages and premiums provided to key management during the period are as follows;

	1 January - 30 June 2024	1 January - 30 June 2024
Short-term benefits to management (*)	44,448,964	37,220,051

(*) All of the benefits provided to the key management (includes CEO, General Manager ,members of the Board of Directors and Directors) within the period from 1 January to 30 June 2024 and 30 June 2023 are short-term benefits.

NOTE 22 - EARNINGS PER SHARE

	1 January - 30 June 2024	1 January - 30 June 2023
Average number of shares available during the period	160,000,000	160,000,000
Net profit / (loss) for the year attributable to shareholders of the Company	92,688,212	105,392,569
Earnings per share	0,58	0,66

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks due to its activities, These risks are market risk, currency risk, interest rate risk, price risk and cash flow interest rate risk, credit risk and liquidity risk, The Group's overall risk management program focuses on the volatility of financial markets and minimizing the possible adverse effects on the Group's financial performance.

Risk management is implemented within the framework of policies approved by the Group Board of Directors:

- a) Market risk

Currency risk

As the functional currency of the Group is TRY, the Group monitors its foreign exchange risk by analyzing the foreign currency denominated assets and liabilities, The Group follows and mitigates the foreign currency risk by analyzing currency position.

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2024 and 31 December 2023, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

30 June 2024	TRY Equivalent	USD	EUR	GBP
1, Trade receivables	-	-	-	-
2a, Monetary financial assets	73,371,191	2,121,665	20,905	72,174
2b, Non-monetary financial assets	-	-	-	-
3, Other	-	-	-	-
4, Current assets (1+2+3)	73,371,191	2,121,665	20,905	72,174
5, Trade receivables	-	-	-	-
6a, Monetary financial assets	-	-	-	-
6b, Non-monetary financial assets	-	-	-	-
7, Other	-	-	-	-
8, Non current assets (5+6+7)	-	-	-	-
9, Total assets (4+8)	73,371,191	2,121,665	20,905	72,174
10, Trade payables	8,973,111	120,032	142,221	500
11, Financial liabilities	-	-	-	-
12a, Other monetary obligations	-	-	-	-
12b, Other non-monetary obligations	-	-	-	-
13, Short-term liabilities (10+11+12)	8,973,111	120,032	142,221	500
14, Trade payables	-	-	-	-
15, Financial liabilities	-	-	-	-
16a, Other monetary obligations	-	-	-	-
16b, Other non-monetary obligations	-	-	-	-
17, Long-term liabilities (14+15+16)	-	-	-	-
18, Total liabilities (13+17)	8,973,111	120,032	142,221	500
19, Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19,a Amount of off-balance sheet foreign currency derivative productst with active charactert	-	-	-	-
19b, Amount of derivative products denominated in off-balance sheet foreign currency with a passive character	-	-	-	-
20, Net foreign currency asset/ (liability) position (9-18+19)	64,398,080	2,001,633	(121,316)	71,674
21, Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	-	-	-	-
22, Total fair value of financial instruments used for currency hedging	-	-	-	-
23, Amount of hedged portion of foreign currency assets	-	-	-	-

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	TRY Equivalent (Indexed)	TRY Equivalent (Not indexed)	USD	EUR	GBP
1, Trade receivables	-	-	-	-	-
2a, Monetary financial assets	151,287,025	121.287.148	4.113.068	5.983	292
2b, Non-monetary financial assets	-	-	-	-	-
3, Other	-	-	-	-	-
4, Current assets (1+2+3)	151,287,025	121.287.148	4.113.068	5.983	292
5, Trade receivables	-	-	-	-	-
6a, Monetary financial assets	-	-	-	-	-
6b, Non-monetary financial assets	-	-	-	-	-
7, Other	-	-	-	-	-
8, Non current assets (5+6+7)	-	-	-	-	-
9, Total assets (4+8)	151,287,025	121.287.148	4.113.068	5.983	292
10, Trade payables	25,615,897	20.536.322	455.337	187.024	26.696
11, Financial liabilities	-	-	-	-	-
12a, Other monetary obligations	-	-	-	-	-
12b, Other non-monetary obligations	-	-	-	-	-
13, Short-term liabilities (10+11+12)	25,615,897	20.536.322	455.337	187.024	26.696
14, Trade payables	-	-	-	-	-
15, Financial liabilities	-	-	-	-	-
16a, Other monetary obligations	-	-	-	-	-
16b, Other non-monetary obligations	-	-	-	-	-
17, Long-term liabilities (14+15+16)	-	-	-	-	-
18, Total liabilities (13+17)	25,615,897	20.536.322	455.337	187.024	26.696
19, Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19,a Amount of off-balance sheet foreign currency derivative productst with active charactert	-	-	-	-	-
19b, Amount of derivative products denominated in off-balance sheet foreign currency with a passive character	-	-	-	-	-
20, Net foreign currency asset/ (liability) position (9-18+19)	125,671,128	100.750.826	3.657.731	(181.041)	(26.404)
21, Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	-	-	-	-	-
22, Total fair value of financial instruments used for currency hedging	-	-	-	-	-
23, Amount of hedged portion of foreign currency assets	-	-	-	-	-

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(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

The analysis of foreign currency sensitivity at 30 June 2024 and 31 December 2023 is as follows:

	<u>Profit/loss</u>	<u>Profit/loss</u>
	<u>Foreign currency</u>	<u>Foreign currency</u>
	<u>appreciation</u>	<u>depreciation</u>
30 June 2024		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	6,569,892	(6,569,892)
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	6,569,892	(6,569,892)
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(427,064)	427,064
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(427,064)	427,064
Increase/decrease in the GBP against TRY by 10%		
4- GBP net asset/(liability)	296,980	(296,980)
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	296,980	(296,980)
Total net effect	6,439,808	(6,439,808)
	<u>Profit/loss</u>	<u>Profit/loss</u>
	<u>Foreign currency</u>	<u>Foreign currency</u>
	<u>appreciation</u>	<u>depreciation</u>
31 December 2023		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	13,428,033	(13,428,033)
2- , USD hedged from risks (-)	-	-
3- USD net effect (1+2)	13,428,033	(13,428,033)
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(736,956)	736,956
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(736,956)	736,956
Increase/decrease in the GBP against TRY by 10%		
4- GBP net asset/(liability)	(123,964)	123,964
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	(123,964)	123,964
Total net effect	12,567,113	(12,567,113)

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FOR THE PERIOD ENDED 30 JUNE 2024**

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

**NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Price risk

The Group has no financial assets that will expose it to price risk,

Interest risk

The Group does not have any significant interest-sensitive assets, The Group's income and cash flows from its operations are largely independent of changes in market interest rates.

The Group's interest rate risk arises from short and long term borrowings, The Group has no time deposits, Although the bank loans received by the Group have fixed interest rates, future loans and deposits for the continuation of operations are affected by future interest rates.

As of 30 June 2024 and 31 December 2023, the Group's financial liabilities consist of fixed rate participation bank loans and lease liabilities.

	30 June 2024	31 December 2023
Fixed rate financial instruments		
Time deposits	-	-
Borrowings	1,522,391,874	1,235,894,773
Variable rate financial instruments		
Time deposits	-	-
Financial investments	142,481,854	150,970,267
Borrowings	-	-

b) Credit risk

The Group is exposed to credit risk due to its trade receivables arising from forward sales and deposits held in banks. These terms are generally less than one month. If deemed necessary, collateral is taken for sales made to companies outside the group. The Group does not have any collection problems.

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30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2024 and 31 December 2023, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

30 June 2024	Trade receivables from related parties	Trade receivables from third parties	Other receivables from third parties	Deposits in Bank
Net book value of financial assets that are not overdue or impaired varlıkların net defteri değeri	-	59,003,067	5,981,938	1,119,476,022
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	-	1,478,611	-
- Impairment (-)	-	-	(1,478,611)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	59,003,067	5,981,938	1,119,476,022

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30 JUNE 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 30 June 2024 unless otherwise indicated.)

NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	Trade receivables from related parties	Trade receivables from third parties	Other receivables from third parties	Deposits in Bank
Net book value of financial assets that are not overdue or impaired	-	53,842,098	4,911,327	1,067,091,412
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	1,003,770	1,478,611	-
- Impairment (-)	-	(1,003,770)	(1,478,611)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	53,842,098	4,911,327	1,067,091,412

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

c) Liquidity risk

Liquidity risk management refers to the ability to hold sufficient cash and securities, the availability of sufficient loan transactions and fund resources, and the ability to close market positions.

The risk of non-fulfillment of financial obligations is eliminated by harmonizing the balance sheet and cash flow. In this context, compatibility of receivable and payable day maturities is taking into account, net working capital management targets are set in order to preserve short-term liquidity, and balance sheet ratios are tried to be kept at certain levels.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors the capital using the net financial debt/total equity ratio. Net financial debt is calculated by deducting the sum of financial liabilities (including long-term and short-term financial liabilities) from cash and cash equivalents. This ratio is found by dividing net financial debt by total equity.

	30 June 2024	31 December 2023
Financial liabilities	1,522,391,874	1,235,894,773
Less: Cash and cash equivalents	(1,137,232,956)	(1,080,344,545)
Less: Financial Investments	(142,481,854)	(150,970,267)
Net financial debt	242,677,064	4,579,961
Total equity	3,243,541,643	3,158,727,106
Net financial debt/equity	0,075	0,001

Fair value of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

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NOTE 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)

Financial Assets

It is accepted that the fair values of the balances denominated in foreign currency, which are translated at the period-end rates, approximate their carrying values.

The fair values of cash and cash equivalents are considered to approximate their book values due to their short-term nature.

It is estimated that the discounted carrying values of trade receivables are approximated to their fair values together with the related impairment provisions.

Financial Liabilities

Due to the short-term nature of trade payables and other monetary liabilities, their fair values are considered to approximate to their carrying values. Since the maturities of short-term loans are short, it is assumed that their carrying values approximate to their fair values.

NOTE 24 - SUPPLEMENTARY CASH FLOW INFORMATION

	Borrowings	Lease liability	Total
1 January 2024	572,449,428	663,445,345	1,235,894,773
Cash inflows during the period	794,018,686	-	794,018,686
Lease additions	-	292,739,037	292,739,037
Cash outflows during the period	(415,863,722)	(124,571,724)	(540,435,446)
Other	11,557,142	68,561,230	80,118,372
Monetary gain/(loss)	(104,598,826)	(235,344,722)	(339,943,548)
30 June 2024	857,562,708	664,829,166	1,522,391,874
	Borrowings	Lease liability	Total
1 January 2023	648,708,167	502,136,947	1,150,845,114
Cash inflows during the period	1,020,448,610	-	1,020,448,610
Lease additions	-	202,827,210	202,827,210
Lease terminations	-	(1,837,915)	(1,837,915)
Cash outflows during the period	(955,511,763)	(100,654,433)	(1,056,166,196)
Other	409,145	59,395,908	59,805,053
Monetary gain/(loss)	(107,098,114)	(35,698,172)	(142,796,286)
30 June 2023	606,956,045	626,169,545	1,233,125,590

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NOTE 25 - EVENTS AFTER THE BALANCE SHEET DATE

Within the scope of the issuance ceiling approved by the Capital Markets Board with its decision dated 19 July 2024 and numbered 37/1065, the application made to the Capital Markets Board for lease certificates with a nominal value of TRY 100,000,000 each and a maximum maturity of 730 days, where Ebebek Mağazacılık A.Ş. will be the resource provider/fund user and which will be sold domestically to qualified investors based on the management agreement, was approved on 8 August 2024.

APPENDIX 1 - EBITDA

The Group calculates EBITDA amount by subtracting general administrative expenses and marketing expenses from the gross profit amount in the consolidated profit or loss statement and adding depreciation expense and amortization. EBITDA is not a performance measure defined in TFRS and may not be comparable to other companies.

	1 January - 30 June 2024	1 January- 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
Revenue	7,719,658,866	6,959,762,544	3,864,185,010	3,527,067,241
Cost of sales (-)	(5,205,742,849)	(5,056,437,669)	(2,496,061,934)	(2,412,504,549)
Gross profit	2,513,916,017	1,903,324,875	1,368,123,076	1,114,562,692
General and administrative expenses (-)	(309,856,235)	(238,675,320)	(158,437,301)	(116,989,098)
Marketing expenses (-)	(1,811,651,859)	(1,474,061,854)	(830,110,557)	(741,039,299)
Addition: Depreciation and amortization	221,573,665	213,445,103	95,645,167	112,096,384
EBITDA	613,981,588	404,032,804	475,220,385	368,630,679

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