

WITH FIRM STEPS...



ebebek 

Annual Report 2023

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From our first day, we have moved forward with innovative and pioneering strategies that will illuminate the industry.

We began our journey in the industry 23 years ago with the launch of a content site to guide families. At a time in our country when sales of baby products via the internet were close to zero, we launched our e-commerce site with an innovative vision to fulfil the needs of parents and babies on one platform. We worked nonstop to grow our brand and, in 2003, we switched to physical merchandising by adopting the pioneering “click to brick” business model. With this move, we introduced a new business model to our industry in Türkiye and built a strong bridge between our online and physical stores.

Today, we continue our activities with 235 stores across Türkiye and online sales channels around the world, maintaining our position as the industry’s leading brand.



RECORD
PARTICIPATION
3.9
million
individual demands

SHARING THE SUCCESS...

We are where we are now thanks to our barents, with whom we formed a strong bond of trust from the beginning. We crowned that trust with our public offering process, which was realized with record participation and received more than 3.9 million individual demands. Our public offering was not only a significant financial step but also a turning point in our growth journey, offering us an ideal scenario for reaching a wider audience, deepening our brand value, and reinforcing our leadership spirit. With the funds from the public offering, we aim to expand our globalization journey, which commenced in the United Kingdom, to other countries as well.





11.4
TL billion
Turnover

RAISING THE TARGETS...

We maintain our position in the industry through sound capital management. Accordingly, we allocated approximately 35% of our public offering funds towards net working capital financing, ensuring the continuity of our robust financial structure. Furthermore, we underpin growth in our e-commerce channel by boosting momentum in our store openings. This year, we welcomed 47.4 million visitors in our stores and 128.9 million visitors on our website, increasing our turnover to TL 11.4 billion and our net profit to TL 302 million.



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Detergent Filling
Stations in

10 provinces

DREAMING OF A BETTER FUTURE...

We see ensuring that our babies have a livable future as a primary responsibility. Therefore, we allocated approximately 10% of our public offering funds to renewable energy investments, especially solar energy projects. We significantly reduced our energy costs and increased our operational efficiency. We were awarded the Green Office Diploma by the World Wide Fund for Nature, crowning our contributions to a better future. We intend to continue this green transformation journey.



ebebek IN FIGURES

Visitor numbers are increasing

The number of people visiting ebebek stores reached 47.4 million in 2023.

4,151

Number of
employees

235

Number of
stores

47.4
million

Number of store visitors
(2022: 38.5 million)

128.9
million

Number of ebebek.com
visitors
(2022: 136.4 million)



11.4
TL billion
Turnover

81.6
million

Total number of
products sold:
(2022: 69.3 million)

721
TL million

EBITDA

302
TL million

Net profit

DEVELOPMENTS IN 2023

Our shares began to be traded on the stock exchange

ebebek set a record with the highest demand number among public offerings on Borsa Istanbul.

The bell rang for ebebek at Borsa Istanbul

On September 7, 2023, heralded by a bell-ringing ceremony, ebebek shares started to be traded at Borsa Istanbul. The size of the public offering was TL 1.86 billion with a demand of 7.7-fold of the total allocation amount; 40 million shares were sold at a price of TL 46.50 per share. Of the shares offered to the public, 48% were distributed to domestic individual investors, 25% to domestic corporate investors, 25% to foreign corporate investors, and 2% to group employees. The Company shares, with a nominal value of TL 40,000,000 offered to the public, started to be traded in the Stars Market on September 7, 2023 at a base price of TL 46.50 per share and the ticker symbol EBEBK.E. The 30-day period announced for the price stabilization transactions identified in the prospectus and planned to be made by the Company expired on October 6, 2023. During this period, no price stabilization transaction was performed, as the stock price did not fall below the public offering price of TL 46.50.

The number of our stores reached 235

Aiming to expand the number of traditional channel stores and to further enhance its nationwide presence with new concept mini stores, ebebek increased the number of its stores from 200 at the end of 2022 to 235, with 37 stores opened in 2023. While 72 of these 235 stores are street-level stores, the remaining 163 units are located in shopping centers. In 2023, one store was closed due to the February 2023 earthquakes centered in Kahramanmaraş.

New mini store concept

In addition to its existing stores, which feature an average area of approximately 1,000 square meters, ebebek launched a mini store concept called "ebebek mini." In addition to enabling the Company to extend its penetration in 2023, these units, with an average area of 200 square meters, allow more customers to access stores and meet their needs quickly and easily. The first mini concept store was opened in April 2023; as of year-end 2023, eight mini stores are operating.



DEVELOPMENTS IN 2023

ebebek was selected as the People's Favorite in the E-Commerce & Shopping and Retailing & Merchandising categories at the 21st Golden Spider Awards.

Awards



Two awards at MarTech Awards 2023

ebebek received two awards at a time in the MarTech Awards 2023. The Company won the "Best Use of Technology in the Healthcare Sector" award for its Breastfeeding Support Project and Türkiye's Most Technological Brand award in the Baby Care Products category.

First Prize from ECHO Awards

ebebek ranked first in the Mother-Baby category at the ECHO Awards, organized in cooperation with Marketing Türkiye and Akademetre, where the best brands of e-commerce in 40 categories were determined by a public jury.

The most reputable brand in the mother and baby industry

ebebek was selected as the Most Reputable Brand in the Mother Baby Industry in the 12th Türkiye Reputation Index Survey, which was conducted in cooperation with Beykoz University and Reputation Academy and in which Türkiye's most reputable companies were identified in 66 categories ranging from food to fuel, from banking to electronics.



Two awards from Brandverse Awards at the Brandverse

Awards 2023, organized in cooperation with Marketing Türkiye and Boomsonar, ebebek won the Gold Award in the Online Shopping-Kids Baby category of the Data Analytics Division. Also, ebebek's Breastfeeding Support Project won the Bronze Award at the Brandverse Awards 2023 in the Good Health category of the Social Responsibility and Sustainability Division.



People's favorite ebebek

ebebek was selected as the People's Favorite in the E-Commerce & Shopping and Retailing & Merchandising categories at the 21st Golden Spider Awards.



Five awards at Hammers Awards 2023

At The Hammers Awards 2023, which measures the success of Türkiye's marketing teams, ebebek was honored with five awards. ebebek won the Gold Award in the category of Those Who Work Wonders with Optimum Budget in the fields of Sustainability and CSR; Silver Award in the category of Best Loyalty Program Team; Bronze Award in the category of Best CRM Team; Bronze Award in the category of Best Store Experience Team and Bronze Award in the category of Best Marketing Team in the Health Industry.

DEVELOPMENTS IN 2023

ebebek was awarded the 2023 Best IPO Award by East Capital.



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ebebek at a Glance

Two Gold Awards from Istanbul Marketing Awards

At the Istanbul Marketing Awards, where the activities of Turkish business organizations in their marketing processes are evaluated, ebebek was awarded the Gold Award in the Health Communication for Consumers and Corporate Collaboration for Sustainability categories.

Best IPO Award

ebebek, which went public in 2023, was deemed worthy of the 2023 Best IPO Award by East Capital, which was established in Sweden in 1997 and serves international investors, leading institutions and individual investors. In the ebebek public offering, a total of 40 million shares were sold at a price of TL 46.50 per share, while the total size of public offering was TL 1.86 billion. The public offering received a 7.7-fold demand from 3.9 million people. ebebek set a record with the highest demand number among the public offerings on Borsa Istanbul, while 4.52% of Türkiye's population, i.e., one in 20 people, became ebebek shareholders.

ebebek in Diamond League

ebebek was included in the Diamond League in the Economic Benefit Index report, which was conducted for the fifth time this year by the Turkish Reputation Academy (TIA) under the reporting of Bursa Technical University, and which reveals the best in many areas, especially reputation, reliability, social benefit, product, service and management performance. The company was deemed worthy of the Diamond Award in the Baby and Kids Wear Products Industry.



No. 1 Brand ebebek

ebebek was selected as the No. 1 Brand in the Baby Products/Toy category at the No. 1 Brands Awards given within the scope of the "AYD Shopping Economy Summit" organized for the 14th time in 2023 by the Council of Shopping Centers - Türkiye (AYD).



Kids Wear Website of the Year

As a result of the public voting held within the scope of the E-commerce Summit organized by Marketing Türkiye and attended by more than 40 thousand people, ebebek was found worthy of the first place in the Kids Wear Website of the Year category.



ebebek the Most Preferred Brand by Women

In the Women's Brand Preference Index survey organized for the first time by the Turkish Reputation Academy in cooperation with Beykoz University and under the reporting of Bursa Technical University, ebebek was selected as the Most Preferred Brand by Women in the Baby and Kids Wear Products Category.

ABOUT ebebek

All the needs of mother and baby are here

ebebek is a website and chain of stores that meets all the needs of mothers and babies, starting from the prenatal period up to four years of age, for 24 hours a day with expert knowledge and after-sales support.

ebebek is a website and chain of stores that meets all the needs of mothers and babies, starting from the prenatal period up to four years of age, for 24 hours a day with quality products, friendly staff, high service standards, affordable prices, expert knowledge and after-sales support.

ebebek set out in 2001 to provide all kinds of information, services and friendship to conscious families who are thinking of having a baby, expecting a baby and raising their babies, and then, in order to provide fast, practical and affordable baby care products, developed ebebek.com, Türkiye's first online store for shopping baby products.

Following the website's success, ebebek transitioned to physical merchandising using the "click to brick" business model, which is rare in the world. As of year-end 2023, the Company reaches all baby relatives through a total of 235 stores in 65 provinces across Türkiye.

ebebek is an organization that adopts the "babyology" philosophy and strives to think everything down to the last detail for the happiness of babies and their families, with the awareness that the baby's physical needs are not the sole needs of families with a baby.

Babyology is the science of understanding and explaining the baby. For this reason, ebebek does not see its employees only as salespeople and does not call them sales consultants or customer representatives. ebebek employees are babyologists who share their expertise and interest.

ebebek serves to meet the needs of parents and babies with products in four main categories: Fast Moving Consumer Goods (FMCG); Complementary Products; Baby Vehicles, Devices and Furniture Products; and Textile Products. With its wide and diverse product range, the Company offers hundreds of brands and thousands of products.

In addition to its physical stores and website, the Company offers online services both in Türkiye and other countries through various e-commerce platforms.



235
Total
stores

Continuing its growth efforts beyond Türkiye without slowing down, ebebek aims to operate in six continents by 2030 and takes firm steps towards becoming a universal retailer. Accordingly, the Company started e-commerce activities in the UK in November 2022 with the ebebek.co.uk website through its warehouse and platform.

In Germany, marketplace trials are being conducted through the company already established. Evaluations are also being made for potential markets such as the Gulf countries, with the aim of further strengthening the ebebek brand in the global arena and operating in different geographies in the coming years. These steps are being taken as part of the globalization strategy and are being pursued intensively.

In 2023, the Company went public, and its shares are being traded on Borsa Istanbul's Stars Market with the ticker EBEBK.

VISION, MISSION AND VALUES

Our Vision

To become the leading retail brand in the mother-baby industry by 2030, operating across six continents and shaping the industry.

Our Mission

To comprehensively meet the needs of mothers, infants and toddlers, from the prenatal period through four years of age, with quality products, friendly staff, high service standards, affordable prices, expert knowledge and after-sales support, 24 hours per day and seven days per week.

Our Values

As ebebek, we operate as a leading company in the industry with our barents, employees, suppliers and partners, and we adopt high quality standards. Our values embrace the following:

- Enhancing the effectiveness of the system and ensuring continuous improvement paired with a sustainable service approach under international ISO-9001 Quality Management System standards and regulations;
- Achieving Company and unit targets with team spirit based on a total quality philosophy;
- Ensuring compliance with all legal regulations applicable to our organization in our national and international activities;
- Offering our shareholders sustainable growth and profitability by acting as a company that fulfills its obligations to the government, financial institutions and suppliers in full and on time;
- Meeting parents' expectations with a barent-oriented service approach and ensuring that their satisfaction is upheld at the highest level;
- Supporting our employees' satisfaction, empowerment and continuous development to achieve the highest performance in all our processes;
- Avoiding waste by emphasizing the efficient use of public resources in operating in the global market;
- Believing that growth will be achieved together, and abiding by a philosophy of mutual benefit with our suppliers, who are our business partners.

We prioritize these issues, undertaking and declaring that they are among the Company's responsibilities.





SHAREHOLDING STRUCTURE

Company's shareholding structure:

	December 31, 2023		December 31, 2022	
	Share (%)	Share Amount (TL)	Share (%)	Share Amount (TL)
Ahmet Afif Topbaş	16.51%	26,409,567	25.59%	4,477,500
Mahmud Muhammed Topbaş	15.60%	24,960,000	19.60%	3,429,500
Musa Topbaş	15.60%	24,960,000	19.59%	3,427,500
Halil Erdoğan	10.74%	17,181,730	13.42%	2,349,000
Fatma Hande Topbaş	5.85%	9,352,856	7.43%	1,300,000
Fatma Zehra Ülker	5.85%	9,352,856	7.43%	1,300,000
Kamal Antony Hatoum	3.13%	5,012,845	4.91%	860,047
Mustafa Latif Topbaş	0.46%	738,284	0.54%	95,000
Others	1.27%	2,031,862	1.49%	261,453
Public	25.00%	40,000,000	0.00%	0
TOTAL	100	160,000,000	100	17,500,000

Information on Privileged Shares

Company shares are represented by two separate share groups, Group A and B, each equal and with a nominal value of 1 TL. Group A shares provide the shareholder with the privilege of voting rights and the privilege of nominating candidates to the Board of Directors. Each Group A share gives its owner 5 voting rights, while Group B shares gives its owner 1 voting right. Additionally, in the formation of the Board of Directors, half of the members of the Board of Directors will be elected from among Group A shareholders or the candidates they will nominate. If the number corresponding to half of the number of Board of Directors members does not correspond to a whole number, this number will be rounded down to a lower number and the resulting number of members will be selected among Group A shareholders or the candidates they will nominate. The Chairperson of the Board of Directors is elected among the members of the Board of Directors nominated by Group A shareholders. Group B shares have no privileges.



	Group A	Group B
Ahmet Afif TOPBAŞ	6,959,314	19,450,253
Mahmud Muhammed TOPBAŞ	5,330,423	19,629,577
Musa TOPBAŞ	5,327,314	19,632,686
Halil ERDOĞMUŞ	3,651,018	13,530,712
Fatma Hande TOPBAŞ	2,020,571	7,332,285
Fatma Zehra ÜLKER	2,020,571	7,332,285
Kamal Antony HATOUM	1,336,759	3,676,086
Mustafa Latif TOPBAŞ	147,657	590,627
Others	406,373	1,625,489
Public		40,000,000
TOTAL	27,200,000	132,800,000

The general assembly resolution dated 18.01.2023 regarding the increase of our company's issued capital from TL 17,500,000 to TL 41,000,000 and the amendment of Article 6 of the Company's Articles of Association titled Capital was published in the Turkish Trade Registry Gazette dated 27.01.2023 and numbered 10757.

With the permission of the Capital Markets Board (CMB) dated 30.03.2023 and numbered 20/404, in order for our Company to switch to the registered capital system and to increase its paid-in capital from TL 41,000,000 to TL 136,000,000, the resolution of the Board of Directors dated 12.05.2023 and numbered 42 regarding the amendment of Article 6 of the Company's Articles of Association titled Capital was published in the Turkish Trade Registry Gazette dated 18.05.2023 and numbered 10834.

With the public offering, a capital increase of TL 24,000,000 was realized, and the paid-in capital reached TL 160,000,000.

MILESTONES

2000

- www.bebek.com launched.

2001

- www.ebebek.com launched.

2003

- First physical store: Kızıltoprak

2007

- Largest store in the baby sector: Çamlıca

2011

- The Topbaş family bought the majority shares.

2012

- New store design

2014

- HelloBaby brand acquired.

2017

- 100th store: Carousel

2018

- General Manager's speech to the United Nations
- First Aliexpress overseas order

2020

- First Amazon England order

2022

- 200th store
- ebebek.co.uk launched.
- ebebek.co.uk first order

2023

The Company broke new ground with the highest demand number among the public offerings on Borsa Istanbul.





KEY FINANCIAL AND OPERATIONAL INDICATORS

Strong financial performance

ebebek increased its gross profit to TL 3.2 billion in 2023 with a strong financial performance.

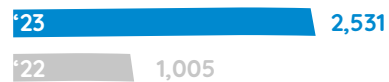
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ebebek at a Glance

Total Assets (TL Million)



Equities (TL Million)



Net Sales (TL Million)



Gross Profit (TL Million)



Gross Profit Margin (%)





302
TL million
Net profit

Net Profit (TL Million)



EBITDA (TL Million)



Net Profit Margin (%)



EBITDA Margin (%)



INVESTOR RELATIONS AND SHARE PERFORMANCE

Reliable, transparent relationship with investors

ebebek, whose shares began trading on Borsa Istanbul on September 7, 2023, has been sharing all its information with the public in a transparent manner.

ebebek accelerated its public offering efforts as of the beginning of 2023 and began trading on Borsa Istanbul on September 7, 2023 by successfully completing all the necessary legal stages.

ebebek attaches great importance to investor relations since the first day it went public and evaluates requests from investors with great sensitivity. With this sensitivity, the relevant unit was established, and this situation was disclosed on PDP.

Since the first day of the public offering, the Company has managed a transparent relationship with investors based on trust. All information is shared with the public in a transparent manner. Since the number of the Company's stores exceeds a certain threshold, the number of stores opened and closed is collectively announced to investors on the first business day of each month, the number of visitors on the third business day of each month, and the number of sales on the fifth business day of each month, to avoid information pollution on PDP.

Following the announcement of the financials, the Company held an analyst meeting on October 26, 2023 and simultaneously shared the investor presentation on its website as well. On October 31, an information meeting was held for the participation of individual investors and their information requests were answered.

Responding to written information requests from investors constitutes one of its most important responsibilities as a publicly traded company. In accordance with the Capital Markets Legislation, ebebek Investor Relations e-mail communication line was established in order for investors and prospective investors to direct their questions about the Company and to share their opinions and suggestions about the Company as investors or prospective investors.

ebebek prefers written communication with investors in order to respond to investors' requests for information in a faster and higher quality manner and to keep records of these correspondences as required by the legislation. Feedback received from investors is regularly shared with senior management.

Information on the Company's executives responsible for shareholder relations is as follows:

Tolga Koyuncu
Financial and Administrative Affairs Director
Tel: (216) 325 73 25
yatirimciiliskileri@ebebek.com

Eser Taşcı
Investor Relations Coordinator
Tel: (216) 325 73 25
yatirimciiliskileri@ebebek.com

The Company has taken the principles of participation finance as a basis and adopted the strategy of constantly taking part in the participation index established in this scope and being a pioneer in this field as a principle.

In accordance with its shareholder principles, the Company will pursue any growth strategy while adhering to the principles of the participation index, and it will make all growth decisions without jeopardizing the participation index's criteria.

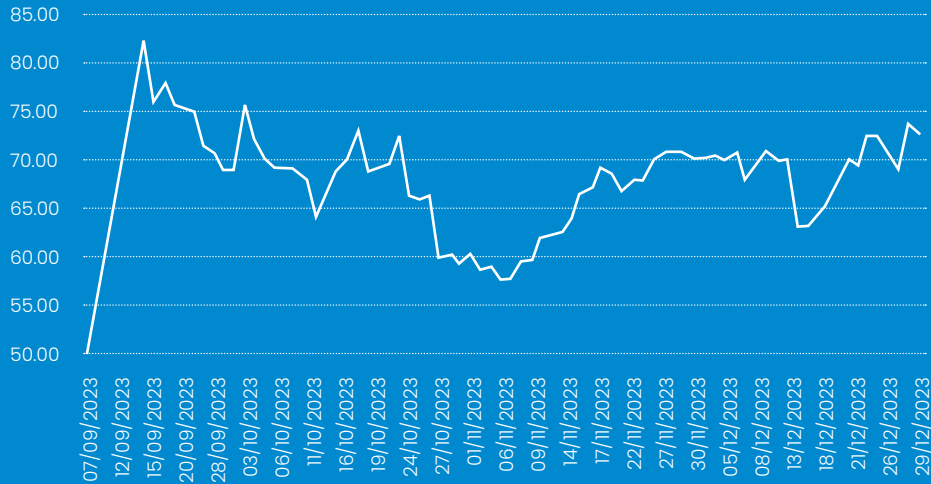
The Company does not have an interest bearing loan relationship with any conventional bank. The card expenditures of the consumers who use bank credit cards are collected from the relevant bank and charged to the Company's accounts on those bank accounts. No interest income is received at all from these bank accounts.

The Company occasionally uses installment participation financing from participation finance institutions during imports to hedge against FX risk. However, the Company does not use any interest bearing loans.

Stock Performance

ebebek is among the stocks traded on Borsa Istanbul that attract the most interest from corporate investors, despite the fact that it has just gone public. This preference is an indication of the faith in the Company's corporate perspective, transparency in management and its competencies.

SHARE PRICE TL





MESSAGE FROM THE CHAIRPERSON AND GROUP CEO

A story of persistence and patience

This 23-year story of patience and perseverance that we have written together is a harbinger of even better to come. I am confident that our firm steps into the future will continue.

To Our Esteemed Shareholders,

In 2023, the key factors shaping the world economy were international conflicts and high inflation.

In addition to the Russia-Ukraine war, the Israeli-Palestinian conflict in the Middle East heightened geopolitical risks, putting pressure on the economy.

In this setting, inflation around the world reached record highs; interest rates in the US and Europe reached their highest levels in 22 years. As of the second half of the year, however, both interest rates and inflation began to decline in response to measures taken by the Fed and the European Central Bank. The world ended the year with a feeling of cautious optimism.

At the beginning of 2023, on February 6, Türkiye endured a natural disaster of epic proportions: 51,000 citizens lost their lives due to massive earthquakes

centered in Kahramanmaraş. The impact of the earthquake and the high inflation environment postponed the recovery expectations in macroeconomic data, but the focus on fighting inflation intensified in the second half of the year in conjunction with changes in the economic administration, while monetary policies began a gradual normalization process. Confidence in the economy grew alongside policy developments and the rapid implementation of the roadmap.

ebebek, the leading brand in the baby products industry, completed this period with achievements and records. Reaching 235 stores in 2023, we increased the number of visitors from 38.5 million to 47.4 million and hosted approximately 129 million visitors on ebebek.com.

Correspondingly, the total number of products we sold went up from 69.3 million to 81.6 million. We closed the year with a turnover of TL 11.4 billion and our profit was TL 302 million. Our EBITDA soared by 143% to TL 721 million.

MESSAGE FROM THE CHAIRPERSON AND GROUP CEO

The public offering received a 7.7-fold demand

With the 7.7-fold demand for our public offering, 4.52% of Türkiye's population – one out of every 20 people – is now our shareholder.

As ebebek, we improve our economic performance through our prudent steps and strategic decisions. We shape our financial management approach in line with our sustainable prioritized investments and we follow current developments. We conduct our activities to meet mounting and evolving demands, carefully analyzing the needs of the present and anticipating those of the future.

We act in awareness of our responsibilities to achieve growth and to ensure that our financial performance grows sustainably. Thanks to the projects we realize, we are a pioneering company in our industry.

Also in 2023, we continued our investments, carrying achievements forward day by day. Through TL 492 million in investments, we performed operational improvements and took important steps towards digitalization.

In this context, we commissioned the allocation, initial distribution and warehouse supply planning modules of Invent, the inventory planning program. This investment is aimed to provide us with effective inventory management opportunities in terms of eliminating human error in store allocations, reducing lost sales, reducing inventory costs, identifying and reducing shadow stocks, and planning

campaign quantities. The cargo sorter investment, which sorts e-commerce packages based on company, packaging type (bag, box), deci group, and region/province/district, minimized the need for personnel in these processes, while also preventing mistakes caused by manual sorting.

Our most important event this year was our public offering.

As ebebek, we aim to further expand our strong foundation, accelerate entry into new markets, and potentially add significant value to our investors in the long term via the public offering. We are extremely pleased to be one step closer to this target with the interest shown by our investors.

Our public offering, under the leadership of the Ünlü Menkul consortium, received a demand of 7.7 fold of our total allocation amount. The size of the public offering amounted to TL 1,860,000,000. A total of 3,917,194 applications were made to the public offering and, of those, 3,804,835 were realized for distribution. In other words, 4.52% of Türkiye's population – one out of every 20 people – is now our shareholder. Foreign corporate investors also took a 25% share in the public offering, with TL 465 million in sales.

We believe that the success of our public offering was driven by the special bond of trust we have built with our parents, whose lives we have touched and with whom we have grown for 24 years, beginning with their first purchase. This bond reached a new level with record-breaking public offering participation.

This success story we have written together heralds much more. Through the strength we receive from our stakeholders, we will continue to take firmer and faster steps.

We will allocate 55% of the funds raised from the public offering to domestic and international retailing and online channel investments. We have already started online sales operations in the UK, and we aim to enter new markets both in continental Europe and the Middle East in the coming period. Thus, we will ensure that ebebek reaches a wider audience and that our brand awareness rises on a global scale; and we will offer our investors the potential to add significant value in the long term.

As ebebek, we place our slogan "The Future Belongs to Babies" at the center of our sustainability vision. This vision shapes every decision we make and every activity we plan to carry out. We believe that investing in our babies and their future means a brighter tomorrow for society. In this context, we endeavor to build a more livable world for today and for future generations and, in line with this goal, we strive to lower our environmental impact and protect our natural resources

We can see that the public offering and being traded on Borsa Istanbul have reinforced ebebek's already-solid corporate structure and culture. As ebebek, we have always attached great importance to values such as transparency, accountability and discipline. The public offering further emphasized these values and reinforced our Company's reporting discipline.

In addition, the public offering brings us more comprehensive disclosure and audit obligations. Accordingly, our business processes are now even more disciplined and organized, paving the way for ebebek to be passed on to future generations in a healthier and stronger way. Going public was not only a financial development for us, but also a strategic step towards preserving the Company's long-term sustainability and corporate heritage.

With this public offering, we aim to transfer ebebek to future generations on a solid foundation and to ensure the continuity of our leading position in the industry. We believe that this process further fortifies the values and culture of our Company and establishes a strong base for our future success.

With the same approach, we are proud to share our first sustainability report with the public in 2023.

Our employees have brought us to this exemplary place that guides the industry. We see our employees not only as a labor force, but also as our business partners and fellow travelers.

I am confident that we will gain even greater achievements in the coming period together with our team of friendly and expert babyologists.

Kind regards,

Halil Erdoğan
Chairperson and Group CEO

BOARD OF DIRECTORS

Name and Surname	Current Position	Positions Held in the Last Five Years
Halil Erdoğan	Chairperson of the Board of Directors	Chairperson of the Board of Directors and CEO (Ebebek Mağazacılık A.Ş.) Vice Chairperson of the Board of Directors (Tuna Çocuk)
Mahmud Muhammed Topbaş	Vice Chairperson of the Board of Directors	Vice Chairperson of the Board of Directors (Ebebek Mağazacılık A.Ş.)
Musa Topbaş	Board Member	Chairperson of the Board of Directors (Tuna Çocuk)
Ömer Hulusi Topbaş	Board Member	Board Member (Ebebek Mağazacılık A.Ş.)
Can Karadeniz	Board Member	Board Member (Ebebek Mağazacılık A.Ş.) Board Member (Tuna Çocuk)

Halil Erdoğan **Chairperson of the Board of Directors**

After graduating from Istanbul University, Department of Economics in 1991, Halil Erdoğan completed his master's degree in International Business Administration from Istanbul University Social Sciences Institute between 1992-1993. Lastly, he completed the Executive MBA program at Sabancı University between 2018-2019.

He began his career in 1991 as an Operations Specialist at Türk Mitsui Bank A.Ş., and after leaving his position there, he worked as the Deputy General Manager of Erteks Erdoğan Tekstil Sanayi ve Ticaret A.Ş. between 1992-1996. He also became the founding partner of Uşak Radyo TV A.Ş., which commenced its activities in 1992. Having worked as Business Development Manager at Benkar, a private-label credit card company, between 1997-1998, Erdoğan founded Ebebek Mağazacılık A.Ş. in 2000 and served as the General Manager of the Company from its foundation until the end of 2022.

Erdoğan, who is a Board Member at Evidea Mağazacılık A.Ş., is a founding member of the Baby Maternity Product Manufacturer, Importer and Retailer Association, as well as a member of TÜSİAD.

Mahmud Muhammed Topbaş **Vice Chairperson of the Board of Directors**

Born in 1976, he is married and has 3 children. He completed his high school education at Private Üsküdar Fazilet Boys' High School and then continued his career in certain departments of the family companies. Mahmud Muhammed Topbaş has been the Chairperson of the Board of Directors at BİM Bileşik Mağazalar A.Ş. and Deputy Chairperson of the Board of Directors at Ebebek Mağazacılık A.Ş. since 2011.

Musa Topbaş **Board Member**

Born in 1986, he is married and has 3 children. He completed his university education at Yeditepe University, Department of International Trade, and then continued his career in certain departments of the family companies. Musa Topbaş has been a Board member at Ebebek Mağazacılık A.Ş. since 2011.

Ömer Hulusi Topbaş
Board Member

After graduating from Kadıköy Imam Hatip High School in 1985, he started his career at Bahariye Mensucat A.Ş. as a Design and Sales Specialist. Meanwhile, he continued his education in Business Administration by distance education. He went to England for language education in 1988 and also started higher education there. After returning to Türkiye to complete military service, he continued his role at Bahariye Mensucat A.Ş.

After leaving his job at Bahariye Mensucat A.Ş. in 1997, he worked in various manufacturing and sales positions. In 2000, he worked as a purchasing manager at Seranit Seramik A.Ş. He has been serving as the General Manager at Bahariye Mensucat A.Ş. since 2002.

Can Karadeniz
Board Member

Can Karadeniz graduated from Galatasaray High School, then Koç University, Department of Business Administration, and completed his Executive MBA at Sabancı University.

Starting his career as an Audit Assistant at the Ernst and Young auditing company, he joined Pepsi&Co in 2012 as a Corporate Audit Manager, then worked as Türkiye Beverage Operations, Commercial Projects Manager, Eastern Europe region Beverage Operations Projects Manager, and Control Manager responsible for Türkiye Operations. He joined ebebek as Financial and Administrative Affairs Director in March 2019 and has since taken the position of Store Operations Director in 2022. In addition, as of 2022, he has been serving as a Board Member at Tuna Çocuk. Can Karadeniz, who is married and has 1 child, is fluent in English and French.



MESSAGE FROM THE GENERAL MANAGER

We will reach a larger audience

A rich selection of quality products and our Babyology philosophy have made ebebek the most reputable brand in its industry.

To Our Esteemed Shareholders,

In 2023, we saw significant developments for both the global and the Turkish economies. In the global economy, the themes of serious tightening in monetary policies and the fight against inflation were decisive. While the central banks of developed countries conducted tightening moves to fight inflation, expectations for interest rate cuts mounted as positive developments were observed in inflation figures towards the end of the year.

In addition, 2023 was a year of heightened geopolitical risks. While the impacts of the Russia-Ukraine war continued, conflicts in the Middle East put pressure on energy prices, in particular, and, through the logistical risks produced by these conflicts, obstructed world trade.

While working to heal the wounds of February's earthquake disaster, our country was also engaged in economic recovery efforts.

In 2023, we observed a year featuring the implementation of two different sets of economic policies. The first five months of 2023 were marked by ultra-expansionary monetary and fiscal policies and increased market regulations and controls; the second half of the year was characterized by a gradual tightening of monetary policy.

Türkiye concluded the year with an inflation rate of 64.77%, while growth was limited to a moderate slowdown despite interest rate hikes.

In this volatile setting, we successfully managed risks by means of our strong structure and expert team. By utilizing the latest technologies in the optimal manner, we made the right decisions in a timely fashion and thus continued our healthy growth.

Having opened its first store in Kızıltoprak – in an area of just 60 square meters – ebebek emerged as the industry pioneer, with 235 stores in 65 cities across Türkiye by the end of 2023. The Company's rich and diverse range of quality products, along with a body of expert knowledge via the Babyology philosophy, which differentiates ebebek among its competitors, have made ebebek the most reputable brand in its industry.

MESSAGE FROM THE GENERAL MANAGER

We value sustainability

As an indicator of the importance we accord to sustainability, we will allocate approximately 10% of the funds obtained from the public offering to renewable energy investments, especially solar energy projects.

Our financial results also demonstrate the Company's success. And while this pleases us, we are not resting on our laurels.

We see the public offering process as a strategic milestone in ebebek's growth story. With this step, we reinforce our leadership and innovation spirit in the industry as well as the Company's financial strength. Now, with this new beginning, we eagerly – and impatiently – look forward to reaching even greater goals.

We aimed to grow further by allocating a significant portion of the public offering proceeds to investments. While expanding the number of our domestic stores, we will also establish a presence with our physical stores abroad, first in Europe and then in the Middle East. We will thus make ebebek a global brand by bringing it to a much wider audience.

Our most important tools in achieving these goals are our R&D studies and our investments in technology and digitalization. By making significant investments in these areas, we improved our operational processes and were delighted to offer a more perfect service to our barents in 2023 as well.

We aimed to use approximately 35% of the funds obtained from the public offering for net working capital financing. This resource is of critical importance for the continuity and financial soundness of our business. With this strategy, we will guarantee the sustainability of our business model and our long-term growth targets.

However, it is important to note that ebebek is not merely a store that sells quality products and services. Our goal is to stand by babies and barents in every field and contribute to their living in a better world.

As such, we conduct every move in our growth process with a focus on sustainability and we act in awareness of our responsibilities towards the world and society.

As an indicator of the importance we accord to sustainability, we allocated approximately 10% of the funds obtained from the public offering to renewable energy investments, particularly solar energy projects. In this way, we will significantly lower our energy costs and thus further raise our operational efficiency while, at the same time, reducing our carbon footprint.



Guiding barents in adopting a sustainable lifestyle, ebebek continued to contribute to society through its projects. Through the “Benden Kardeşime Dönüşüm Sepeti (Transformation Basket from Me to My Sibling)” project, which reduces waste by utilizing unused products and supporting families with babies in need, ebebek distributed 38,734 products. Collected as part of the project, these products were distributed to families with babies in the earthquake-affected region, following the devastating February 2023 earthquakes in our country.

In addition, we contributed to raising awareness among barents and helping babies grow up healthier and happier through activities such as Babyology events, and the Breastfeeding Support and Play Ambassadors projects.

ebebek has arrived at its current position through the labor of its employees, who are experts in their fields. As ebebek, we believe that the quality of our business is directly proportional to the continuous development of our employees; accordingly, we provide a wide range of opportunities for employees to maximize their personal and professional potential.

On the path to sustainable success, we also announced 2023 as the year of learning and development at ebebek. We prepared the “ebebek Learning and Development Strategic Roadmap 2023” by analyzing the needs of business units and target groups. In 2023, a total of 4,107 people, including 2,870 women and 1,237 men, participated in employee trainings organized by ebebek. Both female and male employees were provided with an average of 64.5 hours of training per person.

With the support of our employees and all our stakeholders, I have no doubt that we will achieve the great goals we have set for the coming period as well.

Kind regards,

Can Karadeniz
General Manager

SENIOR MANAGEMENT



Halil Erdoğan **Group CEO**

After graduating from Istanbul University, Department of Economics in 1991, Halil Erdoğan completed his master's degree in International Business Administration from Istanbul University Social Sciences Institute between 1992-1993. Lastly, he completed the Executive MBA program at Sabancı University between 2018-2019.

He began his career in 1991 as an Operations Specialist at Türk Mitsui Bank A.Ş., and after leaving his position there, he worked as the Deputy General Manager of Erteks Erdoğan Tekstil Sanayi ve Ticaret A.Ş. between 1992-1996. He also became the founding partner of Uşak Radyo TV A.Ş., which commenced its activities in 1992. Having worked as Business Development Manager at Benkar, a private-label credit card company, between 1997-1998, Erdoğan founded Ebebek Mağazacılık A.Ş. in 2000 and served as the General Manager of the Company from its foundation until the end of 2022.

Erdoğan, who is a Board Member at Evidea Mağazacılık A.Ş., is a founding member of the Baby Maternity Product Manufacturer, Importer and Retailer Association, as well as a member of TÜSİAD.



Can Karadeniz **General Manager**

Can Karadeniz graduated from Galatasaray High School, then Koç University, Department of Business Administration, and completed his Executive MBA at Sabancı University.

Starting his career as an Audit Assistant at the Ernst and Young auditing company, he joined Pepsi&Co in 2012 as a Corporate Audit Manager, then worked as Türkiye Beverage Operations, Commercial Projects Manager, Eastern Europe region Beverage Operations Projects Manager, and Control Manager responsible for Türkiye Operations. He joined ebebek as Financial and Administrative Affairs Director in March 2019 and has since taken the position of Store Operations Director in 2022. In addition, as of 2022, he has been serving as a Board Member at Tuna Çocuk. Can Karadeniz, who is married and has 1 child, is fluent in English and French.



Barış Şimşek
Information Technologies Director

Barış Şimşek, born in 1973, graduated from Istanbul Technical University, Faculty of Electrical and Electronics Engineering, Department of Computer Engineering in 1995. Şimşek started his professional career in the same year. In May 1997, he joined Koç Group at KoçSistem and worked as Solution and Integration Manager.

In 2013, he joined HSBC Türkiye as Application Development Leader and served there until he founded his own company in 2017. Between 2017-2020, he worked on software development and consultancy activities with his own company Tetrahedron Bilişim.

In 2020, Şimşek returned to corporate life as Data Team Leader at Türk Ekonomi Bankası, and in 2021, he stepped into the world of E-Commerce as E-Commerce Technology Manager at A101 Yeni Mağazacılık company. In 2023, he joined ebebek as Information Technologies Director.



Ediz Kömüryakan
UK Country Director

Ediz Kömüryakan received his bachelor's degree in Economics at Sabancı University and started his career in investment banking and management consulting after completing his master's degree in Mergers and Investment Banking at Rotterdam School of Management.

Following consultancy activities for many companies, including companies in the retail and e-commerce sectors, he managed the Strategic Plan for Türkiye and its Near Geography of CGV, one of Korea's leading investment groups. He then worked as Europe and Middle East Region Director in addition to his role as Director in Strategy, Commercial Excellence and Analytics departments at Modanisa.

Before joining ebebek, he served as "International Strategy and Business Development Director" at Hepsiburada. Since 2023, he has been working as ebebek UK Country Director.

SENIOR MANAGEMENT



Emin Şimşek
CEO Office Director

Emin Şimşek holds a Bachelor's degree in Electrical Engineering from Yıldız Technical University, a Master's degree in the same branch from Yıldız Technical University and a Master's degree in Business Administration from Sabancı University. He received an education in Executive Leadership at Columbia Business School.

Having started his professional career as a Planning Engineer in 2004, Şimşek worked as Sales Manager and International Business Development Manager in various global companies.

Emin Şimşek, who started his ebebek journey as Commercial Director in 2020, has been working as ebebek CEO Office Director since 2022.



Erkan Kızılkaya
Store Operations Director

Erkan Kızılkaya completed his education in Business Administration and Management at York University and received his master's degree in Business Administration at Conley University.

Erkan Kızılkaya started his career at ebebek as a Babyologist in 2008. After working as Team Leader, Assistant Store Manager, Store Manager, Regional Manager, Stores Group Manager, he is now working as Store Operations Director.



Fahrettin Sami Bakkaloğlu
Store Operations Director

Fahrettin Sami Bakkaloğlu completed his undergraduate education at Ankara University and continues his master's degree in Management and Strategy at the same university. He started his ebebek career as Store Manager in 2013, was promoted to Regional Manager in 2016, and to Regions Group Manager in 2019. In 2023, he was promoted to Store Operations Director.



Gönenç Şener
E-Commerce Director

Gönenç Şener graduated from Izmir High School for Science in 1990 and received his bachelor's degree in Computer Engineering from ITU. He then completed the Manager Training Program at Istanbul Bilgi University.

Having started his career in 1995, Şener worked as Project Manager, Information and Communication Systems Coordinator, Project Management Office Manager, Process Development and Projects Manager, Head of Marketplace and Retail Operations and E-Commerce Director in the international air cargo transportation and e-commerce sectors.

Şener is a member of KalDer, ITU Alumni Association and Project Management Institute®, which is headquartered in the USA and from which he holds PMP® (Project Management Professional) and ATP (Authorized Training Partner) certificates.

SENIOR MANAGEMENT



İlker Naimoğlu
Internal Control, Risk Management and Audit Director

After graduating from Istanbul Technical University, Department of Management Engineering and completing his Master's Degree in Information Technologies at Bahçeşehir University, he started his career at Ernst & Young Risk Consultancy in 2004 and transferred to Deloitte Risk Consultancy in 2006. After providing audit and consultancy services to many companies in different industries, he worked at Vodafone, TTNET and Mazars Türkiye in the fields of internal control, compliance, risk management, internal audit and IT audit.

In 2015, Naimoğlu joined ABB Türkiye as Country Internal Control and Risk Management Manager. In 2019, he was transferred to the United States of America within ABB and managed internal control, risk and compliance activities in ABB America for about 3.5 years.

In 2023, he joined ebebek as Internal Control & Risk Management and Audit Director.



Kenan Şahan
Human Resources Director

Kenan Şahan graduated from Boğaziçi University Guidance and Counseling undergraduate program in 2005. In 2008, he completed his Master's degree at Boğaziçi University, the Institute of Social Sciences.

He started his professional career in the FMCG sector and worked as a manager and director in Employee Experience, Talent Management, Remuneration, Recruitment roles in telecommunications and consultancy industries.

He has been continuing his career journey as ebebek Human Resources Director since 2021.



Müge Tekin
Commercial Director

After graduating from Istanbul High School in 1998 and Boğaziçi University, Department of International Relations in 2003, she completed her Master's Degree in International Political Economy at Warwick University in England as an Honor Student.

As of December 2004, she worked at Metro Cash&Carry Türkiye in the Purchasing Department, first as a Specialist and GMS-MMS transition Process Manager responsible for all Non-Food, and then as Non-Food Merchandising Coordinator and Assistant Purchasing Manager, respectively.

In 2012, she worked as Commercial Manager at Dore Direkt Pazarlama, a subsidiary of Yıldız Holding. In 2015, she became the Category Manager of the Electrical Hand Tools, Hardware and Electricity Groups at Koçtaş Group, which is the Organized Retail Leader in the Home Decoration Group, for four years. In 2019, she worked as Group Manager at MediaMarkt in the IT and Accessories categories, respectively.

In 2023, she joined ebebek as Commercial Director. Müge Tekin is the mother of one child and fluent in German and English.



Onur Topgül
Supply Chain Director

Onur Topgül received his bachelor's degree in Industrial Engineering from Ecole Centrale Paris in 2004. He then completed his master's degree in two different departments at the same university, one in Production and Logistics and the other in Strategy-Marketing-Finance in 2005.

Onur Topgül started his professional career in the manufacturing sector in Paris in 2005 and worked in different roles in supply chain and project management in industries such as consumer durables, retail, textile, energy and logistics in the following years.

Having worked as Operations Manager - Europe in international distribution operations just before joining ebebek, Topgül continues his career journey as ebebek Supply Chain Director. Topgül is married and has two children. He is fluent in English, French and Italian.

SENIOR MANAGEMENT



Pinar Küçüktürköz
Textile Commercial Director

Pinar Küçüktürköz graduated from Galatasaray University, International Relations department and received her master's degree in Production Management and Marketing from Marmara University.

Having started her professional career as a product planner in the textile retail sector in 2010 and worked in various managerial positions, Pinar Küçüktürköz has been continuing her career journey as Textile Commercial Director at ebebek since 2022.



Pinar Topsakal Eşici
Planning and Analysis Director

Pinar Topsakal Eşici graduated from Notre Dame De Sion French High School and received her undergraduate degree from Marquette University in the United States with highest honors in International Business, Marketing and French branches. She spent a semester as an exchange student at Edhec Business School in France. In 2007, she started her professional career in banking and continued in retail and food and beverage sectors assuming various responsibilities in Category Management, Marketing, Project Management and Analytics. In 2012, she graduated from Boğaziçi University Executive MBA Program with the first rank.

Pinar Topsakal Eşici, who is fluent in French and English, started her ebebek career journey as Budget, Reporting, Strategic Planning Manager in 2019 and was appointed as Planning and Analysis Director in 2023.



Sevda Tarcan Demir
Marketing Director

Sevda Tarcan Demir received her bachelor's degree in English Business Administration from Marmara University in 2004 and her Executive MBA degree from Boğaziçi University in 2023.

Sevda Tarcan Demir, who started her professional career in 2003, held various positions in the field of marketing in companies operating in the FMCG and retail sectors.

She has been continuing her career journey as ebebek Marketing Director since 2017.



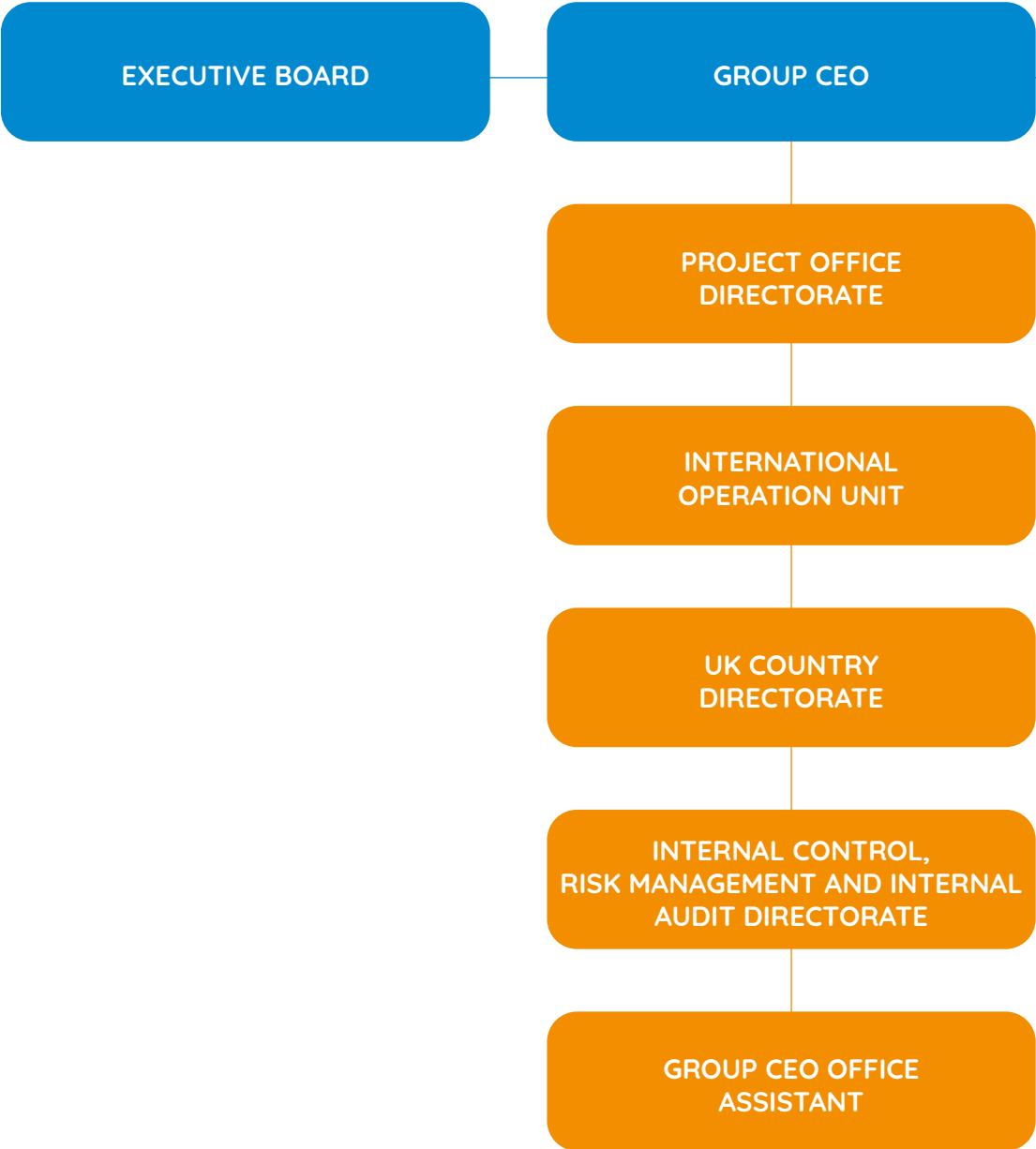
Tolga Koyuncu
Financial and Administrative Affairs Director

Tolga Koyuncu received his bachelor's degree from Boğaziçi University.

He started his career in the financial audit sector in 2008 and worked as a manager in internal audit and budget-reporting and financial control departments in food and beverage, retail and energy sectors respectively.

Tolga Koyuncu worked as Budget, Reporting and Financial Control Manager at one of the major players in the energy sector just before joining ebebek. He has been working as the Financial and Administrative Affairs Director at ebebek since 2022.

ORGANIZATION CHART





2023 INDUSTRY ASSESSMENT

Leadership in the mother and baby industry

ebebek has maintained and reinforced its leadership in the mother and baby industry with its store and internet penetration in Türkiye, large product range, strong brand awareness, and private labels offering quality and affordable prices.

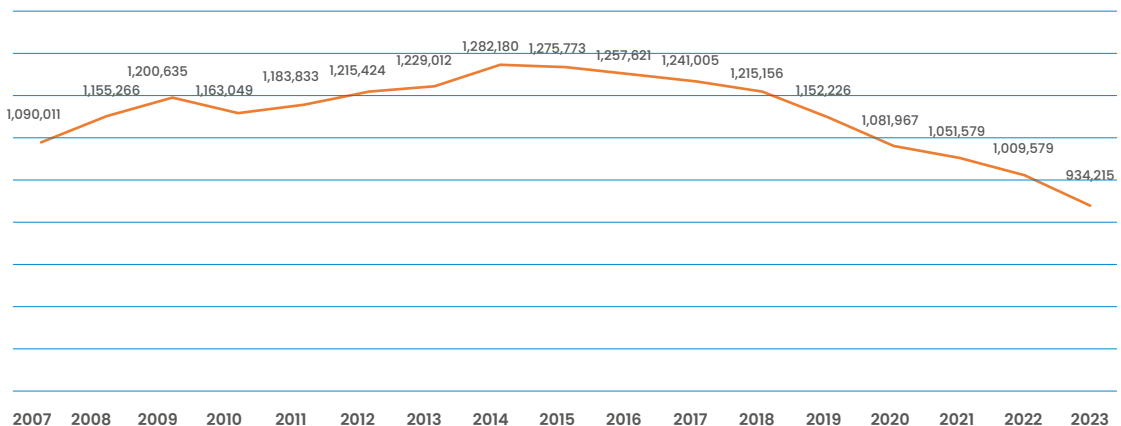
ebebek has maintained and reinforced its leadership in the mother and baby industry with its store and internet penetration in Türkiye, large product range, strong brand awareness, and private labels offering quality and affordable prices. ebebek aims to continue its growth trend in 6 continents with its global vision.

According to TÜİK data, there is a continuous decline in the number of births in Türkiye from 2014 to 2023. In 2023, the annual number of births was recorded as 0.93 million.

48

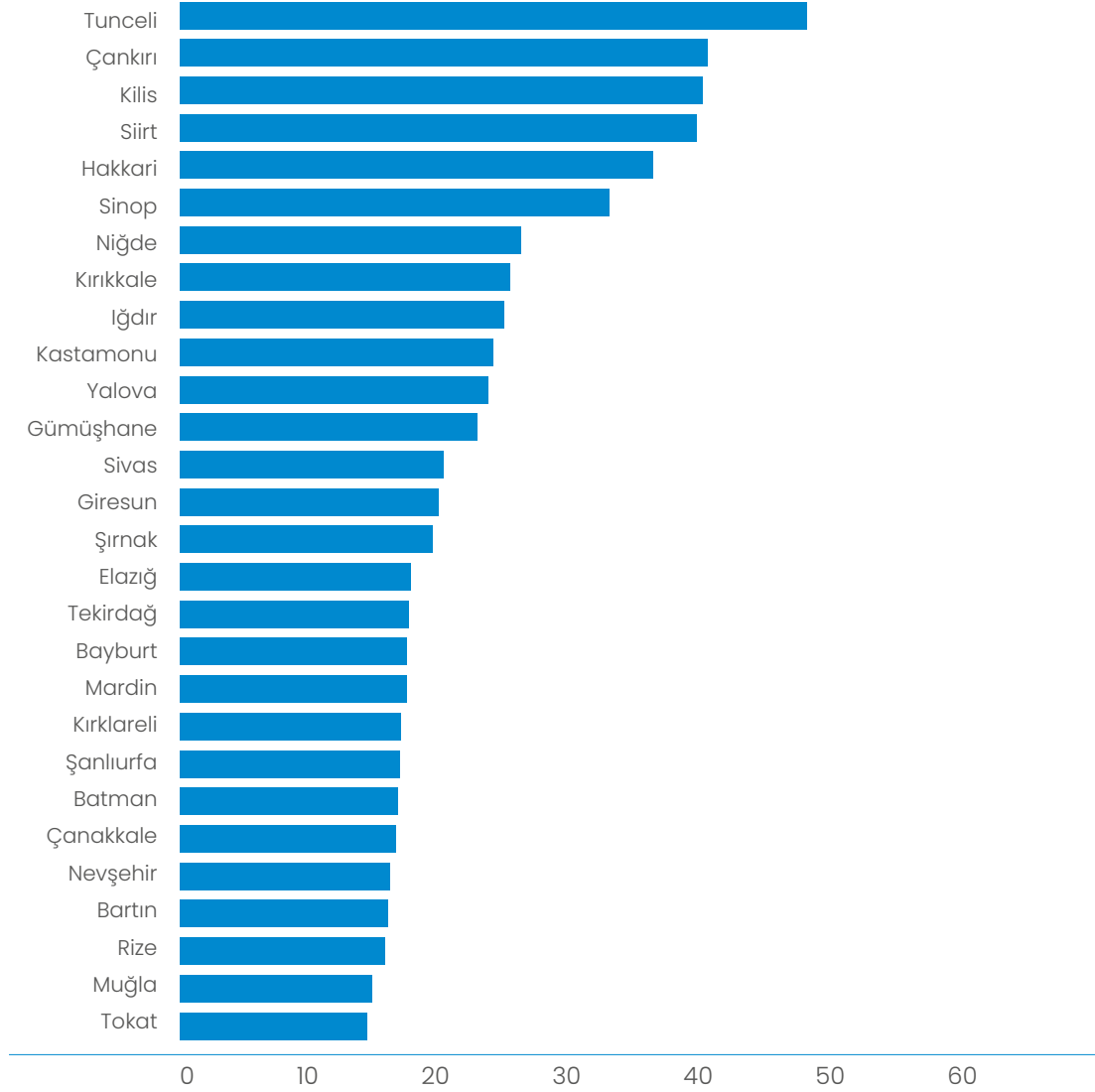
Activities in 2023

2007-2023 Number of Births



Despite the decline in the number of births, ebebek continued to show year-on-year growth both in terms of number and turnover. Growth is supported by an increased variety of maternity and baby products in particular. This growth momentum is expected to continue in 2024 as well.

Total Population Growth Rate by Province



According to TÜİK data, the population growth rate on a provincial basis is mostly due to Anatolian provinces, and ebebek is increasing its store penetration in Anatolia in parallel to this.

ebebek Total Türkiye Market Share



Taken from NielsenIQ Retail Panel.

ebebek E-Commerce Market Share



Taken from NielsenIQ Retail Panel.

PRODUCTS

ebebek for every need of babies and barents

ebebek offers a rich and high quality range of products to meet all the needs of barents and babies both in its stores and on its online website.

ebebek is a website and chain of stores that meets all the needs of mothers and babies, starting from the prenatal period up to four years of age, for 24 hours a day with quality products, friendly staff, high service standards, affordable prices, expert knowledge and after-sales support.

The Company has a product range that will meet all the needs of mother and baby in 360 degrees. The product range includes 16 private label products named baby me, baby mom, baby toys, baby plus, BabyWalk, baby formula, ebaby, HelloBaby, Hammm, Vitamoms, Promalt, Luxus, Mom'sTea, Mom's Coffee, Little Dreams, feel nice, as well as products supplied from domestic and foreign sources. In addition to these, the product range also includes Joie products, which are sold globally and are the exclusive brand available "only at ebebek" in Türkiye.

The Company sells its products in 4 main and 11 sub-categories as detailed below. These categories are:

1. FMCG (Diapers, baby food, wet wipes, baby drinks, baby detergent and baby skin care products)
2. Complementary products (baby bath products, breast pump, feeding bottles, baby health products, pacifiers and toys)
3. Baby vehicles, devices and furniture products (Stroller, stroller accessories, baby cradle and swings, walkers, high chairs, baby monitors, baby beds, baby room furniture, baby room textile and baby room accessories)
4. Textile products (Baby body suits, newborn baby clothing, maternity wear, baby shoes, baby care bags and accessories).



BIBERON

4

number of ebebek
product categories

PRODUCTS

ebebek offers its products in four categories: FMCG, Complementary Products, Baby Vehicles, Devices and Furniture Products, and Textiles.



1. FMCG Products

Diapers

Diaper products consist of diaper changing pads, economical diapers, panty diapers, premium diapers, disposable cloth swimsuits. As of December 31, 2023, the diaper main category has a product range of approximately 153 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 9.2%, 10.4% and 10.1%, respectively.

Baby Foods

Baby food products consist of product groups such as bottle formulas, biscuits-drinks-snacks, spoon foods, jar foods, milk enhancers. As of December 31, 2023, the baby foods main category has a product range of approximately 360 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 11.1%, 12.1% and 14%, respectively.

Wet Wipes

Wet wipes products consist of paper products and cleaning wipes. As of December 31, 2023, the wet wipes main category has a product range of approximately 89 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 3.6%, 3.2% and 3.1%, respectively.

Baby Care and Cleaning Products

Baby care and cleaning products consist of product groups such as mother personal care, detergents-softeners-cleaners, and body care products. As of December 31, 2023, the baby care and cleaning products main category has a product range of approximately 260 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 3.9%, 4% and 4.3%, respectively.

2. Complementary Products

Bathing and Health

The bathing and health products consist of product groups such as fever thermometers, bathing products, humidity/steam machines, and toilet training. As of December 31, 2023, the bathing and health main category has a product range of approximately 358 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 4.3%, 4.1% and 3.9%, respectively.

Breastfeeding Products

Breastfeeding products include breastfeeding mats and aprons, nipple shields, nipple creams and pads, breast pumps and milk storage bags and containers. As of December 31, 2023, the breastfeeding products main category has a product range of approximately 100 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 2.2%, 2% and 1.8%, respectively.

Feeding Equipment

Feeding equipment consists of product groups such as feeding, bottles, bottle teats silicone, pacifier accessories, pacifier silicone. As of December 31, 2023, the feeding equipment main category has a product range of approximately 602 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 6.1%, 6% and 5.4%, respectively.

Toy, Entertainment and Education

Toys, entertainment and education products consist of product groups such as battery powered vehicles, garden, beach, furniture, sports, dolls, stuffed toys, ride-on-push, teething-rattles, education, play house animation, book CDs, play mats-baby gyms, play sets, puzzles-jigsaw puzzles-board games. As of December 31, 2023, the toys, entertainment and education main category has a product range of approximately 1,412 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 11.2%, 10.2% and 10.1%, respectively.

Safety Products

Safety products consist of maternal safety products, baby monitors and cameras, home security devices and safety products for the car. As of December 31, 2023, the safety products main category has a product range of approximately 167 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 1.8%, 1.7% and 1.6%, respectively.



PRODUCTS

As of December 31, 2023, the baby vehicles, devices and furniture products main category has a product range of approximately 665 stock keeping units (SKUs).

3. Baby Vehicles, Devices and Furniture Products

Baby vehicles, devices and furniture products consist of product groups such as cradles and swings, strollers, baby room furniture, high chairs, car seat accessories, car seats, playpens and playgrounds. As of December 31, 2023, the baby vehicles, devices and furniture products main category has a product range of approximately 665 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 16.4%, 15.5% and 14%, respectively.

4. Textile Products

Textile products consist of product groups such as newborn, basic, body, pyjamas-underwear, white bodysuits, shoes-socks. As of December 31, 2023, the textile main category has a product range of approximately 8,556 stock keeping units (SKUs). According to the internal management reports, the ratio of net sales of the product groups in this main category before TAS 29 impact from Türkiye to total Türkiye sales in 2021, 2022 and 2023 is 30.3%, 30.8% and 31.7%, respectively.





31.7%
Textile category sales
as a percentage of total
net sales in Türkiye

MARKETING AND SALES

A known popular brand

In the surveys conducted in 2023, ebebek's Brand Awareness Score was measured as 97%. As a result of its marketing efforts, ebebek received 20 awards in 2023.



Beyond the change or increase in competition, ebebek is aware that barents need more information, are growing more aware every day, and are more receptive to any idea that resonates with them. For this reason, based on the philosophy of "Babyology," which is defined as the science of understanding and explaining the baby, ebebek strives to be a company that supports mothers and babies in every field, can produce its private label products, adopts the right approaches that will contribute to the future of the country and society, and encourages them through projects.

ebebek Marketing Department contributes to the brand's adoption of dynamic and innovative approaches to contribute to its sustainable growth by maintaining its competitive advantage in the future vision of the ebebek brand under the Babyology Philosophy. The department supports the brand to further strengthen its "expert, reliable and accessible" perception and achieve its future vision.

In 2023, ebebek carried out extensive communication activities for its products in the Vehicles and Devices and Toys categories. These activities are conducted in the light of regularly conducted U&A Research, Baby Market, Social Media Mindshare, etc., focus group studies are carried out, and cooperation is established with universities. All research and campaigns are supported by data science and artificial intelligence studies, so that personalized communication settings are prepared.

Also in 2023, the department worked intensively to emphasize ebebek's product range and quality. Through all its communication activities, barents were provided with detailed information about our products and special sales campaigns were organized to meet their needs. The Company conducted 30 research surveys during the year, reaching 89,587 participants. And the Barents Loyalty Center responded to 825,387 calls during the year.

The Company reached out to barents through the monthly Bebek Magazine. In addition, 24 breastfeeding, 16 transition to supplementary food, 12 food allergy, 12 nutrition in pregnancy events and 10 play camps were organized. 20,700 barents received free one-on-one breastfeeding counseling, 3,185 barents received free one-on-one play counseling and more than 12 million barents received regular barental reminders. Numerous rewards were distributed to barents through the Barents Club Loyalty Program and the Barent Experience Reward Program.

Sustainability and social contribution were also taken into consideration in marketing efforts, and 38,734 products were renewed and delivered to those in need in earthquake regions with the "Benden Kardeşime Dönüşüm Sepeti (Transformation Basket from Me to My Sibling)" project. The Company also deployed 11 baby me Detergent Filling Stations in 10 different cities to draw attention to sustainability.

Thanks to these efforts, ebebek's Brand Awareness Score was measured as 97%. As a result of its marketing efforts, ebebek received 20 awards in 2023.

Important activities carried out by the Marketing Department in 2023 were as follows:

- Online Babyology events were organized.
- 41 communication campaigns were broadcast on television for 267 days.
- 284 videos were shared on YouTube.
- 1,533 posts, 3,043 stories and 180 live broadcasts were shared on the Instagram account.
- 208 new content was published on bebek.com.

In 2024 and beyond, ebebek will continue to stand by barents by offering innovative products and services that meet their needs in light of the Babyology philosophy, as always. In this period, the Company will continue to help barents make informed decisions by expanding its product portfolio and reinforcing its information resources.

INVESTMENTS

Stable growth with continuous investment

ebebek invested TL 492 million in 2023, achieving its store expansion target, ensuring operational improvements and taking important steps towards digitalization. A significant portion of the proceeds from the public offering was allocated to new investments.

Since the day it was founded, ebebek has grown steadily by continuing its investments without slowing down. ebebek invested TL 492 million in 2023, achieving its store expansion target, ensuring operational improvements and taking important steps towards digitalization.

The main investments other than store investments realized in 2023 are as follows:

- Allocation, initial distribution, and warehouse supply planning modules of Invent, an inventory planning program, were purchased to plan the allocation processes between warehouses and stores and the inventory management of procurement plans on the supplier side. The Invent inventory planning program will enable effective inventory management in the areas of automatic feeding of store allocations based on data free from human error, reducing lost sales and inventory costs, identifying and reducing shadow stocks, and planning campaign quantities. Started in January 2023, the project is ongoing.

- Cargo sorter: The system, which sorts e-commerce packages on the basis of company, packaging type (bag, box), deci group, region/province/district, eliminates the need for personnel, prevents errors caused by manual sorting, and brings speed, accuracy and cost advantages to the operation by providing options such as the ability to work with more cargo companies and direct vehicle sending to regions during intense campaign periods. The project was commissioned in January 2023 with an investment of EUR 200 thousand.

In addition to these, capital expenditures continue regularly in line with the needs:

- E-commerce sorting cart, plastic Kamasan carts, packaging tables, IT equipment in line with the needs of the operation (PCs, laptops, hand terminals, barcode readers, printers, mobile printers, etc.).
- Lockers, wire fences, etc.
- Office furniture, waste bins
- Shelf legs, shelf protectors
- Handling equipment (Reach truck, picker/jet etc.) leased or purchased according to the financial decisions



In 2024, a significant portion of the funds raised from the public offering is planned to be used to launch new stores in Türkiye and abroad.

In the UK, it has been decided to invest in two new stores in addition to the online platform that gained momentum last year. ebebek aims to invest in two stores of more than 3,000 m² in total, similar to ebebek's concept in Türkiye.

In addition to the store investment in the UK, marketing investments are targeted to be made more intensively and through more channels compared to last year. The Company's priority will be to increase brand awareness in the UK and to reach a wider audience through marketing investments for the new shopping app developed specifically for barents in UK.

Following the UK market, the Company plans to invest in the Middle East market. In this context, work will continue during 2024 on opportunities in the region of the Gulf Cooperation Council, including the United Arab Emirates and Qatar.

One of the important investments planned for 2024 will be a solar power plant (SPP) investment. The application for a 4.8 MW SPP plant, which was made in the last quarter of 2023, is awaiting the necessary approvals at the call letter stage. Following the approval process, efforts will continue as planned.

R&D ACTIVITIES

We keep pace with the change in technology

R&D activities are carried out in a 306 m² office at Biruni Teknopark with a total of 51 R&D employees, 28 women and 23 men, competent in research and development activities.

Research and Development (R&D) is one of the cornerstones for companies to gain innovation and competitive advantage and to provide innovative approaches. Developing new products, optimizing processes and keeping up to date with or developing technological innovations are among the activities carried out within the scope of R&D. Companies increase their competitiveness by focusing on increasing their knowledge and skills in R&D.

ebebek carries out R&D activities in order to remain up-to-date in the business world, adapt to technological developments and make good use of our future opportunities.

R&D activities are carried out in a 306 m² office at Biruni Teknopark with a total of 51 R&D employees, 28 women and 23 men, competent in research and development activities.

The Company's R&D focus areas are as follows:

- Industry cooperation with national domestic companies, university collaborations
- Digitalization
- Real-time workflow
- Optimization
- Automation
- Big data
- Business intelligence
- Artificial intelligence projects

In 2023, our R&D projects were as follows:

Product Age Processing Project: Within the project, the aim is to establish an artificial intelligence-supported data management system that creates efficiency in both product management and Customer Relations Management processes, generates more value and forms a basis for innovative projects by matching the ages (months) of use of the Company's product range with the ages of babies/ children of loyalty system members and completing the virtual data.



51
R&D
employees

Today, individuals are rightly reluctant to report and register personal information such as a baby's date of birth, except for official transactions, to applications where it may be used for commercial purposes. Therefore, such information can only be collected at a rate of 10% in a member system of millions without a certain return. This makes it impossible or very inefficient to create sales interactions and projects tailored to the needs of the customers. For example, recommending newborn products to a child who is already 8-9 years old or recommending a bicycle to a baby who has just been born causes both unnecessarily inconvenient and fruitless interactions to arise, and significant costs are incurred for these transactions. The project will eliminate the gap in these processes and create efficiency and customer satisfaction.

Sales Forecasting Project Organized by Product and Discount Rates: Within the project, the plan is to perform parametric sales forecasting analysis by product detail and discount rates based on past sales data and environmental data. Sales forecasting is one of the key decision points in the merchandizing - retailing sector. Employees have to manage product ordering, inventory, campaign and promotion processes by developing short, medium and long-term forecasts within the framework of thousands of products, different seasonal features, past results, changing economic, demographic, parametric (such as number of stores, alternative products) situations. A forecasting process has been designed that will process and predict this data, whose size, complexity and combinations far exceed the threshold of human processing and evaluation, with the precision of discount rates, which is the indispensable parameter of the retailing sector, and that will present it to the user with an appropriate interface.

These two projects are targeted to be completed in 2024.

INFORMATION TECHNOLOGIES

Fast, efficient, secure technology

By using up-to-date information technologies and updating its technological infrastructure, ebebek takes steps towards digitalization in all its processes, manages its rich portfolio in the most accurate way, and offers its customers an excellent experience.

ebebek attaches great importance to the effective use of information technologies and digitalization at every stage of its operations. The Company's IT strategy is to:

- Create solutions that enable Barents to do their transactions quickly,
- Manage the organization in the healthiest way,
- Monitor the most up-to-date technologies,
- Bring efficient technologies to the Company,
- Ensure business continuity and data security,
- Carry out studies to increase internal customer happiness.

The Company, whose ERP structure is based on SAP, uses SAP EWM to ensure efficient management of inventories in the warehouse. The e-commerce infrastructure is built on SAP Commerce. Adaptations and improvements are made depending on the additional business needs.

All in-house operations are carried out through the Microsoft Office 365 platform. The Company uses SAP Business Objects, Insider, Google Analytics 360 solutions for business analytics. Within the scope of business development processes, it



uses Jira, Managed Engine and Youtrack applications and the Jenkins solution. Microsoft Dynamics CRM is used for CRM. The Company makes infrastructure investments in user experience and system traceability and continues to invest in new technology. It cooperates with industry-recognized stakeholders to keep up to date with digital.

In 2023, the projects realized on the Information Technologies side were as follows:

- SAP S/4 HANA 2021 version: The project eliminated the need for SAP Technical Upgrade for five years. It enables a faster running system and the use of new features in Hana within the SAP ecosystem.
- Instana transition project: The work was completed in 2 months.
- Invent project: The Supply Chain department changed the product and technology used for planning. The first phase of the project was completed.
- Technopark R&D acceptance process was successfully completed.
- SAP Commerce Hybris v6.7 -> Spartacus v.21.05 transition (New Apps-Web-BE)
- ebebek UK international operation was launched.
- Master Plan (76 Projects), Portfolio management, Agile Scrum-Kanban (6000+ demands) lifecycle process integration was established.
- Stockouts provided an improvement of over 90%.
- ISO 270001 certification was renewed.
- Various projects were developed in cooperation with TRAI, TÜSİAD SD2, and Sabancı University.



HUMAN RESOURCES

Good human resources practices

ebebek advances steadily towards becoming a pioneering company with its good practices in human resources management.

In the modern business world, the factors that determine the success of companies are no longer only related to the variety of products they offer to the market or the quality of the services they provide. Along with these factors, the support and opportunities provided to employees are also key to being a sustainable company in the business environment. In this context, ebebek advances steadily towards becoming a pioneering company with its good practices in human resources management. The Company sees its employees not only as labor force, but also as business partners and fellow travelers. With this approach, ebebek provides support for babyologists to develop throughout their careers.

Human Resources Policy

ebebek is a website and chain of stores that meets all the needs of mothers and babies, starting from the prenatal period up to four years of age, for 24 hours a day with quality products, friendly staff, high service standards, affordable prices, expert knowledge and after-sales support. It grows with the efforts of babyologists who can meet these needs in the light of these principles. In this scope, high standards are provided to employees in order to grow with human resources, the Company's most valuable capital.



- ebebek adopted the United Nations Universal Declaration of Human Rights, and in this direction, internalizes a behavior respectful to human rights, making it a company culture.
- Teamwork is essential at ebebek. All teammates who make up the team are valued together and individually. ebebek does not tolerate any mobbing, abuse or pressure. A calm and peaceful working environment that prioritizes employee motivation is created. In order to provide a safe and healthy working environment, trainings required within the framework of legal obligations are organized and awareness-creating and awareness-raising activities are carried out in this regard. All measures required by law and sub-legislation are taken and ergonomic conditions in the workplace are observed.
- Equality between both candidates and employees is important, especially in a way to include the concept of justice. Starting from the recruitment process and throughout the entire ebebek experience, candidates and employees are not discriminated against on the basis of belief, sect, language, race, nationality, color, political and philosophical opinion, gender, sexual orientation, ethnic origin, union activity, age, disability, pregnancy, military service, social class and marital status. Employees are made aware of discrimination and necessary measures are taken if it is detected.
- Employees are treated fairly in all services and operations. In this scope, market conditions, economic indicators and changes in labor legislation are monitored and various fringe benefits are designed in order to support employees with a fair wage scale and to provide maximum benefit. Personal performance and merit are taken into consideration when determining the criteria for wages and benefits. In addition, it is ensured that the motivation of employees is kept high and positions that are important for ebebek are retained.
- Emphasis is placed on establishing positive communication among employees. In this context, various internal and external activities are organized, and teammates working in different departments are encouraged to interact with each other.
- Employees are respected for their work-life balance. ebebek is extremely sensitive to family and health concerns and evaluates requests from its employees in these matters by observing the principles of fairness and equality.
- Development of the talents and potential of employees is supported as a Company culture. The competencies and performances of employees are supported by providing financial or direct training support for postgraduate, foreign language and vocational trainings.
- Employee satisfaction levels are regularly measured and monitored.
- ebebek does not employ child labor. In employee-employer relations, sustainable organizational structure and systems are established for compliance by observing all legal regulations concerning working life.
- Forced labor and all kinds of modern slavery practices are absolutely not allowed. Full compliance with the laws is ensured in this regard.
- The legal rights of employees to form associations and unions are respected, and necessary permissions are granted within the framework of contractual obligations, if any. No discrimination is allowed in these and other matters concerning employee-employer relations. Equal treatment obligation is observed at all levels.
- Various technical and administrative measures are taken within the scope of the KVKK "Personal Data Security Guide." Personal data of data subject groups are protected. In this regard, all trainings required by the legal legislation are given, and various activities and trainings are organized periodically in order to raise and maintain awareness.
- The policy is published and shared transparently with all stakeholders, and stakeholders are informed.
- The Sustainability Working Group is responsible for the execution of the Human Resources Policy, and the policy is reviewed at least once a year, updated and improved when necessary.

HUMAN RESOURCES

In order to expand ebebek's talent pool, attract talents and strengthen the employer brand, 10 university career days were attended and 100 students were hosted at the Head Office.

Recruitment

ebebek adopts a transparent, fair and egalitarian process when recruiting new candidates to its teams. The Company not only recruits talented individuals as a result of its meticulous and diligent recruitment processes but also attaches importance to finding candidates who are suitable for the Company culture.

- **Attract Talent:** by sharing information about the Company on social media channels, it is ensured that new talents get to know the Company and are motivated to apply.
- **Recruit Talent:** The talent program is effectively promoted, the right candidate is selected and "Everest" candidates are given a unique experience like other candidates.
- **Integrate Talent:** The interaction between the individuals working within the Everest program and the teams already in place is strengthened, interaction between groups is increased, and their adaptation to the Head Office is reinforced.
- **Develop Talent:** Within the scope of the Everest program, the learning and development needs of employees are identified, various programs are implemented to improve competencies that will contribute to their development, and the internalization of the Solution-Oriented Leadership Principles is ensured.
- **Reward Talent:** Various rewarding instruments are created and their systematics are shaped.

In order to expand ebebek's talent pool, attract talents and strengthen the employer brand, 10 university career days were attended and 100 students were hosted at the Head Office. In 2023, the number of LinkedIn followers increased to 70,719 and the career page was revised.

Performance management

The ebebek Performance Management System was implemented to positively differentiate high performance, provide insights for learning and development planning, shed light on career development, keep the performance bar high, reinforce the sense of justice within the Company and keep the feedback culture alive. The process, in which goals were set in alignment with the Company's strategies and with a collective approach, was designed and integrated to be managed through the SAP SF PMS Module.



360 Degree Evaluations

This measurement method, in which employees evaluate themselves, their peers, subordinates and superiors in terms of individual awareness, team parameters and business management, aims to both illuminate individual blind spots and strengthen the feedback culture.

Employee Training and Development

ebebek believes that the quality of its business is directly proportional to the continuous development of its employees. Because the Company considers the concept of employee training and development as a key element to keep up with the rapid changes in the business world and to produce innovative solutions.

Therefore, employees are given the opportunity to maximize their personal and professional potential. The support provided both helps employees achieve individual success and makes the Company stronger.

A total of 4,107 people, 2,870 women and 1,237 men, participated in the employee trainings organized by ebebek in 2023. Both female and male employees were given an average of 64.5 hours of training per person.

ebebek Learning and Development Project

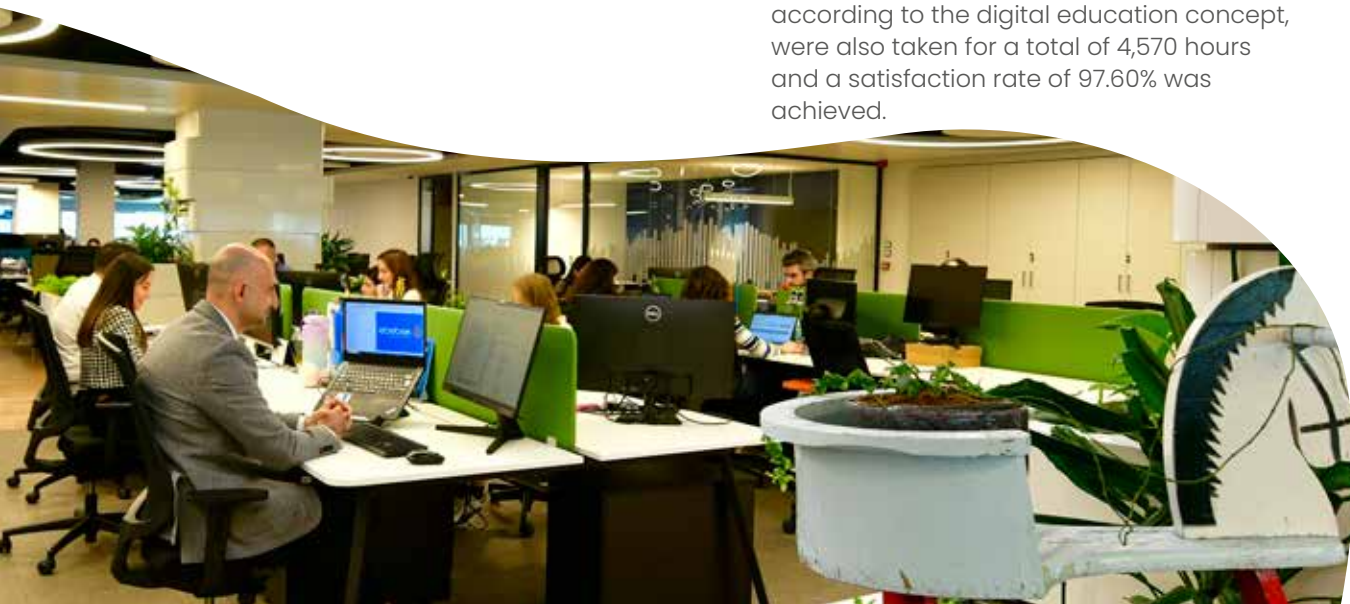
On the path to sustainable success, 2023 was recognized as the year of learning and development at ebebek.

The “ebebek 2023 Learning and Development Strategic Roadmap” was prepared by analyzing the needs of business units and target groups, aligned with the Company’s macro strategies.

In this roadmap, where training was considered not as an activity but in terms of the target gains to be achieved, learning and development routes specific to target groups were created in the areas of individual development, team management and business management, as well as target themes such as solution-orientation, outside the box and original thinking, and empowering the cooperation culture.

In order to sustain the passion for learning and development, “times for learning and developing together” were established in both stores and the Head Office, and all teams were encouraged to devote these hours to learning.

With the learning analytics approach, monitoring and evaluation criteria were determined and regular follow-up of these criteria was ensured. In 2023, 19,432 hours of learning experience, 115,510 user logins, 9,810 content completions and a 97.10% satisfaction rate were achieved. Babyology trainings, which were re-designed according to the digital education concept, were also taken for a total of 4,570 hours and a satisfaction rate of 97.60% was achieved.



HUMAN RESOURCES

The Everest Journey Program, designed to prepare young talents who will carry ebebek into the future for a stronger professional life, was handled end-to-end in 2023.

ebebek Development Unit

ebebek Development Unit offers a structure that pays special attention to the interests and professional and personal development of employees, taking into account their individual speeds. Thanks to this structure, the learning processes of all employees are managed and monitored from start to finish in an interactive manner.

Within the scope of the ebebek Development Unit, which has a very wide range, special plans are worked on for each target group on a yearly basis, and target groups are required to complete the training processes within the timeframe specified. All processes are carried out using digital methods.

Spirit of Continuous Development

ebebek defines its basic motto as SGR (Sürekli Gelişim Ruhu = Spirit of Continuous Development) in all business processes. Within this framework, every employee who is open to learning, self-improving and eager to add a new competency to themselves is rewarded.

- In addition to the salaries paid to employees with master's and doctorate degrees, they are also offered an extra monthly financial contribution for these degrees.
- Each employee who graduated from a master's degree program and documented his/her diploma while working at ebebek is paid a master's degree premium every month starting from that month.

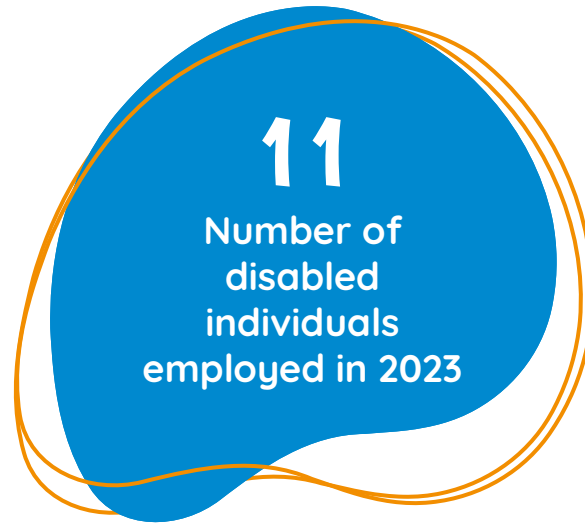
- Employees who have IT certificates and receive certificates that will add value to their work in the process are paid per certificate. (Certifications required in other departments other than IT are also included in this reward).

Everest Journey

ebebek supports the career development of university students and offers long-term employment opportunities for university students who want to improve themselves and specialize in the retailing industry in stores or head office departments with the career and talent program called Everest Journey.

With the Everest Journey program, new university students contribute to their livelihood by working at ebebek stores part-time two or three days a week for at least six months each year. They also get the opportunity to put their theoretical knowledge acquired at the headquarters into practice by working in the stores. Students, who gain different experiences every year within the program, have the chance to work in different departments of stores and head offices when they graduate.

After the recruitment processes, human resources management principles that prioritize training and development with specific stages are implemented in order for new recruits to adapt quickly and for a harmonious work environment to be created.



The Everest Journey Program, designed to prepare young talents who will carry ebebek into the future for a stronger professional life, was handled end-to-end in 2023.

The program, which was reconstructed with differentiation strategies such as a traceable candidate selection process, structured adaptation and orientation setup, integrated learning and development approach, multi-directional performance evaluation and a rewarding approach that nurtures a collective work culture, left behind an important stage on the way to acculturation.

Everest, which had 49 graduates in 2023, has become a big family with 87 participants in the camp process and 64 members working at the Head Office (16% of the Head Office staff).

Diversity and Inclusion

The importance of a diverse and inclusive business culture provides even greater advantages in today's business world. The fact that people who have grown up in different cultures reflect their unique visions to the way they do business also determines the inclusiveness of the work.

ebebek has integrated the understanding of diversity and inclusion into its human resources policy in order to adopt it in all its operations. A working environment where employees can express themselves freely, share their opinions and feel valued is provided, and necessary actions are taken quickly to improve this situation.

ebebek sees diversity and inclusion as a strategic imperative that defines and develops its business culture. It carries out innovative work with the experiences of employees who have different points of view. This understanding not only improves doing business processes, but also increases employee loyalty and contributes to long-term success. ebebek increases its creativity by bringing together diverse talents and gains a sustainable competitive advantage in the industry.

As of 2023, when the number of employees by gender and age is analyzed, it is seen that the number of female employees is almost twice the number of male employees. This is the most obvious and striking indicator of the importance ebebek attaches to gender equality.

The company also offers employment opportunities to people with disabilities to increase diversity in the workforce. In 2023, a total of 11 disabled individuals, 3 women and 8 men, were included into the team.

HUMAN RESOURCES

The HR Business Partnership structure was implemented with the aim of providing an accessible, traceable and human-oriented human resources experience to business units and employees.

Quarterly Information Presentations

Online information sessions were held with the participation of all ebebek employees in order to increase communication and interaction within the Company and to ensure a sense of common purpose. In these sessions, the General Manager and all business unit directors shared with employees the realization status of their quarterly targets and their plans for the next quarter. In this way, both the contribution of employees' efforts to the Company's success was made visible and collective awareness of the activities and agendas of all units was ensured.

Employee Opinion Survey

ebebek employees' satisfaction information in dimensions such as wages and benefits, career development, manager attitudes, loyalty to the organization and employee experience, business processes and agile working approach, as well as job satisfaction and generating meaning from the work was collected and analyzed with scientifically modeled tools specific to the Company. The findings were presented as a decision support element for the creation of strategies and action plans within the departments and conveyed to all business unit managers through one-to-one interviews.

Fringe Benefits Provided to Employees

ebebek cares about its employees being happy and motivated. Because it believes that only a peaceful working environment will bring success. For this reason, employees are offered fringe benefits in addition to the wages they deserve. These benefits also increase employees' motivation.

The rights that each person who continues their activities within ebebek can benefit from are as follows:

- Maternity leave
- Death benefit
- Maternity benefit
- Holiday shopping vouchers
- Marriage benefit
- Seniority bonus
- Private health insurance
- Performance bonus
- Night work premium
- Continuity premium
- Education Benefit (employees and their children)

In 2023, a total of 398 employees (215 men and 183 women) at the Head Office and 714 employees (312 men and 402 women) at the stores benefited from private health insurance.

In 2023, many efforts were made to further improve human resources practices. Some of these efforts are as follows.



714
Employees
benefiting from
private health
insurance in stores

Transitioning to the HR Business Partnership Structure

The HR Business Partnership structure was implemented with the aim of providing an accessible, traceable and human-oriented human resources experience to business units and employees. With this structure, all human resources functions were reconsidered on a departmental basis with an end-to-end approach and responsibilities were clarified to business partners.

Digital HR Project

In line with operational efficiency and sustainable business strategy, digitalization has been positioned as a facilitator in Human Resources practices. Accordingly, the physical employee personnel files process was digitalized and a significant

amount of paper was eliminated, supporting the green office strategy.

With the e-payroll application, employees were provided with easier and faster access to their payrolls and objection/ approval mechanisms became applicable through the system. In this way, both transparent information was provided and the process started to be managed with a more traceable approach.

Another prominent issue in the digital HR strategy was the implementation of shift-up, the performance attendance control system in stores. With shift-up, shift planning and leave processes started to be managed and monitored through the system. Shift-up has also made significant contributions towards traceability and accountability.

HUMAN RESOURCES

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Activities in 2023



4,151

Number of Group employees

Number of Company Employees

Men	1,403
Women	2,558
Total	3,961

Employees Recruited in 2023

Men	1,180
Women	2,046
Total	3,226

Trainings

Number of employees participating in trainings	4,107
Total training duration	19,432
Average monthly training time per employee	3.56

Number of Employees with Disabilities

Men	29
Women	21
Total	50

Number of Employees by Working Time

	Women	Men
0-5 years	2,258	1,210
5-10 years	281	163
10 years and more	19	30

Number of Employees By Age Group

	Women	Men
Over 50 Years	9	21
Between 30-50 Years	620	452
Under 30 Years	1,929	930

SUSTAINABILITY APPROACH

Investing in the future of babies

ebebek considers not only the needs of today, but also the expectations and needs of future generations and attaches importance to positively shaping the future with its decisions.

Today, the sustainability activities carried out by companies provide opportunities for adaptation to changes and innovation. Plans prepared within the framework of environmental, economic and social impacts help companies to be long-term.

ebebek considers its environmental, social, governance and economic impacts as a whole. It formulates its strategies, plans and goals by taking these impacts into consideration. Accordingly, while increasing its direct and indirect positive economic impacts, ebebek strives to increase its positive environmental and social impacts and reduce its negative impacts.

Also, ebebek considers not only the needs of today, but also the expectations and needs of future generations and attaches importance to positively shaping the future with its decisions. In this way, it strives to make a happier future and a habitable world possible for the whole society.

ebebek places the slogan "The Future belongs to Babies" at the center of its sustainability vision. This vision shapes every decision the Company takes and every activity it plans to carry out.

ebebek believes that investing in our babies and their future means a brighter tomorrow for the whole society. In this scope, ebebek works to build a more livable world for today and future generations, and in line with this goal, it strives to reduce its environmental impact and protect natural resources.

The Company's sustainability strategies, developed with a transparent, effective and innovative approach, are implemented with the aim of reducing environmental impact at every step, from product selection and distribution to the moment it reaches the end user. Innovative solutions are continuously being sought to make operations more efficient and environmentally friendly.



ebebek places the slogan “The Future belongs to Babies” at the center of its sustainability vision.

Focusing on providing safe, healthy and high quality products for babies and barents, ebebek both pioneers the development of sustainable products and adopts environmentally friendly technologies. In addition, the Company increases the use of renewable energy, reduces waste and prefers sustainable materials.

The Company considers not only its environmental impact but also its social impact in its operations. ebebek guides barents to adopt a sustainable lifestyle and considers supporting employees by improving their well-being and raising their awareness as an important part of its sustainability commitment. Accordingly, the Company listens to the suggestions

of barents and employees, takes action based on the received feedback and increases the applicability of its strategies.

ebebek established the Sustainability Working Group in order to report directly to the Board of Directors to fulfill the duties such as determining its sustainability strategy in environmental, social and corporate governance areas, executing, monitoring, auditing, reviewing, improving and developing its policies, goals and practices in the field of sustainability.

The concept of sustainability, which is handled comprehensively with its environmental, social, governance (ESG) and economic dimensions, has been integrated into the Company's mission, vision and all business processes. In order to create a sustainable world, processes are initiated by creating strategic plans within the scope of ESG goals. All operations, corporate culture and external relations are also shaped according to these strategies.

The Company shared its first GRI-approved sustainability report with the public in 2023.

OCCUPATIONAL HEALTH AND SAFETY

We fulfill our responsibilities completely

Occupational Health and Safety (OHS) is not only an ethical responsibility, but also of great importance in terms of employee rights, business continuity, productivity and Company reputation. ebebek fulfills its obligations completely.

ebebek is aware that it is obliged to protect the health of its employees and provide a safe environment in the workplace. Occupational Health and Safety (OHS) is not only an ethical responsibility for the Company, but also of great importance in terms of employee rights, business continuity, productivity and Company reputation. For these reasons, various measures are taken within the scope of the procedure established within the scope of occupational health and safety, and work accidents and occupational diseases are prevented to increase the peace and productivity of employees at work.

ebebek fully fulfills its obligations under the Occupational Health and Safety Law. There is an Occupational Health and Safety Committee at the Company's head office and Gebze warehouse. An occupational safety expert and a workplace physician are also employed within the OHS Board. In addition, within the scope of the Occupational Health and Safety Procedure, work accidents are recorded and necessary interventions are made.



Within the scope of the Occupational Health and Safety Law and related legislation published in the Official Gazette, workplaces are classified as dangerous in three different categories. In this classification which includes very dangerous, dangerous and less dangerous workplaces, ebebek is included in the less dangerous class.

Occupational Health and Safety Policy

Within the scope of Occupational Health and Safety:

- ebebek fulfills all legal obligations within the scope of Occupational Health and Safety.
- ebebek takes the necessary measures to prevent health problems that may arise due to occupational causes, such as work accidents or long-term working process.
- The “zero work accident principle” is adopted to prevent work accidents.
- In the event of a process that poses a risk, necessary measures are taken within the scope of occupational health and safety by making emergency plans.
- Necessary information is provided to employees within the scope of Occupational Health and Safety.

- All our stakeholders are informed on the subject by publishing all our policies within the scope of Occupational Health and Safety in a transparent manner.
- All employees, including senior managers, are given responsibility for the implementation of the Occupational Health and Safety Policy.
- All necessary measures are taken to ensure the health and safety of suppliers and visitors.

In 2023, OHS-related visits were made to 79 stores in 29 provinces. Risk Analysis, Emergency Plan, Evacuation Plans, Basic OHS Trainings, Fire Trainings and Drills were carried out according to the maximum renewal period as required by the Occupational Health and Safety Law No. 6331 and OHS Regulations in these visits, 35 of which were for newly opened stores and 44 of which were document renewals.

Trainings were organized in 29 provinces including Ankara, Antalya, Aydın, Balıkesir, Bingöl, Bolu, Bursa, Çanakkale, Denizli, Diyarbakır, Elazığ, Eskişehir, Gaziantep, Iğdır, Isparta, İstanbul, İzmir, Kayseri, Kocaeli, Konya, Manisa, Muğla, Muş, Ordu, Tekirdağ, Tokat, Trabzon, Yalova, Yozgat. 523 female and 284 male employees attended the trainings.



ENVIRONMENT

Business model that respects the environment

In order to sustain growth, the aim is to ensure that the environmental impact progresses positively, and an environmentally friendly business model has been adopted.

Since its establishment, ebebek has attached importance to sustainable growth and made it one of the Company values. In order to sustain growth, the aim is to ensure that the environmental impact progresses positively, and an environmentally friendly business model has been adopted.

Within the scope of the Environmental Policy, ebebek:

- Has adopted full compliance with laws and regulations as its main principle to avoid any negative impact on the environment and necessary actions are taken.
- Takes measures to reduce its carbon footprint.
- Takes measures to address climate change. In this context, the aim is to minimize the carbon footprint by reducing emission values through the use of environmentally friendly products.
- Attaches importance to minimizing the use of water and natural resources as well as to energy efficiency in the products used.
- Carries out activities to minimize the amount of waste generated. In this context, supportive steps are taken on circular economy and zero waste concerns, and measures are taken for the transportation, storage and disposal of electronic waste in accordance with laws and regulations.
- Raises awareness of all stakeholders on environmental and human health sensitivity. In this context, trainings are organized and awareness activities are carried out when necessary.
- Takes necessary preventive measures to prevent the use of harmful chemicals and the formation of mercury waste in line with its Environmental Policy.
- Published and shared the policy transparently with all its stakeholders. It also informs stakeholders.
- The Sustainability Working Group is responsible for the execution of the Human Resources Policy. The policy is reviewed at least once a year, updated and improved when necessary.



ebebek strives to improve and optimize its energy management processes.

Emission Management

Today, the increase in environmental pollution and the risks of climate change are among the most obvious indicators of the importance of calculating, monitoring and reducing emission inventories. ebebek decided to calculate and manage its greenhouse gas inventory as of 2022, when it published its first Sustainability Report, in order to combat climate change and to create and improve its carbon management system. In this context, the total carbon footprint measurements for 2023 are ongoing.

Measurements are ongoing for the Company's carbon emissions in 2023 in accordance with the ISO 14064-1:2018 standard.

The Company aims to invest in efforts to reduce emission values and reduce its environmental impact.

Energy Management

ebebek strives to improve and optimize its energy management processes in order to successfully achieve its sustainability goals and gain competitive advantage. Within the scope of energy saving efforts, energy resources are used efficiently by reducing operational costs in business processes.

Within the scope of energy management efforts, the aim is to reduce the resources spent on electricity costs through investments in solar energy. One of the important investments planned for 2024 will be a solar power plant (SPP) investment. The application for a 4.8 MW SPP plant, which was made in the last quarter of 2023, is awaiting the necessary approvals at the call letter stage. Following the approval process, efforts will continue as planned.

ENVIRONMENT

The Package Recycling Piggy Bank enables the recycling of plastic, glass and metal packaged products sold at ebebek.

Water Management

ebebek strives to improve its water management processes in order to fulfill its duties to prevent the rapid depletion of water resources within the framework of its respect for the resources offered to us by the world and all humanity. Accordingly, various strategies are identified and implemented for a more effective and sustainable use of water resources.

Waste Management

It is of critical importance today to plan waste management in the most ideal way to contribute to the circular economy. The processes of collecting, transporting, processing and disposing of waste are among the sub-headings of waste management. ebebek handles all these processes in waste management in detail. The Company ensures that wastes are disposed of properly and raises public awareness on the concern.

Some of the activities carried out in this regard are as follows:

Package Recycling Piggy Bank

The Package Recycling Piggy Bank enables the recycling of plastic, glass and metal packaged products sold at ebebek.

Within the framework of the project, discount coupons are given to users who recycle glass, metal and plastic raw material packaging compatible with the Package Recycling Piggy Bank sold in stores and on the ebebek website.

The Piggy Bank, which can generate visual and physical information about the packaging and match and compare it through barcode information, has a process that can store, share and document the data of all transactions electronically.

With the Package Recycling Piggy Bank project, ebebek not only reduces waste, but also contributes to reducing greenhouse gas emissions, achieving a high recycling rate and to the circular economy.

With the Package Recycling Piggy Bank, 245 products were prevented from becoming garbage and sent for recycling.





95%
Reduction in
disposable cup use

baby me Detergent Filling Station

The overall goal of the project is to generate economic gain for individuals and to raise awareness of sustainability in society by ensuring environmental awareness. ebebek offers parents who come to the stores with their empty packages the opportunity to purchase its private label baby detergent, fabric softener, pacifier-bottle cleaner and stain remover at a 30% more economical price than the shelf price. Thus, it is aimed for families to contribute to the household economy and save money, and for parents to reduce the use of plastic by reusing their existing packaging.

Raising awareness among parents about responsible consumption, ebebek aims for parents to be part of a social change by choosing the filling station, reducing plastic waste and contributing to a sustainable lifestyle.

With the baby me Detergent Filling Station, 2,810 packages were reused and prevented from becoming garbage.

The experience store consisting of the Package Recycling Piggy Bank and baby me Detergent Filling Station projects received the bronze award at The Hammers Awards.

Head Office Activities

At ebebek Head Office:

- Single-use plastic use was reduced by 100% from 550 to 0 per person.
- The use of disposable cups was reduced by 95% from 1,070 to 49 cups per person.
- Electricity consumption was reduced by 34% from 1,510 to 995 kWh per person.
- Water consumption was reduced by 34% from 7 m³ to 5 m³ per person.
- A4 paper usage was reduced by 95% from 809 to 409 sheets per person.
- In cooperation with Wastespresso, coffee waste was upcycled and saved from garbage.

This information is calculated with data for June 2022-July 2023.

ebebek Head Office was entitled to receive WWF Türkiye Green Office diploma and Basic Level Zero Waste certificate for its efforts. Zero Waste certificate processes are ongoing for stores and warehouse as well.

World Cleanup Day Activities

As part of the World Cleanup Day, ebebek employees organized an environmental event in Büyükkada. In cooperation with Devridaim Institute, the five steps of Waste-Free Living were discussed, and then the waste was separated and collected at the source with fabric gloves and coffee bean sacks. During the event, 2.5 bags of garbage and 3 sacks of waste were collected, some of which went to Devridaim for the upcycling workshop and some to waste recycling bins.

CORPORATE SOCIAL RESPONSIBILITY

We stand by the babies in all areas of life

ebek launched the “Babyology” conference in 2015 based on the concept of “Babyology,” the word that best defines its fields of activity.



ebebek considers not only its environmental impact but also its social impact in its operations. ebebek guides barents to adopt a sustainable lifestyle and considers supporting employees by improving their well-being and raising their awareness as an important part of its sustainability commitment.

The activities carried out in this area are as follows:

Benden Kardeşime Dönüşüm Sepeti (Transformation Basket from Me to My Sibling)

ebebek collects baby clothing and toys that people want to share thanks to the trust it has built and reuses them according to a circular economy model. Economically, with the activity, the amount of waste is reduced by reusing unused products, and families with babies in need are supported. Environmentally, resource waste is prevented by preventing the depletion of natural resources. ebebek distributed 38,734 products collected as part of the "Benden Kardeşime Dönüşüm Sepeti" project to babies in need in the earthquake region after the February earthquake in our country in 2023, which has devastated us.

The "Benden Kardeşime Dönüşüm Sepeti" project won the gold award in the category of corporate cooperation for sustainability at the Istanbul Marketing Awards and also received the gold prize at The Hammers Awards.

Babyology Events

ebebek launched the "Babyology" conference in 2015 based on the concept of "Babyology," the word that best defines its fields of activity. Babyology is "the science of understanding and explaining the baby." The Babyology Conference, one of the events realized with maternal compassion and expert knowledge, brings together experts in the field with the participants, enabling all barents to establish more effective relationships with their babies,

contributes to the road map they will follow while raising their babies and takes steps for a better future.

Babyology events, which are a guiding experience for mothers and future mothers, started in Istanbul in 2015 and met with a total of 13,552 barents in 30 different cities such as Edirne, Diyarbakır, Sivas, Erzurum, Trabzon, Çanakkale and Kayseri until the pandemic. In 2023, ebebek had the opportunity to meet with 400 barents one-on-one with 8 Babyology events organized.

Breastfeeding Support Project

Aware that even a drop of breast milk is a miracle for babies, ebebek carries out various projects to raise awareness of mothers on this issue.

With the Breastfeeding Support Project, ebebek team provides free and one-to-one counseling on Nutrition in Pregnancy, Breastfeeding Preparation and Complementary Nutrition.

Within the scope of the project, 20,000 barents were counseled so far. The Breastfeeding Support Project page received 442,795 views and 300,000 clicks through communication activities.

In addition:

- 12 Nutrition in Pregnancy Camps,
- 24 Breastfeeding Preparation Camps,
- 12 Transition to Supplemental Food Camps,
- 10 Mother/Baby Nutrition in Food Allergies Camps were organized, reaching 2,080 barents.



CORPORATE SOCIAL RESPONSIBILITY

Within the scope of the Play Ambassadors Project, 3,122 babies and barents were provided free of charge and one-to-one counseling on games & toys in 2023.

Play Ambassadors Project

In 2023, 28 volunteers joined the Play Ambassadors team who believe in the power of playing and recognize the importance of choosing the right games & toys in baby development. Volunteer Play Ambassadors consist of undergraduate and graduate students studying in the departments of child development, preschool teaching, psychology, etc. of universities.

- Within the scope of the Play Ambassadors Project, 3,122 babies and barents were provided free of charge and one-to-one counseling on games & toys in 2023.
- The Babyology Play Camp activities continued to address a topic related to plays every month in 2023 as well.
- In 2023, 10 free Play Camp events were organized and 527 barents came together in these events.
- Nearly 200 play and sleep content was shared on the ebebek Instagram account. With this content, 45,734 likes and over 4 million access were achieved.
- 40 new informative articles on play and sleep were written on the bebek.com blog site.

- More than 50 live broadcasts, providing expert knowledge and answering barents' questions, covered play and sleep topics and answered barents' questions. These live broadcasts reached an average of 754,000 accounts.
- Development area and play recommendation information was added to 48 toys.
- 3 baby books were written and published.
- Toys on ebebek.com were grouped according to baby development areas. The aim was to support barents in choosing the right toys.

A Good Sleep, A Good Future Project

A Good Sleep, A Good Future Project is based on the idea that babies who sleep adequately and well will be more successful, happy and peaceful individuals in the future.

The project aims to equip barents with the right information about sleep, support babies to achieve quality sleep, provide quality and affordable sleep products, and contribute to world peace.





bebek.com

The story of bebek.com began in 2000 when a father (Halil Erdoğan) tried to find the information and guidance he and his wife needed while raising their baby from websites abroad. As a young family raising a baby, the couple felt that they needed much more than a Turkish-language website and founded bebek.com in 2001 to serve conscious families with the same need as a father. For more than 20 years, bebek.com continues to offer all kinds of information, services, help and friendship to conscious families who are thinking about having a baby, expecting a baby and raising their child. With the work of its expert staff, bebek.com is a portal that offers thousands of pages of information today with its content that has expanded in a short time, where conscious families who are thinking of having a child or who have children can meet all kinds of needs, including many up-to-date information and services.



Support for Young People with Cerebral Palsy (Steptember)

ebebek supports the Steptember organization, which contributes to the education and rehabilitation of children and young people with CP and takes place every year in September under the leadership of the Spastic Children's Foundation of Türkiye, which was established to provide diagnosis, treatment, rehabilitation and education services to children and adults with Cerebral Palsy, to carry out the necessary activities and efforts for them to have a profession and to be reintegrated into life, and to strive for children and their families to become individuals who can meet their own needs and become more involved in social life.

With Steptember, an international social responsibility project, ebebek employees take ten thousand steps every day in September to collect donations for young people with CP and strive to raise public awareness on this issue.

CORPORATE SOCIAL RESPONSIBILITY

Since 2017, ebebek has been employing young people with Down syndrome both at its head office and in its stores in cooperation with the Down Syndrome Association of Türkiye.

Working with Young People with Down Syndrome

Since 2017, ebebek has been employing young people with Down syndrome both at its head office and in its stores with the project realized in cooperation and with the support of the Down Syndrome Association of Türkiye, which aims to provide equal opportunities and strengthen their indispensable place in society by combating the discrimination faced by individuals with Down syndrome at every age and location.

Hello to Life Packages with Down Syndrome Association

The first needs of newborn babies with Down syndrome are met with the Hello to Life packages prepared for the Down Syndrome Association, a non-governmental organization that works to enable individuals with Down syndrome to lead a free, productive and socially integrated life and to improve society's perception of disability. Families with Down syndrome children between the ages of 0-12 months are sent "Hello to Life" packages together with the Down Syndrome Association to congratulate them on the birth of their babies.





Tider Cooperation

ebebek provides the necessary support by addressing the issue of child poverty with Tider, a non-profit non-governmental organization that works to ensure that people have fair and equal access to basic needs. Within the scope of the project, Mamajoo, Tider and ebebek gift a baby bottle or pacifier to a baby in need through Tider when barents purchase selected Mamajoo products. At the same time, when barents donate TL 10 to Tider through ebebek, then ebebek also donates the same amount.

Human Health: Smoking

All employees at ebebek stores and head office are non-smokers in their private lives as well. Not smoking is among the top priority criteria in recruitment. With this practice, ebebek aims to draw attention to the rights of babies to live in a smoke-free airspace, to respect the olfactory sensitivities of expectant barents who visit the stores for shopping, and to work with individuals who are aware of healthy living.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Necessary Explanations under Article 8 titled “Corporate Governance Principles Compliance Reports” of the Corporate Governance Communiqué numbered II.17.1

- a) Pursuant to the Capital Markets Board’s decision dated 10.01.2019 and numbered 2/49, the corporate governance compliance reports published on the Public Disclosure Platform (PDP) using the Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates were approved by the resolution of our Company’s Board of Directors dated 01.04.2024 and numbered 2024/35 and published on PDP.
- b) Our Company has not received any information that any conflict of interest occurred due to not fully complying with the Principles given below, where Compliance is marked as Partial or No. Compliance with the Principles that are not mandatory is being evaluated on a principle-by-principle basis, and compliance with some additional Principles may be discussed if deemed necessary within the needs of our shareholders and other stakeholders.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
Corporate Governance Principles Compliance Report						
1.1. FACILITATION OF EXERCISING SHAREHOLDER RIGHTS						
1.1.2 - Information and explanations that may affect the exercise of shareholder rights are published and available to the investors at the corporate website and updated as necessary.	X					
1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION						
1.2.1- The Company management has avoided taking any action which is intended to make it more difficult to perform private audits.	X					There was no special audit request.
1.3. GENERAL ASSEMBLY						
1.3.2 - The Company ensured that the agenda of the General Assembly is clearly stated and that each proposal is addressed under a separate title.	X					
1.3.7 - Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - The Board Members who were related to the agenda items of special importance, other relevant persons, officials responsible for the preparation of financial statements and auditors were present at the general assembly meeting.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and it is aimed to complete compliance with the relevant principle with the first general assembly.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.3.10 - The amounts of all donations and contributions and their beneficiaries were included under a separate item on the agenda of the general assembly.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and it is aimed to complete compliance with the relevant principle with the first general assembly.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and it is aimed to complete compliance with the relevant principle with the first general assembly.
1.4. VOTING RIGHT						
1.4.1 - There are no restrictions or practices that make it difficult for the shareholders to exercise their voting rights.	X					

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.4.2 - The Company does not have shares that carry privileged voting rights.			X			Company shares are represented by two separate share groups, Group A and B, each equal and with a nominal value of 1 TL. Group A shares provide the shareholder with the privilege of voting rights and the privilege of nominating candidates to the Board of Directors. Each Group A share gives its owner 5 voting rights, while Group B shares gives its owner 1 voting right. Additionally, in the formation of the Board of Directors, half of the members of the Board of Directors will be elected from among Group A shareholders or the candidates they will nominate. If the number corresponding to half of the number of Board of Directors members does not correspond to a whole number, this number will be rounded down to a lower number and the resulting number of members will be selected among Group A shareholders or the candidates they will nominate. The Chairperson of the Board of Directors is elected among the members of the Board of Directors nominated by Group A shareholders. Group B shares have no privileges.
1.4.3 - The Company has not exercised its voting rights in the General Assembly of any partnership with which it has a reciprocal shareholding relationship that also includes a control relationship.	X					There is no cross-shareholding relationship.
1.5. MINORITY RIGHTS						
1.5.1- The Company pays maximum diligence to the exercising of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Since the minimum guarantee for minority rights is being provided within the framework of the provisions of the Turkish Commercial Code, Capital Markets Board and other relevant legislation, minority rights have not been set lower than one twentieth of the Company's capital in the Articles of Association. However, according to our Articles of Association, in addition to the Board of Directors, minority shareholders may also call the General Assembly for a meeting within the framework of the provisions of the Turkish Commercial Code, Capital Markets legislation and related imperative legislation. The Company acts within the framework of legal regulations on the subject and there is no plan to expand minority rights by regulating them in the articles of association.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.6. DIVIDEND RIGHTS						
1.6.1 - The Dividend Distribution Policy approved by the General Shareholders' Meeting is posted on the company website.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering and the Board of Directors' decision on the Dividend Distribution Policy will be submitted to the approval of the first general assembly.
1.6.2 - The Dividend Distribution Policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering and the Board of Directors' decision on the Dividend Distribution Policy will be submitted to the approval of the first general assembly.
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the Company.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering and the Board of Directors' decision on the Dividend Distribution Policy will be submitted to the approval of the first general assembly.

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions that make the transfer of shares more difficult.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The Company website includes all elements listed in Corporate Governance Principle 2.1.1.		X				Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering. Documents related to the general assembly could not be added to the website since the dividend distribution policy and disclosure policy have not yet been submitted to the general assembly for information/approval. Work on the frequently asked questions section is in progress. Other documents are available on the Company website.
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The information on the corporate website of the company has also been made available in foreign languages chosen according to the needs, with the same content as the Turkish version.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
2.2. ANNUAL REPORT						
2.2.1 - The Board of Directors ensures that the annual report provides a full and accurate reflection of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in the principle no. 2.2.2.		X				Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering. Therefore, the independence declarations of the members of the board of directors in subparagraph a of the related article and the information on the committees requested in subparagraph b are not included in the annual report. Other information is included in the annual report for 2023 and the necessary compliance will be ensured upon the realization of the first general assembly.
3.1. COMPANY POLICY REGARDING STAKEHOLDERS						
3.1.1- Rights of stakeholders are protected by relevant regulations, contracts, and rules of good faith.	X					
3.1.3 - Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company.	X					
3.1.4 - Necessary mechanisms have been established for stakeholders to report illegal and unethical transactions.	X					

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
3.1.5 - The Company handles conflicts of interest among stakeholders with a balanced approach.	X					
3.2. ENCOURAGING STAKEHOLDERS TO TAKE PART IN THE MANAGEMENT OF THE COMPANY						
3.2.1 - Employees' participation in company management is regulated by the articles of association or internal regulations.			X			Although our employees indirectly participate in management through communication tools such as the open-door policy, information meetings regularly held with the participation of all employees and surveys, this situation is not regulated by the articles of association or internal regulations as this communication is project-based at times and is constantly revised according to the needs of the Company and employees. It is planned that the practice will continue in this manner in the coming period.
3.2.2 - Methods such as surveys/consultations have been applied to obtain the opinions of stakeholders in important decisions that have consequences for the stakeholders.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The Company has adopted an equal opportunity employment policy and a succession plan for all key managerial positions.	X					
3.3.2 - The criteria for personnel recruitment have been set out in writing.	X					
3.3.3 - The Company has a policy on human resources development, and organizes trainings for employees.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. Opinions of the relevant unions on these issues were also collected.	X					
3.3.6 - Detailed job descriptions and performance criteria formulated for all employees, announced to the employees, and used in remuneration decisions.	X					
3.3.7 - Measures and practices, such as procedures, trainings, awareness campaigns, goals, monitoring, and whistleblowing mechanisms, have been implemented to prevent discrimination among employees and to protect employees against physical, mental and emotional ill-treatment within the company.	X					
3.3.8 - The company promotes the freedom of association and the effective recognition of the right to collective bargaining.	X					
3.3.9 - A safe working environment is provided for the employees.	X					

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company adheres to quality standards for goods and services.	X					
3.4.4 - The Company has put controls in place to protect the confidentiality of the sensitive information and trade secrets of its customers and suppliers.	X					
3.5. CODE OF CONDUCT AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of Directors has developed the Code of Conduct and published it on the company's corporate website.	X					
3.5.2 - The Company is considerate of its social responsibilities. Measures have been taken to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.2. BOARD OF DIRECTORS' PRINCIPLES OF ACTIVITY						
4.2.1 - The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board of directors has established an internal control system by taking into account the size of the company and the complexity of its activities.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The chairman of the board of directors and the chief executive officer (general manager) roles have been separated and defined.	X					
4.2.7 - The Board of Directors ensures effective functioning of the investor relations department and the corporate governance committee, and has cooperated with the investor relations department and the corporate governance committee in resolving disputes between the company and the shareholders and communicating with the shareholders.	X					

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.2.8 - The Company has taken out a directors and officers liability insurance providing insurance coverage for an amount exceeding 25% of the Company's capital for any damages that the board members may cause due to their negligence during the performance of their duties.			X			Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and whether the relevant principle will be complied with or not will be evaluated by the board of directors to be elected at the first general assembly.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The structure of the board of directors is reviewed on an annual basis, and the board member nomination process is carried out in accordance with this policy.			X			Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and whether the relevant principle will be complied with or not will be evaluated by the board of directors to be elected at the first general assembly.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.					X	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and it is aimed to complete compliance with the relevant principle with the first general assembly.
4.4. THE FORMAT OF BOARD OF DIRECTORS' MEETINGS						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The Board of Directors has set a minimum deadline for submission of information and documents on items of meeting agenda to all members prior to meetings.			X			Although our Company has not set a deadline in this context, information and documents that will facilitate the decision-making of the board members are shared with them via e-mail as soon as they become available. This practice is planned to be continued.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					x	
4.4.4 - Each member of the Board of Directors has one vote.	x					
4.4.5 - The manner in which the board meetings will be held has been set out in the Company's internal regulations.			x			Since the board meetings are held in accordance with the Turkish Commercial Code, CMB and other relevant legislation, there are no internal regulations in this scope other than the articles of association. This issue will be submitted to the board of directors for re-evaluation in the coming period.
4.4.6 - The minutes of board meetings reveal that all the items on the agenda have been discussed, and the minutes of board decisions are prepared in a way that also includes dissenting opinions	x					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the general assembly meeting.	x					Executive board members' external commitments are subject to the permission of the Company. The independent members of the board of directors are not restricted from assuming external duties, provided that they comply with the provisions of the Turkish Commercial Code, CMB and other relevant legislation. The external duties of the board members will be submitted for the information of the shareholders in the first general assembly.
4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS						
4.5.5 - Board members serve in only one of the Board's committees.					x	
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.					x	

	Compliance Status					Explanation
	Yes	Partially	No	Exempt	Not applicable	
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	
4.5.8 - A report was drawn up on the outcomes of the committee meetings and submitted to the board members.					X	
4.6. FINANCIAL RIGHTS OF THE BOARD MEMBERS AND EXECUTIVE DIRECTORS						
4.6.1 - The board of directors has carried out a board performance evaluation to assess whether it has fulfilled its responsibilities effectively or not.			X			Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering, and whether the relevant principle will be complied with or not will be evaluated by the board of directors to be elected at the first general assembly.
4.6.4 - The Company did not cause any of board members or managers with administrative responsibility to get a loan or did not lend them money or extend the term of their loan, improve the conditions of such loans or make loans available under the title of personal loan through third parties or did not give guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration paid to the Board of Directors are determined and announced at the general assemblies. In addition, the aggregate amounts of benefits provided to the Board of Directors and senior executives are reported in the financial report. Remuneration Policy will be submitted to the general assembly at the first general assembly meeting. It is not planned to disclose the remuneration of executives on an individual basis.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
Number of investor conferences and meetings organized by the Company throughout the year	Many investor meetings were held during the public offering of our Company and two investor meetings were held after the public offering. In addition, following the announcement of the Q3 results, two analyst meetings were organized, one for corporate investors and one for individual investors.
1.2. Right to Obtain and Examine Information	
Number of special auditor requests	0
Number of special auditor requests accepted at the general assembly meeting	0
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1 (a-d)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Whether the Company provides materials for the general assembly meeting in English and Turkish at the same time	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	No such transaction took place in the context of Principle 1.3.9.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	No such transaction took place in the context of Article 9.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	No such transaction exceeding the thresholds that would require the preparation of a report took place under Article 10.
The name of the section on the Company's corporate website that includes the policy on donations and contributions	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.

Link to the PDP announcement containing the minutes of the general assembly during which the policy on donations and contributions was accepted	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Number of the article in the articles of association which regulates participation of stakeholders in the general assembly	The participation of shareholders in the general assembly is regulated in Article 10 of the articles of association, and there is no provision on holding general assembly meetings open to the public, including stakeholders and media, without the right to speak.
Information about the stakeholders attending the general assembly	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
1.4. Voting Rights	
Whether the shares of the Company have differential voting rights (yes/no)	Yes
Identities of the privileged shareholders and their ratio in the votes in case there are voting privileges	Company shares are represented by two separate share groups, Group A and B, each equal and with a nominal value of 1 TL. Group A shares provide the shareholder with the privilege of voting rights and the privilege of nominating candidates to the Board of Directors. Each Group A share gives its owner 5 voting rights, while Group B shares gives its owner 1 voting right. Additionally, in the formation of the Board of Directors, half of the members of the Board of Directors will be elected from among Group A shareholders or the candidates they will nominate. If the number corresponding to half of the number of Board of Directors members does not correspond to a whole number, this number will be rounded down to a lower number and the resulting number of members will be selected among Group A shareholders or the candidates they will nominate. The Chairperson of the Board of Directors is elected among the members of the Board of Directors nominated by Group A shareholders. Group B shares have no privileges.
The percentage of ownership of the largest shareholder	16.51%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association (yes/no)	No
If yes, specify the relevant provision of the articles of association.	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering and the Dividend Distribution Policy to be prepared by the Board of Directors will be submitted to the approval of the first general assembly.
Minutes of the relevant agenda item in case the board of directors proposes to the general assembly not to distribute dividends, the reason for such proposal and information as to the use of the dividend	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	None.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
The names of the section on the corporate website which contain the information requested under the corporate governance principle 2.1.1.	Investor Relations
The section on the corporate website which contains the list of real person shareholders who directly or indirectly own more than 5% of the shares	Investor Relations / Real person shareholders who directly or indirectly own more than 5% of the shares
Languages in which the corporate website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The number of the page or the name of the section which includes the duties performed by the board members and executives outside the company as well as the statements of independence by board members	None.
b) The number of the page or the name of the section which includes details about the committees formed under the Board of Directors	None.
c) The number of the page or the name of the section which includes information about the number of board meetings held during the year and attendance of the members in such meetings	Other Issues
d) The number of the page or the name of the section which includes information about the legislative changes that may significantly affect the company's activities	Other Issues
e) The number of the page or the name of the section which includes information about important lawsuits filed against the Company and their possible consequences	Other Issues
f) The number of the page or the name of the section which includes information about any conflict of interest between the company and the organizations from which it purchases services such as investment consultancy and rating services and the measures taken to prevent such conflicts of interests	Other Issues
g) The number of the page or the name of the section which includes information about reciprocal cross holdings where the rate of direct participation in capital exceeds 5%	Other Issues
h) The number of the page or the name of the section which includes information about the social rights and vocational training of the employees and the corporate social responsibility activities related to the other company activities that have social and environmental consequences	Sustainability

3. STAKEHOLDERS	
3.1. Company Policy on Stakeholders	
The name of the section on the corporate website that includes the compensation policy	No compensation policy has been established for the Company's employees due to the follow-up of legal regulations in this regard.
The number of definitive convictions the company was subject to in relation to breach of employee rights	13
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Control, Risk Management and Internal Audit Director
Contact details for reaching out to the Company's whistleblowing mechanism	etik@ebebek.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	None.
Corporate bodies where employees are actually represented	None.
3.3. Human Resources Policy	
Role of the board of the directors in developing a succession plan for key executive positions	The Board of Directors instructs the succession of key positions, and the process is carried out by Human Resources under the supervision of the General Manager. Succession processes are handled and executed within the framework of Talent Management Principles each year. At the same time, ebebek publicly emphasizes the importance of the succession plan on its kurumsal.ebebek.com website, in reference to Article 5 of the "Solution-Oriented Leadership Principles." (He/she is always both a student and a teacher, and trains his/her successor).
The name of the section on the corporate website that includes the human resources policy which describes equal opportunity and personnel recruitment criteria, or a summary of the relevant articles of the policy	Information on the Company's Human Resources Policies is shared with the public on the kurumsal.ebebek.com website. The website includes information about open positions, data on some HR metrics and our Everest Journey young talent program. As written in our code of ethics, in terms of equal opportunity and recruitment criteria, we act with this principle: "We evaluate the performance of our employees objectively, taking into account their efforts, dedication and achievements. We take competence into account in recruitment, promotion and appointments and ensure equal opportunity among employees."
Whether there is an employee stock option plan or not (available/none)	None.
The name of the section on the corporate website that includes the human resources policy, which describes measures to prevent discrimination and ill-treatment, or a summary of the relevant articles of the policy	This information is shared with the public on the kurumsal.ebebek.com website. Acting with the principle of "Everyone in our organization is valuable to us. We respect and love all individuals in our organization regardless of title and seniority, and we conduct our behavior within the framework of courtesy and grace." We do not allow discrimination and mistreatment among our employees.
The number of judicial decisions finalized against the Company in connection with responsibility for accidents at work	0

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Corporate Website / Ethical Rules
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate Website/Investor Relations/Announcements
Measures taken to combat all forms of corruption, including extortion and bribery	Within the scope of the activities of the Internal Control, Risk Management and Internal Audit Directorate, internal investigations are carried out in order to determine the damages and losses that have occurred or are likely to occur or to investigate the reality of the allegations in matters such as internal corruption, misconduct and ethical violations. Regulations on bribery and corruption are included in ebebek working principles and code of ethics, which are also available on our website. The rules on giving and accepting gifts and entertainment are also set out in our gifts and entertainment procedure.

4. BOARD OF DIRECTORS-I	
4.2. Operating Principles of the Board of Directors	
Date of the most recent board performance review	Not conducted.
Whether independent experts were used or not for the performance review of the board of directors	No
Whether all board members were granted discharge from liability or not (yes/no)	Yes
Names of the Board Members who were delegated authority through distribution of duties and the nature of such authority	With the decision of the Board of Directors dated 11.10.2023, Can Karadeniz was appointed as the Board Member responsible for financials.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	None.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Other Issues
Name of the chairperson of the board of directors	Halil Erdoğan
Name of CEO/general manager	Can Karadeniz
Link to the PDP announcement stating the reason for having the same person both as the chairperson and the chief executive officer/general manager	These roles are not occupied by the same person.
Link to the PDP announcement stating that any damages which may be caused by negligence of the board members during the performance of their duties are under insurance coverage up to an amount in excess of 25% of the company's capital	There is no executive insurance.
The name of the section on the corporate website that provides information on the diversity policy aimed at increasing the proportion of female board members	None.
Number and percentage of female board members	0%

Composition of Board of Directors						
Name, Surname of Board Member	Whether Executive Director or Not	The First Election Date to Board	Link to PDP Notification that Includes the Independency Declaration	Whether the Independent Director Was Considered by the Nomination Committee	Whether a Member Ceased to Satisfy the Independence or Not	Whether the Member Has at Least 5 Years' Experience on Audit Accounting and/or Finance or Not
Halil Erdoğan	yes	15/03/2023	-	irrelevant	irrelevant	irrelevant
Mahmud Muhammed Topbaş	no	15/03/2023	-	irrelevant	irrelevant	irrelevant
Musa Topbaş	no	15/03/2023	-	irrelevant	irrelevant	irrelevant
Ömer Hulusi Topbaş	no	26/04/2023	-	irrelevant	irrelevant	irrelevant
Can Karadeniz	yes	26/04/2023	-	irrelevant	irrelevant	irrelevant

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	46
Director average attendance rate at board meetings	80%
Whether the board uses an electronic portal to support its work or not (yes/no)	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	None
The name of the section on the corporate website that demonstrates information about the board charter	There are no internal regulations on board meetings other than the articles of association.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Our Company does not have a policy limiting the members of the board of directors from assuming other duties outside the company.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Link(s) to the PDP announcement(s) with the board committee charters	None.

CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Financial Status and Risk Management
Specify the section of the website where remuneration policy for executive and non-executive directors are presented.	Since our Company's shares were offered to the public for the first time in 2023 and started to be traded on the stock exchange, the necessary compliance must be achieved as of the date of the first general assembly to be held after the shares started to be traded on the stock exchange. The ordinary general assembly has not yet been held after the public offering.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Issues

SUBSIDIARIES

Trade Name	Field of Activity of the Company	Paid-in/ Issued Capital	Company's Share in Capital	Currency	Company's Share in Capital (%)	Nature of the Relationship with the Company
Tuna Çocuk Gereçleri A.Ş.	Baby Equipment Production and Sales	15,333,000	10,733,100	TRY	70	Subsidiary
Ebebek UK Retail Services Ltd	Mother-Baby Retailing	1,516,650	1,516,650	GBP	100	Subsidiary
Ebebek Deutschland Retail Services GmbH	Mother-Baby Retailing	25,000	25,000	Euro	100	Subsidiary
Ebebek USA Retail Services Inc	Mother-Baby Retailing	10,000	10,000	USD	100	Subsidiary

Tuna Çocuk Gereçleri A.Ş. was acquired at the beginning of 2022 to ensure backward integration in the baby equipment category. It mainly produces vehicles and devices such as high chairs, cradles and kangaroos. Although its biggest customer is ebebek, it also produces through orders for other players in the market.

Ebebek UK Retail Services Ltd. was established in 2021 to carry out mother-baby retailing activities in the United Kingdom. At the end of 2022, it started online sales. It continues its sales through its website ebebek.co.uk and various marketplaces.

Ebebek Deutschland Retail Services GmbH was established in 2021 to carry out mother-baby retailing activities in Germany. It has not yet started active operations.

Ebebek USA Retail Services Inc. was established in 2021 to carry out mother-baby retailing activities in the United States of America. It has not yet started active operations.

OTHER ISSUES

Internal Audit and Internal Control Activities

The Internal Control Unit, which operates under the Internal Control, Risk Management and Internal Audit Directorate, is charged with establishing a risk management system that is implemented across the entire organization and established to identify potential events (risks) that threaten the Company's assets, to effectively manage the identified risks in accordance with the Company's risk tolerance level and the risk appetite of the management and thus to provide a reasonable level of assurance that the Company will achieve its goals, in order to support the achievement of the Company's strategies and goals and to improve the quality of corporate governance.

The Company's internal control system is composed of policies, procedures, standards, instructions, directives, job descriptions, work flow charts and process-based risk control matrices.

The Internal Control Unit is responsible for ensuring that the components of the internal control system are up to date through periodic reviews, providing consultancy and coordination for the management and continuous improvement of the internal control system within the framework of "good practices," and providing suggestions for increasing the efficiency of processes.

The activities of the Internal Control Unit include planning and carrying out activities that will increase risk awareness in the Company, developing control proposals to eliminate control weaknesses identified by audit or other sources, and monitoring their completion.

Internal audit activities for the effectiveness of the Company's internal control system are planned and performed by the Internal Audit Department under the Internal Control, Risk Management and Internal Audit Directorate. Within the scope of internal audit activities, store and warehouse operations and Head Office processes are audited. In 2023, the Internal Audit Department conducted 826 store audits and 17 head office and warehouse audits. Internal audit activities also include both examining suspicions of misconduct reported through management requests, internal audit findings or whistleblowing, and conducting the necessary internal investigation activities. All stages of the internal audit process and implementation procedures are set out in the Internal Audit Procedure, and the Department's activities are carried out within this framework.

Audit results are shared with the Executive Board Members and the relevant department management, and planned actions are followed up. In 2023, a software infrastructure for monitoring audit actions was also established.

The Internal Control, Risk Management and Internal Audit Directorate reports directly to the Board of Directors in the Company's organizational structure in accordance with the principle of independence. With the decision of the Board of Directors dated July 13, 2023 and numbered 2023/65, the Company decided to establish the Early Detection of Risk Committee and the Audit Committee and to activate these committees at the first General Assembly meeting to be held following the public offering.

Code of Ethics

ebebek's Code of Business Conduct and Ethics has been established to regulate the relations with employees, barents, business partners and other stakeholders, to improve service quality and to use resources effectively and sustainably.

ebebek Code of Business Conduct and Ethics are rules that serve to create a common corporate culture and that all employees must comply with.

ebebek Code of Business Conduct and Ethics serves to create a common ethical culture and is also an important support provider ensuring that the Company is accepted as a reliable company by barents, business partners and shareholders as well as protecting its brand reputation. For this reason, all ebebek employees know that they are primarily responsible for acting in accordance with the ebebek Code of Business Conduct and Ethics in all situations and circumstances, and for adopting and internalizing these principles.

The Company's Code of Business Conduct and Ethical Rules, ethics reporting and internal investigation processes are set out in the ebebek Code of Business Conduct and Ethics booklet and disclosed to all employees on the Company's corporate website.

You can access ebebek Code of Business Conduct and Ethics on the ebebek website.

An ethical awareness training was prepared for all employees to internalize the ethical business culture and update their knowledge on this subject, and an interactive video training was made available to all employees through the ebebek development unit (EGÜ). In addition, ethical awareness and information posters are available at the Head Office, warehouses and stores. All employees can access the Code of Business Conduct and Ethics on mobile by using the QR code on the posters.

Reports of code of ethics violations or suspected violations are made through the code of ethics whistleblowing channel at etik@ebebek.com. The Ethics Committee is authorized and responsible for evaluating and finalizing the reports and suspicions received through the ethics code whistleblowing channel or communicated through other methods. The Ethics Committee consists of the General Manager, Human Resources Director and Internal Control, Risk Management & Internal Audit Director. Depending on the size of the case subject to the investigation and the position of the person or persons subject to the allegation in the company, the Group CEO is also invited to the Ethics Committee.

The Internal Control, Risk Management and Internal Audit Directorate responds to reports submitted through the Code of Ethics whistleblowing channel or other channels. The Directorate delivers its preliminary report to the Ethics Committee, along with its assessment of whether an internal investigation ought to be started and whether the report that will be prepared as a result of the Directorate's preliminary research will be assessed in accordance with the ebebek code of ethics. The Internal Control, Risk Management, and Internal Audit Directorate carry out an internal investigation if the Ethics Committee agrees to start one. The Ethics Committee takes all necessary precautions to ensure that whistleblower reports are examined and investigated in confidence and that the accused person's rights are upheld while the allegations are investigated. Upon request, the identity of the person reporting to the ethics code whistleblowing channel is kept confidential. The pre-examination and, if necessary, the internal investigation that will be launched as a result of the whistleblowing are conducted in strict confidentiality. Based on the findings of the internal investigation report, the Ethics Committee makes decisions such as disciplinary action, submitting a complaint or denunciation to the Public Prosecutor's Office and filing a civil lawsuit.

OTHER ISSUES

Financial Rights Granted to the Members of the Board of Directors and Senior Managers

At the General Assembly meeting of the Company held on 19.07.2023, it was approved not to pay remuneration to the Board members for the 2023 activity year and the following Ordinary General Assembly meeting. For the period January 1, 2023 - December 31, 2023, the total amount of financial rights and other payments provided to the Board members and senior executives is TL 48,024,447.

Changes Occurred Between the End of Period and the Issuance of the Report

Board of Directors' Resolution on Lease Certificate Issuance

It has been decided to issue lease certificates, in which Ebebek Mağazacılık Anonim Şirketi will take place as the Fund User in order to reduce its existing borrowing costs, in TL terms and batches, in various maturities and based on the Management Contract from the types of lease certificates stipulated in the Lease Certificate Communiqué limited to an issuance ceiling of TL 1,000,000,000 (One Billion Turkish Lira) by Değer Varlık Kiralama A.Ş. as the issuer, to issue these lease certificates to be sold to domestic allocated and/or qualified investors, and to apply to the Capital Markets Board and other relevant authorities in this context.

February 2024 Number of Stores

As of January 31, 2024, our Company had 237 stores in Türkiye, of which 230 were traditional stores and 7 were mini-stores. As of February 29, 2024, the number of its stores reached 240, of which 233 were traditional stores and 7 were mini-stores.

Between February 1 and February 29, 2024, a total of 4 stores were opened, 1 in Istanbul, 2 in Kırklareli and 1 in Giresun; 1 store was closed in Istanbul.

February 2024 Visitor Numbers

The number of visitors to ebebek stores was 4,157,435 in February 2024, compared to 3,691,954 in February 2023.

The number of visitors to ebebek.com website was 15,673,159 in February 2024, compared to 12,148,871 in February 2023.

February 2024 Number of Sales

In February 2024, the total number of products sold through ebebek stores and e-commerce channel in Türkiye was 7,732,162, while this number was 7,404,332 in February 2023.

For the 2-month period ending February 2024, the total number of products sold through ebebek stores and e-commerce channel in Türkiye was 14,576,956, compared to 13,704,309 in the same period of 2023.

Information on Legislation Changes Having Critical Impact on Company Activities

In 2023, there were no legislative changes that could significantly affect the Company's activities.

Information on Own Shares Repurchased by the Company

None.

Information Regarding Lawsuits Against the Company and Their Possible Outcomes

No lawsuit was filed against the Company that may impact its financial position or operations.

Information on Administrative and Legal Sanctions Imposed on the Company and Members of the Management Body as a Result of Violation of Legislative Provisions

None.

Rating Notes

Credit rating agency JCR Eurasia Rating assigned the Company's Long Term National Corporate Credit Rating as A (tr) / (Stable Outlook), Short Term National Corporate Credit Rating as J1 (tr) / (Stable Outlook) and Long Term International Foreign Currency and Local Currency Credit Rating as BB / (Negative Outlook) in parallel with Türkiye's country rating.

Amendments to the Articles of Association

The General Assembly resolution dated 18.01.2023 regarding the increase of our company's issued capital from TL 23,500,000 to TL 41,000,000 and the amendment of Article 6 of the Company's Articles of Association titled Capital was published on Turkish Trade Registry Gazette dated 27.01.2023 and numbered 10757.

At our Company's Board of Directors meeting dated 06.02.2023, the amendment of Articles 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of our Company's Articles of Association was approved, and the new version of the Articles of Association was published in TTRG dated 08.05.2023 and numbered 10826.

At our Board of Directors meeting dated 12.05.2023, the amendment of Article 6 of the Articles of Association of our Company was approved, and the new version of the Articles of Association was published in the TTRG dated 18.05.2023 and numbered 10834.

With the permission of the Capital Markets Board (CMB) dated 30.03.2023 and numbered 20/404, in order for our Company to switch to the registered capital system and to increase its paid-in capital from TL 41,000,000 to TL 136,000,000, the resolution of the Board of Directors dated 12.05.2023 and numbered 42 regarding the amendment of Article 6 of the Company's Articles of Association titled Capital was published on Turkish Trade Registry Gazette dated 18.05.2023 and numbered 10834.

After the public offering of our Company's shares, the amendment to the Articles of Association made within the scope of subparagraph 25/1, ç of the Communiqué on Shares No. VII-128.1 regarding the increase of our issued capital from TL 136,000,000 to TL 160,000,000, being within the registered capital ceiling of TL 205,000,000, was registered on 23.10.2023 and published in the TTRG dated 24.10.2023 and numbered 10942.

OTHER ISSUES

Information Related to the Private Audit and Public Audit Conducted in 2023

Except for the financial audit conducted for the public offering, no private or public audit was conducted during the relevant period.

Donations and Contributions

The total amount of the relevant detailed accounts of the income statement for the period 01.01.2023-31.12.2023 is TL 5,966,488.

Conflicts of Interests Between the Institutions That the Company Is Getting Services on Investment Consultancy and Rating and Measures Taken to Prevent Those

Our Company had a credit rating and received an independent audit service in 2023. These services were obtained from independent institutions authorized by the CMB or BRSA, and we have not received any information regarding the existence of a possible conflict of interest between the institutions from which these services were obtained and our Company.

Reciprocal Shareholdings in Which the Direct Participation Rate Exceeds 5% of the Capital

We do not have any reciprocal shareholding in which the direct participation rate exceeds 5% of the capital.

Additional Information on the Board of Directors

With the decision of the Board of Directors dated 11.10.2023 and numbered 2023/90, Can Karadeniz was appointed as the board member responsible for financials.

In 2023, a total of 46 physical board meetings were held and the attendance to these meetings was realized as 80%.

STATEMENTS OF RESPONSIBILITY

EBEBEK MAĞAZACILIK ANONİM ŞİRKETİ

Date of the Board of Directors' Resolution Regarding the Acceptance of the Annual Report:
April 1, 2024
Resolution No: 2024/35

STATEMENT OF RESPONSIBILITY SUBMITTED AS PER ARTICLE 9 OF COMMUNIQUE NO. II-14.1. ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS BY CAPITAL MARKETS BOARD

We examined the annual report of ebebek Mağazacılık A.Ş.' Board of Directors prepared in accordance with the Capital Markets Board's Communiqué Serial II, No: 14.1 "Communiqué on Principles Regarding Financial Reporting in Capital Markets," and

Based on the information we possess within the scope of our duties and responsibilities in the Company, we hereby declare that:

- the annual report contains no inaccurate statements insofar as material issues are concerned, nor any omissions that might result in their being misleading as of the date on which such statements are made,
- the annual report honestly reflects the development and performance of the business and the financial situation of the enterprise, together with the significant risks and uncertainties it faces.

Regards,

ebebek Mağazacılık A.Ş.

Can Karadeniz
Board Member Responsible for Financial
Reporting

Tolga Koyuncu
Financial and Administrative Affairs Director

STATEMENTS OF RESPONSIBILITY

EBEBEK MAĞAZACILIK ANONİM ŞİRKETİ

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9/3 OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ NO. II-14.1 ON THE PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS

March 19, 2024

The independently audited financial statements of EBEBEK Mağazacılık Anonim Şirketi for the period 01.01.2023-31.12.2023, prepared in accordance with the Capital Markets Board's Communiqué No. II-14.1 on Principles Regarding Financial Reporting in Capital Markets were approved by the decision of the Company's Board of Directors dated March 19, 2024 and numbered 2024/29, and it was decided to notify the Public Disclosure Platform for announcement of the said financial statements.

We examined the financial statements of our Company for the period 01.01.2023-31.12.2023, as stated above and attached hereto, and based on the information we possess within the scope of our duties and responsibilities in the Company, we declare that:

The financial statements contain no inaccurate statement insofar as material issues are concerned nor any omissions that might result in their being misleading as of the date on which such statements are made,

The financial statements prepared in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets honestly reflect the true picture of the Company's assets, liabilities, financial position, and profits and losses, together with those included in the scope of consolidation.

Regards,

Can Karadeniz
Board Member Responsible for Financial
Reporting

Tolga Koyuncu
Financial and Administrative
Affairs Director

AUDITOR'S OPINION ON THE ANNUAL REPORT



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of Ebebek Mağazacılık A.Ş.

1. Opinion

We have audited the annual report of Ebebek Mağazacılık A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 19 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

AUDITOR'S OPINION ON THE ANNUAL REPORT



4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.



5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited [consolidated] financial statements and with the information obtained in the course of audit.

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

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 1 April 2024

INFORMATION ON RISK MANAGEMENT PRACTICES

The Company considers risk management as an important strategic factor and integrates it into all its processes by adopting a professional management approach. A risk management process has been defined to monitor, control and track the risks that the Company is/may be exposed to during its operations.

The Company may be exposed to strategic, financial, operational, compliance, reputational and external risks due to its operations.

Strategic risks: These include factors that may adversely affect the Company's competitive advantage, market position and long-term performance.

Financial risks: Financial risks refer to those risks that arise as a result of the Company's financial position and choices. Financial risks include risks such as loan, currency, cash, financial markets, inflation, economic crises/uncertainties, etc.

Operational risks: Operational risks refer to those risks that may prevent the Company from fulfilling its core business activities. This category includes risk topics such as supplier delivery/quality/financial or technical deficiencies, sales, information technologies, cyber security, human resources, misconduct, employee competence, motivation, process failures, occupational health and safety.

Compliance risks: They are the risks arising from the Company's inability or delay in complying with legal regulations and legislative changes.

Reputational risks: These refer to the possibility of loss in the Company's revenues or brand value due to negative opinions about the Company before customers, shareholders, competitors, press, publications, social media, regulatory and supervisory authorities, etc.

External risks: Apart from the above categories, risks such as natural disasters, climate change, pandemic, war, and regional political problems are categorized as external risks.

With the decision of the Board of Directors dated July 13, 2023 and numbered 2023/65, the Company decided to establish the Early Detection of Risk Committee and to activate these committees at the first General Assembly meeting to be held following the public offering.

FINANCIAL PERFORMANCE

Number of Stores and Website Visitors

In 2023, the number of visitors to ebebek stores increased by 23.1% to 47,440,630.

In 2023, the number of visitors to ebebek.com website decreased by 5.5% to 128,859,724. The decrease in the number of website visitors is a result of the digital marketing strategy shaped with the aim of increasing the customer conversion rate. ebebek.com number of sales increased in 2023 compared to 2022.

Number of Store Visitors

Yearly



Number of ebebek.com Visitors

Yearly



Store and E-commerce Number of Products Sold

Total Number of Sales

Yearly

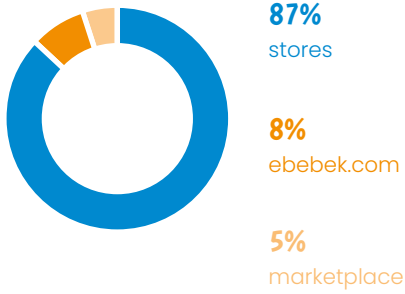


In 2023, the total number of products sold through ebebek stores and the e-commerce channel in Türkiye was 81,643,345, up 17.7% compared to 2022.

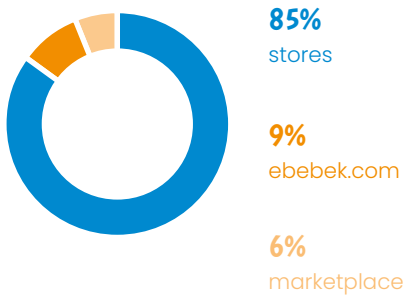
FINANCIAL PERFORMANCE

Sales breakdown by sales channel:

2022 Yearly



2023 Yearly



Number of Products Sold in Stores

Yearly



In 2023, the total number of products sold through ebebek stores in Türkiye was realized as 69,662,639, up 15.2% compared to 2022.

Number of Products Sold on ebebek.com

Yearly



In 2023, the total number of products sold through ebebek.com website was realized as 7,453,154, up 32.7% compared to 2022.

Number of Products Sold in Marketplaces

Yearly



In 2023, the total number of products sold from marketplaces was realized as 4,527,552, up 39.7% compared to 2022.

Number of Products Sold on E-Commerce

Yearly



In 2023, the total number of products sold through e-commerce channels was realized as 11,980,706, up 35.2% compared to 2022.

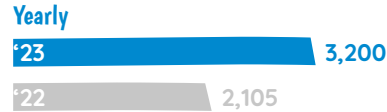
FINANCIAL PERFORMANCE

In 2023, our revenue increased by 31% to TL 11.4 billion.

Net Sales (TL million)



Gross Profit (TL million)

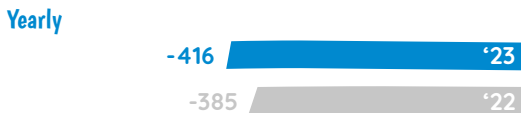


In 2023, our revenue increased by 31% compared to 2022 and reached TL 11.4 billion. This was driven by the increase in the number of our stores and higher sales volumes.

Gross profit increased by 52% to TL 3.2 billion in 2023, while gross profit margin increased from 24.2% to 28.2%. This increase was driven by margin optimizations developed in 2023 in response to the inflationary economy and financing expenses related to forward purchases rising due to increased financing costs. Finance expenses related to forward purchases are accounted for under other operating expenses.

In 2023, the operating loss was TL 416 million.

Operating Profit/Loss (TL million)



In 2023, the operating loss increased by 8.1% to TL 416 million. The operating loss margin declined from (4.4%) to (3.7%).

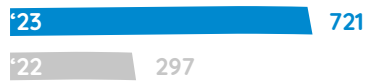
Comparing the change in 2022 and 2023 operating loss margins:

- There was a 4% margin improvement in gross profit as detailed in the previous section.
- Personnel expenses as a percentage of revenue increased from 10.7% to 12%. The main reason for this increase was the earlier reflection of the minimum wage increases in 2022 to prices compared to 2023.
- Energy expenses as a percentage of revenue decreased from 1.7% to 1.1%.
- Advertising expenses as a percentage of revenue decreased from 1.9% to 1.8% as a result of the changed digital marketing strategy.
- Total other operating income and expenses as a percentage of revenue increased from 4.1% to 6.4%. The main reason for the increase here was financing expenses related to forward purchases, which increased in direct proportion to the increased financing rates.

EBITDA increased by 143% to TL 721 million.

EBITDA (TL million)

Yearly



In 2023, EBITDA increased year-on-year by 143% to TL 721 million.

In the same period, EBITDA margin increased from 3.4% to 6.3%. The main reason for this increase was the rise in gross profitability.

In 2023, the net profit was TL 302 million.

Net Profit (TL million)

Yearly



Net profit increased year-on-year by 14.8% to TL 302 million in 2023. Net profit margin decreased from 3% to 2.7%.

Financial Debt Status

As of December 31, 2022, the Group's net financial debt was TL 834 million and as of December 31, 2023, the Group's net financial debt was TL 4 million. As of December 31, 2023, excluding the net cash inflow from the public offering, net financial debt was calculated as TL 1,066 million. Net Financial Debt/EBITDA ratio, excluding the net cash inflow from the public offering, was 2.8 in 2022 and improved to 1.5 in 2023.

FINANCIAL PERFORMANCE

TL million	December 31, 2023	December 31, 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 Public Offering	(1,066)	(834)

Summary Statement of Financial Position

TL million	Dec. 31, 2023	%	Dec. 31, 2022	%
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				
Financial Investments (LT)	-	-	-	-
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

Summary Statement of Financial Position

TL million	Dec. 31, 2023	%	Dec. 31, 2022	%
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

FINANCIAL PERFORMANCE

Summary Profit/Loss Statement

TL million	December 31, 2023	%	December 31, 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)
Monetary 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

EBEBEK MAĐAZACILIK A.Ő.

Convenience Translation into English of
Consolidated Financial Statements for the Period
Ended 31 December 2023 Together with Independent
Auditor's Report

(Originally Issued in Turkish)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Ebebek Mağazacılık A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Ebebek Mağazacılık A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Application of IAS 29-Financial Reporting in Hyperinflationary Economies</p>	
<p>The Group has applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in its consolidated financial statements as at and for the year ending 31 December 2023.</p> <p>TAS 29 requires financial statements to be restated at the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect the changes in the price index as of the balance sheet date, 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional associated audit effort, the application of TAS 29 has been identified as a key audit matter for our audit.</p> <p>Disclosures regarding the application of TAS 29 are provided in Note 2.2.</p>	<p>We performed the following auditing procedures in relation to the application of TAS 29:</p> <p>Understanding and evaluating the process and controls related to the implementation of TAS 29 designed and implemented by management,</p> <p>Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with TAS 29,</p> <p>Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis,</p> <p>Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods,</p> <p>Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</p> <p>Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects,</p> <p>Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Revenue recognition</p> <p>The Group operates in the mother and baby sector and had physical stores and e-commerce as of 31 December 2023.</p> <p>In addition to being the most important financial statement line item for the retail industry, revenue is one of the most important criteria for evaluation of performance and the results of management strategies.</p> <p>The audit of revenue is a key audit matter since revenue amounting to respectively TRY 11,359,056,626 million for the years ended at 31 December 2023 are material to the financial statements. Additionally, completeness and accuracy of revenue transactions are difficult to audit due to the high volume of transactions resulting from the large number of stores and sales points.</p>	<p>The audit procedures included substantive tests.</p> <p>We developed an understanding of invoicing, order taking, refund and payment of revenue stream processes.</p> <p>We tested the recognition of daily transfers to the cash boxes on a sample basis.</p> <p>Regarding the correctness of customer invoices created, transactions realized through the systems were matched with the collections from customers.</p> <p>Substantive analytical procedures were performed to assess variances in the revenue. Product and category based sales and gross margins were compared to prior periods and their consistency was evaluated.</p> <p>In addition to these, measurement of revenue and adequacy and compliance of related disclosures included in the accompanying consolidated financial statements were evaluated from TFRS standpoint</p>



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

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

A handwritten signature in blue ink, appearing to read "Gökhan Yüksel", written over a light blue horizontal line.

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 19 March 2024

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EBEBEK MAĞAZACILIK A.Ş.

Consolidated Statements of Financial Position as of 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Current period 31 December 2023	Prior period 31 December 2022
ASSETS			
Current assets		4,428,442,442	2,997,300,999
Cash and cash equivalents	4	866,114,647	88,492,522
Financial investments	17	121,033,202	-
Trade receivables			
- Trade receivables from related parties	5	43,165,331	58,666,753
Other receivables			
- Other receivables from third parties	8	3,108,140	8,134,136
Inventories	10	2,730,978,820	2,461,998,959
Prepaid expenses	6	397,477,007	140,839,793
Other current assets	7	266,565,295	239,168,836
Non-current assets		1,832,074,034	1,437,612,709
Other receivables			
- Other receivables from third parties	8	829,282	1,020,703
Property, plant and equipment	11	902,519,452	723,577,184
Intangible assets			
- Other intangible assets	12	84,296,720	33,502,044
- Goodwill	3	155,195,903	155,195,903
Right-of-use-assets	13	677,666,479	522,158,889
Prepaid expenses	6	11,566,198	2,157,986
Total assets		6,260,516,476	4,434,913,708

These consolidated financial statements were signed by Board of Directors to be issued on 19 March 2024. The consolidated financial statements will be finalized with the approval of the General Assembly.

EBEBEK MAĞAZACILIK A.Ş.

Consolidated Statements of Financial Position as of 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Current period 31 December 2023	Prior period 31 December 2022
LIABILITIES			
Short term liabilities		3,094,857,984	2,891,832,841
Short-term borrowings	14	458,933,992	520,070,794
Lease liabilities	14	111,106,569	67,850,964
Trade payables			
- Trade payables to related parties	5, 26	21,406,722	68,903,408
- Trade payables to third parties	5	2,351,037,834	2,151,514,890
Employee benefit obligations	18	55,011,451	34,183,279
Current income tax liabilities	25	40,447,545	6,507
Short-term provisions			
- Provisions for employee benefits		3,306,156	6,622,137
Deferred income	9	32,599,673	31,148,561
Other short term liabilities	15	21,008,042	11,532,301
Long term liabilities		633,299,887	536,811,979
Lease liabilities	14	420,779,054	334,713,353
Long-term provisions			
- Provisions for employee benefits	18	36,300,606	95,845,254
- Other long term provision		18,420,684	17,330,011
Deferred income	9	4,272,311	6,200,277
Deferred tax liability	25	144,727,232	72,653,628
Other long term liabilities	15	8,800,000	10,069,456
Equity			
Equity holders of the parent		2,531,105,858	1,005,311,380
Paid-in capital	19	160,000,000	17,500,000
Adjustment to share capital	19	161,061,697	105,926,001
Share premium	19	1,142,360,102	-
Restricted reserves	19	4,506,521	1,572,207
Other comprehensive income or expenses not to be reclassified to profit or loss			
- Actuarial losses arising from defined benefit plans		(15,939,341)	(62,979,238)
Other comprehensive income or expenses to be reclassified to profit or loss			
- Currency translation differences		7,835,398	(946,671)
Retained earnings		769,182,115	674,824,389
Net income for the period		302,099,366	269,414,692
Non-controlling interests		1,252,747	957,508
Total Equity		2,532,358,605	1,006,268,888
Total liabilities and equity		6,260,516,476	4,434,913,708

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

EBEBEK MAĞAZACILIK A.Ş.

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Period Ended 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Net sales	20	11,359,056,626	8,701,964,875
Cost of sales (-)	20,21	(8,159,265,254)	(6,596,790,518)
Gross profit		3,199,791,372	2,105,174,357
Marketing expenses (-)	21	(2,491,690,482)	(1,838,238,530)
General administrative expenses (-)	21	(402,185,025)	(299,488,790)
Other income from operating activities	22	28,804,451	17,874,548
Other expenses from operating activities (-)	22	(750,890,380)	(370,464,798)
Operating profit		(416,170,064)	(385,143,213)
Income from investment activities	23	70,770,344	11,258,649
Operating loss before financial expense		(345,399,720)	(373,884,564)
Financial income	24	2,855,364	-
Financial expenses	24	(365,933,528)	(319,455,288)
Net monetary position gain/(loss)		1,162,155,192	970,279,293
Profit from continuing operations before tax		453,677,308	276,939,441
Current tax expense for the period (-)	25	(88,617,079)	(57,347,353)
- Deferred tax income/(expense)	25	(62,665,624)	44,898,362
Net profit from continuing operations		302,394,605	264,490,450
Profit / (Loss) Distribution			
- Non-controlling interests		295,239	(4,924,242)
- Equity holders of the parent		302,099,366	269,414,692
Earnings per share	27	1.89	1.68
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss			
Gain/ loss arising from defined benefit plans		56,447,877	(75,575,085)
Total taxes on other comprehensive expense that will not be reclassified to profit or loss		(9,407,980)	12,595,847
To be reclassified to profit or loss			
Currency translation differences		8,782,069	(946,671)
OTHER COMPREHENSIVE INCOME		55,821,966	(63,925,909)
TOTAL COMPREHENSIVE INCOME		358,216,571	200,564,541
Distribution of total comprehensive income			
- Non-controlling interests		295,239	(4,924,242)
- Equity holders of the parent		357,921,332	205,488,783

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

EBEBEK MAĞAZACILIK A.Ş.**Consolidated Statements of Changes in Equity
for the Period Ended 31 December 2023**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 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, 2022	17,500,000	105,926,001	-	1,572,207	-	-	-	674,824,389	-	799,822,597	-	-	799,822,597
Total comprehensive income	-	-	-	-	(62,979,238)	(62,979,238)	(946,671)	-	269,414,692	205,488,783	(4,924,242)	5,881,750	200,564,541
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	5,881,750
Balances as of 31 December 2022	17,500,000	105,926,001	-	1,572,207	(62,979,238)	(62,979,238)	(946,671)	674,824,389	269,414,692	1,005,311,380	957,508	957,508	1,006,268,888
Balances as of January 1, 2023	17,500,000	105,926,001	-	1,572,207	(62,979,238)	(62,979,238)	(946,671)	674,824,389	269,414,692	1,005,311,380	957,508	957,508	1,006,268,888
Capital increase	142,500,000	55,135,696	-	-	-	-	-	(172,122,652)	-	25,513,044	-	-	25,513,044
Transfers	-	-	-	2,934,314	-	-	-	266,480,378	(269,414,692)	-	-	-	-
Share premium	-	-	1,142,360,102	-	-	-	-	-	-	1,142,360,102	-	-	1,142,360,102
Total comprehensive income	-	-	-	-	47,039,897	47,039,897	8,782,069	-	302,099,366	357,921,352	295,239	358,216,571	358,216,571
Balances as of 31 December 2023	160,000,000	161,061,697	1,142,360,102	4,506,521	(15,939,341)	(15,939,341)	7,835,398	769,182,115	302,099,366	2,531,105,858	1,252,747	1,252,747	2,532,358,605

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

EBEBEK MAĞAZACILIK A.Ş.**Consolidated Statements of Cash Flows
for the Period Ended 31 December 2023**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Current period 31 December 2023	Prior period 31 December 2022
A, Cash flows from operating activities		531,723,504	475,495,504
Net income for the period		302,394,605	264,490,450
Adjustments to reconcile net profit		(137,847,522)	(145,016,767)
Depreciation and amortization expenses	11,12,13	414,689,445	330,024,083
Corrections regarding provisions		7,400,886	24,547,310
- <i>Adjustments regarding provisions for employee benefits</i>		9,626,194	18,507,207
- <i>Corrections regarding warranty provisions</i>		(2,225,308)	6,040,103
Adjustments for stock impairment	10	(7,998,183)	6,786,572
Adjustments regarding financing (income)/expenses		363,078,164	319,455,288
- <i>Corrections regarding financial income</i>	24	(2,855,364)	-
- <i>Corrections regarding financial expenses</i>	24	365,933,528	319,455,288
Adjustments resulting from the sale of tangible assets,	23	(35,204,733)	(11,258,649)
Adjustments for other items that give rise to			
cash flows from investing or financing activities		(35,565,611)	-
Adjustments related to tax expense	25	151,282,703	12,448,991
Monetary gain/(loss)		(995,530,193)	(827,020,362)
Changes in net working capital		430,773,957	425,281,198
Adjustments for (increase)/decrease in trade receivables		(7,560,722)	(39,834,392)
Adjustments for (increase)/decrease in inventories		(260,981,678)	(790,834,653)
Adjustments for (increase)/decrease in prepaid expenses		(266,045,426)	13,176,275
Adjustments for (increase)/decrease in trade payables		1,024,881,912	1,379,567,947
Adjustments for (increase)/decrease in other receivables		5,217,417	3,397,308
Adjustments for Increase (decrease) in employee benefit liabilities		34,265,761	20,212,313
Other adjustments related to decrease (increase) in net working capital		(99,003,307)	(160,403,600)
Cash generated from operations		595,321,040	544,754,881
Payments related to provisions for employee benefits	18	(15,424,053)	(9,412,404)
Taxes paid		(48,173,483)	(59,846,973)
B, Cash flows from investing activities		(520,344,438)	(289,165,790)
Cash inflows from the sale of tangible and intangible assets			
- <i>Cash flow from sale of tangible assets</i>		57,207,563	25,847,763
- <i>Cash flow from sale of intangible assets</i>		57,207,563	25,847,763
Cash outflows from the purchase of tangible and intangible assets		(492,084,410)	(315,013,553)
- <i>Cash outflow from purchase of tangible assets</i>	11	(413,526,141)	(294,352,073)
- <i>Cash outflow from purchase of intangible assets</i>	12	(78,558,269)	(20,661,480)
Cash outflows for the acquisition of shares or debt instruments			
of other businesses or funds		(85,467,591)	-
C. Cash flows from financing activities		792,247,768	(136,538,576)
Proceeds from borrowings	29	1,309,130,341	914,555,869
Repayments of borrowings	29	(1,170,280,377)	(661,542,057)
Cash outflows related to payment of lease liabilities	29	1,062,935,896	-
Cash outflows related to debt payments arising from lease agreements	29	(155,248,683)	(152,315,017)
Interest paid		(254,289,409)	(237,237,371)
D, Inflation impact on cash and cash equivalents		(34,786,778)	(25,481,645)
Net increase in cash and cash equivalents before currency translation differences (A+B+C)		768,840,056	24,309,493
E, Currency translation differences		8,782,069	(946,671)
F, Cash and cash equivalents at the beginning of the period	4	88,492,522	65,129,700
Cash and cash equivalents at the end of the period (A+B+C+D+E)		866,114,647	88,492,522

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

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Ebebek Mağazacılık A.Ş. ("ebebek" or the "Company") was established on June 1, 2000 by Halil Erdoğan, as En Ucuz Tekstil Gıda Ürünleri Pazarlama Sanayi ve Tic. Ltd. and registered as incorporated company on August 5, 2010. On December 2, 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 235 stores as of December 31, 2023 (December 31, 2022: 200 stores).

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

On December 17, 2022 ; 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 January 19, 2022, the company purchased the 70% of Tuna Çocuk's shares for a cash payment of 13,000,000 TRY and a contingent liability of (Notes 3) 8,800,000 TRY (December 31, 2022 : 10,069,456). which the management evaluated the probability of realization based on the best estimation. Tuna Çocuk is producing products in baby vehicles category.

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

As of 31 December 2023, the number of employees of the Company is 3,961 (December 31, 2022: 3,545).

As of 31 December 2023, the number of employees of the Group is 4,151 (December 31, 2022: 3,663).

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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 4 October 2022 by POA and the format and mandatory information recommended by CMB.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 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 31 December 2022, on the purchasing power basis as of 31 December 2023. 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 31 December 2023, 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
31 December 2023	1,859.38	1.00000	268%
31 December 2022	1,128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

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.
- 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 December 2023, 29,4382 TRY, 29,4913 TRY and 23,7482 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 32,5739 TRY, 32,6326 TRY and 25,6852 TRY, for British pounds 37,4417 TRY, 37,6369 TRY, 29,5278 TRY were used, (December 31, 2022: 18,6983 TRY, 18,7320 TRY ve 16,5512 TRY for the USD exchange rate, 19,9349 TRY, 17,3642 TRY, 17,3931 TRY for the Euro exchange rate, 22,4892 TRY, 22,6065 TRY, 20,3171TRY for the British pound).

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

Consolidation Principles

- 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.
- 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.
- 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 31 December 2023 and 31 December 2022, the effective shareholding ratios of ebebek in Subsidiaries included in the scope of consolidation are shown below:

	31 December 2023	31 December 2022
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.

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

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.

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 31 December 2023:*

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

EBEBEK MAĞAZACILIK A.Ş.

Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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 31 December 2023:

- **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.
- **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.
- **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.

2.2 Summary of significant accounting policies

Significant accounting policies used in the preparation of the financial statements are summarized below. Consistent with prior years, unless otherwise required by the significant accounting policies applied in the preparation of the financial statements.

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Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.2 Summary of significant accounting policies (Continued)

Related parties

Parties are considered related to the Company if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- Has control or joint control over the reporting entity.
 - Has significant influence over the reporting entity or
 - Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) The Group and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
- The Group and the company are members of the same group.
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The Group is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity, If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Financial instruments

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

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

2.2 Summary of significant accounting policies (Continued)

Financial assets recognized at amortized cost

Financial assets that are not quoted in an active market and are not derivative instruments that have fixed or determinable payments, in which management has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. . If their maturities are shorter than 12 months from the balance sheet date, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include "trade receivables" and "cash and cash equivalents" items in the statement of financial position.

Trade payables

Trade payables represent the payments to be made for goods and services provided from suppliers in ordinary activities. Trade payables are measured initially at fair value and subsequently at amortized cost using the effective interest method.

Trade receivables

Trade receivables are initially recorded at their fair values and subsequently measured at amortized cost using the effective interest method (Note 5). If there is a situation that indicates that the Group will not be able to collect the amounts due, a specific risk provision is established for trade receivables. The amount of this provision is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows, including the amounts that can be collected from guarantees and guarantees, based on the original effective interest rate of the trade receivable, If the amount of impairment decreases due to a situation that will occur after writing off, the said amount is reflected in the income statement in the current period.

The Group has chosen to apply the "simplified approach" defined in TFRS 9 within the scope of the impairment calculations of its trade receivables (with a maturity of less than 1 year) which are accounted at amortized cost in its consolidated financial statements and do not contain a significant financing component. With this approach, the Group measures the provision for losses on trade receivables at an amount equal to "lifetime expected credit losses", unless the trade receivables are impaired for certain reasons (other than realized impairment losses). The Group uses a provision matrix to measure expected credit losses on trade receivables, In the relevant matrix, certain reserve ratios are calculated depending on the number of days the trade receivables are overdue, and these ratios are reviewed in each reporting period and revised when necessary. The change in the expected loan loss provisions is recognized in the "other operating income/(expenses)" account in the income statement.

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

2.2 Summary of significant accounting policies (Continued)

Inventories

Inventories are valued at the lower of cost or net realizable value, The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, labour and factory overheads, The cost of borrowings is not included in the costs of inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale .

Revenue recognition

Group fulfills or fulfills a performance obligation by transferring a promised good or service to its customer, it records the revenue in its financial statements. An asset is transferred when (or when) control of an asset is transferred to the customer.

The Group records revenue in its financial statements in line with the following basic principles:

- (a) Determining contracts with customers
- (b) Determining performance obligations in the contract
- (c) Determining the transaction price in the contract
- (d) Allocating the transaction price to the performance obligations in the contract
- (e) Recognition of revenue when each performance obligation is satisfied

Sales of goods – Store and E-Commerce

The Group sells mother and baby clothing & textile, baby room, bath & care, cloth & handkerchief, toys & book products directly to customers in its own stores. In the e-commerce and wholesale channel, when the products are sent to the delivery address, when the control is transferred, it is reflected in the financial statements as income. It is recognized as a receivable in the financial statements at the same time. A receivable is an entity's unconditional right to receive consideration. The right to receive the price is unconditional if the collection of the price depends only on one maturity. Retail sales are recognized as revenue when the customer purchases the goods at the retail store, in other words, when control of the goods is transferred. The transaction price is reflected in the financial statements as soon as the customers receive the goods.

Sales under warranty

Warranty expenses include repair and maintenance expenses, exchange expenses for goods sold under warranty, as well as labor and material costs incurred without charging the customer. Warranty expenses incurred as a result of estimates based on historical data regarding potential returns and repair levels for products recorded as revenue in the current period are accounted for in the current period.

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

2.2 Summary of significant accounting policies (Continued)

Return of sales

The sale of products to the customer is within 14 days for online sales, and within 7 days for sales made through the store, with the right to return within the framework of the Group's return policies. The Group has not accounted for any provision for returns due to the materiality principle, taking into account the periods determined within the framework of the return policies.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and, if any, accumulated impairment losses.

The cost value of the property, plant and equipment consist of purchase price, import duties and expenses incurred to prepare the property, plant and equipment ready for use.

Property, plant and equipment are depreciated over their expected useful lives using the straight-line method. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

Depreciation is calculated on a pro-rata basis according to the straight-line depreciation method, taking into account the economic life of property, plant and equipment. The depreciation periods are as follows:

	(Year)
Buildings	50
Machinery and equipment	3 - 12
Furniture and fixtures	3 - 15
Vehicles	3 - 10
Leasehold improvements	2 - 10

Leasehold improvements are depreciated on a straight-line basis over the shortest of the lease terms or their useful lives.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if necessary.

Other intangible assets

Other intangible assets purchased by the Group with limited useful lives are recorded at cost less accumulated amortization. Amortization of intangible assets are recognized in profit or loss over their estimated useful lives from the date they are ready for use, using the straight-line depreciation method.

In the current and comparative years, the estimated useful lives of intangible assets are between one and four years. Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if necessary.

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

2.2 Summary of significant accounting policies (Continued)

Business Combinations

Business combinations are accounted for using the acquisition method. In this method, the acquisition cost is measured as the sum of the fair value of the consideration transferred at the acquisition date and the non-controlling interest in the business. The transferred consideration is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, the liabilities assumed by the Group to the previous owners of the business and the equity interests issued by the Group.

If the business combination agreement contains provisions that the cost can be adjusted depending on future events; the acquisition date fair value of this contingent consideration is included in the acquisition cost. All transaction costs incurred by the Group during the acquisition are expensed in the general administrative expenses account.

When the Group acquires a business, it makes classifications and determinations of the acquired financial assets and liabilities based on the contractual provisions, economic conditions and all other relevant conditions at the acquisition date.

The acquisition method requires allocating the acquisition cost to the fair values of the purchased assets, liabilities and contingent liabilities at the date of purchase. The assets, liabilities and contingent liabilities of the acquired companies, determined in accordance with TFRS 3, are reflected to the records at their fair values on the date of purchase. The acquired company is included in the profit or loss statement from the date of acquisition.

Goodwill

Goodwill is measured as the difference between the consideration measured at fair value and the net amount of the fair value of the identifiable assets and liabilities of the acquired company within the scope of TFRS 3

If the consideration measured at fair value is less than the fair value of the net identifiable assets of the company, the difference is recorded as income.

After goodwill is initially recognized, it is accounted with the value after deducting any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if an impairment is likely to occur. Provision for impairment of goodwill is recognized directly in the consolidated statement of profit or loss and other comprehensive income, Provision for impairment of goodwill is not canceled in subsequent periods.

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Notes to the Consolidated Financial Statements at 31 December 2023

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

2.2 Summary of significant accounting policies (Continued)

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset other than deferred tax asset and financial assets at fair value may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in profit or loss.

An impairment loss recognized in prior period for an asset is reversed if there is a subsequent increase in the asset's recoverable amount. Such a reversal amount cannot be higher than the previously recognized impairment loss.

Borrowings

Borrowings are accounted at the date they are received, after deducting the transaction expenses from the financial debt amount received. After initial recognition, borrowings are accounted in the financial statements with their discounted values calculated with the effective interest rate.

Derecognition of financial instruments

The Group accounts a financial asset or liability only when it is a party to its contractual obligations related to that instrument, and removes the related financial asset or liability from its accounts when its control over the asset or contractual liability ceases.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. No provision is recognized for operating losses expected in later periods.

Contingent liabilities and assets

Contingent liabilities are not accounted in the financial statements and are explained in the footnotes if the situation requiring resource transfer is not highly probable. Contingent assets, on the other hand, are disclosed in the footnotes if there is a high probability of generating economic returns.

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

2.2 Summary of significant accounting policies (Continued)

Employee benefits

Defined benefit plan

In accordance with the current labor law in Turkey, the Group is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior.

The Group has calculated the severance pay provision in the accompanying financial statements using the "Projection Method" and based on the Group's past experience, and discounted it with the government bond earnings rate at the balance sheet date, All calculated actuarial gains and losses are reflected in other comprehensive income/(expense).

Defined contribution plan

The Group pays compulsory social security premiums to the Social Security Institution in Turkey, The Group has no other obligations as long as it pays these premiums. These premiums are reflected in personnel expenses in the period they are accrued.

Provision for vacation pay liability

Since the Group expects all provision for vacation pay liability to be fulfilled within more than twelve months following the annual reporting period, such provisions are accounted in the long-term provisions for employee benefits.

Premium provision

The Group accounts for premiums to be paid to employees in line with the individual annual performance targets it has determined.

Dividend

Dividend payables are recognized in the separate financial statements in the period they are declared as part of the profit distribution.

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

2.2 Summary of significant accounting policies (Continued)

Taxes on income

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

The principal temporary differences arise from the carrying values of property, plant and equipment, various provisions and unused tax allowances and exemptions.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax asset is reviewed in each balance sheet period and in cases where it is not possible to generate sufficient financial profit for future use of deferred tax asset, its carrying value is reduced.

In the calculation of the deferred tax assets and liabilities, the tax rates that will be valid on the dates that the Group considers that these temporary differences can be used are used. If the deferred tax is related to transactions directly associated with equity in the same or different period, it is directly associated with the equity.

Provided that they are subject to the tax legislation of the same country and belong to the same taxpayer, if there is a legally enforceable right to deduct current tax assets from current tax liabilities, deferred tax assets and deferred tax liabilities are mutually offset.

Foreign currency transactions and balances

Transactions in foreign currency during the period are translated into the functional currency at the exchange rates prevailing on the dates of the transactions. The foreign exchange gains and losses arising from the year-end exchange rate conversion of these transactions and monetary assets and liabilities denominated in foreign currency are recognized in the the statement of profit or loss.

Cash flow statement

In the cash flow statement, cash flows for the period are classified and reported on the basis of operating, investing and financing activities.

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

2.2 Summary of significant accounting policies (Continued)

Cash flows from operating activities represent the cash flows from the Group's operations.

Cash flows related to investing activities represent the cash flows used by the Group in investment activities (fixed assets and financial investments) and obtained from these activities.

Cash flows related to financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents include cash and bank deposits and short-term, highly liquid investments with original maturity of 3 months or less that can be easily converted into cash.

Leases

Right of use assets

The right of use asset is initially recognized at cost comprising of:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The right of use asset is initially recognized at cost comprising of:

- a) After netting-off accumulated depreciation and impairment losses from right of use asset,
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value ,

The Group applies TAS16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

The Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

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

2.2 Summary of significant accounting policies (Continued)

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments,

Extension and early termination options

In determining the lease liability, the Group considers the extension and termination options, The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. The Group do not have significant lease contracts with extension and termination options that are not included in the lease liability since they are not reasonably certain.

The Group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. As result of the evaluations performed in the current period, there is no lease obligation or right of use assets arising from the inclusion of extension and early termination options in the lease period.

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of TFRS 16. Variable lease payments are recognised in profit or loss in the related period.

The duration of the contracts constituting the Group's lease obligations varies between 2 and 10 years.

The Group - as lessor

The Group's activities as a lessor are not material.

Segment reporting

The Group monitors its main activities under a single operation segment, ensuring integrity for mother-baby needs. The Group makes its strategic decisions under a single roof and does not allocate any special resources. The decisions regarding the Group's activities are regularly reviewed by the competent authority. The authorized authority to take decisions regarding the activities of the Group is the Board of Directors.

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

2.2 Summary of significant accounting policies (Continued)

2.3 Significant accounting assumptions and estimates

Deferred tax assets and liabilities

Many related transactions and calculations, whose effects on the final tax amount are not certain, take place during the normal course of business, and such situations require the use of significant judgment when determining the income tax provision. The Group records the tax liabilities arising from the taxes that are expected to be paid as a result of tax events. In cases where the final tax results related to these matters differ from the amounts initially recorded, these differences may affect the income tax provision and deferred tax balances in the periods in which they are determined.

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation according to the balance sheet method, taking into account the tax rates enacted as of the balance sheet date.

Provision for inventory impairment

While determining the provision for inventories, the net realizable values of the inventories are determined by the Group management in line with the opinions of the sales and technical personnel, and a provision is made for the items that are not expected to be sold in the following period or that are expected to be sold at a price lower than the value of the carried stock, In determining the net realizable value of inventories, data on list sales prices and average discount rates applied during the year are used, and estimates are made regarding the sales expenses to be incurred.

Provision for employee termination benefits

The Group makes lump-sum payments to its personnel who are dismissed due to certain conditions in accordance with the applicable social security laws. When calculating and recording the liabilities related to this defined benefit plan, the Group determines the discount rate to be used, the number of personnel leaving and future salary increases/limits etc, make such assumptions.

Useful lives of tangible and intangible assets

The determination of useful economic lives, which are mainly related to leasehold improvements, includes significant estimates made by Group management.

Warranty provisions

The Group allocates warranty provision for the maintenance, repair, spare parts costs of the products that it carries the warranty obligation due to its importation, and for the compensation of the products that cannot be repaired within three years after the sale.

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NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL

Bati ege acquisition

The Company acquired Batege Kozmetik İthalat İhracat Ltd. Şti. ("Batege"), a retail company operating under the brand "Hello Baby," in 2015. On June 30, 2015, all assets and liabilities of Batege were officially included in the Company, and the merger process was completed. Following the merger, the legal entity of Batege ceased to exist.

Identifiable assets and liabilities are recognized at the following TRY values at the acquisition date:

Fair value of payment for share acquisition	161,298,926
Less: Total identifiable net assets	(33,651,747)
Goodwill	127,647,179

Goodwill impairment test

The Company has accounted for goodwill arising from the acquisition of Batı Ege in its financial statements. It has been evaluated whether the relevant goodwill is impaired or not. The sensitivity of the +0,5/-0,5% change in the weighted cost of capital used in the impairment test studies was tested. No significant sensitivity was found as a result of this test. As of 31 December 2023, the following assumptions were used in calculating the recoverable amounts: Impairment test was performed over the next 5-year projection based on the business plans of acquired brands with Batı Ege, 45% was used as the pre-tax discount rate.

It has been determined that the aforementioned assets are recoverable and no impairment has occurred.

Tuna Çocuk acquisition

The Group signed a share transfer agreement with the shareholders of Tuna Çocuk on 17 December 2021 to acquire Tuna Çocuk. Based on the Board of Directors' decision dated January 19, 2022, the company purchased the 70% of Tuna Çocuk's shares for a cash payment of 13,000,000 TRY and a contingent liability of 8,800,000 TRY (31 December 2022 : 10,069,456) which the management evaluated the probability of realization based on the best estimation. Tuna Çocuk is a production company operating as a manufacturer of products in the category of baby vehicles and equipment, and it is aimed at increasing the sales volume of the group in the specified categories after the purchase. Deferred payments related to the acquisition of Tuna Çocuk are the amortized costs of future payments to the seller as of the date of statement of financial position. In the 3-year period following the purchase date, a contingent payment obligation of TRY 32,000,000 in total, based on the financial performance of Tuna Çocuk determined over EBITDA, has been mutually contracted. The fair value calculations employs a 20% discount rate. As of December 31, 2023, the required performances had not been completed, and the probability of realization over the twelve months was only partially assessed, The management recorded the deferred payment in the amount of 6,111,111 under long-term liabilities.

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Notes to the Consolidated Financial Statements at 31 December 2023

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NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL (Continued)

The acquired identifiable assets and liabilities are recorded at the following TRY values at the acquisition date:

Fair value of payment for share acquisition	13,000,000
Discounted contingent consideration (Note 14)	6,111,111
Non-controlling interests	3,569,610
Less: Total identifiable net assets	(11,372,644)
Inflation Adjustment	16,240,647
Goodwill	27,548,724

Fair value impact of valuation data

The table below shows the detail and sensitivity effect of significant unobserved data used in the valuation of deferred payments related to the acquisition carried at fair value in the Level 3 hierarchy.

Goodwill impairment test

The Company has accounted for goodwill arising from the acquisition of Tuna Çocuk in its financial statements. The sensitivity of the +0,5/-0,5% change in the weighted cost of capital used in the impairment test studies was tested. No significant sensitivity was found as a result of this test. As of 31 December 2023, the following assumptions were used in calculating the recoverable amounts: Impairment test was performed on the next 5-year projection based on Tuna Çocuk's business plan, 45% was used as the pre-tax discount rate.

It has been determined that the aforementioned assets are recoverable and no impairment has occurred.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	12,877,356	8,451,729
Banks		
- Demand deposits	130,137,469	46,836,684
Credit card receivables (*)	723,099,822	33,204,109
Total cash and cash equivalents	866,114,647	88,492,522

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

As of 31 December 2023, there is no blockage on bank accounts (31 December 2022: None), As of 31 December 2023, there are no time deposits, (31 December 2022: 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.

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Notes to the Consolidated Financial Statements at 31 December 2023

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables 31 December 2023 31 December 2022

Short-term trade receivables

Trade receivables	35,599,713	42,097,242
Note receivables (*)	8,370,343	17,374,236
Less : Provisions for doubtful trade receivables	(804,725)	(804,725)

Total trade receivables	43,165,331	58,666,753
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(*) Consists of short-term customer checks of Tuna Çocuk, a fully consolidated subsidiary of the Company,

The Group has no overdue trade receivables as of 31 December 2023 (31 December 2022: None),

b) Trade payables 31 December 2023 31 December 2022

Short-term trade payables:

Trade payables to third parties	2,488,484,347	2,199,095,710
Trade payables to related parties (Note 26)	21,406,722	68,903,408
Less: Unearned credit finance expense (*)	(137,446,513)	(47,580,820)

Total trade payables	2,372,444,556	2,220,418,298
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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 2022 – 98 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 62% for 31 December 2023 and 20% for 31 December 2022.

NOTE 6 - PREPAID EXPENSES

Short-term prepaid expenses: 31 December 2023 31 December 2022

Advances given inventories	369,664,440	124,899,370
Job advances	7,590,524	5,819,358
Prepaid insurance expenses	1,988,166	485,721
Other	18,233,877	9,635,344

Total short-term prepaid expenses	397,477,007	140,839,793
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Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 6 - PREPAID EXPENSES (Continued)

	31 December 2023	31 December 2022
Long-term prepaid expenses:		
Advances given for purchase property, plant and equipment	11,566,198	2,157,986
Total long-term prepaid expenses	11,566,198	2,157,986

NOTE 7 - OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Deferred VAT	264,798,294	237,156,453
Other	1,767,001	2,012,383
Total other current assets	266,565,295	239,168,836

NOTE 8 - OTHER RECEIVABLES

	31 December 2023	31 December 2022
Short-term other receivables:		
Investment support receivables	1,937,610	5,421,705
Other	1,170,530	2,712,431
Total short-term other receivables	3,108,140	8,134,136
Long-term other receivables:		
Deposits and guarantees given	829,282	1,020,703
Total long-term other receivables	829,282	1,020,703

NOTE 9 - DEFERRED INCOME

	31 December 2023	31 December 2022
Short-term deferred income:		
Gift cards(*)	19,311,784	17,563,683
Advances taken	11,670,889	2,225,998
Deferred investment support income (**)	1,617,000	11,358,880
Total short-term deferred income	32,599,673	31,148,561

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NOTE 9 - DEFERRED INCOME (Continued)

	31 December 2023	31 December 2022
Long-term deferred income:		
Deferred investment support income (**)	4,272,311	6,200,277
Total long-term deferred revenues	4,272,311	6,200,277

- (*) The unused portion of the checks which are purchased by customers, obtained due to shopping returns or deserved during campaigns; is accounted in the "Gift cards" account.
- (**) Investment supports are received from property owners of new stores rented in some shopping centers. These investment supports, which are paid in advance or provided to the Group through a lease-free period for a certain period, are recorded as deferred income and are recognized as income on a pro-rata basis for the minimum period that the Group undertakes to remain as a tenant in this property.

NOTE 10 - INVENTORIES

	31 December 2023	31 December 2022
Trade goods	2,651,484,447	2,402,651,641
Raw materials and supplies	20,081,767	26,677,305
Work in progress	9,400,416	8,533,997
Finished goods	24,602,516	4,894,869
Other inventories	30,949,388	32,779,044
Less: Provisions for inventories	(5,539,714)	(13,537,897)
Total inventories	2,730,978,820	2,461,998,959

As of 31 December 2023, there is no pledge/mortgage on inventories (31 December 2022: None)

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

	2023	2022
1 January	13,537,897	6,751,326
Reversal of provision	(13,537,897)	(6,751,326)
Provisions for inventories	5,539,714	13,537,897
31 December	5,539,714	13,537,897

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at 31 December 2023**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers	Disposals	31 December 2023	
Cost						
Buildings	9,459,215	-	-	(9,459,215)	-	
Machinery and equipment	101,528,587	6,678,548	781,730	(5,139,234)	103,849,631	
Furniture and fixtures	695,318,810	152,761,585	28,290,446	(8,884,710)	867,486,131	
Vehicles	19,987,601	5,982,395	-	(11,230,202)	14,739,794	
Leasehold improvements	739,378,600	131,690,170	78,604,526	(7,450,683)	942,222,613	
Construction in progress	14,471,154	116,413,443	(107,676,702)	-	23,207,895	
	1,580,143,967	413,526,141	-	(42,164,044)	1,951,506,064	
Accumulated depreciation						
Buildings	(2,454,335)	(174,050)	-	2,628,385	-	
Machinery and equipment	(17,712,918)	(7,005,148)	-	1,522,127	(23,195,939)	
Furniture and fixtures	(400,546,199)	(97,792,197)	-	6,265,642	(492,072,754)	
Vehicles	(1,671,386)	(3,717,174)	-	2,294,543	(3,094,017)	
Leasehold improvements	(434,181,945)	(103,892,640)	-	7,450,683	(530,623,902)	
	(856,566,783)	(212,581,209)	-	20,161,380	(1,048,986,612)	
Net book value	723,577,184				902,519,452	
	1 January 2022	Additions	Transfers	Disposals	Acquisition	31 December 2022
Cost						
Buildings	9,459,215	-	-	-	-	9,459,215
Machinery and equipment	5,648,967	41,937,188	-	-	53,942,432	101,528,587
Furniture and fixtures	611,791,492	103,436,898	8,205,118	(28,114,698)	-	695,318,810
Vehicles	1,893,796	14,509,554	-	(719,585)	4,303,836	19,987,601
Leasehold improvements	644,694,614	120,845,571	-	(26,161,585)	-	739,378,600
Construction in progress	9,053,409	13,622,863	(8,205,118)	-	-	14,471,154
	1,282,541,493	294,352,074	-	(54,995,868)	58,246,268	1,580,143,967
Accumulated depreciation						
Buildings	(2,265,151)	(189,184)	-	-	-	(2,454,335)
Machinery and equipment	(2,972,821)	(14,740,097)	-	-	-	(17,712,918)
Furniture and fixtures	(334,261,098)	(84,279,572)	-	17,994,471	-	(400,546,199)
Vehicles	(939,116)	(1,451,855)	-	719,585	-	(1,671,386)
Leasehold improvements	(367,207,140)	(88,733,593)	-	21,758,788	-	(434,181,945)
	(707,645,326)	(189,394,301)	-	40,472,844	-	(856,566,783)
Net book value	574,896,167					723,577,184

As of 31 December 2023, there are no guarantees, pledges and mortgages on property, plant and equipment, (31 December 2022: None).

The distribution of depreciation expenses is given in Note 21.

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Rights	2,957,668	-	(308)	2,957,360
Development costs (**)	-	22,629,215	-	22,629,215
Other intangible assets (*)	166,804,666	55,929,054	(94,305)	222,639,415
	169,762,334	78,558,269	(94,613)	248,225,990
Accumulated depreciation				
Rights	(1,079,458)	(213,849)	142	(1,293,165)
Development costs (**)	-	-	-	-
Other intangible assets (*)	(135,180,832)	(27,549,578)	94,305	(162,636,105)
	(136,260,290)	(27,763,427)	94,447	(163,929,270)
Net book value	33,502,044			84,296,720

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Rights	3,038,305	-	(80,637)	2,957,668
Other intangible assets (*)	147,141,415	20,661,480	(998,229)	166,804,666
	150,179,720	20,661,480	(1,078,866)	169,762,334
Birikmiş itfa payları (-)				
Rights	(879,236)	(214,768)	14,546	(1,079,458)
Other intangible assets (*)	(113,072,728)	(23,106,333)	998,229	(135,180,832)
	(113,951,964)	(23,321,101)	1,012,775	(136,260,290)
Net book value	36,227,756			33,502,044

(*) 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 31 December 2023, there is no guarantee, pledge or mortgage on intangible assets (31 December 2022: None),

The distribution of amortization expenses is given in Note 21.

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NOTE 13 - RIGHT OF USE ASSETS

	Vehicles	Buildings	Total
Cost			
1 January 2023	27,298,467	956,126,390	983,424,857
Additions	30,459,164	300,800,040	331,259,204
Disposals	(594,251)	(4,852,970)	(5,447,221)
31 December 2023	57,163,380	1,252,073,460	1,309,236,840
Accumulated depreciation			
1 January 2023	23,120,447	438,145,521	461,265,968
Additions	18,212,392	156,132,417	174,344,809
Disposals	(379,192)	(3,661,224)	(4,040,416)
31 December 2023	40,953,647	590,616,714	631,570,361
Total	16,209,733	661,456,746	677,666,479
Cost			
1 January 2022	26,520,902	971,459,865	997,980,767
Additions	1,614,676	8,329,413	9,944,089
Disposals	(837,111)	(23,662,888)	(24,499,999)
31 December 2022	27,298,467	956,126,390	983,424,857
Accumulated depreciation			
1 January 2022	18,441,308	334,986,571	353,427,879
Additions	5,516,250	111,792,431	117,308,681
Disposals	(837,111)	(8,633,481)	(9,470,592)
31 December 2022	23,120,447	438,145,521	461,265,968
Total	4,178,020	517,980,869	522,158,889

The distribution of depreciation expenses is given in Note 21.

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NOTE 14 - SHORT AND LONG TERM BORROWINGS

31 December 2023	Maturity range	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	10.01.2024 - 23.12.2024	61.91	427,988,448
Credit card			30,945,544
Total			458,933,992

31 December 2023			TRY
Short-term portions of long-term borrowings			
Lease liabilities	01.01.2024 - 31.12.2024	20.00 – 61.91	111,106,569
Total			111,106,569

31 December 2023	Maturity range	Effective rate (%)	TRY
Long-term borrowings			
Lease liabilities	01.01.2025 - 30.11.2033	20.00 – 61.91	420,779,054
Total			420,779,054

31 December 2022	Maturity	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	02.01.2023 – 18.12.2023	24.70	455,061,290
Credit card		-	65,009,504
Total			520,070,794

31 December 2022			TRY
Short-term portions of long-term borrowings			
Lease liabilities	01.01.2023-31.12.2023	20.00	67,850,964
Total			67,850,964

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NOTE 14 - SHORT AND LONG TERM BORROWINGS (Continued)

31 December 2022	Maturity range	Effective rate (%)	TRY
Long-term borrowings			
Lease liabilities	01.01.2024 – 30.06.2032	20.00	334,713,353
Total			334,713,353

As of 31 December 2023 and 31 December 2022, 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.

NOTE 15 - OTHER SHORT-TERM AND LONG-TERM LIABILITIES

	31 December 2023	31 December 2022
Taxes and funds payable	20,983,124	11,030,936
Other	24,918	501,365
Total other current liabilities	21,008,042	11,532,301

	31 December 2023	31 December 2022
Deferred payments related to acquisition (*)	8,800,000	10,069,456
Total other long-term liabilities	8,800,000	10,069,456

(*) The contingent consideration related to the acquisition of Tuna Çocuk is the amortized cost value of future payments to be made to the seller as of the balance sheet date. Within the 3-year period following the acquisition date, a total of 32,000,000 TRY contingent payment obligation has been mutually agreed upon based on Tuna Çocuk's financial performance determined by Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). A discount rate of 20% has been used in the fair value calculation. Due to the management's assessment of the acquisition date being over 24 months and the necessary performance criteria not yet being met, and considering the partial likelihood of achievement within the following 12 months, the contract amount of 32,000,000 TRY has been forecasted as contingent consideration, reduced to 10,666,667 TRY. Accordingly, discounted contingent payments of 6,111,111 TRY as of the acquisition date and 8,800,000 TRY as of 31 December 2023, have been accounted for as long-term liabilities.

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NOTE 16 - COMMITMENTS

The Group's collateral/pledge/mortgage ("CPM") position as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
A, Total amount of CPM given in the name of its own legal entity	158,699,913	106,789,813
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		
	158,699,913	106,789,813

	31 December 2023		31 December 2022	
	Original currency	TRY	Original currency	TRY
	TRY	137,225,411	TRY	80,696,911
	USD	9,600,420	USD	10,861,864
	EUR	11,874,082	EUR	15,231,038
		158,699,913		106,789,813

Guarantee letters

a) Collaterals given as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Guarantee letters	158,699,913	106,789,813
	158,699,913	106,789,813

b) Collateral received as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Guarantee letters	1,125,000	32,954,584
	1,125,000	32,954,584

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NOTE 17 - FINANCIAL INVESTMENTS

As of 31 December 2023, 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, accounted for at amortized cost.

NOTE 18 - EMPLOYEE BENEFITS

Employee benefit obligations

	31 December 2023	31 December 2022
Salaries and bonuses payable	30,145,463	17,024,722
Social security payables	24,865,988	17,158,557
	55,011,451	34,183,279

Long-term provisions for employee benefits

	31 December 2023	31 December 2022
Provision for unused vacations	22,982,587	16,048,959
	22,982,587	16,048,959

Movements in the provision for unused vacation during the period are as follows:

	2023	2022
1 January	16,048,959	15,170,218
Addition for period	6,933,628	878,741
31 December	22,982,587	16,048,959

	31 December 2023	31 December 2022
Provisions for employee termination benefits	13,318,019	79,796,295
	13,318,019	79,796,295

Group is required to pay a certain amount of severance pay to employees who leave their jobs due to retirement or termination for reasons other than resignation or misconduct, in accordance with the existing labor law in Turkey. These severance payments are based on the salary at the date of termination or dismissal, calculated at 30 days' salary for each year of service. The severance pay ceiling is revised every six months, and for the calculation of the Group's severance pay provision, the ceiling amount of 35,058.58 TRY, effective from 1 January 2024, has been considered (31 December 2022: 19,982.83 TRY).

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NOTE 18 - EMPLOYEE BENEFITS (Continued)

The cost of providing these benefits is accrued over the employees' service periods. The Group has calculated and reflected in the consolidated financial statements as of 31 December 2023, and 31 December 2022, the provision for severance pay using the Projection Method, which anticipates inflation rates, factors derived from the Group's own experiences regarding employee turnover, or termination according to TAS 19, and discounted at the prevailing government bond rates applicable to earned benefits at the balance sheet date.

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, the provisions in the accompanying consolidated financial statements as of 31 December 2023 are calculated by estimating the present value of the probable future obligation arising from the retirement of the employees. Calculated using the real discount rate obtained as 1.92% (31 December 2022: (0.93)%). The interest cost arising from the fact that the discounted severance pay provision is one year closer to the payment date at the beginning of the period is calculated using the real discount rate. The current service cost is calculated by dividing the employee's reduced severance pay for each employee by the total working time, multiplying by the working time in the current year, and applying the severance pay to the amount found.

	31 December 2023	31 December 2022
Net discount rate (%)	1.92%	(0.93)%
Turnover rate related the probability of retirement (%)	64.77%	66.34%

Movements in the provisions for employment termination benefits during the period are as follows:

	2023	2022
1 January	79,796,295	13,562,701
Interest expense	1,641,538	5,229,724
Service cost	1,051,027	12,398,742
Payments during the period	(15,424,053)	(9,412,404)
Actuarial losses/ (gain)	(56,447,877)	75,575,085
Monetary gain/ (losses)	2,701,089	(17,557,553)
31 December	13,318,019	79,796,295

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NOTE 19 - 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, 2022: 17,500,000), with a nominal value of 160,000,000 TRY (as of 31 December 2022: 17,500,000).

As of 31 December 2023 and 31 December 2022, the Company's shareholders and their shares in the capital are as follows:

	31 December 2023		31 December 2022	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Ahmet Afif Topbaş	16.51%	26,409,567	25.59%	4,477,500
Mahmud Muhammed Topbaş	15.60%	24,960,000	19.60%	3,429,500
Musa Topbaş	15.60%	24,960,000	19.59%	3,427,500
Halil Erdoğan	10.74%	17,181,730	13.42%	2,349,000
Fatma Hande Topbaş	5.85%	9,352,856	7.43%	1,300,000
Fatma Zehra Ülker	5.85%	9,352,856	7.43%	1,300,000
Kemal Anthony Hatoum	3.13%	5,012,845	4.91%	860,047
Mustafa Latif Topbaş	0.46%	738,284	0.54%	95,000
Other	1.27%	2,031,862	1.49%	261,453
Publicly traded	25.00%	40,000,000	-	-
Paid-in capital	100.00%	160,000,000	100.00%	17,500,000
Adjustment to share capital		161,061,697		105,926,001
Total		321,061,697		123,426,001

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.

The company conducted bonus share issues on 27 January 2023, and 12 May 2023, increasing its paid-in capital to 41,000,000 TRY and 136,000,000 TRY, respectively. Along with the public offering, a paid capital increase of 24,000,000 TRY was realized, bringing the paid-in capital to 160,000,000 TRY.

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 19 - EQUITY (Continued)

Group's consolidated financial statements as of 31 December 2023, presenting relevant equity items adjusted for inflation, are compared below with the inflation-adjusted amounts in the financial statements prepared in accordance with the tax procedure law:

31 December 2023 (IFRS)	Nominal value	Effect of inflation adjustment	Indexed value
Paid-in capital	160,000,000	161,061,697	321,061,697
Restricted reserves	4,506,521	6,663,204	11,169,725

31 December 2023 (In accordance with the Tax Procedure Law)	Nominal değer	Effect of inflation adjustment	Indexed value
Paid-in capital	160,000,000	216,717,567	376,717,567
Restricted reserves	4,506,521	9,569,736	14,076,256

NOTE 20 - NET SALES AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Goods and Services Sales		
- Store sales	9,363,125,356	7,405,682,146
- E-commerce sales	2,148,107,315	1,302,228,947
- Other sales (*)	365,403,808	380,807,129
Gross sales	11,876,636,479	9,088,718,222
Sales returns and discounts (-)	(517,579,853)	(386,753,347)
Net sales	11,359,056,626	8,701,964,875
Domestic sales	11,321,945,269	8,701,609,779
Sales abroad	37,111,357	355,096
Cost of sales	(8,159,265,254)	(6,596,790,518)
Gross profit	3,199,791,372	2,105,174,357

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.

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NOTE 21 - EXPENSES BY NATURE

Marketing expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	1,086,548,728	729,476,047
Depreciation and amortization expenses	367,515,904	277,033,817
Advertising and promotion expenses	199,397,508	169,223,848
Rent expenses	188,640,703	135,260,845
Cargo expenses	147,366,813	90,549,961
Energy expenses	122,954,073	144,515,824
Transportation expenses	87,493,303	76,751,321
Storage expenses	58,824,836	44,092,679
Packaging materials	51,931,710	44,194,822
Maintenance and repair expenses	25,718,412	18,948,713
Other	155,298,492	108,190,653
Total	2,491,690,482	1,838,238,530

General administrative expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	236,430,952	162,514,607
Depreciation and amortization expenses	42,154,344	45,358,925
Information technologies expenses	28,238,678	28,929,047
Consultancy expenses	18,806,454	12,889,705
Taxes and fees expenses	11,115,185	6,684,105
Other	65,439,412	43,112,401
Total	402,185,025	299,488,790

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of trade goods sold	8,030,605,563	6,425,540,252
Personnel expenses	1,360,139,890	930,940,669
Depreciation and amortization expenses	414,689,445	330,024,083
Advertising and promotion expenses	199,397,508	169,223,848
Cargo expenses	148,578,149	90,845,634
Energy expenses	129,252,244	149,096,393
Transportation expenses	88,157,228	76,751,321
Storage expenses	58,980,644	44,094,820
Other	623,340,090	518,000,818
Total expenses by nature	11,053,140,761	8,734,517,838

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Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 21 - EXPENSES BY NATURE (Continued)

Personnel expenses	1 January - 31 December 2023	1 January - 31 December 2022
Marketing expenses	1,086,548,728	729,476,047
General administrative expenses	236,430,952	162,514,607
Cost of sales	37,160,210	38,950,015
Total	1,360,139,890	930,940,669

Amortisman giderleri	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	5,019,197	7,631,341
Marketing expenses	367,515,904	277,033,817
General administrative expenses	42,154,344	45,358,925
Total	414,689,445	330,024,083

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Investment support income	9,418,998	10,400,644
Other	19,385,453	7,473,904
Other operating income	28,804,451	17,874,548

	1 January - 31 December 2023	1 January - 31 December 2022
Credit finance charges arising from purchases	(693,253,363)	(341,321,618)
Foreign exchange losses	(19,196,219)	(11,795,977)
Other	(38,440,798)	(17,347,203)
Other operating expenses	(750,890,380)	(370,464,798)

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Notes to the Consolidated Financial Statements at 31 December 2023

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NOTE 23 - INCOME FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Income from sales of fixed assets	35,204,733	11,258,649
Income from financial investment revaluation gains	35,565,611	-
Income from investment activities	70,770,344	11,258,649

NOTE 24 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Participation account income	2,855,364	-
Financing income	2,855,364	-

	1 January - 31 December 2023	1 January - 31 December 2022
Credit card commission expenses	(125,598,551)	(113,428,132)
Lease liabilities interest expenses	(107,188,895)	(88,970,919)
Loan fund commission expenses	(104,273,801)	(109,684,049)
Other	(28,872,281)	(7,372,188)
Financing expenses	(365,933,528)	(319,455,288)

NOTE 25 - TAX ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Corporate tax payable	88,617,079	57,347,353
Less: Prepaid taxes	(48,169,534)	(57,340,846)
Current period tax liabilities	40,447,545	6,507

	31 December 2023	31 December 2022
Current period income tax expense	(88,617,079)	(57,347,353)
Deferred tax (income)/expense	(62,665,624)	44,898,362
Tax expense	(151,282,703)	(12,448,991)

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at 31 December 2023**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, the corporate tax rate is 25% (2022: 23%). 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.

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.

As of 31 December 2023 and 31 December 2022, the breakdown of accumulated temporary differences and deferred tax assets/(liabilities) using the applicable tax rates is as follows:

	Temporary differences		Deferred tax asset	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Inventories	143,337,788	160,377,679	(32,967,691)	(32,075,536)
Property, plant and equipment and intangible assets	358,674,228	208,222,912	(82,495,072)	(41,644,582)
Trade payables and ve Inventory markdown	27,821,167	(18,831,633)	(6,398,868)	3,766,327
Employee benefits	(36,300,606)	(95,845,254)	7,260,121	19,169,050
Warranty provisions	(21,726,840)	(23,952,148)	4,345,368	4,790,430
Right of use assets and lease liabilities	145,780,856	119,594,569	(29,820,305)	(23,918,914)
Other	20,220,800	13,702,011	(4,650,785)	(2,740,403)
Deferred tax liabilities, net			(144,727,232)	(72,653,628)

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

	2023	2022
1 January	(72,653,628)	(142,812,609)
Tax expense recognized in the profit or loss statement	(62,665,624)	44,898,362
Tax income on other comprehensive income items	(9,407,980)	12,595,847
Subsidiary acquisition	-	12,664,772
31 December	(144,727,232)	(72,653,628)

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Notes to the Consolidated Financial Statements at 31 December 2023

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 25 - TAX ASSETS AND LIABILITIES (Continued)

The reconciliation of current period tax expense is as follows:

	2023	2022
Profit before tax	453,677,308	276,939,441
Tax calculated	(113,419,327)	(63,696,071)
Effect of disallowable expenses	(10,568,080)	(10,494,319)
Other	(27,295,296)	61,741,399
Total tax income / (expense)	(151,282,703)	(12,448,991)

NOTE 26 - 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 31 December 2023 and 31 December 2022, balances due to and due to related parties and a summary of transactions with related parties during the period are presented below:

i) Related party balances as of 31 December 2023 and 31 December 2022:

a) Trade and other receivables from related parties

As of 31 December 2023, the Group has no trade and other receivables from related parties. (31 December 2022: None)

b) Trade payables to related parties

	31 December 2023	31 December 2022
Turkuvaz Plastik ve Tem. Ürün. San. Tic. A.Ş.	9,512,084	22,557,528
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	8,303,803	42,705,591
Seranit Granit Seramik San. Ve Tic. A.Ş.	2,864,396	2,597,691
Avansas Ofis Malzemeleri Ticaret A.Ş.	726,439	992,752
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	42,513
Anadolu Ulaşım A.Ş.	-	7,333
Total	21,406,722	68,903,408

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NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

ii) Sales to and purchases from related parties for the accounting period 1 January - 31 December 2023:

a) Purchases from related parties

	Trade goods	Other	1 January – 31 December 2023
Anadolu Ulaşım A.Ş	-	7,011,635	7,011,635
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	4,374,024	4,374,024
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	63,250,050	-	63,250,050
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	62,479,785	-	62,479,785
Bim Birlesik Magazalar A.S.	40,826	5,000,725	5,041,551
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	17,686,644	17,686,644
Evidea Mağazacılık A.Ş.	47,319	6,090,582	6,137,901
Total	125,817,980	40,163,610	165,981,590

	Trade goods	Other	1 January – 31 December 2022
Anadolu Ulaşım A.Ş	-	3,135,491	3,135,491
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	4,770,231	4,770,231
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	28,152,026	-	28,152,026
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	74,097,562	-	74,097,562
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	1,423,272	1,423,272
Bim Birlesik Magazalar A.S.	-	4,989,189	4,989,189
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	13,342,317	13,342,317
Evidea Mağazacılık A.Ş.	-	3,931,766	3,931,766
Total	102,249,588	31,594,337	133,843,925

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NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

b) Sales to related parties

	Product sales	Other sales	1 January – 31 December 2023
Fatma Zehra Ülker	1,403,553	-	1,403,553
Fatma Hande Topbaş	1,403,553	-	1,403,553
Mahmud Muhammed Topbaş	1,403,553	-	1,403,553
Musa Topbaş	1,403,553	-	1,403,553
Mustafa Latıf Topbaş	1,666,243	-	1,666,243
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	31,006	31,006
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	12,737,730	-	12,737,730
Bim Birlesik Magazalar A.S.	1,480	-	1,480
Anadolu Ulaşım A.Ş.	33,065	10,831,316	10,864,381
Evidea Mağazacılık A.Ş.	290,168	9,821,009	10,111,177
Aktül Kağıt Üretim Paz. A.Ş.	69,152	-	69,152
Total	20,412,050	20,683,331	41,095,381

	Product sales	Other sales	1 January - 31 December 2022
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	81,300	81,300
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	656,089	656,089
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	29,809,102	5,287	29,814,389
Bim Birlesik Magazalar A.Ş.	-	3,883	3,883
Evidea Mağazacılık A.Ş.	-	8,376,538	8,376,538
Aktül Kağıt Üretim Paz. A.Ş.	107,330	-	107,330
Total	29,916,432	9,123,097	39,039,529

iii) Other transactions with related parties for the accounting period 31 December 2023 and 31 December 2022 :

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

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term benefits to management (*)	48,024,447	28,835,346

(*) 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 31 December 2023 and 31 December 2022 are short-term benefits.

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NOTE 27 - EARNINGS PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
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	302,099,366	269,414,692
Earnings per share	1.89	1,68

NOTE 28 - 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 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023 and 31 December 2022, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

31 December 2023	TRY Equivalent	USD	EUR	GBP
1. Trade receivables	-	-	-	-
2a. Monetary financial assets	121,287,148	4,113,068	5,983	292
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	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)	121,287,148	4,113,068	5,983	292
10. Trade payables	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)	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)	20,536,322	455,337	187,024	26,696
19. Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19a. 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)	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)	100,750,826	3,657,731	(181,041)	(26,404)
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 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	TRY Equivalent (Indexed)	TRY Equivalent (Not indexed)	USD	EUR	GBP
1. Trade receivables	-	-	-	-	-
2a. Monetary financial assets	229.942	139.551	5.309	2.203	606
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	229.942	139.551	5.309	2.203	606
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)	229.942	139.551	5.309	2.203	606
10. Trade payables	27.184.101	16.497.918	464.578	370.822	17.244
11. Financial liabilities	-	-	-	-	-
12a. Other monetary obligations	-	-	-	-	-
12b. Other non-monetary obligations	-	-	-	-	-
13. Short-term liabilities (10+11+12)	27.184.101	16.497.918	464.578	370.822	17.244
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)	27.184.101	16.497.918	464.578	370.822	17.244
19. Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-
19a. Amount of off-balance sheet foreign currency derivative productist with active character	-	-	-	-	-
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)	(26.954.159)	(16.358.367)	(459.259)	(368.619)	(16.638)
21. Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(26.954.159)	(16.358.367)	(459.259)	(368.619)	(16.638)
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 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The analysis of foreign currency sensitivity at 31 December 2023 and 31 December 2022 is as follows:

	<u>Profit/loss</u>	<u>Profit/loss</u>
	Foreign currency appreciation	Foreign currency depreciation
31 December 2023		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	10.767.702	(10.767.702)
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	10.767.702	(10.767.702)
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(590.784)	590.784
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(590.784)	590.784
Increase/decrease in the GBP against TRY by 10%		
4- GBP net asset/(liability)	(99.376)	99.376
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	(99.376)	99.376
Total net effect	10.077.541	(10.077.541)
31 December 2022		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	(858.756)	858.756
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	(858.756)	858.756
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(736.563)	736.563
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(736.563)	736.563
Increase/decrease in the GBP against TRY by 10%		
4- GBP net asset/(liability)	(37.418)	37.418
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	(37.418)	37.418
Total net effect	(1.632.737)	1.632.737

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NOTE 28 - 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 31 December 2023 and 31 December 2022, the Group's financial liabilities consist of fixed rate bank loans and lease liabilities.

31 December 2023 31 December 2022

Fixed rate financial instruments

Time deposits	-	-
Borrowings	990,819,615	922,635,111

Variable rate financial instruments

Time deposits	-	-
Financial investments	121,033,202	-
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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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023 and 31 December 2022, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

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	-	43,165,331	3,937,422	853,237,291
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	804,725	1,185,405	-
- Impairment (-)	-	(804,725)	(1,185,405)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	43,165,331	3,937,422	853,237,291

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023 and 31 December 2022, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

31 December 2022	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	-	58,666,753	9,154,839	80,040,793
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	804,725	1,185,405	-
- Impairment (-)	-	(804,725)	(1,185,405)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	58,666,753	9,154,839	80,040,793

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NOTE 28 - 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

As of 31 December 2023 and 31 December 2022, the presentation of liabilities according to their undiscounted cash flows and remaining maturities is presented in the tables below:

31 December 2023	Book value	Less than 3 month	3 - 12 month	1 - 5 month	Total cash outflows pursuant to the contract
Financial liabilities	458,933,992	207,102,091	340,627,050	-	547,729,141
Trade payables to third parties	2,351,037,834	2,267,947,114	220,537,233	-	2,488,484,347
Trade payables to related parties	21,406,722	21,406,722	-	-	21,406,722
Lease liabilities	531,885,623	54,199,987	161,198,656	528,798,510	744,197,153
Non-derivative financial liabilities	3,363,264,171	2,550,655,914	722,362,939	528,798,510	3,801,817,363

31 December 2022	Book value	Less than 3 month	3 - 12 month	1 - 5 month	Total cash outflows pursuant to the contract
Financial liabilities	520,070,794	339,711,092	213,705,460	-	553,416,552
Trade payables to third parties	2,151,514,890	2,020,407,718	178,687,992	-	2,199,095,710
Trade payables to related parties	68,903,408	68,903,408	-	-	68,903,408
Lease liabilities	402,564,317	32,425,824	94,980,353	410,387,896	537,794,073
Non-derivative financial liabilities	3,143,053,409	2,461,448,042	487,373,805	410,387,896	3,359,209,743

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.

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Notes to the Consolidated Financial Statements at 31 December 2023

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NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2023	31 December 2022
Financial liabilities	990,819,615	922,635,111
Less: Cash and cash equivalents (Note 4)	(866,114,647)	(88,492,522)
Net financial debt	124,704,968	834,142,589
Total equity	2,532,358,605	1,006,268,888
Net financial debt/equity	0.05	0.83

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:

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. When the long-term fixed-rate bank loans are valued with the fixed interest rate valid as of the balance sheet date, it is seen that the fair value approximates to the carrying value. Since the maturities of short-term loans are short, it is assumed that their carrying values approximate to their fair values.

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NOTE 29 - SUPPLEMENTARY CASH FLOW INFORMATION

	Borrowings	Lease liability	Total
1 January 2023	520,070,794	402,564,317	922,635,111
Cash inflows during the period	1,309,130,341	-	1,309,130,341
Lease additions	-	331,259,204	331,259,204
Lease terminations	-	(2,488,123)	(2,488,123)
Cash outflows during the period	(1,170,280,377)	(155,248,683)	(1,325,529,060)
Other	4,455,224	107,188,895	111,644,119
Monetary gain/(loss)	(204,441,990)	(151,389,987)	(355,831,977)
31 December 2023	458,933,992	531,885,623	990,819,615
	Borrowings	Lease liability	Total
1 January 2022	449,786,558	536,491,032	986,277,590
Cash inflows during the period	914,555,869	-	914,555,869
Lease additions	-	9,944,089	9,944,089
Lease terminations	-	(15,029,407)	(15,029,407)
Cash outflows during the period	(661,542,057)	(152,315,017)	(813,857,074)
Other	(6,753,002)	88,970,919	82,217,917
Monetary gain/(loss)	(175,976,574)	(65,497,299)	(241,473,873)
31 December 2022	520,070,794	402,564,317	922,635,111

NOTE 30 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR /INDEPENDENT AUDIT FIRMS

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Independent audit fee for the reporting period	6,968,275	2,243,569
Fees for other assurance services	109,958	147,100
Total	7,078,233	2,390,669

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NOTE 31 - EVENTS AFTER THE BALANCE SHEET DATE

According to the decision of the board of directors dated 21 February 2024; within the framework of the Lease Certificates Regulation ("Regulation") published in the Official Gazette dated 7 June 2013, numbered 28670 by the Capital Markets Board, it has been decided to apply to the Capital Markets Board on 29 February 2024, for the issuance of lease certificates to be issued in tranches within the limit of 1,000,000,000 TRY (One Billion Turkish Liras), where the Company will act as the fund user and Değer Varlık Kiralama Anonim Şirketi will act as the issuer, based on management contracts as envisaged in Articles 4 to 6 of the Regulation, to be offered privately and/or sold to qualified investors, with various maturities and terms, in Turkish Lira domestically, without public offering, subject to allocation, as specified in the Regulation.

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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 - 31 December 2023	1 January - 31 December 2022
Revenue	11,359,056,626	8,701,964,875
Cost of sales (-)	(8,159,265,254)	(6,596,790,518)
Gross profit	3,199,791,372	2,105,174,357
General and administrative expenses (-)	(402,185,025)	(299,488,790)
Marketing expenses (-)	(2,491,690,482)	(1,838,238,530)
Addition: Depreciation and amortization	414,689,445	330,024,083
EBITDA	720,605,310	297,471,120
%	6.34	3.42



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