

EBEBEK MAĐAZACILIK A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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 SPECIAL PURPOSE AUDITOR'S REPORT

To the General Assembly of Ebebek Mağazacılık A.Ş.

1. Our qualified 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 statements of financial position as at 30 June 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six month periods ended 30 June 2023 and 30 June 2022 and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2023 and its financial performance and cash flows for the six month periods ended 30 June 2023 and 30 June 2022, in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for qualified opinion

As the Group's need for a full audit as of 30 June 2022 was evident after 30 June 2022, We were not able to observe the physical inventory counts as of 30 June 2022. Regarding the determination of the inventories amount dated 30 June 2022, it was not possible to apply alternative procedures for retrospective verification due to the high volume of transactions realized during the period. Since opening inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing 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") and the ethical requirements regarding independent audit in regulations issued by POA 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 qualified 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>Revenue recognition</p> <p>The Group operates in the mother and baby sector and had respectively 217 and 204 stores and e-commerce in total as of 30 June 2023 and 30 June 2022.</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 3,838,422,526 and TRY 1,758,449,844 million for the years ended at 30 June 2023 and 2022 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.

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.

6. Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 14 August 2023

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

EBEBEK MAĞAZACILIK A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 JUNE 2023**

CONTENTS	PAGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1 - 2
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME ..	3
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6 - 52

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

EBEBEK MAĞAZACILIK A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Notes	Current period 30 June 2023	Prior period 31 December 2022
ASSETS			
Current assets		2,470,329,408	1,711,118,943
Cash and cash equivalents	4	127,990,892	53,705,744
Trade receivables			
- Trade receivables from third parties	5	35,942,792	35,604,609
Other receivables			
- Other receivables from third parties	8	4,569,988	4,936,573
Inventories	10	2,004,651,261	1,389,222,131
Prepaid expenses	6	92,387,481	82,499,311
Other current assets	7	204,786,994	145,150,575
Non-current assets		800,846,334	572,385,041
Other receivables			
- Other receivables from third parties	8	658,443	619,458
Property, plant and equipment	11	377,182,832	263,989,242
Intangible assets			
- Other intangible assets	12	30,568,680	12,836,509
- Goodwill	3	29,123,542	29,123,542
Right-of-use-assets	13	321,182,280	214,333,449
Prepaid expenses	6	1,211,093	1,258,085
Deferred tax assets	24	40,919,464	50,224,756
Total assets		3,271,175,742	2,283,503,984

These consolidated financial statements were signed by Board of Directors to be issued on 14 August 2023.

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

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

EBEBEK MAĞAZACILIK A.Ş.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Current period 30 June 2023	Prior period 31 December 2022
LIABILITIES			
Short term liabilities		2,538,191,068	1,755,041,339
Short-term borrowings	14	353,709,851	315,628,805
Lease liabilities	14	61,758,087	41,178,468
Trade payables			
- Trade payables to related parties	5, 25	42,065,783	41,817,192
- Trade payables to third parties	5	1,972,601,955	1,305,745,450
Employee benefit obligations	17	32,940,210	20,745,690
Current income tax liabilities	24	15,485,033	3,949
Short-term provisions			
- Provisions for employee benefits		2,742,542	4,018,947
Deferred income	9	40,378,054	18,903,932
Other short term liabilities	15	16,509,553	6,998,906
Long term liabilities		412,974,466	284,363,420
Lease liabilities	14	303,148,629	203,136,144
Long-term provisions			
- Provisions for employee benefits	17	80,647,613	58,168,086
- Other long term provision		14,922,901	10,517,513
Deferred income	9	5,132,569	3,762,922
Deferred tax liability	24	2,428,367	2,667,644
Other long term liabilities	15	6,694,387	6,111,111
Equity			
Equity holders of the parent		329,095,198	250,175,230
Paid-in capital	18	136,000,000	17,500,000
Restricted reserves		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		(49,099,724)	(37,885,228)
Other comprehensive income or expenses to be reclassified to profit or loss			
- Currency translation differences		1,127,678	(574,535)
Retained earnings		148,128,472	67,915,803
Net income for the period		88,432,251	201,646,983
Non-controlling interests		(9,084,990)	(6,076,005)
Total equity		320,010,208	244,099,225
Total liabilities and equity		3,271,175,742	2,283,503,984

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

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

EBEBEK MAĞAZACILIK A.Ş.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Net sales	19	3,838,422,526	1,758,449,844	2,005,235,728	957,182,118
Cost of sales (-)	19,20	(2,537,691,732)	(1,187,474,941)	(1,281,180,632)	(636,742,654)
Gross profit		1,300,730,794	570,974,903	724,055,096	320,439,464
Marketing expenses (-)	20	(781,329,130)	(370,462,850)	(404,163,907)	(199,739,469)
General administrative expenses (-)	20	(126,328,911)	(52,840,420)	(63,919,517)	(19,613,265)
Other income from operating activities	21	15,601,815	2,326,626	10,062,975	1,112,013
Other expenses from operating activities (-)	21	(173,281,419)	(57,139,922)	(134,899,135)	(35,488,941)
Operating profit		235,393,149	92,858,337	131,135,512	66,709,802
Income from investment activities	22	2,728,431	416,499	(494,291)	162,387
Operating profit before financial expense		238,121,580	93,274,836	130,641,221	66,872,189
Financial expense (-)	23	(122,747,566)	(72,539,505)	(62,348,784)	(38,620,398)
Profit from continuing operations before tax		115,374,014	20,735,331	68,292,437	28,251,791
Current tax expense for the period (-)	24	(18,081,109)	(14,775,715)	(15,082,608)	(12,024,043)
Deferred tax (expense)/income	24	(11,869,639)	3,432,352	(3,384,515)	2,319,553
Net profit from continuing operations		85,423,266	9,391,968	49,825,314	18,547,301
Profit / (Loss) Distribution					
- Non-controlling interests		(3,008,985)	(5,694,772)	(1,717,227)	(4,992,401)
- Equity holders of the parent		88,432,251	15,086,740	51,542,541	23,539,702
Earnings per share	26	0,65	0,11	0,38	0,17
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss					
Gain/ loss arising from defined benefit plans		(14,018,120)	(21,524,846)	(7,245,161)	(17,053,291)
Total taxes on other comprehensive expense that will not be reclassified to profit or loss		2,803,624	4,304,969	1,449,032	3,410,658
To be reclassified to profit or loss					
Currency translation differences		1,702,213	-	(2,363,972)	-
OTHER COMPREHENSIVE INCOME		(9,512,283)	(17,219,877)	(8,160,101)	(13,642,633)
TOTAL COMPREHENSIVE INCOME		75,910,983	(7,827,909)	41,665,213	4,904,668
Distribution of total comprehensive income					
- Non-controlling interests		(3,008,985)	(5,694,772)	(1,717,227)	(4,992,401)
- Equity holders of the parent		78,919,968	(2,133,137)	43,382,440	9,897,069

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

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

EBEBEK MAĞAZACILIK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	Paid-in capital	Restricted reserves	Other comprehensive income that will not be reclassified in <u>profit or loss</u> Actuarial losses arising from defined benefit plans	Other comprehensive income that be reclassified in <u>profit or loss</u> 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	1,572,207	(7,140,435)	-	70,473,622	(2,557,819)	79,847,575	-	79,847,575
Transfers	-	-	-	-	(2,557,819)	2,557,819	-	-	-
Total comprehensive income	-	-	(17,219,877)	-	-	15,086,740	(2,133,137)	(5,694,772)	(7,827,909)
Subsidiary acquisition	-	-	-	-	-	-	-	3,569,610	3,569,610
Balances as of 30 June 2022	17,500,000	1,572,207	(24,360,312)	-	67,915,803	15,086,740	77,714,438	(2,125,162)	75,589,276
Balances as of January 1, 2023	17,500,000	1,572,207	(37,885,228)	(574,535)	67,915,803	201,646,983	250,175,230	(6,076,005)	244,099,225
Capital increase	118,500,000	-	-	-	(118,500,000)	-	-	-	-
Transfers	-	2,934,314	-	-	198,712,669	(201,646,983)	-	-	-
Total comprehensive income	-	-	(11,214,496)	1,702,213	-	88,432,251	78,919,968	(3,008,985)	75,910,983
Balances as of 30 June 2023	136,000,000	4,506,521	(49,099,724)	1,127,678	148,128,472	88,432,251	329,095,198	(9,084,990)	320,010,208

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

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

EBEBEK MAĞAZACILIK A.Ş.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Current period 30 June 2023	Prior period 30 June 2022
A. Cash flows from operating activities			
Net income for the period		85,423,266	9,391,968
Adjustments to reconcile net profit		234,020,451	142,935,240
Depreciation and amortization expenses	11,12,13	82,670,391	54,763,986
Adjustments related to provisions		19,057,109	6,749,850
- Adjustments related to provisions for employee benefits		15,928,126	3,692,276
- Adjustments related to warranty provisions		3,128,983	3,057,574
Inventory provision	10	(3,123,857)	(582,833)
Adjustments related to interest (income)/expenses		108,194,491	71,077,373
- Adjustments related to interest expenses	23	108,194,491	71,077,373
Adjustments regarding to (gain)/loss on sale of fixed assets	22	(2,728,431)	(416,499)
Adjustments related to tax (income)/expense	24	29,950,748	11,343,363
Changes in net working capital		29,860,580	(176,442,242)
Adjustments for (increase)/decrease in trade receivables		(338,183)	(10,836,260)
Adjustments for (increase)/decrease in inventories		(612,305,273)	(373,608,656)
Adjustments for (increase)/decrease in prepaid expenses		(9,841,177)	9,070,572
Adjustments for (increase)/decrease in trade payables		667,105,095	270,921,332
Adjustments for (increase)/decrease in other receivables		327,600	2,339,735
Adjustments for Increase (decrease) in employee benefit liabilities		12,194,519	(841,526)
Other adjustments related to decrease (increase) in net working capital		(27,282,001)	(73,487,439)
Cash generated from operations		349,304,297	(24,115,034)
Payments related to provisions for employee benefits	17	(7,466,718)	(2,359,618)
Taxes paid		(2,600,025)	(4,108,678)
B. Cash flows from investing activities		(172,923,461)	(52,699,419)
Cash inflows from the sale of tangible and intangible assets		4,238,202	567,651
- Cash flow from sale of tangible assets		4,238,202	567,651
- Cash flow from sale of intangible assets		-	-
Cash outflows from the purchase of tangible and intangible assets		(177,161,663)	(53,267,070)
- Cash outflow from purchase of tangible assets	11	(153,960,023)	(47,336,086)
- Cash outflow from purchase of intangible assets	12	(23,201,640)	(5,930,984)
C. Cash flows from financing activities		(93,731,158)	79,060,625
Proceeds from borrowings	28	594,676,878	302,761,202
Repayments of borrowings	28	(556,834,265)	(140,499,217)
Cash outflows related to payment of lease liabilities	28	(58,657,402)	(37,643,932)
Interest paid		(72,916,369)	(45,557,428)
Net increase in cash and cash equivalents before currency translation differences (A+B+C)		72,582,935	(4,222,124)
D. Currency translation differences		1,702,213	-
E. Cash and cash equivalents at the beginning of the period		53,705,744	24,062,240
Cash and cash equivalents at the end of the period (A+B+C+D+E)		127,990,892	19,840,116

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

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

The Company has 217 stores as of 30 June 2023 (31 December 2022: 200 stores).

In 2015, the Company acquired Battege Kozmetik İthalat İhracat Ltd. Şti. (“Battege”) , a retail merchandising company that owned “Hello Baby” brand, On June 30, 2015 Battege was merged with ebebek.

On 17 December 2021 ; share purchase agreement was signed to acquire Tuna Çocuk Gereçleri A.Ş. (“Tuna Çocuk”) shares with Tuna Çocuk’s shareholders. Based on the Board of Directors' decision dated 19 January 2022, the Company purchased the 70% of Tuna Çocuk’s shares for a cash payment of 13,000,000 TRY and a contingent liability of (Notes 3) 6,694,387 TRY (31 December 2022: 6,111,111). which the management evaluated the probability of realization based on the best estimation. Tuna Çocuk is producing products in baby vehicles category.

As of 30 June 2023, the number of employees of the Company is 3,490 (31 December 2022: 3,545).

As of 30 June 2023, the number of employees of the Group is 3,650 (31 December 2022: 3,663).

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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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

POA made a statement on January 20, 2022, in order to eliminate the hesitations about whether the companies applying Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that the enterprises applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new statement has been made by the KGK on the application of TAS 29 afterwards. Considering that no new disclosure has been made as of the date these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 30 June 2023.

Consolidated financial statements are prepared on historical cost basis. The determination of historical cost is generally based on the fair value of the amount paid for the assets.

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/TFRS 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, 25,8231 TRY, 25,8696 TRY and 23,5728 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 28,1540 TRY, 28,2048 TRY and 25,5509 TRY, for British pounds 32,8076 TRY, 32,9786 TRY, 29,7512 TRY were used, (December 31, 2022: 19,1532 TRY, 19,1878 TRY ve 18,8549 TRY for the USD exchange rate, 20,8450 TRY, 20,8825 TRY, 17,3931 TRY for the Euro exchange rate, 23,6602 TRY, 23,7836 TRY, 22,8554 TRY for the British pound)

2.1 Basis of preparation

Consolidation Principles

- a) The consolidated financial statements include the accounts of the parent company, ebebek, and its Subsidiaries on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/TFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.
- b) Subsidiaries are the companies controlled by ebebek when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- c) Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation (Continued)

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

As of 30 June 2023 and 31 December 2022, the effective shareholding ratios of ebebek in Subsidiaries included in the scope of consolidation are shown below:

	30 June 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 (Note 1)	70	70

Going concern

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

Offsetting

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

Comparative information and restatement of prior period financial statements

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

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

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.

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

a) Standards, amendments, and interpretations applicable as of 30 June 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 currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. 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 subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group is evaluating the effects of the above-mentioned changes on its operations and will apply it as of the effective date.

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.

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.2 Summary of significant accounting policies (Continued)

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.

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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 (Note 11).

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

Group sells extended warranty to its customer for the period after the termination of legal warranty provided for all goods. The price of extended warranty is determined separately from the price of the goods and it is a separate performance obligation in the contract. Therefore, Group treats the service that will be provided due to the sale of extended warranty as a separate performance obligation.

The Group does not consider the relevant estimates to be significant estimates and assumptions due to the insignificance of the financial effects of the estimates used.

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.2 Summary of significant accounting policies (Continued)

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:

Term	(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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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.

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.2 Summary of significant accounting policies (Continued)

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.

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,

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.2 Summary of significant accounting policies (Continued)

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.

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Significant accounting assumptions and estimates (Continued)

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 employment 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.

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL

Bati ege acquisition

On December 2, 2014, the company signed a letter of intent with Batiege's shareholders to acquire Batiege and started the review process. Batiege is a retail company operating in the same category as the Company with its "hello baby" brand in a total sales area of 10 thousand m2 with its 4 stores. With the appointments made by the Company after the signing of the letter of intent, the management of Batiege passed under the control of the Company as of January 1, 2015, On March 5, 2015, the type of Batiege was changed to Joint Stock Company, and on March 12, 2015, the approval notification was received from the Competition Board for the acquisition.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL(Continued)

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

Fair value of payment for share acquisition	22,512,173
Less: Total identifiable net assets	(4,696,708)

Goodwill **17,815,465**

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 30 June 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 plan of Batı Ege, 20% 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 19 January 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 6,694,387 TRY (December 31, 2022 : 6,111,111) 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 acquisition. 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 employ a 20% discount rate. As of 30 June 2023, the required performances had not been completed, and the probability of realization over the eighteen months was only partially assessed, The management recorded the deferred payment in the amount of 6,111,111 under long-term liabilities.

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)

Goodwill **11,308,077**

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL (Continued)

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.

	Fair value	Unobservable data	Data	Fair value impact of unobservable data
Deferred payments for purchase	6,694,387	Risk adjusted discount rate	20%	1 basis point increase/decrease in discount rate, respectively;
		Estimated payment due	In the years 2023-2025	(137,458) TRY and 141,256 TRY.

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 30 June 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, 20% 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

	30 June 2023	31 December 2022
Cash	7,796,369	5,129,319
Banks		
- Demand deposits	94,937,821	28,424,989
Credit card receivables (*)	25,256,702	20,151,436
Total cash and cash equivalents	127,990,892	53,705,744

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

As of 30 June 2023, there is no blockage on bank accounts (31 December 2022: None). As of 30 June 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 to their carrying values.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	30 June 2023	31 December 2022
Short-term trade receivables		
Trade receivables	28,527,137	25,548,642
Note receivables (*)	7,904,039	10,544,351
Less : Provisions for doubtful trade receivables	(488,384)	(488,384)
Total trade receivables	35,942,792	35,604,609

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

The Group has no overdue trade receivables as of 30 June 2023 (31 December 2022: None).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables

	30 June 2023	31 December 2022
Short-term trade payables:		
Trade payables to third parties	2,039,398,830	1,334,622,052
Trade payables to related parties (Note 25)	42,065,783	41,817,192
Less: Unearned credit finance expense (*)	(66,796,875)	(28,876,602)
Total trade payables	2,014,667,738	1,347,562,642

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 116 days (31 December 2022 – 112 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 40% for 30 June 2023 and 20% for 31 December 2022.

NOTE 6 - PREPAID EXPENSES

	30 June 2023	31 December 2022
Short-term prepaid expenses:		
Advances given for inventories	72,365,648	72,825,135
Job advances	9,101,186	3,531,744
Prepaid insurance expenses	4,129,853	294,782
Other	6,790,794	5,847,650
Total short-term prepaid expenses	92,387,481	82,499,311

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 6 - PREPAID EXPENSES (Continued)

	30 June 2023	31 December 2022
Long-term prepaid expenses:		
Advances given for purchase of property, plant and equipment	1,211,093	1,258,085
Total long-term prepaid expenses	1,211,093	1,258,085

(*) Consists of advances given to shareholders of Tuna Çocuk for acquisition. The acquisition occurred in January 2023.

NOTE 7 - OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
Deferred VAT	197,626,274	143,929,266
Other	7,160,720	1,221,309
Total other current assets	204,786,994	145,150,575

NOTE 8 - OTHER RECEIVABLES

	30 June 2023	31 December 2022
Short-term other receivables:		
Investment support receivables	2,594,629	3,290,410
Other	1,975,359	1,646,163
Total short-term other receivables	4,569,988	4,936,573
	30 June 2023	31 December 2022
Long-term other receivables:		
Deposits and guarantees given	658,443	619,458
Total long-term other receivables	658,443	619,458

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 9 - DEFERRED INCOME

	30 June 2023	31 December 2022
Short-term deferred income:		
Gift cards (*)	23,105,724	10,659,326
Deferred investment support income (**)	12,898,719	6,893,657
Other	4,373,611	1,350,949
Total short-term deferred income	40,378,054	18,903,932
	30 June 2023	31 December 2022
Long-term deferred income:		
Deferred investment support income (**)	5,132,569	3,762,922
Total long-term deferred revenues	5,132,569	3,762,922

(*) The unused portion of the checks which are purchased by customers, obtained due to shopping returns or deserved during campaigns; are 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 accounted for as deferred income and are recognized as income on a pro-rata basis for the minimum period that the Group undertakes to remain as the tenant in this property.

NOTE 10 - INVENTORIES

	30 June 2023	31 December 2022
Trade goods	1,942,304,138	1,354,048,486
Raw materials and supplies	23,624,812	16,190,345
Work in progress	9,717,481	5,179,247
Finished goods	7,984,950	2,970,676
Other inventories	25,518,289	18,455,643
Less: Provisions for inventories	(4,498,409)	(7,622,266)
Total inventories	2,004,651,261	1,389,222,131

As of 30 June 2023, there is no pledge/mortgage on inventories (31 December 2022: None)

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

	2023	2022
1 January	7,622,266	2,072,041
Reversal of provision	(7,622,266)	(2,072,041)
Provisions for inventories	4,498,409	1,489,208
30 June 2023	4,498,409	1,489,208

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers	Disposals	30 June 2023
Cost					
Buildings	1,071,182	-	-	-	1,071,182
Machinery and equipment	34,619,744	1,929,287	-	(354,615)	36,194,416
Furniture and fixtures	183,336,990	52,741,920	7,676,514	(1,112,543)	242,642,881
Vehicles	10,174,289	-	-	-	10,174,289
Leasehold improvements	193,748,027	46,172,373	30,432,077	(1,240,948)	269,111,529
Construction in progress	8,379,667	53,116,443	(38,108,591)	-	23,387,519
	431,329,899	153,960,023	-	(2,708,106)	582,581,816

Accumulated depreciation

Buildings	(267,296)	(8,868)	-	-	(276,164)
Machinery and equipment	(4,693,565)	(2,613,137)	-	148,360	(7,158,342)
Furniture and fixtures	(77,300,673)	(17,807,473)	-	426,651	(94,681,495)
Vehicles	(944,149)	(1,176,250)	-	-	(2,120,399)
Leasehold improvements	(84,134,974)	(17,651,099)	-	623,489	(101,162,584)
	(167,340,657)	(39,256,827)	-	1,198,500	(205,398,984)

Net book value **263,989,242** **377,182,832**

	1 January 2022	Additions	Transfers	Disposals	Acquisition	30 June 2022
Cost						
Buildings	1,071,182	-	-	-	-	1,071,182
Machinery and equipment	1,620,052	2,091,086	-	-	17,547,000	21,258,138
Furniture and fixtures	127,942,921	18,319,924	3,288,044	(941,921)	-	148,608,968
Vehicles	427,000	435,000	-	(234,075)	1,400,000	2,027,925
Leasehold improvements	132,078,430	21,935,076	-	(315,546)	-	153,697,960
Construction in progress	3,671,910	4,555,000	(3,288,044)	-	-	4,938,866
	266,811,495	47,336,086	-	(1,491,542)	18,947,000	331,603,039

Accumulated depreciation

Buildings	(249,559)	(8,868)	-	-	-	(258,427)
Machinery and equipment	(458,585)	(1,182,007)	-	-	-	(1,640,592)
Furniture and fixtures	(60,374,032)	(10,746,834)	-	797,245	-	(70,323,621)
Vehicles	(213,500)	(425,450)	-	234,075	-	(404,875)
Leasehold improvements	(58,736,685)	(12,643,899)	-	309,069	-	(71,071,515)
	(120,032,361)	(25,007,058)	-	1,340,389	-	(143,699,030)

Net book value **146,779,134** **187,904,009**

As of 30 June 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 20.

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	30 June 2023
Cost				
Rights	1,148,328	-	(308)	1,148,020
Development costs (**)	-	4,253,269	-	4,253,269
Other intangible assets (*)	39,985,948	18,948,731	(7,006)	58,927,313
	41,134,276	23,201,640	(7,314)	64,328,602
Accumulated depreciation				
Rights	(1,057,067)	(33,573)	142	(1,090,498)
Development costs (**)	-	(212,663)	-	(212,663)
Other intangible assets (*)	(27,240,700)	(5,223,067)	7,006	(32,456,761)
	(28,297,767)	(5,469,303)	7,148	(33,759,922)
Net book value	12,836,509			30,568,680
	1 January 2022	Additions	Disposals	30 June 2022
Cost				
Rights	1,159,573	-	-	1,159,573
Other intangible assets (*)	30,031,915	5,930,984	(3,742)	35,959,157
	31,191,488	5,930,984	(3,742)	37,118,730
Accumulated depreciation				
Rights	(999,490)	(72,654)	-	(1,072,144)
Other intangible assets (*)	(20,422,818)	(3,953,195)	3,742	(24,372,271)
	(21,422,308)	(4,025,849)	3,742	(25,444,415)
Net book value	9,769,180			11,674,315

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

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

As of 30 June 2023, there is no guarantee, pledge or mortgage on intangible assets (31 December 2022: None).

The distribution of amortization expenses is provided in Note 20.

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 13 - RIGHT OF USE ASSETS

	Vehicles	Buildings	Total
Cost			
1 January 2023	7,359,173	348,361,487	355,720,660
Additions	6,681,587	139,022,057	145,703,644
Disposals	(384,628)	(888,227)	(1,272,855)
30 June 2023	13,656,132	486,495,317	500,151,449
Accumulated depreciation			
1 January 2023	6,972,250	134,414,961	141,387,211
Additions	3,438,889	34,505,371	37,944,260
Disposals	(245,431)	(116,871)	(362,302)
30 June 2023	10,165,708	168,803,461	178,969,169
Total	3,490,424	317,691,856	321,182,280
Cost			
1 January 2022	7,321,354	268,180,979	275,502,333
Additions	-	84,001,953	84,001,953
Disposals	-	(8,583,850)	(8,583,850)
30 June 2022	7,321,354	343,599,082	350,920,436
Accumulated depreciation			
1 January 2022	5,090,903	92,476,314	97,567,217
Additions	1,350,404	24,380,675	25,731,079
Disposals	-	(2,954,934)	(2,954,934)
30 June 2022	6,441,307	113,902,055	120,343,362
Total	880,047	229,697,027	230,577,074

The distribution of depreciation expenses is provided in Note 20.

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - SHORT AND LONG TERM BORROWINGS

30 June 2023	Maturity range	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	03.07.2023-14.06.2024	38,95	303,767,432
Credit card payables			49,942,419
Total			353,709,851

30 June 2023 TRY

Short-term portions of long-term borrowings

Lease liabilities	01.07.2023- 30.06.2024	20,00- 40,00	61,758,087
Total			61,758,087

30 June 2023 Maturity range Effective rate (%) TRY

Long-term borrowings

Lease liabilities	01.07.2024-30.04.2033	20,00 – 40,00	303,148,629
Total			303,148,629

31 December 2022 Maturity range Effective rate (%) TRY

Short-term borrowings

Short-term unsecured loans	02.01.2023 – 18.12.2023	24,7	276,174,807
Credit card payables		-	39,453,998
Total			315,628,805

31 December 2022 TRY

Short-term portions of long-term borrowings

Lease liabilities	01.01.2023-31.12.2023	20,00	41,178,468
Total			41,178,468

31 December 2022 Maturity range Effective rate (%) TRY

Long-term borrowings

Lease liabilities	01.01.2024 – 30.06.2032	20,00	203,136,144
Total			203,136,144

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - SHORT AND LONG TERM BORROWINGS (Continued)

As of 30 June 2023 and 31 December 2022, the Group's loan contracts do not include any covenants.

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

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

	30 June 2023	31 December 2022
Taxes and funds payable	15,703,177	6,694,629
Other	806,376	304,277
Total other current liabilities	16,509,553	6,998,906

	30 June 2023	31 December 2022
Deferred payments related to acquisition (*)	6,694,387	6,111,111
Total other long-term liabilities	6,694,387	6,111,111

(*) 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 30 June 2023, the required performances had not been completed, and the probability of realization over the eighteen months was only partially assessed. The management accounted for the deferred payment in the amount of 6,694,387 under long-term liabilities.

NOTE 16 - COMMITMENTS

The Group's collateral/pledge/mortgage ("CPM") position as of 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
A, Total amount of CPM given in the name of its own legal entity	91,963,632	64,810,294
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	-	-
	91,963,632	64,810,294

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - COMMITMENTS (Continued)

<u>30 June 2023</u>		<u>31 December 2022</u>	
<u>Original currency</u>	<u>TRY</u>	<u>Original currency birimi</u>	<u>TRY</u>
TRY	70,589,925	TRY	48,974,620
USD	8,573,889	USD	6,592,020
EUR	12,799,818	EUR	9,243,654
	91,963,632		64,810,294

Guarantee letters

a) Collaterals given as of 30 June 2023 and 31 December 2022 are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Guarantee letters	91,963,632	64,810,294
	91,963,632	64,810,294

b) Collateral received as of 30 June 2023 and 31 December 2022 are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Guarantee letters	20,000,000	20,000,000
	20,000,000	20,000,000

NOTE 17 - EMPLOYEE BENEFITS

Employee benefit obligations

	<u>30 June 2023</u>	<u>31 December 2022</u>
Social security payables	30,383,567	10,413,457
Salaries and bonuses payable	2,556,643	10,332,233
	32,940,210	20,745,690

Long-term provisions for employee benefits

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for unused vacations	17,278,035	9,740,046
	17,278,035	9,740,046

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - EMPLOYEE BENEFITS (Continued)

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

	2023	2022
1 January	9,740,046	5,604,654
Addition for the period	7,537,989	2,419,883
30 June	17,278,035	8,024,537

	30 June 2023	31 December 2022
Provisions for employment termination benefits	63,369,578	48,428,040
	63,369,578	48,428,040

In accordance with the current labor law in Turkey, the Group is obliged to pay a certain amount of severance pay to personnel who quit their job due to retirement or are dismissed for reasons other than resignation and bad behavior. For each year of employment, these compensations amount to 30 days' pay, depending on the employee's pay at the time of termination or dismissal. As of June 30, 2023 and December 31, 2022, the ceiling of severance pay is TRY 23,489.83 and TRY 19,982.83 respectively. The severance pay ceiling is revised semi-annually, and the maximum amount of 23,489.83 TRY effective from 1 July 2023 has been taken into account in the calculation of the severance pay provision of the Group (1 January 2023: 19,982.83 TRY). The cost of providing these benefits is accrued over the service period of the staff, The Group uses the Projection Method, which envisages recording the severance pay based on the estimated inflation rates and the factors arising from the Group's own experience regarding the dismissal or termination of the personnel contract, at the discounted net value using the government bond rates valid at the balance sheet date, and reflected in the consolidated financial statements as of 30 June 2023 and 31 December 2022.

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 30 June 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 (1,04%) (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.

	30 June 2023	31 December 2022
Net discount rate (%)	(1,04)	(0,93)
Turnover rate related the probability of retirement (%)	93,63	93,47

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 17 - EMPLOYEE BENEFITS (Continued)

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

	2023	2022
1 January	48,428,040	5,010,755
Interest expense	5,825,872	765,555
Service cost	2,564,264	506,838
Payments during the period	(7,466,718)	(2,359,618)
Actuarial losses/ (gain)	14,018,120	21,524,846
30 June	63,369,578	25,448,376

NOTE 18 - EQUITY

Paid-in capital

The Company's capital consists of 136,000,000 (31 December 2022: 17,500,000) shares, each of which is 1 TRY, and its nominal value is 136,000,000 TRY (31 December 2022: 17,500,000 TRY).

As of 30 June 2023 and 31 December 2022, the Company's shareholders and their shares in the capital are as follows:

	30 June 2023		31 December 2022	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Ahmet Afif Topbaş	25,59	34,796,572	25,59	4,477,500
Mahmud Muhammed Topbaş	19,60	26,652,116	19,60	3,429,500
Musa Topbaş	19,59	26,636,572	19,59	3,427,500
Halil Erdoğan	13,42	18,255,089	13,42	2,349,000
Fatma Hande Topbaş	7,43	10,102,856	7,43	1,300,000
Fatma Zehra Ülker	7,43	10,102,856	7,43	1,300,000
Kemal Anthony Hatoum	4,91	6,683,793	4,91	860,047
Mustafa Latif Topbaş	0,54	738,284	0,54	95,000
Other	1,49	2,031,862	1,49	261,453
	100	136,000,000	100	17,500,000

The company made bonus capital increase on 27 January 2023 and 12 May 2023 and its paid-in capital increased to 41,000,000 TRY and 136,000,000 TRY, respectively.

Restricted reserves consist of legal reserves, According to the Turkish Commercial Code, legal reserves are divided into first and second legal reserves. According to the Turkish Commercial Code, primary legal reserves are set aside at 5% of the legal net profit until 20% of the paid-in capital of the company is reached. The second order legal reserves 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; they cannot be used in any other way.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 19 - NET SALES AND COST OF SALES

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Goods and Services Sales				
- Store sales	3,099,634,233	1,442,265,511	1,624,071,491	809,168,963
- E-commerce sales	772,098,309	316,032,444	395,014,631	149,877,737
- Other sales	143,458,572	76,668,144	73,217,677	38,683,269
Gross sales	4,015,191,114	1,834,966,099	2,092,303,799	997,729,969
Sales returns and discounts (-)	(176,768,588)	(76,516,255)	(87,068,071)	(40,547,851)
Net sales	3,838,422,526	1,758,449,844	2,005,235,728	957,182,118
Domestic sales	3,827,097,276	1,758,449,844	1,996,387,732	957,182,118
Sales abroad	11,325,250	-	8,847,996	-
Cost of sales	(2,537,691,732)	(1,187,474,941)	(1,281,180,632)	(636,742,654)
Gross profit	1,300,730,794	570,974,903	724,055,096	320,439,464

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

NOTE 20 - EXPENSES BY NATURE

Marketing expenses

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Personnel expenses	360,437,256	159,905,582	188,532,222	91,426,855
Depreciation and amortization expenses	72,572,474	43,990,288	40,620,007	18,877,079
Advertising and promotion expenses	72,780,303	32,110,647	39,654,720	18,195,125
Rent expenses	58,840,207	18,368,946	31,454,400	11,318,846
Energy expenses	45,472,247	22,497,756	18,692,896	13,183,679
Cargo expenses	43,008,436	24,583,098	18,876,230	9,205,847
Transportation expenses	27,417,234	16,984,438	14,404,484	9,816,821
Packaging materials	17,277,089	9,943,553	8,216,770	5,097,909
Storage expenses	14,481,609	8,266,019	7,773,313	4,020,429
Maintenance and repair expenses	9,390,550	6,529,097	5,031,684	2,322,441
Other	59,651,725	27,283,426	30,907,181	16,274,438
Total	781,329,130	370,462,850	404,163,907	199,739,469

General administrative expenses

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Personnel expenses	75,634,418	26,193,254	35,960,170	7,577,800
Information technologies expenses	9,590,519	4,681,987	4,378,140	1,059,442
Consultancy expenses	7,960,939	2,226,186	4,940,535	1,405,515
Depreciation and amortization expenses	7,659,582	9,521,984	4,369,066	4,559,085
Taxes and fees expenses	2,763,187	2,096,755	1,210,655	1,762,328
Other	22,720,266	8,120,254	13,060,951	3,249,095
Total	126,328,911	52,840,420	63,919,517	19,613,265

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 20 - EXPENSES BY NATURE (Continued)

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Cost of trade goods sold	2,501,237,264	1,144,279,729	1,270,086,818	606,821,296
Personnel expenses	456,542,366	196,278,925	234,792,316	104,462,656
Depreciation and amortization expenses	82,670,391	54,763,986	46,289,369	23,906,270
Advertising and promotion expenses	72,780,303	32,110,646	39,654,720	18,195,124
Energy expenses	47,908,920	24,456,393	19,465,046	14,369,111
Cargo expenses	43,967,103	25,018,478	19,505,423	9,562,367
Transportation expenses	27,850,275	17,065,097	14,562,093	9,897,480
Storage expenses	14,511,811	8,272,551	7,803,515	4,026,656
Other	197,881,340	108,532,406	97,104,756	64,854,428
Total expenses by nature	3,445,349,773	1,610,778,211	1,749,264,056	856,095,388

Personnel expenses	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Cost of sales	20,470,692	10,180,089	10,299,924	5,458,001
Marketing expenses	360,437,256	159,905,582	188,532,222	91,426,855
General administrative expenses	75,634,418	26,193,254	35,960,170	7,577,800
Total	456,542,366	196,278,925	234,792,316	104,462,656

Depreciation & amortization expenses	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Cost of sales	2,438,335	1,251,714	1,300,296	470,106
Marketing expenses	72,572,474	43,990,288	40,620,007	18,877,079
General administrative expenses	7,659,582	9,521,984	4,369,066	4,559,085
Total	82,670,391	54,763,986	46,289,369	23,906,270

NOTE 21 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Investment support income	4,000,398	1,111,953	3,101,066	834,731
Other	11,601,417	1,214,673	6,961,909	277,282
Other operating income	15,601,815	2,326,626	10,062,975	1,112,013

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Credit finance charges arising from purchases	(158,403,212)	(53,499,649)	(124,105,857)	(33,559,915)
Foreign exchange losses	(4,928,647)	(231,657)	(4,632,011)	(200,588)
Other	(9,949,560)	(3,408,616)	(6,161,267)	(1,728,438)
Other operating expenses	(173,281,419)	(57,139,922)	(134,899,135)	(35,488,941)

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 - INCOME FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Income from sale of property plant and equipment	2,728,431	416,499	(494,291)	162,387
Income from investment activities	2,728,431	416,499	(494,291)	162,387

NOTE 23 - FINANCIAL INCOME AND EXPENSES

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Credit card commission expenses	(43,714,282)	(24,204,541)	(23,002,624)	(13,298,251)
Lease liabilities interest expenses	(34,613,574)	(25,280,198)	(17,610,644)	(12,677,531)
Loan fund commission expenses	(29,866,635)	(21,592,634)	(13,074,730)	(11,905,729)
Other	(14,553,075)	(1,462,132)	(8,660,786)	(738,887)
Financing expenses	(122,747,566)	(72,539,505)	(62,348,784)	(38,620,398)

NOTE 24 - TAX ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Corporate tax payable	18,081,109	34,803,870
Less: Prepaid taxes	(2,596,076)	(34,799,921)
Current period tax liabilities	15,485,033	3,949

	1 January - 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2023	1 April - 30 June 2022
Current period income tax expense	(18,081,109)	(14,775,715)	(15,082,608)	(12,024,043)
Deferred tax (income)/expense	(11,869,639)	3,432,352	(3,384,515)	2,319,553
Tax income / (expense)	(29,950,748)	(11,343,363)	(18,467,123)	(9,704,490)

In Turkey, the corporate tax rate is 20% (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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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

	<u>Temporary differences</u>		<u>Deferred tax asset</u>	
	<u>30 June 2023</u>	<u>31 December 2022</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Inventories	(4,498,409)	(7,622,266)	899,682	1,524,453
Property, plant and equipment and intangible assets	(74,378,686)	(121,337,074)	14,875,737	24,267,415
Trade and other payables	24,067,239	(11,428,838)	(4,813,448)	2,285,768
Employee benefits	(80,647,613)	(58,168,086)	16,129,523	11,633,617
Warranty provisions	(17,665,444)	(14,536,459)	3,533,089	2,907,292
Right of use assets and lease liabilities	(39,027,059)	(29,981,163)	7,805,412	5,996,233
Other	(305,513)	5,288,330	61,102	(1,057,666)
Deferred tax asset, net			38,491,097	47,557,112

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

	2023	2022
1 January	47,557,112	1,149,667
Tax expense recognized in the profit or loss statement	(11,869,639)	3,432,352
Tax income on other comprehensive income items	2,803,624	4,304,969
Subsidiary acquisition	-	(2,112,199)
30 June	38,491,097	6,774,789

The reconciliation of current period tax expense is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April - 30 June 2022
Profit before tax	115,374,014	20,735,331	68,292,437	28,251,791
Tax calculated	(23,074,803)	(4,769,126)	(13,658,487)	(6,497,912)
Effect of disallowable expenses	(4,126,884)	(1,716,672)	(2,611,385)	(877,678)
Other	(2,749,061)	(4,857,565)	(2,197,251)	(2,328,900)
Total tax expenses	(29,950,748)	(11,343,363)	(18,467,123)	(9,704,490)

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - RELATED PARTY DISCLOSURES

For the purpose of the consolidated financial statements, shareholders, senior management and the Board of Directors, Its members, families and companies controlled by or affiliated with them, affiliates and partnerships, ebebek and companies controlled by ebebek are considered and expressed as related parties.

As of 30 June 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 30 June 2023 and 31 December 2022:

a) Trade and other receivables from related parties

As of 30 June 2023, the Group has no trade and other receivables from related parties.(31 December 2022: None)

Related parties whose transaction details are given below are managed by the shareholders of the Group.

b) Trade payables to related parties

	30 June 2023	31 December 2022
Hedef Tüketim Ürün, San, Dış Tic, A.Ş.	18,923,420	25,917,846
Turkuvaz Plastik ve Tem, Ürün, San, Tic, A.Ş.	16,322,890	13,690,070
Seranit Granit Seramik San, Ve Tic, A.Ş.	6,219,092	1,576,528
Avansas Ofis Malzemeleri Ticaret A.Ş.	598,950	602,497
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	25,801
Anadolu Ulaşım A.Ş.	1,431	4,450
Total	42,065,783	41,817,192

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

a) Purchases from related parties

			1 January- 30 June 2023
	Trade goods	Other	
Anadolu Ulaşım A.Ş.	-	2,716,149	2,716,149
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	1,531,600	1,531,600
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	13,347,989	-	13,347,989
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	25,864,425	-	25,864,425
Bim Birlesik Magazalar A.S.	17,495	3,682,700	3,700,195
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	8,960,010	8,960,010
Evidea Mağazacılık A.Ş.	20,689	2,473,922	2,494,611
Total	39,250,598	19,364,381	58,614,979

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

	Trade goods	Other	1 January- 30 June 2022
Anadolu Ulaşım A.Ş.	-	551,189	551,189
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	680,886	680,886
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	919,677	919,677
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	3,146,894	-	3,146,894
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	19,479,394	-	19,479,394
Bim Birlesik Magazalar A.S.	-	1,198,442	1,198,442
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	3,099,883	3,099,883
Evidea Mağazacılık A.Ş.	76,849	761,455	838,304
Total	22,703,137	7,211,532	29,914,669

a) Purchases from related parties (continued)

	Trade goods	Other	1 April- 30 June 2023
Anadolu Ulaşım A.Ş.	-	1,545,483	1,545,483
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	872,871	872,871
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	1,802,078	-	1,802,078
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	7,818,307	-	7,818,307
Bim Birlesik Magazalar A.Ş.	8,700	3,532,700	3,541,400
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	4,518,356	4,518,356
Evidea Mağazacılık A.Ş.	10,779	1,053,131	1,063,910
Total	9,639,864	11,522,541	21,162,405

	Trade goods	Other	1 April- 30 June 2022
Anadolu Ulaşım A.Ş.	-	309,115	309,115
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	255,561	255,561
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	456,752	456,752
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	1,506,505	-	1,506,505
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	6,297,092	-	6,297,092
Bim Birlesik Magazalar A.ş.	-	1,198,407	1,198,407
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	2,153,175	2,153,175
Evidea Mağazacılık A.Ş.	76,849	408,266	485,115
Total	7,880,446	4,781,276	12,661,722

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

b) Sales to related parties

	Product sales	Other sales	1 January-30 June 2023
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	12,228	12,228
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	3,734,201	-	3,734,201
Bim Birlesik Magazalar A.Ş.	817	-	817
Anadolu Ulaşım A.Ş.	25,601	-	25,601
Evidea Mağazacılık A.Ş.	822	3,544,198	3,545,020
Aktül Kağıt Üretim Paz. A.Ş.	4,718	-	4,718
Total	3,766,159	3,556,426	7,322,585

b) Sales to related parties

	Product sales	Other sales	1 January-30 June 2022
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	42,313	42,313
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	5,952,122	1,951	5,954,073
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	46,000	46,000
Evidea Mağazacılık A.Ş.	30	1,801,100	1,801,130
Aktül Kağıt Üretim Paz. A.Ş.	19,154	-	19,154
Total	5,971,306	1,891,364	7,862,670

	Product sales	Other sales	1 April-30 June 2023
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	192,401	-	192,401
Bim Birlesik Magazalar A.Ş.	63	-	63
Anadolu Ulaşım A.Ş.	4,671	-	4,671
Evidea Mağazacılık A.Ş.	12	1,763,122	1,763,134
Aktül Kağıt Üretim Paz. A.Ş.	3,102	-	3,102
Total	200,249	1,763,122	1,963,371

	Product sales	Other sales	1 April-30 June 2022
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	2,412,260	1,553	2,413,813
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	46,000	46,000
Bim Birlesik Magazalar A.Ş.	-	1,862	1,862
Evidea Mağazacılık A.Ş.	30	915,882	915,912
Aktül Kağıt Üretim Paz. A.Ş.	14,121	-	14,121
Total	2,426,411	965,297	3,391,708

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

iv) Other transactions with related parties for the accounting period 30 June 2023 and 30 June 2022 :

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

	1 January - 30 June 2023	1 January – 30 June 2022
Short-term benefits to management (*)	6,544,666	2,284,121

(*) All of the benefits provided to the key management (includes the general manager and members of the Board of Directors) within the period from 1 January to 30 June 2023 and 30 June 2022 are short-term benefits.

NOTE 26 - EARNINGS PER SHARE

	1 January - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2023	1 April – 30 June 2022
Average number of shares available during the period	136,000,000	136,000,000	136,000,000	136,000,000
Net profit / (loss) for the year attributable to shareholders of the Company	88,432,251	15,086,740	51,542,541	23,539,701
Earnings per share	0,65	0,11	0,38	0,17

NOTE 27 - 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 analysing the foreign currency denominated assets and liabilities. The Group follows and mitigates the foreign currency risk by analysing currency position.

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2023 and 31 December 2022, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

30 June 2023	TRY Equivalent	USD	EUR	GBP
1. Trade receivables				
2a. Monetary financial assets	477,305	3,502	7,641	5,235
2b. Non-monetary financial assets	-	-	-	-
3. Other				
4. Current assets (1+2+3)	477,305	3,502	7,641	5,235
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)	477,305	3,502	7,641	5,235
10. Trade payables	33,189,795	947,135	292,209	17,244
11. Financial liabilities	-	-	-	-
12a. Other monetary obligations	-	-	-	-
12b. Other non-monetary obligations	-	-	-	-
13. Short-term liabilities (10+11+12)	33,189,795	947,135	292,209	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)	33,189,795	947,135	292,209	17,244
19. Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19.a Amount of off-balance sheet foreign currency derivative productst with active charactert	-	-	-	-
19b. Amount of derivative products denominated in off-balance sheet foreign currency with a passive character	-	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	(32,712,490)	(943,633)	(284,568)	(12,010)
21. Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(32,712,490)	(943,633)	(284,568)	(12,010)
22. Total fair value of financial instruments used for currency hedging	-	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-	-

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

31 December 2022	TRY Equivalent	USD	EUR	GBP
1. Trade receivables				
2a. Monetary financial assets	139,551	5,309	1,337	606
2b. Non-monetary financial assets	-	-	-	-
3. Other				
4. Current assets (1+2+3)	139,551	5,309	1,337	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)	139,551	5,309	1,337	606
10. Trade payables	16,497,914	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)	16,497,914	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)	16,497,914	464,578	370,822	17,244
19. Net asset/liability position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-
19.a Amount of off-balance sheet foreign currency derivative productst with active charactert	-	-	-	-
19b. Amount of derivative products denominated in off-balance sheet foreign currency with a passive character	-	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	(16,358,363)	(459,269)	(369,485)	(16,638)
21. Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	(16,358,363)	(459,269)	(369,485)	(16,638)
22. Total fair value of financial instruments used for currency hedging	-	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-	-

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

The analysis of foreign currency sensitivity at 30 June 2023 and 31 December 2022 is as follows:

	Profit/loss	Profit/loss
30 June 2023	Foreign currency appreciation	Foreign currency depreciation
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	(2,438,947)	2,438,947
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	(2,438,947)	2,438,947
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(801,896)	801,896
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(801,896)	801,896
Increase/decrease in the GBP against TRY by 10%		
4- GBP net asset/(liability)	(35,236)	35,236
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	(35,236)	35,236
Total net effect	(3,276,078)	3,276,078
	Profit/loss	Profit/loss
31 December 2022	Foreign currency appreciation	Foreign currency depreciation
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

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

a) Market risk (Continued)

Price risk

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

Interest risk

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

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

As of 30 June 2023 and 31 December 2022, the Group's financial liabilities consist of fixed rate bank loans and lease liabilities.

30 June 2023 31 December 2022

Fixed rate financial instruments

Time deposits		-
Borrowings	718,616,567	559,943,417

Variable rate financial instruments

Time deposits	-	-
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.

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

EBEBEK MAĞAZACILIK A.Ş.

NOTES TO THE CONSOLIDATED STATEMENT FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2023 and 31 December 2022, the amounts of the Group's foreign currency assets and liabilities and their TRY provisions are as follows:

30 June 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	-	35,942,792	4,569,988	120,194,523
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	488,384	719,418	-
- Impairment (-)	-	(488,384)	(719,418)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	35,942,792	4,569,988	120,194,523

As of 30 June 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	-	35,604,609	4,936,573	48,576,425
Secured portion	-	-	-	-
Net book value of overdue but not impaired assets	-	-	-	-
Secured portion	-	-	-	-
Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	488,384	719,418	-
- Impairment (-)	-	(488,384)	(719,418)	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
Elements involving off-balance sheet credit risk	-	-	-	-
Maximum exposure to credit risk	-	35,604,609	4,936,573	48,576,425

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 27 - 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 30 June 2023 and 31 December 2022, the presentation of liabilities according to their undiscounted cash flows and remaining maturities is presented in the tables below:

30 June 2023	Book value	Less than 3 month	3 - 12 month	1 - 5 month	Total cash outflows pursuant to the contract
Financial liabilities	353,709,851	305,321,269	55,891,428	-	361,212,697
Trade payables to third parties	1,972,601,954	1,875,573,830	163,825,000	-	2,039,398,830
Trade payables to related parties	42,065,783	42,065,783	-	-	42,065,783
Lease liabilities	364,906,716	26,939,417	76,732,316	313,677,400	417,349,133
Non-derivative financial liabilities	2,733,284,304	2,249,900,299	296,448,744	313,677,400	2,860,026,443

31 December 2022	Book value	Less than 3 month	3 - 12 month	1 - 5 month	Total cash outflows pursuant to the contract
Financial liabilities	315,628,805	206,169,251	129,696,956	-	335,866,207
Trade payables to third parties	1,305,745,450	1,226,177,052	108,445,000	-	1,334,622,052
Trade payables to related parties	41,817,192	41,817,192	-	-	41,817,192
Lease liabilities	244,314,612	19,679,098	57,643,182	249,062,710	326,384,990
Non-derivative financial liabilities	1,907,506,059	1,493,842,593	295,785,138	249,062,710	2,038,690,441

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Capital risk management

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

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

	30 June 2023	31 December 2022
Financial liabilities	718,616,567	559,943,417
Less: Cash and cash equivalents (Note 4)	(127,990,892)	(53,705,744)
Net financial debt	590,625,675	506,237,673
Total equity	320,010,208	244,099,225
Net financial debt/equity	1,85	2,07

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.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
(Continued)**

Fair value of financial assets (Continued)

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.

NOTE 28 - SUPPLEMENTARY CASH FLOW INFORMATION

	Loans	Leases	Total
1 January 2023	315,628,805	244,314,612	559,943,417
Cash inflows during the period	594,676,878	-	594,676,878
Lease additions	-	145,703,644	145,703,644
Lease terminations	-	(1,067,712)	(1,067,712)
Cash outflows during the period	(556,834,265)	(58,657,402)	(615,491,667)
Other	238,433	34,613,574	34,852,007
30 June 2023	353,709,851	364,906,716	718,616,567
Cash and cash equivalents			127,990,892
Net debt			590,625,675
	Loans	Leases	Total
1 January 2022	166,174,142	198,207,206	364,381,348
Cash inflows during the period	302,761,202	-	302,761,202
Lease additions	-	84,001,953	84,001,953
Lease terminations	-	(5,991,133)	(5,991,133)
Cash outflows during the period	(140,499,217)	(37,643,932)	(178,143,149)
Other	601,964	25,280,198	25,882,162
30 June 2022	329,038,091	263,854,292	592,892,383
Cash and cash equivalents			19,840,116
Net debt			573,052,267

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

**NOTE 29 – 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, 2022, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2022, are as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Independent audit fee for the reporting period	2,000,000	-
Total	2,000,000	-

NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

With the Bill of Law on the Amendment of Some Laws and Legislative Decree No. 375, the Establishment of Additional Motor Vehicles Tax for Compensation for Economic Losses Caused by the Earthquakes Occurred on February 6, 2023, which entered the agenda of the Grand National Assembly of Turkey on July 5, 2023, the corporate tax rate was increased by 5 points. As a result of the increase, the corporate tax rate was increased from 20% to 25% and it was proposed to terminate the regulation that exempts the income from real estate sales from corporate tax. The said law proposal was enacted on 15 July 2023.

Considering the effective date of the law, the estimated financial impact expected to increase the deferred tax asset carried today is TRY 9,622,774.

**(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

APPENDIX 1 - EBITDA

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

	1 January - 30 June 2023	1 January - 30 June 2022
Revenue	3,838,422,526	1,758,449,844
Cost of sales (-)	(2,537,691,732)	(1,187,474,941)
Gross profit	1,300,730,794	570,974,903
General and administrative expenses (-)	(126,328,911)	(52,840,420)
Marketing expenses (-)	(781,329,130)	(370,462,850)
Addition: Depreciation and amortization	82,670,391	54,763,986
EBITDA	475,743,144	202,435,619

.....