

EBEBEK MAĐAZACILIK A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

(ORIGINALLY ISSUED IN TURKISH)

**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 SEPTEMBER 2023**

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

EBEBEK MAĞAZACILIK A.Ş.

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

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

	Notes	Current period 30 September 2023	Prior period 31 December 2022
ASSETS			
Current assets		3,797,294,433	1,711,118,943
Cash and cash equivalents	4	465,732,330	53,705,744
Financial investments	22	411,428,535	-
Trade receivables			
- Trade receivables from third parties	5	61,669,902	35,604,609
Other receivables			
- Other receivables from third parties	8	2,641,419	4,936,573
Inventories	10	2,395,149,135	1,389,222,131
Prepaid expenses	6	234,827,032	82,499,311
Other current assets	7	225,846,080	145,150,575
Non-current assets		1,007,467,979	572,385,041
Other receivables			
- Other receivables from third parties	8	759,408	619,458
Financial investments	22	112,461,265	-
Property, plant and equipment	11	410,760,575	263,989,242
Intangible assets			
- Other intangible assets	12	45,290,552	12,836,509
- Goodwill	3	29,123,542	29,123,542
Right-of-use-assets	13	370,372,462	214,333,449
Prepaid expenses	6	471,838	1,258,085
Deferred tax assets	24	38,228,337	50,224,756
Total assets		4,804,762,412	2,283,503,984

These consolidated financial statements were signed by Board of Directors to be issued on 19 October 2023.

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

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EBEBEK MAĞAZACILIK A.Ş.

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

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

	Notes	Current period 30 September 2023	Prior period 31 December 2022
LIABILITIES			
Short term liabilities		2,824,475,914	1,755,041,339
Short-term borrowings	14	415,104,426	315,628,805
Lease liabilities	14	56,295,723	41,178,468
Trade payables			
- Trade payables to related parties	5, 25	75,365,927	41,817,192
- Trade payables to third parties	5	2,159,941,453	1,305,745,450
Employee benefit obligations	17	25,022,368	20,745,690
Current income tax liabilities	24	33,339,903	3,949
Short-term provisions			
- Provisions for employee benefits		2,688,863	4,018,947
Deferred income	9	35,884,337	18,903,932
Other short term liabilities	15	20,832,914	6,998,906
Long term liabilities		508,329,963	284,363,420
Lease liabilities	14	375,785,673	203,136,144
Long-term provisions			
- Provisions for employee benefits	17	102,045,182	58,168,086
- Other long term provision		17,461,889	10,517,513
Deferred income	9	4,307,661	3,762,922
Deferred tax liability	24	1,722,978	2,667,644
Other long term liabilities	15	7,006,580	6,111,111
Equity			
Equity holders of the parent		1,483,958,449	250,175,230
Paid-in capital	18	160,000,000	17,500,000
Share premium	18	1,038,467,239	-
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		(63,030,236)	(37,885,228)
Other comprehensive income or expenses to be reclassified to profit or loss			
- Currency translation differences		2,852,054	(574,535)
Retained earnings		148,128,472	67,915,803
Net income for the period		193,034,399	201,646,983
Non-controlling interests		(12,001,914)	(6,076,005)
Total equity		1,471,956,535	244,099,225
Total liabilities and equity		4,804,762,412	2,283,503,984

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

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EBEBEK MAĞAZACILIK A.Ş.

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

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

	Notes	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 April - 30 September 2022
Net sales	19	6,321,955,296	3,053,186,452	2,483,532,770	1,294,736,608
Cost of sales (-)	19,20	(4,014,902,663)	(2,008,495,375)	(1,477,210,931)	(821,020,434)
Gross profit		2,307,052,633	1,044,691,077	1,006,321,839	473,716,174
Marketing expenses (-)	20	(1,303,068,690)	(618,401,952)	(521,739,560)	(247,939,102)
General administrative expenses (-)	20	(192,124,828)	(89,510,691)	(65,795,917)	(36,670,271)
Other income from operating activities	21	19,028,574	4,779,106	3,426,759	2,452,480
Other expenses from operating activities (-)	21	(363,814,663)	(113,308,382)	(190,533,244)	(56,168,460)
Operating profit		467,073,026	228,249,158	231,679,877	135,390,821
Income from investment activities	22	18,374,236	480,028	15,645,805	63,529
Operating profit before financial expense		485,447,262	228,729,186	247,325,682	135,454,350
Financial expenses (-)	23	(231,408,293)	(119,522,241)	(108,660,727)	(46,982,736)
Profit from continuing operations before tax		254,038,969	109,206,945	138,664,955	88,471,614
Current tax expense for the period (-)	24	(49,592,474)	(34,840,932)	(31,511,365)	(20,065,217)
Deferred tax (expense)/income	24	(17,338,005)	3,993,055	(5,468,366)	560,703
Net profit from continuing operations		187,108,490	78,359,068	101,685,224	68,967,100
Profit / (Loss) Distribution					
- Non-controlling interests		(5,925,909)	(7,768,906)	(2,916,924)	(2,074,134)
- Equity holders of the parent		193,034,399	86,127,974	104,602,148	71,041,234
Earnings per share	26	1,21	0,54	0,65	0,44
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss					
Gain/ loss arising from defined benefit plans		(31,431,260)	(29,472,360)	(17,413,140)	(7,947,514)
Total taxes on other comprehensive expense that will not be reclassified to profit or loss		6,286,252	5,894,472	3,482,628	1,589,503
To be reclassified to profit or loss					
Currency translation differences		3,426,589	-	1,724,376	-
OTHER COMPREHENSIVE INCOME		(21,718,419)	(23,577,888)	(12,206,136)	(6,358,011)
TOTAL COMPREHENSIVE INCOME		165,390,071	54,781,180	89,479,088	62,609,089
Distribution of total comprehensive income					
- Non-controlling interests		(5,925,909)	(7,768,906)	(2,916,924)	(2,074,134)
- Equity holders of the parent		171,315,980	62,550,086	92,396,012	64,683,223

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

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EBEBEK MAĞAZACILIK A.Ş.

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

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

	Paid-in Capital	Share Premium	Restricted reserves	Other comprehensive income that will not be reclassified in profit or loss Actuarial losses arising from defined benefit plans	Other comprehensive income that be reclassified in profit or loss Currency translation differences	Retained earnings	Net income for the period	Equity holders of the parent	Non-controlling interests	Total equity
Balances as of January 1, 2022	17,500,000	-	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	-	-	-	(23,577,889)	-	-	86,127,974	62,550,085	(7,768,906)	54,781,179
Subsidiary acquisition	-	-	-	-	-	-	-	-	3,569,610	3,569,610
Balances as of 30 September 2022	17,500,000	-	1,572,207	(30,718,324)	-	67,915,803	86,127,974	142,397,660	(4,199,296)	138,198,364
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
Share capital increase	142,500,000	1,038,467,239	-	-	-	(118,500,000)	-	1,062,467,239	-	1,062,467,239
Transfers	-	-	2,934,314	-	-	198,712,669	(201,646,983)	-	-	-
Total comprehensive income	-	-	-	(25,145,008)	3,426,589	-	193,034,399	171,315,980	(5,925,909)	165,390,071
Balances as of 30 September 2023	160,000,000	1,038,467,239	4,506,521	(63,030,236)	2,852,054	148,128,472	193,034,399	1,483,958,449	(12,001,914)	1,471,956,535

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

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EBEBEK MAĞAZACILIK A.Ş.

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

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

	Notes	Current period 30 September 2023	Prior period 30 September 2022
A. Cash flows from operating activities		243,650,963	165,238,618
Net income for the period		187,108,490	78,359,068
Adjustments to reconcile net profit		421,378,125	237,302,322
Depreciation and amortization expenses	11,12,13	136,980,224	79,078,529
Adjustments related to provisions		30,372,358	10,248,035
- Adjustments related to provisions for employee benefits		24,758,066	5,074,172
- Adjustments related to warranty provisions		5,614,292	5,173,863
Inventory provision	10	(2,426,603)	408,424
Adjustments related to interest (income)/expenses		207,895,903	117,199,485
- Adjustments related to interest expenses	23	207,895,903	117,199,485
Adjustments regarding to (gain)/loss on sale of fixed assets	22	(3,826,191)	(480,028)
Adjustments for other items that cause from investing or financing activities arising cash flow		(14,548,045)	-
Adjustments related to tax (income)/expense	24	66,930,479	30,847,877
Changes in net working capital		(336,266,902)	(130,039,713)
Adjustments for (increase)/decrease in trade receivables		(26,065,293)	(25,841,079)
Adjustments for (increase)/decrease in inventories		(1,003,500,401)	(610,839,354)
Adjustments for (increase)/decrease in prepaid expenses		(151,541,474)	(16,450,851)
Adjustments for (increase)/decrease in trade payables		887,744,738	620,070,321
Adjustments for (increase)/decrease in other receivables		2,155,204	2,648,540
Adjustments for Increase (decrease) in employee benefit liabilities		4,276,677	1,244,828
Other adjustments related to decrease (increase) in net working capital		(49,336,353)	(100,872,118)
Cash generated from operations		272,219,713	185,621,677
Payments related to provisions for employee benefits	17	(12,312,230)	(4,101,438)
Taxes paid		(16,256,520)	(16,281,621)
B. Cash flows from investing activities		(755,818,966)	(88,759,551)
Cash inflows from the sale of tangible and intangible assets		8,313,423	749,191
- Cash flow from sale of tangible assets		8,313,423	749,191
Cash outflows from the purchase of tangible and intangible assets		(254,790,634)	(89,508,742)
- Cash outflow from purchase of tangible assets	11	(213,113,105)	(82,689,059)
- Cash outflow from purchase of intangible assets	12	(41,677,529)	(6,819,683)
Cash outflows for acquisition of equity or debt instruments of other entities or funds		(509,341,755)	-
C. Cash flows from financing activities		920,768,000	(72,865,619)
Proceeds from borrowings	28	882,825,367	487,687,439
Repayments of borrowings	28	(779,220,951)	(413,588,712)
Share capital increase		1,062,467,239	-
Cash outflows related to payment of lease liabilities	28	(41,677,529)	(6,819,683)
Interest paid		(509,341,755)	-
Net increase in cash and cash equivalents before currency translation differences (A+B+C)		408,599,997	3,613,448
D. Currency translation differences		3,426,589	-
E. Cash and cash equivalents at the beginning of the period	4	53,705,744	24,062,240
Cash and cash equivalents at the end of the period (A+B+C+D+E)		465,732,330	27,675,688

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

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EBEBEK MAĞAZACILIK A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 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 224 stores as of 30 September 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) 7,006,580 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.

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

As of 30 September 2023, the number of employees of the Company is 3,678 (31 December 2022: 3,545). As of 30 September 2023, the number of employees of the Group is 3,869 (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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 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 September 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, 27,3752 TRY, 27,4245 TRY and 22,1333 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 28,8083 TRY, 28,8602 TRY and 23,9922 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)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 2023**

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

NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

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/IFRS 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.

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

	30 September 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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)

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.

a) Standards, amendments, and interpretations applicable as of 30 September 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 30 SEPTEMBER 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)

- **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 September 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.
 - **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.

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

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.

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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.

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

2.2 Summary of significant accounting policies (Continued)

Inventories

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

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

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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.

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

2.2 Summary of significant accounting policies (Continued)

Business Combinations

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

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

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

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

Goodwill

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

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

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

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

2.2 Summary of significant accounting policies (Continued)

Impairment of assets

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

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

Borrowings

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

Derecognition of financial instruments

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

Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liabilities and assets

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

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

2.2 Summary of significant accounting policies (Continued)

Employee benefits

Defined benefit plan

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

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

Defined contribution plan

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

Provision for vacation pay liability

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

Premium provision

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

Dividend

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

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

2.2 Summary of significant accounting policies (Continued)

Taxes on income

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

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

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

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

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

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

Foreign currency transactions and balances

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

Cash flow statement

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

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.

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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,

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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.

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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 Bati ege's shareholders to acquire Bati ege and started the review process. Bati ege 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 Bati ege passed under the control of the Company as of January 1, 2015, On June 5, 2015, the type of Bati ege was changed to Joint Stock Company, and on June 12, 2015, the approval notification was received from the Competition Board for the acquisition.

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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 September 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 7,006,580 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 September 2023, the required performances had not been completed, and the probability of realization over the twenty one 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**

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NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash	7,796,369	5,129,319
Banks		
- Demand deposits	170,790,900	28,424,989
- Profit share deposits	150,000,000	-
Credit card receivables (*)	137,272,621	20,151,436
Total cash and cash equivalents	465,732,330	53,705,744

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

As of 30 September 2023, there is no blockage on bank accounts (31 December 2022: None). As of 30 September 2023, profit share deposits are TRY and the gross average rate of profit share from participation banks are % 42 yearly.

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.

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	30 September 2023	31 December 2022
Short-term trade receivables		
Trade receivables	42,316,920	25,548,642
Note receivables (*)	19,841,366	10,544,351
Less : Provisions for doubtful trade receivables	(488,384)	(488,384)
Total trade receivables	61,669,902	35,604,609

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

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

b) Trade payables

	30 September 2023	31 December 2022
Short-term trade payables:		
Trade payables to third parties	2,294,138,469	1,334,622,052
Trade payables to related parties (Note 25)	75,365,927	41,817,192
Less: Unearned credit finance expense (*)	(134,197,016)	(28,876,602)
Total trade payables	2,235,307,380	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 122 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 58% for 30 September 2023 and 20% for 31 December 2022.

NOTE 6 – PREPAID EXPENSES

	30 September 2023	31 December 2022
Short-term prepaid expenses:		
Advances given for inventories	219,511,832	72,825,135
Job advances	5,921,750	3,531,744
Prepaid insurance expenses	2,951,834	294,782
Other	6,441,616	5,847,650
Total short-term prepaid expenses	234,827,032	82,499,311

	30 September 2023	31 December 2022
Long-term prepaid expenses:		
Advances given for purchase of property, plant and equipment	471,838	1,258,085
Total long-term prepaid expenses	471,838	1,258,085

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NOTE 7 - OTHER CURRENT ASSETS

	30 September 2023	31 December 2022
Deferred VAT	218,375,748	143,929,266
Other	7,470,332	1,221,309
Total other current assets	225,846,080	145,150,575

NOTE 8 - OTHER RECEIVABLES

	30 September 2023	31 December 2022
Short-term other receivables:		
Investment support receivables	808,517	3,290,410
Other	1,832,902	1,646,163
Total short-term other receivables	2,641,419	4,936,573

	30 September 2023	31 December 2022
Long-term other receivables:		
Deposits and guarantees given	759,408	619,458
Total long-term other receivables	759,408	619,458

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NOTE 9 - DEFERRED INCOME

	30 September 2023	31 December 2022
Short-term deferred income:		
Advances received for sales	16,502,039	1,350,949
Gift cards (*)	16,191,347	10,659,326
Deferred investment support income (**)	3,190,951	6,893,657
Total short-term deferred income	35,884,337	18,903,932
	30 September 2023	31 December 2022
Long-term deferred income:		
Deferred investment support income (**)	4,307,661	3,762,922
Total long-term deferred revenues	4,307,661	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 September 2023	31 December 2022
Trade goods	2,342,779,398	1,354,048,486
Raw materials and supplies	18,639,438	16,190,345
Work in progress	9,271,243	5,179,247
Finished goods	4,682,768	2,970,676
Other inventories	24,971,951	18,455,643
Less: Provisions for inventories	(5,195,663)	(7,622,266)
Total inventories	2,395,149,135	1,389,222,131

As of 30 September 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	5,195,663	2.480.465
30 September 2023	5,195,663	2.480.465

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Transfers	Disposals	30 September 2023	
Cost						
Buildings	1,071,182	-	-	-	1,071,182	
Machinery and equipment	34,619,744	2,425,268	-	(4,259,615)	32,785,397	
Furniture and fixtures	183,336,990	80,475,137	11,506,441	(1,182,686)	274,135,882	
Vehicles	10,174,289	-	-	-	10,174,289	
Leasehold improvements	193,748,027	65,763,591	43,951,156	(1,314,551)	302,148,223	
Construction in progress	8,379,667	64,449,109	(55,457,597)	-	17,371,179	
	431,329,899	213,113,105	-	(6,756,852)	637,686,152	
Accumulated depreciation						
Buildings	(267,296)	(13,187)	-	-	(280,483)	
Machinery and equipment	(4,693,565)	(3,860,667)	-	1,124,611	(7,429,621)	
Furniture and fixtures	(77,300,673)	(28,419,347)	-	475,293	(105,244,727)	
Vehicles	(944,149)	(1,535,251)	-	-	(2,479,400)	
Leasehold improvements	(84,134,974)	(28,026,253)	-	669,881	(111,491,346)	
	(167,340,657)	(61,854,705)	-	2,269,785	(226,925,577)	
Net book value	263,989,242				410,760,575	
	1 January 2022	Additions	Transfers	Disposals	Acquisition	30 September 2022
Cost						
Buildings	1,071,182	-	-	-	-	1,071,182
Machinery and equipment	1,620,052	5,411,427	-	-	17,547,000	24,578,479
Furniture and fixtures	127,942,921	33,628,604	3,423,973	(2,089,469)	-	162,906,029
Vehicles	427,000	435,000	-	(234,075)	1,400,000	2,027,925
Leasehold improvements	132,078,430	37,510,667	-	(957,867)	-	168,631,230
Construction in progress	3,671,910	5,703,361	(3,423,973)	-	-	5,951,298
	266,811,495	82,689,059	-	(3,281,411)	18,947,000	365,166,143
Accumulated depreciation						
Buildings	(249,559)	(13,302)	-	-	-	(262,861)
Machinery and equipment	(458,585)	(2,011,458)	-	-	-	(2,470,043)
Furniture and fixtures	(60,374,032)	(17,110,769)	-	1,863,082	-	(75,621,719)
Vehicles	(213,500)	(513,520)	-	234,075	-	(492,945)
Leasehold improvements	(58,736,685)	(15,637,084)	-	916,215	-	(73,457,554)
	(120,032,361)	(35,286,133)	-	3,013,372	-	(152,305,122)
Net book value	146,779,134					212,861,021

As of 30 September 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.

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NOTE 12 - INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	30 September 2023
Cost				
Rights	1,148,328	(308)		1,148,020
Development costs (**)	-	12,713,404	-	12,713,404
Other intangible assets (*)	39,985,948	28,964,125	(14,167)	68,935,906
	41,134,276	41,677,529	(14,475)	82,797,330
Accumulated depreciation				
Rights	(1,057,067)	(42,084)	142	(1,099,009)
Other intangible assets (*)	(27,240,700)	(9,181,236)	14,167	(36,407,769)
	(28,297,767)	(9,223,320)	14,309	(37,506,778)
Net book value	12,836,509			45,290,552
	1 January 2022	Additions	Disposals	30 September 2022
Cost				
Rights	1,159,573	-	-	1,159,573
Other intangible assets (*)	30,031,915	6,819,683	(12,461)	36,839,137
	31,191,488	6,819,683	(12,461)	37,998,710
Accumulated depreciation				
Rights	(999,490)	(72,365)	-	(1,071,855)
Other intangible assets (*)	(20,422,818)	(5,163,248)	11,337	(25,574,729)
	(21,422,308)	(5,235,613)	11,337	(26,646,584)
Net book value	9,769,180			11,352,126

(*) 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 September 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.

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NOTE 13 – RIGHT OF USE ASSETS

	Vehicles	Buildings	Total
Cost			
1 January 2023	7,359,173	348,361,487	355,720,660
Additions	9,781,536	214,909,288	224,690,824
Disposals	(384,628)	(3,141,075)	(3,525,703)
30 September 2023	16,756,081	560,129,700	576,885,781
Accumulated depreciation			
1 January 2023	6,972,250	134,414,961	141,387,211
Additions	5,188,898	60,713,301	65,902,199
Disposals	(245,431)	(530,660)	(776,091)
30 September 2023	11,915,717	194,597,602	206,513,319
Total	4,840,364	365,532,098	370,372,462
Cost			
1 January 2022	7,321,354	268,180,979	275,502,333
Additions	-	86,823,639	86,823,639
Disposals	-	(9,302,107)	(9,302,107)
30 September 2022	7,321,354	345,702,511	353,023,865
Accumulated depreciation			
1 January 2022	5,090,903	92,476,314	97,567,217
Additions	2,013,036	36,543,747	38,556,783
Disposals	-	(3,348,630)	(3,348,630)
30 September 2022	7,103,939	125,671,431	132,775,370
Total	217,415	220,031,080	220,248,495

The distribution of depreciation expenses is provided in Note 20.

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NOTE 14 - SHORT AND LONG TERM BORROWINGS

30 September 2023	Maturity range	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	5.10.2023 -16.09.2024	57,60	378,933,862
Credit card payables			36,170,564
Total			415,104,426

30 September 2023			TRY
Short-term portions of long-term borrowings			
Lease liabilities	01.10.2023 – 30.09.2024	20,00 – 58,00	56,295,723
Total			56,295,723

30 September 2023	Maturity range	Effective rate (%)	TRY
Long-term borrowings			
Lease liabilities	01.10.2024 – 30.09.2033	20,00 – 58,00	375,785,673
Total			375,785,673

31 December 2022	Maturity range	Effective rate (%)	TRY
Short-term borrowings			
Short-term unsecured loans	02.01.2023 – 18.12.2023	24,70	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

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NOTE 14 - SHORT AND LONG TERM BORROWINGS (Continued)

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

While calculating the effective rates of short-term unsecured loans, commission payments made to banks for the relevant unsecured loans are also included in the calculation.

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

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

	30 September 2023	31 December 2022
Taxes and funds payable	19,087,348	6,694,629
Other	1,745,566	304,277
Total other current liabilities	20,832,914	6,998,906

	30 September 2023	31 December 2022
Deferred payments related to acquisition (*)	7,006,580	6,111,111
Total other long-term liabilities	7,006,580	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 September 2023, the required performances had not been completed, and the probability of realization over the fifteen months was only partially assessed, The management accounted for the deferred payment in the amount of 7,006,580 under long-term liabilities.

NOTE 16 - COMMITMENTS

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

	30 September 2023	31 December 2022
A, Total amount of CPM given in the name of its own legal entity	154,373,185	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	-	-
	154,373,185	64,810,294

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NOTE 16 - COMMITMENTS (Continued)

30 September 2023		31 December 2022	
Original currency	TRY	Original currency birimi	TRY
TRY	134,594,925	TRY	48,974,620
USD	8,068,652	USD	6,592,020
EUR	11,709,608	EUR	9,243,654
	154,373,185		64,810,294

Guarantee letters

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

	30 September 2023	31 December 2022
Guarantee letters	154,373,185	64,810,294
	154,373,185	64,810,294

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

	30 September 2023	31 December 2022
Guarantee letters	20,000,000	20,000,000
	20,000,000	20,000,000

NOTE 17 - EMPLOYEE BENEFITS

Employee benefit obligations

	30 September 2023	31 December 2022
Social security payables	22,630,657	10,413,457
Salaries and bonuses payable	2,391,711	10,332,233
	25,022,368	20,745,690

Long-term provisions for employee benefits

	30 September 2023	31 December 2022
Provision for unused vacations	21,912,908	9,740,046
	21,912,908	9,740,046

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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	12,172,862	2,419,883
30 September	21,912,908	8,024,537

	30 September 2023	31 December 2022
Provisions for employment termination benefits	80,132,274	48,428,040
	80,132,274	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 September 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 September 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 September 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.

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NOTE 17 - EMPLOYEE BENEFITS (Continued)

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

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	8,738,808	760.257
Service cost	3,846,396	1.148.332
Payments during the period	(12,312,230)	(4.101.438)
Actuarial losses/ (gain)	31,431,260	29,472,360
30 September	80,132,274	32,290,266

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 160,000,000 TRY (31 December 2022: 17,500,000 TRY).

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

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	Share rate (%)	Share amount (TRY)	Share rate (%)	Share amount (TRY)
Ahmet Afif Topbaş	16,51%	26,409,567	25,59%	4,477,500
Mahmud Muhammed Topbaş	15,60%	24,960,000	19,60%	3,429,500
Musa Topbaş	15,60%	24,960,000	19,59%	3,427,500
Halil Erdoğan	10,74%	17,181,730	13,42%	2,349,000
Fatma Hande Topbaş	5,85%	9,352,856	7,43%	1,300,000
Fatma Zehra Ülker	5,85%	9,352,856	7,43%	1,300,000
Kemal Anthony Hatoum	3,13%	5,012,845	4,91%	860,047
Mustafa Latif Topbaş	0,46%	738,284	0,54%	95,000
Other	1,26%	2,031,862	1,49%	261,453
Publicly traded	25,00%	40,000,000	-	-
	100	160,000,000	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. With the public offering, a paid-in capital increase of 24,000,000 TRY has occurred, and the paid-in capital has reached 160,000,000 TRY.

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NOTE 18 - EQUITY (Continued)

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.

The Company increased its paid-in capital to 160,000,000 TRY through public offering and the share of the increase amount above the nominal capital increase was accounted in the share premiums after deducting the public offering expenses.

NOTE 19 - NET SALES AND COST OF SALES

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Goods and Services Sales				
- Store sales	5,134,420,650	2,622,752,668	2,034,786,417	1,180,487,157
- E-commerce sales	1,241,580,129	444,371,024	469,481,820	128,338,580
- Other sales	224,727,487	114,468,766	81,268,915	37,800,622
Gross sales	6,600,728,266	3,181,592,458	2,585,537,152	1,346,626,359
Sales returns and discounts (-)	(278,772,970)	(128,406,006)	(102,004,382)	(51,889,751)
Net sales	6,321,955,296	3,053,186,452	2,483,532,770	1,294,736,608
Domestic sales	6,302,535,583	3,053,075,402	2,475,438,307	1,294,625,558
Sales abroad (*)	19,419,713	111,050	8,094,463	111,050
Cost of sales	(4,014,902,663)	(2,008,495,375)	(1,477,210,931)	(821,020,434)
Gross profit	2,307,052,633	1,044,691,077	1,006,321,839	473,716,174

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

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

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NOTE 20 – EXPENSES BY NATURE

Marketing expenses

	1 January - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2023	1 July - 30 September 2022
Personnel expenses	610,290,999	266,809,014	249,853,743	106,903,432
Depreciation and amortization expenses	120,920,767	63,779,947	48,348,293	19,789,659
Advertising and promotion expenses	109,105,731	56,077,763	36,325,428	23,967,116
Rent expenses	96,440,862	38,249,968	37,600,655	19,881,022
Cargo expenses	76,728,029	34,013,747	33,719,593	9,430,649
Energy expenses	73,889,083	47,200,576	28,416,836	24,702,820
Transportation expenses	48,802,440	28,662,352	21,385,206	11,677,914
Storage expenses	33,522,958	13,866,547	19,041,349	5,600,528
Packaging materials	27,440,172	15,823,713	10,163,083	5,880,160
Maintenance and repair expenses	15,675,566	11,099,076	6,285,016	4,569,979
Other	90,252,083	42,819,249	30,600,358	15,535,823
Total	1,303,068,690	618,401,952	521,739,560	247,939,102

General administrative expenses

	1 January - 30 September 2023	1 January - 30 September 2022	1 April - 30 September 2023	1 April - 30 September 2022
Personnel expenses	118,394,144	46,268,965	42,759,726	20,075,711
Depreciation and amortization expenses	12,832,113	13,753,817	5,172,531	4,231,833
Information technologies expenses	12,289,544	8,801,652	2,699,025	4,119,665
Consultancy expenses	8,070,036	4,056,853	109,097	1,830,667
Taxes and fees expenses	5,969,340	2,739,418	3,206,153	642,663
Other	34,569,651	13,889,986	11,849,385	5,769,732
Total	192,124,828	89,510,691	65,795,917	36,670,271

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NOTE 20 – EXPENSES BY NATURE (Continued)

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Cost of trade goods sold	3,904,126,310	1,948,340,631	1,422,966,597	789,060,902
Personnel expenses	755,605,514	331,006,186	299,063,148	134,727,261
Depreciation and amortization expenses	136,980,224	79,078,529	54,309,833	24,314,543
Advertising and promotion expenses	109,105,731	56,077,763	36,325,428	23,967,117
Energy expenses	77,916,796	50,543,369	30,007,876	26,086,976
Cargo expenses	77,702,476	34,368,146	33,735,373	9,349,668
Transportation expenses	49,247,981	28,662,352	21,397,706	11,597,255
Storage expenses	33,593,721	13,873,323	19,081,910	5,600,772
Other	365,817,428	174,457,719	147,858,537	80,925,313
Total expenses by nature	5,510,096,181	2,716,408,018	2,064,746,408	1,105,629,807

Personnel expenses	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Cost of sales	26,920,371	17,928,207	6,449,679	7,748,118
Marketing expenses	610,290,999	266,809,014	249,853,743	106,903,432
General administrative expenses	118,394,144	46,268,965	42,759,726	20,075,711
Total	755,605,514	331,006,186	299,063,148	134,727,261

Depreciation & amortization expenses	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Cost of sales	3,227,344	1,544,766	789,009	293,053
Marketing expenses	120,920,767	63,779,946	48,348,293	19,789,657
General administrative expenses	12,832,113	13,753,817	5,172,531	4,231,833
Total	136,980,224	79,078,529	54,309,833	24,314,543

NOTE 21 – OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Investment support income	6,007,966	1,953,834	2,007,568	841,881
Other	13,020,608	2,825,272	1,419,191	1,610,599
Other operating income	19,028,574	4,779,106	3,426,759	2,452,480

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NOTE 21 – OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Credit finance charges				
arising from purchases	(344,160,500)	(102,727,004)	(185,757,288)	(49,227,355)
Foreign exchange losses	(6,696,824)	(3,214,164)	(1,768,177)	(2,982,507)
Other	(12,957,339)	(7,367,214)	(3,007,779)	(3,958,598)
Other operating expenses	363,814,663	(113,308,382)	(190,533,244)	(56,168,460)

NOTE 22 – INCOME FROM INVESTMENT ACTIVITIES

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Income from financial investments'				
capital gains(*)	14,548,045	-	14,548,045	-
Income from sale of				
property plant and equipment	3,826,191	480,028	1,097,760	63,529
Income from investment activities	18,374,236	480,028	15,645,805	63,529

(*) As of September 30, 2023, short-term financial investments that total amount is 411,428,535 TL, consist of short-term participation investment funds. Fair value changes of the investments are recorded in the profit or loss statement. As of same date, long-term financial investments are composed of USD based sukuk investments with quarterly coupon payments and a maturity date of 10 November 2024, traded with asset code XS2667526011. It is accounted for at amortized cost.

NOTE 23 - FINANCIAL INCOME AND EXPENSES

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Credit card commission expenses	(89,736,325)	(41,727,952)	(46,022,043)	(17,523,411)
Lease liabilities interest expenses	(63,114,403)	(37,638,406)	(28,500,829)	(12,358,208)
Loan fund commission expenses	(55,045,175)	(37,833,127)	(25,178,540)	(16,240,493)
Other	(23,512,390)	(2,322,756)	(8,959,315)	(860,624)
Financing expenses	(231,408,293)	(119,522,241)	(108,660,727)	(46,982,736)

NOTE 24 - TAX ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Corporate tax payable	49,592,474	34,803,870
Less: Prepaid taxes	(16,252,571)	(34,799,921)
Current period tax liabilities	33,339,903	3,949

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

	1 January - 30 September 2023	1 January - 30 September 2022	1 April- 30 September 2023	1 April - 30 September 2022
Current period income tax expense	(49,592,474)	(34,840,932)	(31,511,365)	(20,065,217)
Deferred tax (income)/expense	(17,338,005)	3,993,055	(5,468,366)	560,703
Tax income / (expense)	((66,930,479))	(30,847,877)	(36,979,731)	(19,504,514)

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.

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 September 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>	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Inventory impairment provision	(5,195,665)	(7,622,266)	1,039,132	1,524,453
Property, plant and equipment and intangible assets	(41,182,050)	(121,337,074)	8,236,410	24,267,415
Trade and other payables	42,076,075	(11,428,838)	(8,415,215)	2,285,768
Employee benefits	(102,045,180)	(58,168,086)	20,409,036	11,633,617
Warranty provisions	(20,150,750)	(14,536,459)	4,030,150	2,907,292
Right of use assets and lease liabilities	(57,842,460)	(29,981,163)	11,568,492	5,996,233
Other	1,813,235	5,288,330	(362,646)	(1,057,666)
Deferred tax asset, net			36,505,359	47,557,112

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NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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	(17,338,005)	3,993,055
Tax income on other comprehensive income items	6,286,252	5,894,472
Subsidiary acquisition	-	(2,112,199)
30 September	36,505,359	8,924,995

The reconciliation of current period tax expense is as follows:

	1 January - 30 September 2023	1 January - 30 September 2022	1 April - 30 September 2023	1 April - 30 September 2022
Profit before tax	254,038,969	109,206,945	138,664,955	88,471,614
Tax calculated	(63,509,742)	(25,117,668)	(40,434,939)	(20,348,542)
Effect of disallowable expenses	(4,692,733)	(3,088,258)	(565,849)	(1,371,585)
Other	1,271,996	(2,641,951)	4,021,057	2,215,613
Total tax expenses	(66,930,479)	(30,847,877)	(36,979,731)	(19,504,514)

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 September 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 September 2023 and 31 December 2022:

a) Trade and other receivables from related parties

As of 30 September 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.

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

b) Trade payables to related parties

	30 September 2023	31 December 2022
Hedef Tüketim Ürün, San, Dış Tic, A.Ş.	60,452,945	25,917,846
Turkuvaz Plastik ve Tem, Ürün, San, Tic, A.Ş.	10,561,011	13,690,070
Seranit Granit Seramik San, Ve Tic, A.Ş.	1,314,696	1,576,528
Avansas Ofis Malzemeleri Ticaret A.Ş.	678,223	602,497
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	25,801
Anadolu Ulaşım A.Ş.	2,359,052	4,450
Total	75,365,927	41,817,192

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

a) Purchases from related parties

	Trade goods	Other	1 January- 30 September 2023
Anadolu Ulaşım A.Ş.	-	3,843,752	3,843,752
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	2,287,161	2,287,161
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	47,021,498	-	47,021,498
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	35,643,945	-	35,643,945
Bim Birlesik Magazalar A.S.	32,692	3,751,500	3,784,192
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	10,279,828	10,279,828
Evidea Mağazacılık A.Ş.	37,891	3,694,070	3,731,961
Total	82,736,026	23,856,311	106,592,337

	Trade goods	Other	1 January- 30 September 2022
Anadolu Ulaşım A.Ş.	-	929,262	929,262
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	740,739	740,739
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	1,541,589	1,541,589
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	11,720,158	-	11,720,158
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	26,502,658	-	26,502,658
Bim Birlesik Magazalar A.S.	-	2,404,880	2,404,880
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	4,325,933	4,325,933
Evidea Mağazacılık A.Ş.	-	1,406,411	1,406,411
Total	38,222,816	11,348,814	49,571,630

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

a) Purchases from related parties (continued)

	Trade goods	Other	1 July- 30 September 2023
Anadolu Ulaşım A.Ş.	-	1,349,294	1,349,294
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	867,643	867,643
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	33,673,509	-	33,673,509
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	9,779,520	-	9,779,520
Bim Birlesik Magazalar A.Ş.	15,197	68,800	83,997
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	1,319,818	1,319,818
Evidea Mağazacılık A.Ş.	17,203	1,220,147	1,237,350
Total	43,485,429	4,825,702	48,311,131

	Trade goods	Other	1 July- 30 September 2022
Anadolu Ulaşım A.Ş.	-	378,073	378,073
Proline Bilişim Sistemleri Ve Ticaret A.Ş.	-	59,853	59,853
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	621,912	621,912
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	8,573,264	-	8,573,264
Turkuvaz Plastik ve Tem.Ürün.San.Tic.A.Ş.	7,023,264	-	7,023,264
Bim Birlesik Magazalar A.ş.	-	1,206,438	1,206,438
Seranit Granit Seramik San. Ve Tic. A.Ş.	-	1,226,050	1,226,050
Evidea Mağazacılık A.Ş.	-	644,956	644,956
Total	15,596,528	4,137,282	19,733,810

b) Sales to related parties

	Product sales	Other sales	1 January- 30 September 2023
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	12,228	12,228
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	5,938,727	-	5,938,727
Bim Birlesik Magazalar A.Ş.	817	-	817
Anadolu Ulaşım A.Ş.	25,700	-	25,700
Evidea Mağazacılık A.Ş.	855	5,688,812	5,689,667
Aktül Kağıt Üretim Paz. A.Ş.	23,851	-	23,851
Total	5,989,950	5,701,040	11,690,990

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NOTE 25 - RELATED PARTY DISCLOSURES (Continued)

b) Sales to related parties

	Product sales	Other sales	1 January- 30 September 2022
Proline Bilişim Sistemleri Ve Ticaret A,Ş,	-	42,313	42,313
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	11,205,125	2,038	11,207,163
Avansas Ofis Malzemeleri Ticaret A,Ş,	-	101,218	101,218
Bim Birlesik Magazalar A,S,	-	1,991	1,991
Evidea Mağazacılık A,Ş,	-	2,959,381	2,959,381
Aktül Kağıt Üretim Paz, A,Ş,	22,695	-	22,695
Total	11,227,820	3,106,941	14,334,761

	Product sales	Other sales	1 April- 30 September 2023
Hedef Tüketim Ürün, San, Dış Tic, A,Ş,	2,204,526	-	2,204,526
Bim Birlesik Magazalar A,S,	-	-	-
Anadolu Ulaşım A,Ş,	99	-	99
Evidea Mağazacılık A,Ş,	33	2,144,614	2,144,647
Aktül Kağıt Üretim Paz, A,Ş,	19,133	-	19,133
Total	2,223,791	2,144,614	4,368,405

	Product sales	Other sales	1 April- 30 September 2022
Hedef Tüketim Ürün. San. Dış Tic. A.Ş.	5,253,003	87	5,253,090
Avansas Ofis Malzemeleri Ticaret A.Ş.	-	55,218	55,218
Bim Birlesik Magazalar A.Ş.	-	1,991	1,991
Evidea Mağazacılık A.Ş.	-	1,158,251	1,158,251
Aktül Kağıt Üretim Paz. A.Ş.	3,541	-	3,541
Total	5,256,544	1,215,547	6,472,091

iii) Other transactions with related parties for the accounting period 30 September 2023 and 30 September 2022 :

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

	1 January - 30 September 2023	1 January – 30 September 2022
Short-term benefits to management (*)	28,312,262	10,707,909

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

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NOTE 26 - EARNINGS PER SHARE

	1 January - 30 September 2023	1 January - 30 September 2022	1 April - 30 September 2023	1 April - 30 September 2022
Average number of shares available during the period	160,000,000	160,000,000	160,000,000	160,000,000
Net profit / (loss) for the year attributable to shareholders of the Company	193,034,399	86,127,974	104,602,148	71,041,234
Earnings per share	1,21	0,54	0,65	0,44

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.

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

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

30 September 2023	TRY Equivalent	USD	EUR	GBP
1. Trade receivables				
2a. Monetary financial assets	68,809,036	2,279,654	35,764	160,164
2b. Non-monetary financial assets	-	-	-	-
3. Other				
4. Current assets (1+2+3)	68,809,036	2,279,654	35,764	160,164
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	112,461,265	4,107,994	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non current assets (5+6+7)	112,461,265	4,107,994	-	-
9. Total assets (4+8)	181,270,301	6,387,648	35,764	160,164
10. Trade payables	10,173,560	263,908	68,485	28,044
11. Financial liabilities	-	-	-	-
12a. Other monetary obligations	-	-	-	-
12b. Other non-monetary obligations	-	-	-	-
13. Short-term liabilities (10+11+12)	10,173,560	263,908	68,485	28,044
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)	10,173,560	263,908	68,485	28,044
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)	171,096,741	6,123,740	(32,721)	132,120
21. Monetary items net foreign currency asset/ (liability) position (1+2a+3+5+6a+7-10-11-12a-14-15-16a)	10,173,560	263,908	68,485	28,044
22. Total fair value of financial instruments used for currency hedging	-	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-	-

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

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	-	-	-	-

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

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

	Profit/loss	Profit/loss
	Foreign currency	Foreign currency
	appreciation	depreciation
30 September 2023		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	16,763,476	(16,763,476)
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	16,763,476	(16,763,476)
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(95,350)	95,350
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(95,350)	95,350
Increase/decrease in the GDP against TRY by 10%		
4- GBP net asset/(liability)	441,868	(441,868)
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	441,868	(441,868)
Total net effect	17,109,994	(17,109,994)
	Profit/loss	Profit/loss
	Foreign currency	Foreign currency
	appreciation	depreciation
31 December 2022		
Increase/decrease in the USD against TRY by 10%		
1- USD net asset/(liability)	(858,756)	858,756
2- USD hedged from risks (-)	-	-
3- USD net effect (1+2)	(858,756)	858,756
Increase/decrease in the EUR against TRY by 10%		
4- EUR net asset/(liability)	(736,563)	736,563
5- EUR hedged from risks (-)	-	-
6- EUR net effect (4+5)	(736,563)	736,563
Increase/decrease in the GDP against TRY by 10%		
4- GBP net asset/(liability)	(37,418)	37,418
5- GBP hedged from risks (-)	-	-
6- GBP net effect (4+5)	(37,418)	37,418
Total net effect	(1,632,737)	1,632,737

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

30 September 2023 31 December 2022

Fixed rate financial instruments

Time deposits	150,000,000	-
Borrowings	847,185,822	559,943,417

Variable rate financial instruments

Time deposits	-	-
Financial investments	112,461,265	-
Borrowings	-	-

b) Credit risk

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

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

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

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

30 September 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	-	61,669,902	2,641,419	458,063,521
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	-	61,669,902	2,641,419	458,063,521

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

As of 30 September 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

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**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 September 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 September 2023	Book value	Less than 3 month	3 - 12 month	1 - 5 month	Total cash outflows pursuant to the contract
Financial liabilities	415,104,426	278,990,668	184,399,968	-	463,390,636
Trade payables to third parties	2,159,941,452	1,959,998,468	334,140,000	-	2,294,138,468
Trade payables to related parties	75,365,927	75,365,927	-	-	75,365,927
Lease liabilities	432,081,396	42,871,131	109,146,089	433,817,177	585,834,397
Trade payables to related parties	75,365,927	75,365,927	-	-	75,365,927
Non-derivative financial liabilities	3,082,493,201	2,357,226,194	627,686,057	433,817,177	3,418,729,428

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

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**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 September 2023	31 December 2022
Financial liabilities	847,185,822	559,943,417
Less: Cash and cash equivalents (Note 4)	(465,732,330)	(53,705,744)
Less: Financial investments	(523,889,800)	-
Net financial debt	(142,436,308)	506,237,673
Total equity	1,471,956,535	244,099,225
Net financial debt/equity	(0,10)	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.

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**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	882,825,367	-	882,825,367
Lease additions	-	224,690,824	224,690,824
Lease terminations	-	(3,830,931)	(3,830,931)
Cash outflows during the period	(779,220,951)	(96,207,512)	(875,428,463)
Other	(4,128,795)	63,114,403	58,985,608
30 September 2023	353,709,851	364,906,716	718,616,567

	Loans	Leases	Total
1 January 2022	166,174,142	198,207,206	364,381,348
Cash inflows during the period	487,687,439	-	487,687,439
Lease additions	-	86,823,639	86,823,639
Lease terminations	-	(6,840,051)	(6,840,051)
Cash outflows during the period	(413,588,712)	(57,997,055)	(471,585,767)
Other	(8,519,642)	37,638,406	29,118,764
30 September 2022	231,753,227	257,832,145	489,585,372

NOTE 29 - EVENTS AFTER THE BALANCE SHEET DATE

None.

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APPENDIX 1 – EBITDA

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

	1 Jan - 30 Sep 23	1 Jan- 30 Sep 22	1 July - 30 Sep 23	1 July- 30 Sep 22
Revenue	6,321,955,296	3,053,186,452	2,483,532,770	1,294,736,608
Cost of sales (-)	(4,014,902,663)	(2,008,495,375)	(1,477,210,931)	(821,020,434)
Gross profit	2,307,052,633	1,044,691,077	1,006,321,839	473,716,174
General and administrative expenses (-)	(192,124,828)	(89,510,691)	(65,795,917)	(36,670,271)
Marketing expenses (-)	(1,303,068,690)	(618,401,952)	(521,739,560)	(247,939,102)
Addition: Depreciation and amortization	136,980,224	79,078,529	54,309,833	24,314,543
EBITDA	948,839,339	415,856,963	473,096,195	213,421,344