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As filed with the U.S. Securities and Exchange Commission on May 28, 2021.

Registration No. 333-

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM F-1**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi**  
(Exact Name of Registrant as Specified in its Charter)

**D-MARKET Electronic Services & Trading**  
(Translation of Registrant's Name into English)

<b>Turkey</b> (State or other Jurisdiction of Incorporation or Organization)	<b>5961</b> (Primary Standard Industrial Classification Code Number)	<b>Not Applicable</b> (I.R.S. Employer Identification Number)
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**Kuştepe Mahallesi Mecidiyeköy Yolu**  
Cadde no: 12 Kule 2 K2  
Şişli 34387 İstanbul, Turkey  
+90 (0) 212 304 20 00  
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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+1 800-221-0102  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:**  
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company.

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

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**CALCULATION OF REGISTRATION FEE**

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<b>Title of Each Class of Securities to be Registered(1)</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee(3)</b>
Class B ordinary shares, nominal value TRY 0.20 per share(1)	US\$100,000,000	US\$10,910.00

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- (1) All Class B ordinary shares to be sold will be represented by American depositary shares, or ADSs, with each ADS representing Class B ordinary share(s). ADSs issuable upon deposit of the ordinary shares registered hereby will be registered under a separate Registration Statement on Form F-6 (Registration No. 333- ).
- (2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes ordinary shares represented by ADSs that may be purchased by the underwriter pursuant to an option to purchase additional ADSs.
- (3) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. We and the selling shareholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED \_\_\_\_\_, 2021

PRELIMINARY PROSPECTUS

# hepsiburada

## D-MARKET ELECTRONIC SERVICES & TRADING

### American Depositary Shares Representing Class B Ordinary Shares \$ \_\_\_\_\_ per ADS

This is the initial public offering of American Depositary Shares ("ADSs") representing Class B ordinary shares of D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi ("**Hepsiburada**"), a joint stock company incorporated under the laws of Turkey. Each ADS will represent Class B ordinary shares. We are offering \_\_\_\_\_ ADSs, and certain of our existing shareholders (the "**Selling Shareholders**") are offering \_\_\_\_\_ ADSs. We will not receive any proceeds from the sale of ADSs by the Selling Shareholders. Prior to this offering, there has been no public market for our ordinary shares or ADSs. We anticipate the initial public offering price to be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per ADS.

We intend to apply to list our ADSs on Nasdaq Global Select Market ("**Nasdaq**") under the symbol "HBX."

We are both an "emerging growth company" and a "foreign private issuer" under applicable U.S. Securities and Exchange Commission rules and will be eligible for reduced public company reporting requirements. See "*Prospectus Summary—Implications of Being an 'Emerging Growth Company' and a 'Foreign Private Issuer'.*"

Our Class B ordinary shares have one vote per share. ADSs in this offering will represent Class B ordinary shares. Our Class A shares are shares held by our founder and chairwoman, Hanzade Vasfiye Dogan Boyner (our "**Founder**"), and provide her and her permitted transferees (collectively, the "**Class A Shareholders**") with fifteen votes per Class A share. Following the completion of this offering our Founder will continue to beneficially own all of our Class A shares and is expected to own \_\_\_\_\_ % of our Class B ordinary shares, which will represent \_\_\_\_\_ % of the voting power of all of our Class A shares and Class B ordinary shares voting together as a single class, assuming no exercise of the underwriters' over-allotment option to purchase additional ADSs. As a result, we will be a "controlled company" under the Nasdaq listing rules.

**Investing in our ADSs involves a high degree of risk. See "Risk Factors" beginning on page 26.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per ADS	Total
Public Offering Price	\$ _____	\$ _____
Underwriting discount(1)	\$ _____	\$ _____
Proceeds to us (before expenses)	\$ _____	\$ _____
Proceeds to the Selling Shareholders (before expenses)	\$ _____	\$ _____

(1) See "*Underwriting*" for a description of the compensation payable to the underwriters.

The underwriters have a 30-day option to purchase up to an aggregate of \_\_\_\_\_ additional ADSs from us and the Selling Shareholders at the offering price, less the underwriting discount. We will not receive any of the proceeds from the sale of such additional ADSs by the Selling Shareholders.

Delivery of the ADSs is expected to be made on or about \_\_\_\_\_, 2021.

**Morgan Stanley**

**BofA Securities**

**J.P. Morgan**

**Goldman Sachs & Co. LLC**  
**UBS Investment Bank**

Prospectus dated \_\_\_\_\_, 2021



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For investors outside the United States: Neither we, the Selling Shareholders nor the underwriters have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of our ADSs and the distribution of this prospectus outside the United States.

We are incorporated in Turkey, and a majority of our outstanding securities are owned by non-U.S. residents. Under the rules of the United States Securities and Exchange Commission ("SEC"), we are currently eligible for treatment as a "foreign private issuer." As a foreign private issuer, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic registrants whose securities are registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

We are responsible for the information contained in this prospectus. Neither we nor the Selling Shareholders have authorized anyone to provide you with different information, and neither we nor the Selling Shareholders take responsibility for any other information others may give you. We, the Selling Shareholders and the underwriters are not making an offer to sell, or seeking offers to buy, these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date regardless of the time of delivery of this prospectus or of any sale of the ADSs.

## ABOUT THIS PROSPECTUS

Except where the context otherwise requires or where otherwise indicated, the terms "**Hepsiburada**," the "**Company**," the "**Group**," "**our company**," "**our**," "**ours**" "**us**," and "**we**" or similar terms are to the registrant, D-MARKET Electronic Services & Trading, a joint-stock company incorporated under the laws of Turkey, together with its consolidated subsidiaries.

All references in this prospectus to "**TRY**" and "**Turkish Lira**" are to the legal currency of Turkey, to "**U.S. dollars**," "**US\$**" and "**\$**" are to the legal currency of the United States, and to "**euro**" or "**EUR**" are to the currency of the member states of the European Union (the "**EU**") participating in the European Economic and Monetary Union.

All references in this prospectus to "**Turkstat**" are to the Turkish Statistics Institute and to "**BKM**" are to the Turkish Interbank Card Center.

All references in this prospectus to the "**Commission**" or to the "**SEC**" are to the United States Securities and Exchange Commission, to the "**Exchange Act**" are to the U.S. Securities Exchange Act of 1934, as amended, and to the "**Securities Act**" are to the U.S. Securities Act of 1933, as amended. All references to the "Turkey" are to the Republic of Turkey.

With respect our business and operations:

- all references to "**users**" are to all persons accessing to our online platform (either through website or mobile application), with or without a registered account;
- all references to "**members**" are to users that have registered to our online platform by creating an account (either through website or mobile application), excluding cancelled memberships;
- all references to "**customers**" are to users (both unregistered users and members) that have purchased at least one item listed on our online platform (either through website or mobile application), including returns and cancellations;
- all references to "**Active Customers**" are to users (both unregistered users and members) who purchased an item within the 12-month period preceding the relevant date, including returns and cancellations;
- all references to "**Loyalty Club**" are to our customer loyalty club titled "Efsaneler Kulübü" in Turkish;
- all references to "**Loyalty Club customers**" are to our customers admitted our Loyalty Club, excluding customers that have dropped from the Loyalty Club as of the relevant date;
- all references to "**merchants**" are to legal entities who listed at least one item on our Marketplace within the 12-month period preceding the relevant date;
- all references to "**Active Merchants**" are to merchants who sold at least one item within the 12-month period preceding the relevant date, including returns and cancellations;
- all references to "**Marketplace**" are to the "**3P**" or "**third party**" model marketplace that we operate on our online platform, where merchants list and sell items to the customers;
- all references to "**Direct Sales**" are to "**1P**" or "**first party**" model direct sales operations that we perform on our online platform, where suppliers directly sell products to us on a wholesale basis, and we then store and sell such products to the customers;
- all references to "**frequency**" are to the average number of orders per Active Customer over a 12-month period preceding the relevant date;
- all references to "**FBM**" are to our fulfilled-by-merchant fulfillment model, where merchants perform fulfillment by their own means (only applicable to our 3P-based Marketplace operations);

- all references to "**fulfillment**" are to our logistical processes relating to the placement of an order, including accepting goods, of picking and storing products, consolidating them into batches and packing them into parcels for delivery as well as return operations, as described in greater detail under "*Business—Order Fulfillment*;"
- all references to the "**HepsiLojistik model**" are to our fulfilled-by-Hepsiburada fulfillment model, where we, in case of 1P-based Direct Sales, or merchants, in case of 3P-based Marketplace operations, perform fulfillment through HepsiLojistik, thereby performing fulfillment through our logistics infrastructure; and
- all references to the "**Drop-shipping model**" are to our drop-shipping fulfillment model, where we accept customer orders in our 1P-based Direct Sales and transfer orders to our suppliers and our suppliers in turn perform fulfillment by their own means (only applicable to 1P-based Direct Sales operations).



## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

#### Financial Statements

Our audited consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 included in this prospectus beginning on page F-1 have been prepared and presented in Turkish Lira in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The interim unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2020 and 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. None of the financial statements were prepared in accordance with the generally accepted accounting principles of the United States ("**U.S. GAAP**").

#### Use of Non-IFRS Financial Measures

Certain parts of this prospectus contain non-IFRS financial measures, including, among others, EBITDA, Net Working Capital and Free Cash Flow. We define:

- "**EBITDA**" as profit or loss for the period *plus* taxation on income *less* financial income *plus* financial expenses, *plus* depreciation and amortization;
- "**Free Cash Flow**" as net cash provided by operating activities *less* capital expenditures *plus* proceeds from sale of property and equipment; and
- "**Net Working Capital**" as current assets (excluding cash and cash equivalents) minus current liabilities (excluding current bank borrowings and current lease liabilities).

The non-IFRS financial measures included in this prospectus are unaudited supplementary measures that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles. See "*Summary Consolidated Financial and Other Data*" for a reconciliation of certain of these non-IFRS measures to the closest IFRS measure set forth in the consolidated financial statements.

Prospective investors should not consider them as: (a) an alternative to operating profit or net profit as determined in accordance with IFRS or other generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with IFRS or other generally accepted accounting principles, or as a measure of our ability to meet liquidity needs; or (c) an alternative to any other measures of performance under IFRS or other generally accepted accounting principles.

These measures are used by our management to monitor the underlying performance of the business and our operations. However, not all companies calculate these measures in an identical manner and, therefore, our presentation may not be comparable with similar measures used by other companies. As a result, prospective investors should not place undue reliance on this data.

#### Key Operating Performance Indicators

Throughout this prospectus we provide a number of key operating performance indicators used by our management and often used by competitors in our industry. These and other key operating performance indicators are discussed in more detail in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Indicators of Operating and Financial Performance.*" We define certain terms used in this prospectus as follows:

- "**GMV**" as gross merchandise value which refers to the total value of orders/products sold through our platform over a given period of time (including value added tax ("**VAT**") without

deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants;

- "**Marketplace GMV**" as total value of orders/products sold through our Marketplace over a given period of time (including VAT without deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants;
- "**Share of Marketplace GMV**" as the portion of GMV sold through our Marketplace represented as a percentage of our total GMV;
- "**EBITDA as a percentage of GMV**" as EBITDA represented as a percentage of our GMV;
- "**Number of orders**" as the number of orders we received through our platform including returns and cancellations;
- "**Active Customers**" as the users (both unregistered users and members) who purchased an item within the 12-month period preceding the relevant date, including returns and cancellations;
- "**Gross Contribution**" as revenues *less* cost of inventory sold; and
- "**Gross Contribution Margin**" as Gross Contribution represented as a percentage of GMV.

#### **Rounding Adjustments**

Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## MARKET AND INDUSTRY DATA

The industry, market and competitive position data included in this prospectus is derived from our own internal estimates and research, our management's understanding of our business and the market in which we operate, as well as from publicly available information, industry and general publications and research, surveys and studies conducted by third parties, such as Arthur D. Little Danışmanlık Hizmetleri Anonim Şirketi ("ADL"), App Annie Inc. ("App Annie"), Euromonitor International Limited ("Euromonitor"), FutureBright Research and GfK Independent Research ("GfK").

In anticipation of this offering, we retained ADL to provide certain e-commerce market assessment services, including an overview of macroeconomic indicators of Turkey, the evolution of Turkey's retail & e-commerce market size and an analysis of its underlying trends over time, relevant demographics, peer country benchmarks, COVID-19 impact and potential growth factors, as well as an assessment of key competitors and evaluation of their and our market position. ADL produced a research report titled "Turkey's e-retail market assessment" dated March 15, 2021. In connection with the preparation of ADL's report, we furnished ADL certain of our historical information and market competitive data. We use the data contained in ADL's report to assist us in describing the nature of our industry and our position in it. Such information is included in this prospectus in reliance on ADL's authority as an expert in such matters. See "*Experts*."

Due to the evolving nature of our industry and competitors, we believe that it is difficult for any market participant, including us, to provide precise data on the market or our industry (see "*Risk Factors—Our operating metrics and competitive information, both internally calculated and provided by third parties and included in this prospectus, may be calculated differently from the metrics or competitive information published by our competitors or other third parties in our industry and any perceived inaccuracies or inadequate cross-company comparisons may harm our reputation*"). Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectation, market position, market size and growth rate of the markets in which we participate is based on information from various sources noted above, including ADL, App Annie, Euromonitor, FutureBright Research and GfK, and on assumptions that we have made that are based on those data and other similar sources and on our knowledge of the markets for our products and services. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. Although we are not aware of any misstatements regarding the industry data that we present in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*," "*Cautionary Statement Regarding Forward-Looking Statements*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in this prospectus.

Some market data and statistical information contained in this prospectus are also based on management's estimates and calculations, which are derived from our review and interpretation of the independent sources, our internal market and brand research and our knowledge of our industry. Information that is based on estimates, forecasts, projections or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. The forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as other forward looking statements in this prospectus.

## TRADEMARKS, SERVICE MARKS AND TRADENAMES

We have proprietary rights to trademarks used in this prospectus that are important to our business, many of which are registered under applicable intellectual property laws.

Solely for convenience, the trademarks, service marks, logos and trade names referred to in this prospectus are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. This prospectus contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this prospectus are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## Our Vision

### Lead digitalization of commerce

## Our Mission

**Hepsiburada exists to be the reliable, innovative and sincere companion in people's daily lives to make every member of our community feel "I'm so happy I have Hepsiburada"**

### A letter from our Founder and Chairwoman, Hanzade Doğan

I founded Hepsiburada with the vision to build the gateway for digitalization of commerce in Turkey, from shopping to payments to last mile delivery. Throughout our 20 year history we have scaled Hepsiburada with the conviction that digitalization would improve commerce by connecting every household and every merchant in Turkey. And by offering the broadest range of goods to our customers while setting the standard for affordability, accessibility and convenience.

Our brand name, "Hepsiburada," meaning "*you can find anything you want here*" is our resounding declaration of that goal. That simple but audacious promise encoded in our name has shaped our culture, our aspirations and our values. To keep that promise, we have had to be a dynamic, relentlessly innovating presence at the epicenter of change.

Hepsiburada has indeed proved itself to be a trailblazer in making commerce affordable, accessible and convenient for all. We measure our success by how happy we make our customers and merchants. **We succeed when our customers and merchants say "I'm so happy I have Hepsiburada."**

We strive to offer the best prices, multiple payment options, consumer financing as well as other features like card-splitting to make our products **affordable**. We fulfill our mission every time a customer says, "*I would not have been able to buy that laptop if it wasn't for Hepsiburada.*"

We offer next-day delivery to every corner of Turkey and make all goods and services **accessible** by every customer. With our long tail selection and extended catalogue of over 44 million SKU's, our customers can find everything they need at their fingertips. We take pride in being the reliable companion every time a customer says "*I would not have been able to find that toy for my child in my town if it wasn't for Hepsiburada.*"

We offer the **convenience** of seamless flexibility through our frictionless return policy. We create value every time a customer says "*Returning the product is so easy with Hepsiburada, I'm never disappointed.*"

**Our approach to e-commerce is distinct and defies the ethos of disrupting retail. We are not disrupters but enablers.** We want brands and merchants to be successful in the digital economy and be a true partner in growing their businesses. We offer our platform to approximately 45k active merchants to help them with their growth and digitalization. We achieve success every time a merchant says: "*If I did not have Hepsiburada I could never expand my business exponentially. If I did not have Hepsiburada I would not have such accurate consumer insights that helped me improve my product. Hepsiburada handles everything for me, from fulfillment to marketing to distribution. It's the best partner I could ask for.*"

I often tell my team to think of our customers and merchants as close friends and family whom we want to support and delight. On-time-delivery for us is like a promise we make to a close friend: we have to keep it. Frictionless return is like assuring a family member by saying "don't worry, I'll take care of it." We have to take care of it. With this sincere, collective dedication, our team sets ever-improving industry standards at every step of the way.

**Hepsiburada, at its core, is a technology company.** We constantly innovate and introduce new services from payment tools to agile, scalable, last mile delivery infrastructure. We have optimized all

our systems to offer instant grocery shopping to enable our customers to buy fresh groceries delivered in 30 minutes. We deliver increasing hyper-personalization of the shopping experience with our in-house-developed, AI-backed recommendation engine.

We are proud of what we have achieved so far. We have managed to grow our business sustainably and profitably. Such growth has allowed us to reach more customers, enable more merchants, offer more products and expand our service offering. Post IPO, we remain committed to growing our business further in a similar, capital efficient way.

We know our determination to digitize commerce will continue to create value for every life we touch and the communities we serve. We are keenly aware of our unique role and responsibility within the Turkish society. Inclusion, diversity, social responsibility are not afterthoughts or side projects for us but rather core elements of our identity and purpose.

We are very proud to be the first e-commerce platform around the world to have launched ambitious initiatives to empower women entrepreneurs. We have helped over 19,000 women-owned businesses launch and grow their presence on our platform. We remain fully committed to continue empowering and supporting women entrepreneurs on our platform.

Our uncompromising enthusiasm to innovate to improve life for everyone has made Hepsiburada a uniquely trusted household name. Being a reliable companion and a source of happiness for all our stakeholders is a hard-earned privilege that we cherish. Hepsiburada is ready, eager and well-positioned to build on that trust to lead digitalization of commerce.

**Hanzade Doğan**

## PROSPECTUS SUMMARY

This Prospectus Summary highlights information contained in more detail elsewhere in this prospectus. This Prospectus Summary does not contain all the information that you should consider in making your investment decision. Before deciding to invest in our ADSs, we urge you to read this entire prospectus carefully, including the "Risk Factors," "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections and our audited consolidated financial statements, including the notes thereto, included in this prospectus.

### Our Mission

Our mission is to be the reliable, innovative and sincere companion in people's daily lives and to make each member of our community feel 'I am so happy I have Hepsiburada'.

### Our Vision

Our vision is to lead digitalization of commerce. To that end, we have evolved from an e-commerce platform into an integrated ecosystem of services centered on making people's daily lives easier.

### Company Overview

We are a leading commerce platform in Turkey and, in 2020, we connected 33 million members, 9 million Active Customers and a fast growing base of approximately 45 thousand Active Merchants. We provide high-quality customer experience by relentlessly focusing on selection, price and delivery:

- **Selection:** As of December 31, 2020 we had over 44 million stock keeping units ("SKUs"), including variants (color, size, etc.) across 32 different categories offered through a hybrid model combining a first-party Direct Sales model (1P model) and a third-party Marketplace model (3P model);
- **Price:** We seek to provide the best value for our customers by offering products at highly competitive prices;
- **Delivery:** We operate a large, fast and scalable in-house logistics network with robust last-mile delivery capabilities based on a proprietary technology platform.

Founded in 2000, Hepsiburada has been one of the early pioneers of digitalization of commerce in Turkey and has become a household brand in the country. Our brand, which corresponds to "Everything is Here", is synonymous with a seamless online shopping experience and benefits from very strong brand awareness, with Hepsiburada scoring 96% for aided brand awareness (with the two closest competitors in Turkey scoring 95% and 92%, respectively), 78% for spontaneous brand awareness (with the two closest competitors in Turkey scoring 74% and 63%, respectively) and 91% for highest preference score (with the two closest competitors in Turkey scoring 89% and 87%, respectively), according to FutureBright Research Brand Health Report in 2020. Additionally, our brand had a market leading Net Promoter Score ("NPS") of 66 for the three months ended March 31, 2021 according to the company's internal reporting and has been named Turkey's favorite e-commerce brand several times by Mediacats' Lovemark, a survey which aims to reveal the brands consumers value within a given category. Supported by the strength of our brand, we benefit from substantial organic traffic, with approximately 70% of traffic being unpaid traffic, for the three months ended March 31, 2021.

We believe that our commitment to five central pillars of our business culture is the reason we have risen to become a leader of e-commerce in Turkey as evidenced by our brand awareness track record. The five pillars of our business culture are:

- customer-first mentality;

- entrepreneurial business acumen;
- meticulous execution;
- relentless innovation; and
- social consciousness, diversity and inclusion.

Our aim is for customers of Hepsiburada to come to the platform and be able to do the following:

- **Hepsiburada:** Shop a wide range of products online;
- **HepsiExpress:** Order groceries and essentials to be delivered within 30 to 60 minutes;
- **HepsiGlobal:** Discover and purchase products from international merchants online;
- **HepsiPay:** Use different online payment options; and
- **HepsiFly:** Buy airline tickets online.

We have 20 years of e-commerce experience in Turkey, and our local know-how allows us to better tackle the needs of our community of customers, merchants and suppliers across the country. Our leadership team's commitment to our vision, mission and culture is one of our main differentiators and is the foundation on which our ecosystem continues to build in order to accelerate digitalization of Turkish commerce. We have grown together with our merchants located across the entire country and have contributed to the local economy and employment. Furthermore, Hepsiburada is one of the few female founded technology companies globally, and we have been actively promoting and empowering women entrepreneurship in Turkey.

Since the launch of our Marketplace in 2015, Hepsiburada has become a trustworthy partner for merchants in Turkey by providing access to 33 million members and 9 million Active Customers and comprehensive end-to-end solutions to empower merchants to thrive digitally. In 2020, our 3P-based Marketplace model accounted for approximately 59% of our GMV, following the successful transformation of Hepsiburada from a 1P-based Direct Sales only business to its current hybrid 1P and 3P-based model. Our aim is for Hepsiburada's merchants to enjoy a seamless set of integrated e-commerce solutions:

- **HepsiLojistik:** Fulfillment options across Turkey;
- **HepsiJet:** Last-mile delivery services;
- **HepsiPay:** Online payment solutions; and
- **HepsiAd:** Personalized ads and data insights.

We believe powerful network effects are created by our leading brand, hybrid commerce model with a unified 1P and 3P-based catalogue, and strong customer and merchant value propositions. Our expanding selection of products and services, as well as price competitiveness, has allowed us to attract a growing total Active Customer base from 4.8 million in 2018 and 6.5 million in 2019 to 9 million in 2020 and increase the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020, which in turn draws more merchants and further enhances our customer value proposition. In addition, our proprietary data and insights collected over the last 20 years enable us to understand the needs of our customers and merchants and help us develop new services, expand into new verticals, and continuously innovate and strengthen our value proposition reinforcing the network effect.



Our large, fast and scalable logistics network has been critical to our success and we have been continuously focusing on improving our logistics capabilities and offerings. We have a robust operational footprint enabling fast delivery and merchant integration. As of March 2021, we operate:

- a nationwide infrastructure including six fulfillment centers in strategic locations that encompass a total area of more than 120 thousand square meters;
- our Hepsijet business is one of the fastest growing logistics companies with an on-time delivery performance of 95% in 2020, and operates in 63 cities with 115 cross-docks as of March 31, 2021; and
- our Hepsimat business is a pick-up & drop-off (PUDO) network with more than 950 branded parcel lockers and pick-up points as of March 2021 and has partnership with local stores, gas stations and retailers.

We are a technology-driven company and have invested heavily in developing our own highly scalable proprietary technology to support the large and rapidly growing order volumes generated on our platform. Our in-house developed IT infrastructure is central to our ability to execute our business strategy and ensure a seamless experience for our merchants and customers with our single mobile app that connects our offerings and services.

Our business has experienced a long history of strong growth as a result of our commitment to meticulous execution. Our revenues increased by 33% from TRY 2.0 billion in 2018 to TRY 2.6 billion in 2019, by 145% to TRY 6.4 billion in 2020 and by 66% from TRY 0.8 billion in the three months ended March 31, 2020 to TRY 1.4 billion in three months ended March 31, 2021 and our total GMV increased by 56% from TRY 5.1 billion in 2018 to TRY 8.0 billion in 2019, by 111% to TRY 17.0 billion in 2020 and by 95% from TRY 2.3 billion in three months ended March 31, 2020 to TRY 4.5 billion in three months ended March 31, 2021, fueled by increasing purchase frequency, greater customer loyalty and an expanding pool of Active Customers from 4.8 million in 2018 to 6.5 million in 2019 and to 9 million in 2020, a compound annual growth rate ("CAGR") of 37% over the period. We had Free Cash Flow of TRY 119.0 million, TRY 310.4 million, TRY 341.4 million in 2018, 2019 and 2020 respectively, and TRY 60.5 million and TRY (158.8) in three months ended March 31, 2020 and 2021, respectively.

### **Our Industry**

As a member of the G20, Turkey is the 13th largest economy in the world by gross domestic product ("GDP") based on purchasing power parity in 2019 according to the IMF World Economic Outlook report dated 2021 and a total GDP of US\$717 billion in current prices for 2020 according to Turkstat. Turkey is one of the fastest growing economies in the world, with real GDP CAGR of 5.2% from 2010 to 2020 based on Turkstat. In 2020, the year marked by the COVID-19 pandemic, Turkey was one of the only two G20 member countries with real GDP growth (1.8% year on year according to Turkstat), along with China. The Turkish economy is expected to grow at a CAGR of 4.1% between 2020 and 2025 supported by fiscal stimulus and recovering consumer and business confidence according to a forecast from ADL.

Turkey is the second most populous country in Europe with a population of 84 million as of December 31, 2020. Turkey benefits from attractive demographics, the second youngest in Europe (after Kosovo) with 46% of the population under the age of 30 according to Turkstat, and an increasing urban population share of approximately 75% based on UN data as of 2018, which is comparable to Germany.

The retail market is one of the largest and fastest growing industries in Turkey. According to ADL, the Turkish retail market grew at a CAGR of 15.3% from 2015 to 2020 and reached TRY 866 billion in 2020. The market is projected to grow at a CAGR of 15.7% in the period 2020 to 2025 and to

approximately TRY 1,798 billion based on the forecast from ADL. Turkey's e-commerce market (exclusive of services, travel and betting) has grown significantly faster than the broader retail market, at a CAGR of 46.1% from 2015 to 2020, reaching a total market size of TRY 88 billion in 2020 (in terms of gross merchandise value excluding cross-border sales, B2B sales, VAT and services (e.g., food delivery); not excluding returns), according to ADL. ADL's estimation of the e-commerce market size in Turkey is consistent with the Company's analysis based on information published by the Turkish Ministry of Trade through ETBIS. E-commerce penetration has more than tripled during the same time period from 3.1% of the overall retail market in 2015 to 10.1% in 2020, according to ADL. Low e-commerce penetration in Turkey suggests significant room for growth when compared to penetration in other large markets, with South Korea at 35.8%, China at 27.3%, closely trailed by the UK with 24.2% and the US with 20.3%, and with Poland at 14.4%, Brazil at 13.9%, Germany at 13.6% and Russia at 10.5% in 2020 based on Euromonitor data.

The strong historical and projected growth of the e-commerce market has been supported by high internet penetration, wide spread usage of credit and debit cards for online payments and well-established logistics infrastructure enabling nationwide delivery of orders. As a result, e-commerce has grown to 10.1% of total retail commerce in Turkey as of 2020 and is expected to continue to grow as a share of total retail through 2025, according to ADL.

Since its founding in the late 1990s, the Turkish e-commerce market has witnessed the shift of traditional brick-and-mortar players online, the establishment of new local e-commerce players and the entrance, either organically or via acquisition, of global e-commerce players. The Turkish e-commerce market today includes traditional brick-and-mortar retailers with omni-channel capabilities, quick delivery players, online players operating third party marketplace model only, such as N11 and Gittigidiyor, and online players offering hybrid models that combine a third party marketplace with their own first party sales, such as Hepsiburada, Trendyol, Amazon and Morhipo.

Hepsiburada was among the first players to start operations in 2000 and since then, while its competitors either became acquisition targets or adopted a different business model, Hepsiburada has grown to become one of the main players in this space. Hepsiburada has a differentiated consumer proposition in the Turkish e-commerce market compared to the main marketplace competitors Trendyol, N11, Gittigidiyor, and Amazon. Hepsiburada has the most comprehensive offering in the Turkish e-commerce market across assortment, catalogue structure, fulfillment and inhouse logistics solutions (according to ADL), and it is the only marketplace with an e-money and payment service provider license in Turkey (according to the Turkish Central Bank's list of such licensed providers).

As of 2020, Hepsiburada has a market share of approximately 2% in the highly fragmented Turkish retail market which remains dominated by offline retail players according to ADL. As the second largest player by market share in the Turkish e-commerce market, Hepsiburada is well placed to drive the shift from offline to online retail and gain market share as a result. Based on ADL's analysis, Hepsiburada has a market share of approximately 17% of the total e-commerce market as of 2020, which represents an increase of approximately 8 percentage points compared to approximately 9% in 2015, also having increased its market share despite strong competition after the acquisition of Trendyol by Alibaba in 2018 and the entry of Amazon into the Turkish e-commerce market.

#### **Our Strengths**

We believe the following strengths are the basis for our success.

#### ***Proven Team with Deep Local Know-How and Commitment to our Vision and Mission***

Our business is led by an entrepreneurial management team with a strong track record of growth and a clear vision to lead digitalization of commerce. Our management team has a complementary and

diversified skill set, with significant e-commerce expertise in multiple geographies backed by diverse backgrounds from technology, retail, banking and operations in Fortune 500 companies.

At the core of our culture is our commitment to our customer-first mentality; entrepreneurial business acumen; meticulous execution; relentless innovation; and social consciousness, diversity and inclusion. To demonstrate to our community that we live up to our values, we lead by example:

- **customer-first mentality** has been a key pillar to our culture and we are committed to continue to be one of the favorite e-commerce brands in Turkey with strong customer satisfaction scoring higher than the industry average;
- **entrepreneurial business acumen** is critical to our business operations and innovations. Our strong relations with suppliers and merchants, strong track record in industry, deep understanding of local insights, cost-conscious management philosophy, and deep commitment to our vision help us better evaluate the business landscape in making strategic decisions;
- **meticulous execution** is indispensable to operate in Turkey, where we operate a 1P and 3P hybrid model and as a result recorded a GMV CAGR of 64% (11.8 times) (from TRY 1.4 billion in 2015 to TRY 17.0 billion in 2020), a growth in the number of Active Customers of 4.4 times from 2015 to 2020 and a GMV per Active Customer growth at a CAGR of 32% from 2018 to 2020;
- **relentless innovation** has been the key driver behind our pioneering achievements including the 1P-3P hybrid model, unified catalogue, customer reviews, new vertical expansions such as on-demand grocery service, last-mile delivery capability, same-day delivery, click & collect, frictionless return pick-up, licensed payment service, and online consumer loans; and
- **social consciousness, diversity and inclusion** have been our focus at every step that we have taken in building our business. We have been actively supporting local merchants and women entrepreneurs through targeted nationwide programs. As an example of our dedication to encourage women entrepreneurs, we launched Technology Empowerment for Woman Entrepreneurs, a program across Turkey which provides multiple benefits to women entrepreneurs making sales on our platform who elect to participate. Since the launch of this program, we have reached more than 19,000 women entrepreneurs (as of March, 31 2021) from across Turkey over the course of approximately 4 years. In 2020, more than 20% of our Active Merchants were women entrepreneurs. In addition, as of March 2021, women employees represent 49% of our workforce and 33% of our executive roles (excluding HepsiJet).

At Hepsiburada, we bridge Silicon Valley's technical know-how with the local trading culture by merging analytical concepts such as big data analytics, customer segmentation and personalized recommendation with the understanding of local insights, expectations and values. Our globally proven business model, which is based on an e-commerce model that complements a marketplace of third-party sellers with a direct sales online retail business, combined with our local know-how enables us to execute our business strategy seamlessly, as evidenced by our operating and financial results.

The COVID-19 pandemic underscored Hepsiburada's important position in the community and emphasized our critical role in supporting different segments of the society including health workers, small and medium sized enterprises, families in need, and entrepreneurs. As a commitment to our long term vision, we will continue to support our stakeholders and enable Turkey and the broader region to accelerate its digitalization journey.

***A Leader of E-Commerce in Turkey with One of the Most Trusted and Popular Digital Platforms for Customers' Everyday Needs***

As one of the early pioneers of online retail in Turkey, customer service and experience is our priority and we aim to provide a seamless experience on our platform throughout the entire customer journey. We provide an excellent customer experience on our platform by relentlessly focusing on selection, price and delivery. Our mobile "Super App" is at the center of our value proposition and it acts as a one-stop-shop solution for customers by offering a broad range of products and services and creates a differentiated user experience.

Aiming to offer the largest and highest-quality product selection is one of the key pillars of our value proposition to customers. We offer over 44 million SKUs across 32 different categories including home appliances, books & hobbies, fashion & lifestyle, home & garden, groceries and technology products. Our strong alliances and partnerships with local brands and leading international brands, such as Apple, Casper, Oppo, Tefal, Rowenta, Eczacıbası, Spigen, Delta, Dyson, Vestel and Ülker Group help us to expand the variety of products available to our customers as well as partner to offer value-added services, such as trade-in options for, among others, Apple and Samsung products, delivery by appointment for Vestel products and live chat support from live agents from over 40 well-known brands, including Colgate-Palmolive, Apple and L'Oreal.

We seek to provide the best value for our customers by offering products at highly competitive prices. We believe that our large merchant base with approximately 45 thousand Active Merchants in 2020, plays an important role and allows our customers to find the best value for money for products in our platform.

We operate a large, fast and reliable in-house logistics network with scalable and robust last-mile delivery capabilities based on a proprietary technology platform. We are an end-to-end ecosystem with full in-house capabilities across fulfillment, logistics and last-mile delivery in Turkey. We believe that our logistics infrastructure is an important pillar of our success and enables us to improve the customer experience.

Our mobile Super App is at the center of our platform, which acts as a one-stop-shop solution for customers and creates a differentiated user experience and a virtuous demand cycle for our business. Our app is one of the most popular in Turkey with 19 million average monthly app active users on our mobile applications in 2020 and has 37.3 million app downloads since 2018. Our website had more than 250 million monthly visits on average in the three months ended December 31, 2020.

Our distinctive value proposition of a wide selection of products and services at competitive prices with convenient delivery options has resulted in a large, growing and loyal Active Customer base, according to company information, which demonstrated an increase in order frequency and retention on our platform in 2019 and 2020. We had an NPS of 66 for the three months ended March 31, 2021 according to the company's internal reporting records, were elected Turkey's favorite e-commerce brand several times by MediaCats' Lovemark and have won several awards since 2015 for our e-commerce platform. Further, we have reduced the rate at which customers raise customer services inquiries through our ticketing system from 6.4% of orders in 2019, to 5.1% in 2020 and to 2.6% in the first quarter of 2021.

***Empowering Merchants to Thrive in a Digital Environment with a Comprehensive Suite of End-to-End Solutions***

We have one of the largest merchant bases in Turkey with approximately 45 thousand Active Merchants in 2020, and have become the "one-stop-shop" and one of the most attractive digital platforms for merchants to access consumers across Turkey. Our Active Merchant base has more than

doubled in 2020 compared to 2019. In order to ensure high quality standards we have strict policies that allow us to monitor merchants' end-to-end operations and performance on our platform.

Our platform also enables local merchants in Turkey to seamlessly sell their products to nearby countries outside Turkey through the HepsiGlobal app. Today, being listed on Hepsiburada not only helps our merchants manage and grow their businesses through our vast range of capabilities but also has become a source of credibility which they can proudly showcase both in online and offline channels.

We make it easy for our merchants to maximize their success on our platform by providing them with a comprehensive set of advanced tools and services, including:

- Merchant portal and proprietary merchant store management tools;
- Advanced data analytics and advertising services to increase the effectiveness of their marketing efforts through HepsiAd;
- Financing options to more efficiently manage their working capital needs. In 2020, our financing program has grown approximately 5 times based on the aggregate value compared to the same period in 2019 and exceeded TRY 1.3 billion in volume, with an 11.4 times growth in merchant and supplier financing between 2018 and 2020;
- Access to our logistics infrastructure through HepsiLojistik, through which we allow them to deliver across Turkey with a superior customer experience; and
- Comprehensive training sessions through our merchant training portal, HepsiAkademi, accelerating our merchants' integration. More than 15,000 training sessions were completed on our platform by our merchants in the three months ended March 31, 2021.

Our technological infrastructure and capabilities also allow our merchants to integrate through our in-house developed single dashboard where merchants can manage inventory and connect directly to our ecosystem using open Application Programming Interface ("API") capabilities and access to advertising monetization tools.

#### ***Integrated Ecosystem with Powerful Network Effects***

Our leading locally embedded brand, our hybrid commerce model with a unified 1P and 3P catalogue, our broad level of ecosystem services, and our strong customer and merchant value propositions create powerful network effects with increasing supply and increasing demand continuously boosting growth from each other.

Our supply continues to grow, as evidenced by:

- an increasing number of Active Merchants, which has grown to approximately 45 thousand in 2020 from approximately 21 thousand in 2019 and approximately 12 thousand in 2018; and
- in addition to new value-added services such as frictionless return pick-up, trade-in option and 2-hour delivery (for selected mobile device products), our expansion into new verticals such as HepsiExpress (instant grocery delivery), HepsiFly, and HepsiGlobal (inbound cross-border purchases) strengthens the breadth and depth of our service & product offerings.

Our demand continues to grow, as evidenced by:

- the growth of our already large Active Customer base with a CAGR of 37% from 2018 to 2020, thus reaching 9 million in 2020, compared to 6.5 million and 4.8 million in 2019 and 2018, respectively; and
- a significant increase in the frequency of orders on our platform to 3.9 in 2020, from 3.5 in 2019 and 3.1 in 2018.

This network effect is underpinned and reinforced by our robust logistics network and technological capabilities which further enhance the value proposition for our customers and merchants.

#### ***Large, Fast and Scalable In-House Logistics Network***

We are an end-to-end ecosystem with full in-house capabilities across fulfillment, 3P and 1P operations, logistics and last mile delivery in Turkey. We believe that our logistics infrastructure is key to our success and allows us to differentiate ourselves by offering our customers and merchants a variety of convenient delivery options, such as nationwide 24-hour delivery, 2-hour delivery for selected mobile device products, delivery by-appointment and over-the-weekend, in addition to robust services such as return pick-ups from customers' address.

With a nationwide network of six fulfillment centers strategically located across Turkey (Kocaeli, Ankara, Izmir, Adana, Erzurum and Diyarbakir) and a total area of more than 120 thousand square meters, we have one of the largest logistics infrastructures among Turkish pure e-commerce players.

Our logistics infrastructure is complemented by Hepsijet, our in-house last-mile delivery service and one of the fastest growing logistics companies in Turkey, and Hepsimat, our pick-up drop-off (PUDO) network with more than 950 branded parcel lockers and pick-up points throughout Turkey as of March 2021. Providing scalable, crowd-sourced, fast and cost efficient delivery to our customers and merchants, Hepsijet as of March 2021:

- provides next day, same day and 2-hour delivery services for selected products;
- operates 115 cross-docks in 63 cities with approximately 95% population coverage;
- provides last mile delivery service to more than 4,500 merchants;
- delivers approximately 65% of its orders within the next day (based on data for the three months ended March 31, 2021); and
- has a target of 100% nationwide population coverage by June 30, 2021.

We further enhance this infrastructure advantage by applying technology to increase operational and cost efficiency, with examples such as AI-driven route optimization capabilities for Hepsijet drivers and advanced warehouse automation. Our internally developed technology backbone includes but is not limited to order-management-systems, warehouse-management-systems and demand forecasting tools.

We believe that our nationwide logistics infrastructure gives us a significant competitive edge and will drive our future growth and enhance our service offerings to customers and merchants.

#### ***Proprietary Data-driven Technology Platform Underpinned by Continuous In-House Innovation***

Technology is at the core of Hepsiburada's business. Our in-house IT infrastructure is central to our ability to execute our business strategy, ensure seamless logistic execution and provide a seamless and comprehensive digital experience to our customers through our Super App. We currently integrate our service offerings through mobile and web applications, which enables us to scale rapidly and deliver a comprehensive experience to our customers and merchants across devices. We have invested significantly in developing our own flexible proprietary technology to support the large and rapidly growing transaction volumes generated on our platform.

We believe we are one of the leading employers for top tech talent in Turkey with our three certified R&D centers in close cooperation with universities and academia across the country. As a result, our technology organization consists of high quality developers, engineers, data scientists and subject matter experts who leverage the latest technologies, our proprietary data and big data analytics to develop innovative in-house solutions which continue to enhance the platform experience.

Our IT engineers (developers, testers, and architects), designers, data analysts and product managers are dedicated to enhancing the customer experience. Our data science and machine learning teams embedded across product function teams analyze the data to identify trends and behaviors that enable us to personalize the customer experience on our platform such as to make more relevant product recommendations.

Our engineering and technology teams focus on security, availability, scalability and performance while providing product features across our websites and mobile applications. Our technology department is essential to our ability to implement our strategy and continue to be at the forefront of innovation in the Turkish e-commerce market.

The success of our technology team in developing almost all of our products in-house and our reliable, secure and scalable tech stack (the set of technologies we use to build our website and mobile applications) is based on three main pillars:

- a product-oriented team structure;
- high stability and availability standards; and
- early adoption and development of cutting edge technologies.

To ensure operational continuity, we have two separate and synched data centers located in Istanbul. We own and operate the server hardware, network, storage devices and backup systems in both data centers and employ redundancy architectures, outage procedures and data protection practices on all our technology systems resulting in 99.9% availability in 2018, 2019 and 2020. Furthermore, we embrace cloud-ready architecture allowing us to utilize the cloud whenever extra capacity is needed, in order to ensure capacity management flexibility.

Our technology teams develop almost all key product functions and features in-house and utilize select third-party tools and technologies to complement our efforts. We design and build products with an emphasis on security, scalability and ability to provide uninterrupted services.

Our ability to scale quickly and efficiently has been tested and we have consistently demonstrated strong performance in peak seasons such as Legendary Friday (which takes place within the month of November) and unexpected demand shifts such as the COVID-19 pandemic. In the weeks of Legendary Friday in 2020 our average daily sales was 4.3 times higher than our average daily sales for the remainder of 2020. In 2019 and 2020, we experienced traffic of approximately 1 million and 0.8 million instantaneous visits (i.e., number of unique users visiting our platform at the same time), respectively, during the Legendary Friday season.

We have a dedicated cybersecurity department which uses various technical means and procedures to protect our technology systems from cyber threats, such as perimeter protection tools, perimeter scanning, user rights restrictions on workstations, antivirus protection, software update controls, code review and anomaly detections. Our IT network is also protected from multilayered external denial-of-service attacks by malicious traffic filtering systems.

We are the first on-site audited and PCI DSS (Payment Card Industry Data Security Standard) certified player in the Turkish e-commerce market and we maintain the ISO 27001 (Information Security Management System) certificate. We have developed a multi-level data security framework and secure data with a mix of analytical processes and development tools. As of the date of this prospectus, we have not experienced any material security breaches.

### ***Highly Attractive Financial Profile with Strong Growth at Scale, High Order Frequency Rates and Attractive Unit Economics***

Our business has grown substantially in recent years. Our revenues increased by 33% from TRY 2.0 billion in 2018 to TRY 2.6 billion in 2019, by 145% to TRY 6.4 billion in 2020 and by 66% from TRY 0.8 billion in the three months ended March 31, 2020 to TRY 1.4 billion in three months ended March 31, 2021, and our total GMV increased by 56% from TRY 5.1 billion in 2018 to TRY 8.0 billion in 2019, by 111% to TRY 17.0 billion in 2020 and by 95% from TRY 2.3 billion in three months ended March 31, 2020 to TRY 4.5 billion in three months ended March 31, 2021, as we pursued our significant transformation from a 1P-only business to a hybrid commerce model of 1P and 3P. For the three months ended March 31, 2021, and in 2020, 3P accounted for approximately 70% and approximately 59% of our GMV, respectively.

The strong growth we experienced in recent years also enabled us to generate annual positive Free Cash Flow. We had Free Cash Flow of TRY 119.0 million, TRY 310.4 million, TRY 341.4 million in 2018, 2019 and 2020, respectively, and TRY 60.5 million and TRY (158.8) million in the three months ended March 31, 2020 and 2021, respectively. We experienced negative Free Cash Flow in the three months ended March 31, 2021 due to purchases of inventories higher than usual, to be able to secure supply during the COVID-19 lockdown period in the second quarter of 2021.

The growth has been fueled by several factors, including an increased frequency of orders from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020, and an expanding Active Customer base from 4.8 million in 2018 to 6.5 million in 2019 to 9 million in 2020.

As we continue to scale up Hepsiburada, we believe that these trends will continue to positively impact our business, with further Active Customer base growth, strong cohort performance and increasing operational efficiency driving improvement in unit economics and profitability.

### **Our Strategy**

Our vision is to lead digitalization of commerce and our mission is to be the reliable, innovative, sincere companion in people's daily lives and to make each and every member of our community feel 'I am so happy I have Hepsiburada'. To this end, we aim to build on our leading position across existing product categories and services, launch new products and initiatives, and continue to scale our business. We plan to achieve this goal by pursuing the following objectives in our strategy:

#### ***Attracting More Customers to Our Platform***

Turkish online retail market is at the early stage of its development. According to ADL, the Turkish online retail segment is expected to continue to experience strong growth in the coming years. Driven by a sustained consumer shift to e-commerce, online retail in Turkey is projected to have approximately 44 million annual online customers until 2025, according to ADL. We had 9 million Active Customers in 2020 and we plan to attract more customers to our platform and reactivate the existing customer base by continuing to enhance our value proposition through an expanded product catalogue as well as added convenient and affordable delivery options. In addition, we believe our recent expansion into new verticals such as HepsExpress and HepsFly will further support our growth, and consistently improve the overall customer experience. We believe the main drivers for our customer attraction will be increasing focus on hyper-personalization and hyper-localization aspects while scaling the full-fledged Loyalty Club.

#### ***Increasing the Frequency of Our Customers on our Platform***

One of the main drivers of Hepsiburada's GMV growth has been the increase in our customers' order frequency as we expanded our product and service offerings. We aim to leverage the deep



understanding of our customers' preferences which we have been building over the years and our advanced in-house lifecycle management engines powered by AI and deep-learning technologies to drive higher engagement, retention and frequency on our platform. As a result of these initiatives, we increased the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020.

We also plan to focus on providing our customers an enhanced experience through additional value added services such as trade-in, card splitting option (i.e., ability to pay for a single order via multiple credit cards) and same day delivery services, and additional verticals that will increase the daily interaction of our customers with Hepsiburada Super App by becoming the one-stop-shop of our customers' daily needs. As of March 31, 2021, approximately 5% of orders above TRY 5,000 were paid by card splitting option. Additionally, our customers applied for our trade-in option for more than 10% of mobile phones sold in the fourth quarter of 2020.

Our Loyalty Club titled "Efsaneler Kulübü" ("**Loyalty Club**") aims to be one of the growth drivers of Hepsiburada and will expand its offerings with new partnerships and privileges such as wallet cashback capability. On average, from the launch of our Loyalty Club in August 2020 to December 31, 2020, members of our Loyalty Club shopped approximately 2.5 times more frequently on a monthly basis compared to our non-Loyalty Club customers.

We believe HepsExpress will be a key enabler to penetrate a wider range of customers through our grocery offerings, increasing retention and order frequencies of our existing customers and providing us with more data points to further benefit from cross-selling opportunities across all of our verticals and categories. According to ADL, of the approximate TRY 866 billion value of total Turkish retail market in 2020, Turkish supermarkets represented approximately TRY 430 billion (or 50%) of the total Turkish retail market, which had less than 4% online penetration. We believe the relatively low online penetration of such a large portion of the Turkish retail market represents an upside potential in the growth in the Turkish online groceries market as online penetration increases.

#### ***Attracting More Merchants to our Platform***

We plan to attract more merchants to our platform by offering access to an increasing Active Customer base, expanding and continuously improving our fulfillment services, extending merchant financing and launching new tools, alongside recently developed HepsAd solutions. In addition, we launched our HepsLojistik fulfillment service in 2020, which attracts an increasing number of merchants due to our enhanced service offerings and has already built up a strong pipeline of merchants to onboard into our integrated system. Furthermore, HepsGlobal is also expected to help us strengthen our merchant base by expanding to international merchants.

#### ***Investing Further into and Leveraging Logistics and Technology as Enablers***

We plan to invest further into our nationwide logistics network, to maintain and consistently improve our service levels to our customers and merchants.

- We invested into regional fulfillment centers where we prioritized providing our customers and merchants with the highest level of logistics services across the whole country.
- As of March 31, 2021, we have expanded our logistics footprint with 115 cross-docks, through which we have achieved approximately 95% population coverage for HepsJet.
- In the near and medium term, we plan to focus our efforts on going local with our scalable infrastructure and become the nearest commerce player to our customers and merchants.

Our unified and in-house technology platform has been a major enabler of scalable and reliable operations to support our growth. We plan to constantly innovate and develop new capabilities to improve the experience for merchants and customers and the operational performance of our platform.

### ***Continue Innovation and Expand New Services on the Platform***

In 2020, we expanded our commerce platform and developed an ecosystem of services centered on making people's lives easier. The ecosystem we have been building includes HepsExpress, HepsPay, HepsJet, HepsLojistik, HepsMat, HepsAd, HepsGlobal and HepsFly as of the date of this prospectus. We aim to take advantage of the natural synergies that exist between our services and increase adoption amongst our customer base. We believe that greater utilization of our resources will drive further improvements in our unit economics.

As a testament to our commitment to closely monitor the market and innovate to further address the daily needs of customers, we launched HepsExpress in 2020 to penetrate and lead the fast-growing grocery delivery market through our robust model combining instant and slotted delivery options in a hyper-local fashion. Water and flower delivery services were launched in 2021 as complementary products to provide a one-stop-shop solution to our customers.

In order to further increase our product selection and network effects regionally, we also started to offer an international shopping experience to our customers located in Turkey through the recently launched HepsGlobal, which allows them to discover products listed by merchants around the world.

In future, HepsGlobal will also have outbound operations, which will focus on product groups where Turkey has a competitive advantage, such as apparel, fashion, home textile, accessories, food, kitchenware, small domestic appliances and will establish exclusive partnerships with global players for logistics solutions.

In addition, we acquired a tourism agency license in February 2021 and are aiming to fully launch online airline tickets services once COVID-19-related restrictions on travel are lifted. HepsFly is designed to provide our customers with an option to buy airline tickets with competitive prices. We are aiming to further develop HepsFly by providing our customers with an option to make hotel bookings, buy package tours, travel insurance and cancellation policies.

### **Summary of Risk Factors**

An investment in our ADSs involves a number of risks that you should be aware of before making an investment decision. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth in the "*Risk Factors*" section of this prospectus in deciding whether to invest in our securities. Among these important risks are the following:

#### ***Risks Relating to Our Business and Industry***

- We have incurred significant losses in the past and are likely to continue to incur losses as we continue to invest in order to grow, and we may not achieve profitability going forward.
- Our expansion into new products, services and markets subjects us to additional risks and we may not be able to manage our growth and expansion efficiently or effectively scale and adapt our existing infrastructure.
- We may fail to maintain or improve our technology infrastructure, which could materially and adversely affect our business, results of operation and financial condition.
- If we fail to maintain and enhance our brand or network effects from our established Marketplace, our business, results of operations and financial condition may be materially and adversely affected.
- We operate in a highly competitive market, and in the future we may not be able to compete effectively.

- If we fail to attract new and retain current customers or grow or maintain the level of their engagement, our business, financial condition, prospects and results of operations could be materially and adversely affected.
- A significant disruption in internet access, telecommunications networks or our IT platform may cause slow response times or otherwise impair our customers' experience, which may in turn reduce traffic to our mobile apps and websites and significantly harm our business, financial condition and results of operations.
- We may experience significant fluctuations in our results of operations and growth rate.
- The COVID-19 pandemic has affected and may continue to negatively affect certain of our business activities and results. Any future occurrence of natural disasters, epidemics, pandemics or other outbreaks, or other catastrophic events could also materially and adversely affect our business, results of operations or financial condition.
- We depend upon our Founder and chairwoman, our senior management, our IT specialists and other talented employees to grow, operate and improve our business; if we fail to retain our Founder as a result of ongoing litigation or if we fail to attract, retain and motivate key personnel, our business could be adversely affected.
- We may use open source code in a manner that could be harmful to our business.

***Legal and Regulatory Risks***

- Unauthorized disclosure of sensitive or confidential customer information or our failure or the perception by our users that we failed to comply with privacy laws or properly address privacy concerns could harm our business and reputation with customers, merchants and suppliers.
- We are subject to tax audits that may result in additional tax liabilities and are exposed to changes in tax laws and regulations as well as their interpretation and implementation, including Turkey's digital service tax.
- We may be subject to administrative fines and our reputation may be harmed if the Turkish Competition Authority were to determine we did not comply with Turkish competition laws and regulations.
- We are subject to extensive laws and government regulations across our business, and changes to these laws or any actual or perceived failure by us to comply with such laws and regulations could materially and adversely affect our business.
- We may be subject to product liability claims when people or property are harmed or damaged by the products that are sold on our platform.

***Risks Related to Turkey***

- We are subject to risks associated with doing business in an emerging market.
- Our headquarters and other operations and facilities are located in Turkey and, therefore, our prospects, business, financial condition and results of operations may be adversely affected by political or economic instability in Turkey.
- Turkey's economy is subject to inflation and risks related to its current account deficit.
- Turkey is subject to internal and external unrest and the threat of future terrorist acts, which may adversely affect us.

***Risks Relating to our Initial Public Offering and Ownership of our ADSs***

- Our founder and chairwoman has significant influence and voting control and, as a principal shareholder, her interests might conflict with or differ from your interests as a shareholder.
- If you purchase ADSs in this offering, you will suffer immediate and substantial dilution of your investment.
- As a foreign private issuer we are permitted to, and we will, rely on exemptions from certain of the Nasdaq corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our ADSs.
- Dividends paid to holders of the ADSs who are not tax resident in Turkey will be subject to a 15% withholding tax.

**Implications of Being an "Emerging Growth Company" and a "Foreign Private Issuer"**

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act (the "**JOBS Act**"). As such, we are eligible, for up to five years, to take advantage of certain exemptions from various reporting requirements that are applicable to other publicly traded entities that are not emerging growth companies. These exemptions include:

- the ability to present more limited financial data, including presenting only two years of audited financial statements and only two years of selected financial data in the registration statement on Form F-1 of which this prospectus is a part;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**");
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board ("**PCAOB**"), regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- not being required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes;" and
- not being required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering or such earlier time that we are no longer an emerging growth company. As a result, we do not know if some investors will find the ADSs less attractive. The result may be a less active trading market for the ADSs, and the price of the ADSs may become more volatile.

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenue exceeds \$1.07 billion; (ii) the last day of the fiscal year during which the fifth anniversary of the date of this offering occurs; (iii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than \$1.00 billion in non-convertible debt securities during any three-year period.

We qualify as a "foreign private issuer" under the U.S. Securities Exchange Act of 1934, as amended, and as such we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specific information, or current reports on Form 8-K, upon the occurrence of specified significant events.

We will file with the SEC, within four months after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies (i) the majority of our executive officers or directors are U.S. citizens or residents, (ii) more than 50% of our assets are located in the United States or (iii) our business is administered principally in the United States.

Both emerging growth companies and foreign private issuers are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but we remain a foreign private issuer, we will continue to be exempt from the more stringent compensation disclosures required of companies that are neither an emerging growth company nor a foreign private issuer. In addition, as a foreign private issuer whose shares will be listed on Nasdaq, we will follow certain Turkish corporate governance practices rather than those of Nasdaq.

#### **Corporate Information**

We were incorporated in Turkey on April 11, 2000 under the Turkish Commercial Code as D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. Our registered office is located at Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli İstanbul, Turkey. The telephone number at this address is +90 212 304 20 00. Our corporate website address is <https://www.hepsiburada.com>. The information contained on, or that can be accessed through, our website is not a part of, and shall not be incorporated by reference into, this prospectus. We have included our website address as inactive textual reference only.

**THE OFFERING**

ADSs offered by us	, each representing	ordinary share(s).
ADSs offered by the Selling Shareholders	, each representing	ordinary share(s).
ADSs outstanding immediately after this offering	ADSs (or	ADSs if the underwriters exercise their option to purchase additional ADSs from us and the Selling Shareholders in full).
Ordinary shares to be outstanding after this offering	ordinary shares (or	ordinary shares if the underwriters exercise their option to purchase additional ADSs from us and the Selling Shareholders in full).
Option to purchase additional ADSs	We and the Selling Shareholders have granted the underwriters an option to purchase up to additional ADSs from us and up to additional ADSs from the Selling Shareholders, respectively, within 30 days of the date of this prospectus.	
American Depositary Shares	<p>The underwriters will deliver our ordinary shares in the form of ADSs. Each ADS, which may be evidenced by an American Depositary Receipt ("<b>ADR</b>"), represents an ownership interest in of our ordinary shares. As an ADS holder, we will not treat you as one of our shareholders. The depositary, _____, will be the holder of the ordinary shares underlying your ADSs.</p> <p>You will have ADS holder rights as provided in the deposit agreement. Under the deposit agreement, you may only vote the ordinary shares underlying your ADSs if we ask the depositary to request voting instructions from you. The depositary will pay you the cash dividends or other distributions, if any, it receives on our ordinary shares after deducting its fees and expenses and applicable withholding taxes. You may need to pay a fee for certain services, as provided in the deposit agreement.</p> <p>You are entitled to the delivery of the ordinary shares underlying your ADSs upon the surrender of such ADSs, the payment of applicable fees and expenses and the satisfaction of applicable conditions set forth in the deposit agreement.</p> <p>To better understand the terms of the ADSs, you should carefully read "<i>Description of American Depositary Shares.</i>" We also encourage you to read the deposit agreement, the form of which is attached as an exhibit to the registration statement of which this prospectus forms a part. We and the Selling Shareholders are offering ADSs so that our company can be quoted on Nasdaq and investors will be able to trade our securities and receive dividends on them in U.S. dollars.</p>	

Depositary

Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$            million, assuming an initial public offering price per ADS of \$            , which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated expenses of the offering payable by us (or approximately \$            million if the underwriters exercise their option to purchase additional ADSs from us in full). We will not receive any proceeds from the sale of ADSs by the Selling Shareholders.</p> <p>We intend to use the net proceeds we receive from this offering for general corporate purposes. See "<i>Use of Proceeds</i>."</p>
Dividend policy	<p>We do not currently anticipate paying any cash dividends on our ordinary shares. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. See "<i>Dividend Policy</i>."</p>
Risk factors	<p>See "<i>Risk Factors</i>" and the other information included in this prospectus for a discussion of factors you should consider before deciding to invest in our ADSs.</p>
Lock-up agreements	<p>We have agreed with J.P. Morgan Securities LLC, Morgan Stanley &amp; Co. LLC and Goldman, Sachs &amp; Co. LLC, as representative of the several underwriters, subject to certain exceptions, not to sell or dispose of any of our ADSs or securities convertible into ADSs until            days after the date of this prospectus, without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley &amp; Co. LLC and Goldman, Sachs &amp; Co. LLC. Substantially all of our shareholders, including the Selling Shareholders, our executive officers and our board members have agreed to similar lockup restrictions for a period of            days. For further details, see "<i>Underwriting</i>."</p>
Pre-emptive rights	<p>Under Turkish law, shareholders have preemptive rights to subscribe to additional share issues <i>pro rata</i> based on their existing shareholding, unless another rate is stipulated under the articles of association (as long as shares are fully paid). See "<i>Description of Share Capital and Articles of Association—Pre-emptive Rights</i>."</p>
Listing	<p>We intend to apply to list our ADSs on Nasdaq under the symbol "HBX."</p>

Unless otherwise indicated, all information contained in this prospectus assumes or gives effect to:

- no exercise by the underwriters of their option to purchase additional ADSs in this offering; and
- an initial public offering price of \$            per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus.

#### **Corporate and Capital Structure**

We are an entity incorporated in Turkey as a joint stock company on April 11, 2000 and currently have two wholly-owned subsidiaries: D Fast Dağıtım Hizmetleri ve Lojistik Anonim Şirketi, which is the operating company for our delivery service business, Hepsijet, and D Ödeme Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi, which company through which we have developed our payment tool, Hepsipay.

Our outstanding shares consist of Class A shares and Class B ordinary shares. Holders of Class A shares and holders of Class B ordinary shares have same rights except for voting and conversion rights. Each holder of our Class A shares is entitled to fifteen votes per share, and each holder of our Class B ordinary shares is entitled to one vote per share on all matters submitted to them for a vote. Our Class A shares are convertible at any time by the holder thereof into Class B ordinary shares on a one-for-one basis, while Class B ordinary shares are not convertible into Class A shares under any circumstances. Currently, our Founder beneficially owns all of our issued Class A shares and 12.2% of our issued Class B ordinary shares, representing 74.6% of the voting power of all of our Class A shares and Class B ordinary shares voting together as a single class. Following this offering, our Founder will continue to beneficially own all of our issued Class A shares and            % of our issued Class B ordinary shares, representing            % of the voting power of all of our Class A shares and Class B ordinary shares voting together as a single class, assuming no exercise of the underwriters' over-allotment option to purchase additional ordinary shares. As a result, our Founder will be able to exercise control over all matters requiring approval by our stockholders, including approval of significant corporate transactions. Our Founder's controlling interest may discourage or prevent a change in control of our company that other holders of our common stock may favor. See "*Risk Factors—Our founder and chairwoman has significant influence and voting control and, as a principal shareholder, her interests might conflict with or differ from your interests as a shareholder.*"

As a result of the foregoing we will be a "controlled company" under Nasdaq listing rules. Under Nasdaq listing rules, a listed company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company," and such a company may elect not to comply with certain Nasdaq corporate governance requirements. See "*Management—Corporate Governance*" and "*Risk Factors—We are a "controlled company" within the meaning of the Nasdaq listing rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.*"



The following diagram illustrates our corporate structure as of the date of this prospectus:



*Note: Each company is incorporated under the laws of Turkey. The diagram excludes Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. ("Evmanya") and Altıncı Cadde Elektronik Ticaret A.Ş. ("Altıncı Cadde"), which are dormant companies as of the date of this prospectus. Evmanya and Altıncı Cadde terminated operations on September 4, 2018 and October 7, 2019, respectively. On April 14, 2021, we decided to merge Evmanya and Altıncı Cadde with our fully owned subsidiary, D Fast. As of the date of this prospectus, the merger process is ongoing.*

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary consolidated statement of comprehensive loss, consolidated balance sheet and consolidated statement of cash flows as of and for the years ended December 31, 2018, 2019, and 2020, have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated statement of comprehensive loss and consolidated statement of cash flows for the three months ended March 31, 2020 and the summary consolidated statement of comprehensive loss, consolidated balance sheet and consolidated statement of cash flows for the three months ended March 31, 2021 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

We present our consolidated financial statements in Turkish Lira.

The summary consolidated financial and other data set forth below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," and our consolidated financial statements and notes thereto included elsewhere in this prospectus.

### Summary Consolidated Statement of Comprehensive Loss

	Three months ended March 31,		Year ended December 31,		
	2021 (unaudited)	2020 (unaudited)	2020 (audited) (Turkish Lira)	2019 (audited)	2018 (audited)
Revenues	1,385,835,317	836,638,395	6,375,726,545	2,603,735,368	1,955,312,749
Cost of inventory sold	(965,458,212)	(603,697,730)	(4,849,148,308)	(1,847,108,983)	(1,519,223,520)
Shipping and packaging expenses	(160,974,319)	(71,411,952)	(540,496,136)	(195,352,060)	(132,080,741)
Payroll and outsource staff expenses	(227,318,424)	(58,184,977)	(325,232,933)	(180,787,497)	(129,994,224)
Advertising expenses	(96,068,436)	(68,265,382)	(646,152,950)	(151,517,076)	(92,685,779)
Technology expenses	(12,750,709)	(6,526,280)	(31,717,181)	(21,841,556)	(20,580,102)
Depreciation and amortization	(27,146,528)	(19,493,687)	(93,182,568)	(66,286,580)	(78,272,531)
Other operating expenses net	(26,940,566)	(13,740,659)	(70,808,148)	(39,726,919)	(34,007,357)
<b>Operating (loss)/profit</b>	<b>(130,821,877)</b>	<b>(4,682,272)</b>	<b>(181,011,679)</b>	<b>101,114,697</b>	<b>(51,531,505)</b>
Financial income	52,999,166	27,669,418	102,912,713	40,517,901	66,616,887
Financial expenses	(159,502,321)	(79,911,871)	(396,416,767)	(273,279,582)	(176,407,785)
<b>Loss before income taxes</b>	<b>(237,325,032)</b>	<b>(56,924,725)</b>	<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Taxation on income	—	—	—	—	—
<b>Loss for the period</b>	<b>(237,325,032)</b>	<b>(56,924,725)</b>	<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Actuarial losses arising on remeasurement of employment termination benefits	(1,375,301)	(281,588)	(1,983,772)	(1,222,438)	(1,083,478)
<b>Total comprehensive loss for the period</b>	<b>(238,700,333)</b>	<b>(57,206,313)</b>	<b>(476,499,505)</b>	<b>(132,869,422)</b>	<b>(162,405,881)</b>

### Summary Consolidated Balance Sheet

	As of March 31,		As of December 31,	
	2021 (unaudited)	2020 (audited)	2019 (audited)	2018 (audited)
	(Turkish Lira)			
Current assets	1,373,524,678	1,689,830,234	779,766,154	419,438,638
Non-current assets	311,478,143	275,125,623	176,235,030	222,028,707
<b>Total assets</b>	<b>1,685,002,821</b>	<b>1,964,955,857</b>	<b>956,001,184</b>	<b>641,467,345</b>
Current liabilities	2,622,167,850	2,656,144,175	1,206,804,621	892,023,067
Non-current liabilities	88,867,194	96,143,572	60,028,948	107,447,252
<b>Equity</b>	<b>(1,026,032,223)</b>	<b>(787,331,890)</b>	<b>(310,832,385)</b>	<b>(358,002,974)</b>
<b>Total equity and liabilities</b>	<b>1,685,002,821</b>	<b>1,964,955,857</b>	<b>956,001,184</b>	<b>641,467,345</b>

### Summary Consolidated Statements of Cash Flows

	Three months ended March 31,		Year ended December 31,		
	2021 (unaudited)	2020 (unaudited)	2020 (audited) (Turkish Lira)	2019 (audited)	2018 (audited)
<b>Cash and cash equivalents at beginning of the period(1)</b>	<b>592,280,767</b>	<b>281,982,151</b>	<b>281,982,151</b>	<b>136,218,040</b>	<b>206,752,032</b>
Net cash provided by/ (used in) operating activities	(122,479,244)	76,207,178	441,361,672	363,779,587	168,211,257
Net cash used in investing activities	(36,306,382)	(15,739,952)	(99,948,623)	(53,339,961)	(49,216,968)
Net cash provided by/ (used in) financing activities	(45,154,150)	130,337,377	(18,887,304)	(170,721,086)	(188,349,384)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(203,939,776)</b>	<b>190,804,603</b>	<b>322,525,745</b>	<b>139,718,540</b>	<b>(69,355,095)</b>
Effects of exchange rate changes on cash and cash equivalents	—	3,949,437	(12,227,129)	6,045,571	(1,178,897)
<b>Cash and cash equivalents at end of the period(1)</b>	<b>388,340,991</b>	<b>476,736,191</b>	<b>592,280,767</b>	<b>281,982,151</b>	<b>136,218,040</b>

- (1) "Cash and cash equivalents at beginning of the period" and "Cash and cash equivalents at end of the period" in our consolidated statements of cash flows exclude interest accrual. For a detailed a discussion and reconciliation to "Cash and cash equivalents" in our consolidated balance sheet, see note 3 to our financial statements included elsewhere in this prospectus.

**Non-IFRS Financial Measures**

	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020 (Turkish Lira)	2019	2018
EBITDA(1)(2)	(103,675,349)	14,811,415	(87,829,111)	167,401,277	26,741,026
Free Cash Flow(1)(3)	(158,785,626)	60,467,226	341,413,049	310,439,626	118,994,289
Net Working Capital(1)(4)	(1,133,637,759)	—	(1,160,309,570)	(663,998,273)	(459,490,310)

- (1) EBITDA, Free Cash Flow and Net Working Capital are supplemental measures of our performance that are not required by or presented in accordance with IFRS. See "*Presentation of Financial and Other Information—Use of Non-IFRS Financial Measures.*"
- (2) References to "**EBITDA**" are to profit or loss for the period *plus* taxation on income *less* financial income *plus* financial expenses *plus* depreciation and amortization.

EBITDA is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included EBITDA in this prospectus because it is a key measure used by our management and board of directors to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and non-operating expense/(income). Accordingly, we believe that EBITDA provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

Management uses EBITDA:

- as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of non-cash and non-operating items;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections; and
- to evaluate the performance and effectiveness of our strategic initiatives.

EBITDA has limitations as a financial measure, including that other companies may calculate EBITDA differently, which reduces its usefulness as a comparative measure and you should not consider it in isolation or as a substitute for profit/(loss) for the period as a profit measure or other analysis of our results as reported under IFRS.

The following table shows the reconciliation of EBITDA to loss for the period for the periods presented.

	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020 (Turkish Lira)	2019	2018
Loss for the period	(237,325,032)	(56,924,725)	(474,515,733)	(131,646,984)	(161,322,403)
Taxation on income	—	—	—	—	—
Financial income	(52,999,166)	(27,669,418)	(102,912,713)	(40,517,901)	(66,616,887)
Financial expenses	159,502,321	79,911,871	396,416,767	273,279,582	176,407,785
Depreciation and amortization	27,146,528	19,493,687	93,182,568	66,286,580	78,272,531
<b>EBITDA</b>	<b>(103,675,349)</b>	<b>14,811,415</b>	<b>(87,829,111)</b>	<b>167,401,277</b>	<b>26,741,026</b>

- (3) References to "**Free Cash Flow**" are to net cash provided by operating activities *less* capital expenditures *plus* proceeds from sale of property and equipment.

Free Cash Flow is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included Free Cash Flow in this prospectus because it is an important indicator of our liquidity as it measures the amount of cash we generate/(use) and provides additional perspective on whether we have sufficient cash after funding our operations and capital expenditures. Accordingly, we believe that Free Cash Flow provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

Free Cash Flow has limitations as a financial measure, and you should not consider it in isolation or as substitutes for net cash used in operating activities as a measure of our liquidity or other analysis of our results as reported under IFRS. There are limitations to using non-IFRS financial measures, including that other companies may calculate Free Cash Flow differently. Because of these limitations, you should consider Free Cash Flow alongside other financial performance measures, including net cash used in operating activities, capital expenditures and our other IFRS results.

The following table shows the reconciliation of Free Cash Flow to net cash provided by operating activities for the periods presented.

	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020 (Turkish Lira)	2019	2018
Net cash provided by/ (used in)					
operating activities	(122,479,244)	76,207,178	441,361,672	363,779,587	168,211,257
Capital expenditures(a)	(36,317,761)	(15,744,289)	(100,108,997)	(53,557,859)	(49,341,153)
Proceeds from the sale of property and equipment	11,379	4,337	160,374	217,898	124,185
<b>Free Cash Flow</b>	<b>(158,785,626)</b>	<b>60,467,226</b>	<b>341,413,049</b>	<b>310,439,626</b>	<b>118,994,289</b>

(a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Cash Flows—Capital Expenditures."

- (4) References to "Net Working Capital" are to current assets (excluding cash and cash equivalents) *minus* current liabilities (excluding current bank borrowings and current lease liabilities). Net Working Capital is presented as of December 31, 2018, 2019 and 2020 and March 31, 2021. Net Working Capital is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included Net Working Capital in this prospectus because it is used to measure the short-term liquidity of a business, and can also be used to obtain a general impression of the ability of company management to utilize assets in an efficient manner. Net Working Capital is critical since it is used to keep our business operating smoothly and meet all our financial obligations in the short-term. Accordingly, we believe that Net Working Capital provides useful information to investors in understanding and evaluating how we manage our short-term liabilities.

The following table shows the reconciliation of Net Working Capital to current assets and current liabilities as of the dates indicated:

	As of March 31,	As of December 31,		
	2021	2020	2019	2018
		(Turkish Lira)		
Current assets	1,373,524,678	1,689,830,234	779,766,154	419,438,638
Cash and cash equivalents	(388,362,900)	(592,643,009)	(282,303,760)	(136,484,221)
Current liabilities	(2,622,167,850)	(2,656,144,175)	(1,206,804,621)	(892,023,067)
Bank borrowings, current	432,617,982	347,436,451	18,977,287	103,576,504
Lease liabilities, current	70,750,331	51,210,929	26,366,667	46,001,836
<b>Net Working Capital</b>	<b>(1,133,637,759)</b>	<b>(1,160,309,570)</b>	<b>(663,998,273)</b>	<b>(459,490,310)</b>

### Key Operating Performance Indicators

The table below sets forth our operational information which we believe is useful in understanding the performance of our business as of the dates and for the periods indicated:

	Three months ended March 31,		Year ended December 31,		
	2021	2020	2020	2019	2018
GMV ( <i>TRY in billions</i> )(1)	4.5	2.3	17.0	8.0	5.1
Marketplace GMV ( <i>TRY in billions</i> )(2)	3.1	1.4	10.0	5.3	3.0
Share of Marketplace GMV (%) (3)	70	63	59	66	58
Gross Contribution ( <i>TRY</i> )(4)	420,377,105	232,940,665	1,526,578,237	756,626,385	436,089,229
Gross Contribution Margin (%) (5)	9.3	10.1	9.0	9.4	8.5
EBITDA as a percentage of GMV (%) (6)	(2.3)	0.6	(0.5)	2.1	0.5
Number of orders ( <i>in millions</i> )(7)	9.2	6.0	34.8	22.3	14.9
Active Customers ( <i>in millions</i> )(8)	—	—	9.0	6.5	4.8

- (1) References to "GMV" are to gross merchandise value which refers to the total value of orders/products sold through our platform over a given period of time (including VAT without deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants. For a discussion of GMV and its use, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Components of Our Results of Operations—GMV.*"
- (2) References to "Marketplace GMV" are to the total value of orders/products sold through our Marketplace over a given period of time (including VAT without deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants. For a discussion of GMV and its use, and the significance of measuring sales through our Marketplace as distinct from our Direct Sales, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Components of Our Results of Operations—GMV.*"

- (3) References to "**Share of Marketplace GMV**" are to the portion of GMV sold through our Marketplace represented as a percentage of our total GMV. Share of Marketplace GMV is a metric used to understand the relative size of our Marketplace operations compared to our other operations, such as our Direct Sales. Accordingly, we believe that Share of Marketplace GMV provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.
- (4) References to "**Gross Contribution**" are to revenues less cost of inventory sold. Gross Contribution is an indicator of our operational profitability as it reflects direct costs of products sold to our buyers. Accordingly, we believe that Gross Contribution provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

The following table shows the calculation of Gross Contribution for the periods presented.

	For the three months ended March 31,		For the year ended December 31,		
	2021	2020	2020 (Turkish Lira)	2019	2018
Revenues(a)	1,385,835,317	836,638,395	6,375,726,545	2,603,735,368	1,955,312,749
Cost of inventory sold(b)	(965,458,212)	(603,697,730)	(4,849,148,308)	(1,847,108,983)	(1,519,223,520)
<b>Gross Contribution</b>	<b>420,377,105</b>	<b>232,940,665</b>	<b>1,526,578,237</b>	<b>756,626,385</b>	<b>436,089,229</b>

- (a) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Components of Our Results of Operations—Revenues."
- (b) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Components of Our Results of Operations—Operating Expenses."
- (5) References to "**Gross Contribution Margin**" are to Gross Contribution represented as a percentage of our GMV. Gross Contribution Margin is an indicator of our operational profitability as it reflects direct costs of products sold to our buyers for each Turkish Lira of GMV. Accordingly, we believe that Gross Contribution Margin provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.
- (6) References to "**EBITDA as a percentage of GMV**" are to EBITDA represented as a percentage of our GMV. EBITDA as a percentage of GMV is a metric used as a measurement of our operating profit which allows us to assess how much operating cash is generated for each Turkish Lira of GMV earned. Accordingly, we believe that EBITDA as a percentage of GMV provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.
- (7) References to "**Number of orders**" are to the number of orders we received through our online platform. Number of orders is a metric used to measure volume. Accordingly, we believe that Number of orders provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.
- (8) References to "**Active Customers**" are to the users (both unregistered users and members) who purchased an item within the 12-month period preceding the relevant date, including returns and cancellations. Active Customers is a metric used to understand the size of our engaged customer base and an indicator of our value proposition to merchants. Accordingly, we believe that Active Customers provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and board of directors.

## RISK FACTORS

*Investing in our ADSs involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price and value of our ADSs could decline due to any of these risks, and you may lose all or part of your investment. When determining whether to invest, you should also refer to the other information contained in this prospectus, including our financial statements and the related notes thereto. This prospectus also contains forward-looking statements that involve risks and uncertainties. You should carefully review the "Cautionary Statements Regarding Forward-Looking Statements." Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus.*

### **Risks Relating to Our Business and Industry**

***We have incurred significant losses in the past and are likely to continue to incur losses as we continue to invest in order to grow, and we may not achieve profitability going forward.***

We have historically incurred net losses, including net losses of TRY 161,322,403, TRY 131,646,984, TRY 474,515,733, TRY 56,924,725 and TRY 237,325,032 for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2020 and 2021, respectively, as we invested in the expansion of our core businesses. We will need to generate and sustain increased revenue levels to outpace growing operating and capital expenses in future periods to achieve profitability in our core businesses, and even if we do, we may not be able to maintain or increase profitability. We anticipate that we will continue to incur losses in the near term as a result of expected increases in our operating expenses and continued capital expenditures, including investments to expand fulfillment centers, logistics operations and our core businesses, as we continue to invest in our business in order to grow.

We believe that our ability to generate future profits mainly depends on our strategy of attracting more customers to our platform, increasing the frequency of our customers on our platform, attracting more merchants to our platform, investing further into and leveraging logistics and technology as enablers, continued innovation and expansion of new services on the platform and opportunistic M&A. See "*Business—Our Strategy*." These, in turn, depend on our success in improving the customer and merchant experiences through expanded logistics and fulfillment capabilities, developing and improving our platform and offering new products and services that complement our existing offering and preserve and foster further network effects (see "*Business—Our Strengths—Integrated Ecosystem with Powerful Network Effects*"). These efforts may prove more expensive than we anticipate, particularly since many of our ongoing revenue generation initiatives remain unproven (for example, our seed investments in new complementary and value-added services, see "*Business—Our Value Added Services*"). As a result, any failure to adequately increase our revenue or manage the costs related to our expansion could prevent us from attaining or increasing profitability. Additionally, the introduction of new services in connection with our expansion, such as our HepsExpress services, could result in an unexpected increase in costs or divert our senior management's attention, which could negatively impact our goal of achieving and maintaining profitability. As we expand our services to additional customers and merchants in various regions and add new categories of products, our offerings in these markets/categories may be less profitable than those in which we currently operate, which may not offset the costs required to expand into these markets and could impact our ability to achieve or sustain profitability. As a result of the preceding factors, in addition to various other factors that may arise, we may not be able to achieve, maintain or increase profitability in the near term or at all.



***Our expansion into new products, services and markets subjects us to additional risks and we may not be able to manage our growth and expansion efficiently or effectively scale and adapt our existing infrastructure.***

Our growth strategy depends, in part, on our expansion into new product or service offerings, such as our new complementary and value-added services (see "*Business—Our Value Added Services*"). If we experience significant future growth, we may be required not only to make additional investments in our platform and workforce, but also to expand our fulfillment infrastructure and consumer support or expand our relationships with various partners and other third parties with whom we do business.

Growth of our business may place significant demands on our management and key employees, as expansion will increase the complexity of our business and place a significant strain on our management, operations, technical systems, financial resources and internal control over financial reporting functions. Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations. If our expansion in offerings outpaces our development of fulfillment infrastructure, our performance may be adversely affected, such as our on-time dispatch performance or average time from order to ready-for-dispatch. If we are unable to successfully manage future growth, consumer satisfaction and our reputation may be negatively and materially affected.

As we expand our relationships with third-parties, such as third-party carriers for deliveries or national and local retailers that provide groceries, water, flowers or other goods for HepsiExpress sales, we may need to expend time and money to integrate such parties into our operations. The expansion of our business could exceed the capacities of our partners and other third parties willing to do business with us. For example, retail suppliers for HepsiExpress may not have sufficient supply to keep pace with our growth and alternative or additional retailers may not be available or willing to do business with us. If third-party partners cannot keep pace they may constrain our growth and our operations could be adversely and materially affected.

Expansion of the new services we are offering, such as ticketing services through HepsiFly and our expected expansion of payment solutions through HepsiPay, and any future expansion into cross-border sales through HepsiGlobal, may result in increased or new exposure to regulatory scrutiny and compliance requirements. See "*We are subject to extensive laws and government regulations across our business, and changes to these laws or any actual or perceived failure by us to comply with such laws and regulations could materially and adversely affect our business.*"

***We may fail to maintain or improve our technology infrastructure, which could materially and adversely affect our business, results of operation and financial condition.***

Our success depends, in part, on our ability to continue to innovate and provide a platform for products and services that is attractive to existing or new customers, and in turn attracts merchants and suppliers to our customer base. We are constantly upgrading our technology to provide improved performance, increased scale and better integration among our core businesses and complementary value-added services (see "*Business—Our Value Added Services*"). Adopting new technologies, upgrading our website and mobile app infrastructure and maintaining and improving our technology infrastructure require significant investments of time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel. Adverse consequences for the failure to do so may include unanticipated system disruptions, security breaches, computer virus attacks, slower response times, impaired quality of experiences for our users and delays in reporting accurate operating and financial information. In addition, many of the software and interfaces we use are internally developed and proprietary technology. If we experience problems with the functionality and effectiveness of our software or platforms, or are unable to maintain and constantly improve our technology infrastructure to handle our business needs and ensure a consistent and acceptable level of

service for our customers and merchants, our business, financial condition, and results of operation, as well as our reputation, could be materially and adversely affected.

***If we fail to maintain and enhance our brand or network effects from our established Marketplace, our business, results of operations and financial condition may be materially and adversely affected.***

We believe that our "Hepsiburada" brand is fundamentally important to the success of our business and that our brand, as well as the interaction between our customer and merchant value propositions, create significant network effects. Failure to maintain and enhance our brand or the network effects that have contributed to our past growth may materially and adversely affect our business, results of operations and financial condition.

We invest in brand building, marketing and in expanding our offering of value-added services with the aim of attracting new and retaining existing customers and merchants and increasing their level of engagement. From this, we hope to benefit from network effects whereby our larger consumer base attracts more merchants and our broader spectrum of products and services offered by merchants attracts more customers. Over the long-term, our brand development or the benefits to our customer and merchant value propositions may not achieve the promotional benefits or network effects that we expect. Benefits may not outpace expenses. For example our brand awareness may not outpace marketing and brand building expenses. In addition, our competitors may increase the intensity of their own marketing campaigns or value-added services, which may force us to increase our spending to maintain our brand awareness and competitive advantages.

The extent to which we are able to maintain or strengthen these network effects depends on our ability to execute a number of challenging tasks. See "*If we fail to attract new and retain current customers or grow or maintain the level of their engagement, our business, financial condition, prospects and results of operations could be materially and adversely affected.*" Any failure to meet such challenges may lead to an increased risk of disruptions to our customer base or merchant base and our customer and merchant value propositions, which could adversely affect our profitability, and could have a material adverse effect on our business, financial condition and results of operations. In addition, any changes we make to enhance and improve our platform to meet the needs and interests of certain users or merchants or other third-parties may have a negative impact upon others. If we fail to balance the interests of all users and merchants, users may stop visiting our website and using our mobile app and customers may conduct fewer transactions or use alternative e-commerce services, any of which could have a material adverse effect on our business, financial condition and results of operations.

In the event that our brand is subject to persistent and material negative publicity, complaints from customers, or exposure as a result of our own actions or as a result of events outside of our control, such as our inability to attract users and merchants, to protect private information of our users and merchants against security breaches, any undetected errors, defects or bugs in software underlying our products and services, or disruption in our IT systems, we may have difficulty in retaining our existing users or merchants or attracting new users or merchants. If such negative publicity about us arises or if users or consumers otherwise perceive that content on our online platform is no longer reliable, our reputation, the value of our brand and our user traffic could decline. If our brand is harmed or we are forced to increase our marketing expenses, our business, prospects, financial condition and results of operations could be materially and adversely affected.

To maintain good customer relations, we need prompt and accurate customer service to resolve irregularities and disputes. Effective customer service requires significant personnel expense and investment in developing programs and technology infrastructure to help customer service representatives carry out their functions. These expenses, if not managed properly, could significantly impact our profitability. Failure to manage or train our customer service representatives properly could

compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation may suffer and we may lose our customers' confidence.

In addition, from time to time in the past we have executed, and may in future execute, advertisement contracts with celebrities to promote our sites and brands in marketing campaigns. Harm to those celebrities' reputations, even if not associated with our sites and brands, could also harm our brand image and result in a material decrease in our net sales, which could have a material adverse effect on our business, results of operations and financial condition.

***We operate in a highly competitive market, and in the future we may not be able to compete effectively.***

The markets for our products and services are competitive and rapidly evolving. The successful execution of our strategy depends on our ability to continuously attract and retain merchants and customers, expand the market for our products and services, continue technological innovation and offer new capabilities to such users. We have many competitors not only among other e-commerce companies, but also omni-channel players who are primarily offline retailers and a large and fragmented group of other offline retailers. We compete with these current and potential competitors for customers, merchants and suppliers. From time to time, our customers may decide not to continue purchasing products on our platform for various reasons, including choosing to shop in offline retail stores once more. Our merchants may also decide to switch to our competitors' services. Some of our existing or potential competitors may have greater resources to develop stronger capabilities and expertise in management, technology, finance, product development, sales, marketing and other areas. Further, the internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller or lesser known businesses, including businesses from outside of Turkey, to compete against us.

As a result of these various types of current and potential competitors, we may not be able to maintain our leading position or level of traffic on our online platform, we may fail to retain or may lose our current market position, we may fail to continue to attract new and retain our existing customers and merchants, and we may be required to increase our spending or maintain lower prices, which could materially and adversely affect our business, prospects, financial condition and results of operations.

***Failed deliveries, excessive returns and other logistics issues may adversely affect our business, results of operation and financial condition.***

We offer customers a selection of delivery options, including delivery by courier or collection from our offline network of pick-up and drop-off (PUDO) points. If a delivery fails to reach the customer, we may continue bearing the inventory costs or be required to engage with the merchant for the return of the undelivered product. Even if the product is successfully delivered to the customer and delivery is verified, we and our merchants are required either by local regulations or by our operating standards, in most cases, to allow customers to return undamaged products within a certain period of time after delivery, depending on the product. We also face the risk that inventory might be misappropriated or packages mishandled, and we may struggle to verify delivery if the packages are delivered without obtaining customer signatures or otherwise duly identifying the customer. When products are delivered without verification, we may be required to deliver a duplicate product.

A significant increase in failed deliveries, excessive or mistaken returns or other logistics issues may force us to allocate additional resources to mitigating these issues and may adversely affect our business, prospects, financial condition and results of operations.

***If we fail to attract new and retain current customers or grow or maintain the level of their engagement, our business, financial condition, prospects and results of operations could be materially and adversely affected.***

The size and engagement of our Active Customer base, including purchase frequency and customer loyalty, are critical to our success. A significant portion of our value proposition to merchants is their ability to access our 33 million members. Our business and financial performance have been and will continue to be significantly determined by our success in adding, retaining, and engaging Active Customers. We continue to invest significant resources to grow our Active Customers base and increase engagement, whether through innovation, providing new or improved goods or services, marketing efforts or other means. While our customer base has expanded significantly since 2016, our customer base and engagement levels may fail to continue to grow at satisfactory rates, or at all, or may decline. Our user base growth and engagement could be adversely affected if, among other things:

- we are unable to maintain the quality of our existing products and services;
- we are unsuccessful in innovating or introducing new products and services;
- we fail to adapt to changes in user preferences, market trends or advancements in technology;
- technical or other problems prevent us from delivering our products or services in a timely and reliable manner or otherwise affect the user experience;
- there are user concerns related to privacy, safety, security or reputational factors;
- there are adverse changes to our platform that are mandated by, or that we elect to make in response to, legislation, regulation, or litigation, including settlements or consent decrees;
- we fail to maintain the brand image of our platform or our reputation is damaged; or
- there are unexpected changes to the demographic trends or economic development of the markets in which we operate.

Our efforts to avoid or address any of these events could require us to make substantial expenditures to modify or adapt our services or platform. If we fail to retain or grow our Active Customers base, or if customers, merchants or suppliers reduce their engagement with our platform, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***We may need to raise additional funds to finance our future capital needs including investing in growth and technology, which may dilute the value of the outstanding ADSs or prevent us from growing our business.***

Our growth strategy and technological infrastructure require significant and continuous investment. We may need to raise additional funds to finance our existing and future capital needs, including developing new services and technologies and ongoing operating expenses, such as our efforts to launch and develop new initiatives such as HepsiAd, outbound HepsiGlobal and HepsiPay, and expansion of our existing services which will require significant increases in shipping and packaging costs, advertising costs and general and administrative costs. If we raise additional funds through the sale of equity securities, these transactions may dilute the value of the outstanding ADSs. We may also decide to issue securities, including debt securities that have rights, preferences and privileges senior to the ADSs. Any debt financing would increase our level of indebtedness and could negatively and materially affect our liquidity and restrict our operations, including increasing our vulnerability to general economic and industry conditions, limit our ability to plan and react to changes in our business and industry and place us at a disadvantage compared to competitors that have less indebtedness. We also can provide no assurance that the funds we raise will be sufficient to finance our indebtedness.

To date, our principal sources of liquidity have been equity injections from our shareholders and cash flows from operations and we have entered into short-term financing arrangements with several

major Turkish banks (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrowings*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*" and "*Business—Supplier and Merchant Financing*"). Any breach of our financing arrangements or the inability to service our debt through internally generated cash flow or other sources of liquidity would lead to default, which could have a material adverse effect on our business, results of operations and financial condition.

***Changes in our share ownership, including a change of control of our shares, could result in our inability to draw loans or cause acceleration or events of default under our indebtedness.***

The terms and conditions of substantially all of our credit facility arrangements with Turkish banks (under which we had outstanding loans of TRY 347.4 million and TRY 432.6 million as of December 31, 2020 and March 31, 2021, respectively), including loans under our supplier and merchant financing where the Company is the borrower (see "*Business—Supplier and Merchant Financing*") and loans under our short-term financing arrangements with several major Turkish banks (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrowings*"), include clauses relating to the control or ownership of our issued ordinary shares. Under the terms of such credit facility arrangements, the exact terms of which vary, a transfer of our shares or change in our issued share capital structure, including as the result of this initial public offering, provide our lenders with the right to accelerate the outstanding debt facilities and may result in events of default that provide our lenders the right to terminate our arrangements. The terms of some of these credit facility arrangements with Turkish banks and the arrangement relating to the loans under our supplier and merchant financing, where the Company is the borrower, also include our undertaking not to distribute dividends during the duration of the agreement, or not to do it in a manner to negatively impact our debt ratios such as debt to equity.

Although, based on our discussions with certain of those banks and their prior practice, our management does not believe it likely that the banks would exercise their rights to acceleration or termination under such clauses or otherwise limit the Company's ability to distribute dividends, the changes in our shareholding structure as a result of the initial public offering or future share sales in the Company or future distribution of dividends may result in the termination of our general loan agreements or acceleration of our outstanding debt thereunder. If any of the banks were to terminate a loan agreement or accelerate the debt outstanding thereunder, management believes that we have adequate credit lines under our other loan agreements and that the liquidity position of the Company would not require additional financing. However, if one or more of such banks terminate their agreements, or if all of such banks were to terminate their agreements, our access to debt financing may be limited, which would have a material impact on our ability to fund our business.

***A significant disruption in internet access, telecommunications networks or our IT platform may cause slow response times or otherwise impair our customers' experience, which may in turn reduce traffic to our mobile apps and websites and significantly harm our business, financial condition and results of operations.***

Our e-commerce business is critically dependent on the performance and reliability of Turkey's internet infrastructure, accessibility of bandwidth and servers to our service providers' networks and the continuing performance, reliability and availability of our platform.

We are heavily reliant on Turkey's internet infrastructure to operate our business. As our data centers and all of our backup centers, along with our headquarters, are located on the European and Asian sides of the city of Istanbul, our operations may also be negatively impacted by disruptions to the power grid, natural disasters, such as fires, floods, earthquakes, telecommunication failures, sabotage, vandalism, terrorist attacks, extreme weather or other events affecting the region. Similarly, if there were any system outages due to any internet delays, disruptions, natural disasters or any other issues

with the infrastructure in Turkey more generally, this would have a material adverse impact on our business and results of operations depending on the length and severity of the issue.

We may experience slow response times or system failures due to a failure of our information storage, retrieval, processing and management capabilities, human errors or capacity constraints. Slow response times or system failures may make our platform less attractive to merchants or customers. If we experience technical problems in delivering our services over the internet, we could experience reduced demand for our services and lower revenue. Also, if too many customers access our sites within a short period of time due to increased holiday demand, such as during our seasonal sales, or any other reason, we have in the past experienced system interruptions that make our platform unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods we sell and the attractiveness of our products and services. We cannot assure you that such events will not occur and while we have backup systems and contingency plans for certain aspects of our operations and business processes, our planning may not account for all possible scenarios.

Significant disruptions in internet access or in the internet generally mentioned above could significantly harm our business, prospects, financial condition and results of operations.

***We may experience significant fluctuations in our results of operations and growth rate.***

We have grown significantly in recent years, and we intend to continue to expand the scope and geographic reach of the services we provide. Revenue growth may slow down or decline for any number of reasons, including our inability to attract or retain merchants and customers, decreased customer frequency and spending, increased competition, slowing overall growth of the e-commerce market, the emergence of alternative business models, changes in government policies and general economic conditions. We may also lose customers and merchants for other reasons, such as a failure to deliver satisfactory customer or transaction experience or high-quality services. If we are unable to properly and prudently manage our operations as they continue to grow, or if the quality of our services deteriorates due to mismanagement, our brand name and reputation could be significantly harmed, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, a disproportionate amount of sales on our platform historically took place during our fourth quarter, and we expect this to continue. As a result of peak seasonal sales, as of December 31 of each year, our cash and cash equivalents balances typically reach an elevated level (other than as a result of cash flows provided by or used in investing and financing activities). This operating cycle results in a corresponding increase in accounts payable, combined with a decrease in inventories, as of December 31. Our accounts payable balance generally declines during the first month of each year, resulting in a corresponding decline in our cash and cash equivalents balances. We typically experience our lowest sales during the months of July and August due to decreased frequency and traffic on our platform during the summer vacation months.

Our results of operations and cash flows may fluctuate significantly as a result of a variety of factors, including those described above. As a result, historical period-to-period comparisons of our results of operations and cash flows are not necessarily indicative of future period-to-period results of operations or cash flows. You should not rely on the results of a single fiscal quarter as an indication of our annual results of operations, cash flows or future performance.

***The COVID-19 pandemic has affected and may continue to negatively affect certain of our business activities and results. Any future occurrence of natural disasters, epidemics, pandemics or other outbreaks, or other catastrophic events could also materially and adversely affect our business, results of operations or financial condition.***

The World Health Organization characterized COVID-19 as a pandemic in March 2020. As of the date hereof, COVID-19 has spread widely around the world and new variants of the virus have emerged, resulting in the implementation of significant governmental measures in Turkey and globally, including lockdowns of manufacturing and logistics facilities, closures of businesses and offices, quarantines of individuals, and travel bans. Although COVID-19 has generally resulted in a major increase in demand for e-commerce services in Turkey, there are a number of risks which have ensued from operating our businesses during the pandemic.

The virus and the measures to contain its spread have resulted in business and manufacturing disruptions in our markets, impacted the business activities of e-commerce merchants, and other ecosystem participants (such as logistics networks and payment channels in the affected markets) and disrupted the global supply chain. Some of our merchants and partners have reduced or suspended, or may in the future reduce or suspend, their selling activities due to operational constraints or global supply chain disruptions. The scaling and ramp-up of Hepsifly may be slower than expected due to the impact of border and travel restrictions and consequences for the airline industry.

Furthermore, COVID-19's impact on global and local economies may also adversely impact consumer discretionary spending, which may cause our customer demand to decline if the situation continues to worsen. As we roll out relief measures to assist the recovery of certain affected merchants and other ecosystem participants, including, among other things, waiver or reduction of certain transaction-related charges, these measures may have a materially negative impact on our financial results. In addition, we have taken numerous precautionary measures to ensure the wellbeing of our employees and communities (see "*Business—Recent Developments*") that may result in lower operational efficiency, higher operating costs, and a slowdown in certain of our business activities. Measures taken across our business operations to address health and safety may not always be sufficient to prevent the spread of COVID-19. Our operations could be disrupted if any of our employees or employees of our suppliers or merchants are suspected of contracting COVID-19, as this could require us or our suppliers or merchants to quarantine some or all of these employees and implement disinfection measures to the facilities and premises used for our operations. Relevant authorities could also order a complete suspension or closure of business generally, including our operations, as the pandemic further develops.

The above developments have materially affected, and may continue to materially and negatively affect, certain of our business activities and results. As the COVID-19 situation remains fluid and continues to rapidly evolve, the ultimate impact of COVID-19 on our business, financial condition and results of operations cannot be reasonably estimated at this time. We will continue to monitor the situation and the effects on our business and operations closely. The extent of the impact of COVID-19 on our operational and financial performance will depend on many factors, including the duration and spread of the pandemic and actions taken by authorities and other parties in our ecosystem, as well as the overall size and duration of the impact on the economies of the markets in which we operate. If the pandemic continues to worsen, and measures put in place to curb its spread and to stabilize the economy are not effective, or if we are ordered by any authorities to suspend or close our material operations, there could be a material adverse impact on our business, results of operations and financial condition.

COVID-19 and the measures taken to limit its spread have impacted consumer behavior, including e-commerce shopping trends. During the COVID-19 pandemic, increased numbers of consumers in the Turkish market have shifted to e-commerce as a result of social distancing and other government

restrictions, which resulted in the growth for demand for our products and services. However, customers may shift back towards offline retailers as social distancing and government restrictions ease, as a result of which we may experience slower than expected growth. Moreover, as the full impact of the COVID-19 pandemic continues to evolve, it is uncertain what effect the pandemic will have on consumer behavior and the demand for various goods and services may evolve. For instance, e-commerce orders for groceries and other essential products have increased significantly during the pandemic, and the risk that this trend reverses or otherwise alters in the future cannot be excluded. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Financial Condition and Results of Operations—COVID-19 Impact.*" We may not be able to keep pace with shifting trends as they respond to unpredictable changes in the evolution of the pandemic and the measures taken to reduce the spread of the virus.

Similarly, our business, financial condition and results of operations could be adversely affected by severe weather conditions, natural disasters, geopolitical events, wars, terrorist attacks, the occurrence or re-occurrence of other outbreaks of widespread health epidemics or pandemics, and other similar catastrophic events. The occurrence of a disaster or similar event could materially disrupt our business and operations, adversely affect our markets or the economy generally, or adversely affect our employees, third-party service providers, business partners or a significant portion of our users. These events could also cause us to close our operating facilities temporarily, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition, our net sales could be materially reduced to the extent that a natural disaster, health epidemic or other major event harms the economy of the countries where we operate. Our operations could also be severely disrupted if our customers, merchants or other participants were affected by such natural disasters, health epidemics or other major events.

***Undetected software errors and hacking may cause delays or interruptions on our systems and may reduce the use of our services and damage our brand reputation.***

Our online systems, including our websites, mobile apps and our other software applications, products and systems, could contain undetected errors, or "bugs," that could adversely affect their performance. While we regularly update and enhance our websites and IT platform and introduce new versions of our mobile apps, the occurrence of errors in any such updates or enhancements may cause disruptions in the provision of our services and may, as a result, cause us to lose market share, and our reputation and brand, business, prospects, financial condition and results of operations could be materially and adversely affected.

In addition, computer viruses and cyber security breaches may in the future cause delays or other service interruptions on our systems. We may also be subject to cybersecurity threats or attempts by malicious actors who seek to gain unauthorized access to our information or systems or to cause intentional malfunctions, loss or corruption of data or leakages of our customers' and merchants' sensitive or personal data. While we employ various antivirus and computer protection software in our operations, we cannot provide any assurance that such protections will successfully prevent all cybersecurity incidents (whether through the use of "denial of service" attacks or otherwise) or the transmission of any computer viruses which, if not prevented, could significantly damage our software systems and databases, cause disruptions to our business activities (including to our e-mail, short message service ("SMS"), push and other communications systems), result in security breaches or inadvertent disclosure of confidential, sensitive or personal information and hinder access to our platform.

We use artificial intelligence solutions to inform our Direct Sales pricing and in the future our prices for Direct Sales may be informed in real-time by machine learning algorithms, any of which may, as the result of a bug or other error, result in unforeseen or disadvantageous pricing for our goods.



We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by, computer viruses, hacking or other cybersecurity incidents. These costs, which could be material, could adversely impact our results of operations in the period in which they are incurred and may not meaningfully limit the success of future attempts to breach our information technology systems. Moreover, if a computer virus or other compromise of our systems becomes publicized, or if we are perceived to have failed to respond to security breaches of our systems or networks, our business, reputation and brand could be materially damaged, resulting in a decrease in the use of our products and services. Such failure to properly respond to cybersecurity incidents could also result in private consumer, business partner, or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability, and may adversely affect our business, financial condition and results of operations.

***Unauthorized disclosure of sensitive or confidential customer information or our failure or the perception by our users that we failed to comply with privacy laws or properly address privacy concerns could harm our business and reputation with customers, merchants and suppliers.***

We collect, store, process, transmit and use certain personal information and other user data in our business. A significant risk associated with e-commerce and communications is the secure transmission of confidential information over public networks. The perception of privacy concerns, whether or not valid, may adversely affect our business and results of operations. We must ensure that any processing, collection, use, storage, dissemination, transfer and disposal of data for which we are responsible complies with relevant data protection and privacy laws, including Turkish data protection and privacy laws as well as other data protection and privacy laws, such as the European Union General Data Protection Regulation ("GDPR"), particularly due to the launch and development of cross-border sales through HepsiGlobal. The protection of our user, employee and company data is critical to us. Currently, a number of our users authorize us to bill their credit card accounts directly. We rely on commercially available systems, software, tools and monitoring to provide encryption, secure processing, transmission and storage of confidential customer information, such as credit card and other personal information. Despite the security measures we have in place, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. Any security breach, or any perceived failure involving the misappropriation, loss or other unauthorized disclosure of confidential information, as well as any failure or perceived failure to comply with laws, policies, legal obligations or industry standards regarding data privacy and protection, whether by us or our merchants, could damage our reputation, expose us to litigation risk and liability, subject us to negative publicity, disrupt our operations and harm our business. We cannot assure you that our security measures will prevent security breaches or that failure to prevent them will not have a material adverse effect on our business. Further, we do not carry and we do not require our vendors to carry cybersecurity insurance to compensate for any losses that may result from any breach of security. Therefore, our results of operations or financial condition may be materially adversely affected if our existing general liability policies did not cover a security breach.

***We are subject to payments-related risks.***

We accept payments using a variety of methods, including credit and debit cards, money transfers, and we expect to launch HepsiPay to facilitate payments. For certain payment methods, including credit and debit cards, we pay bank interchange and other fees. These fees may increase over time, which would increase our operating costs and adversely affect our results of operations. We use third parties to provide payment processing services, including the processing of credit and debit cards. Our business may be disrupted for an extended period of time if any of these companies becomes unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements, and rules governing electronic funds transfers, which could change or be

reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and/or lose our ability to accept credit and debit card payments from customers and merchants or facilitate other types of online payments, and our business could be harmed. Moreover, although the payment gateways we use are contractually obligated to indemnify us with respect to liability arising from fraudulent payment transactions, if such fraudulent transactions are related to credit card transactions and become excessive, they could potentially result in our losing the right to accept credit cards for payment. If any of these events were to occur, our business, financial condition, and results of operations could be adversely affected.

We, like our platforms, are susceptible to potentially illegal or improper uses, including, fraudulent and illicit sales on the payment methods accepted by us and bank fraud. In addition, our services could be subject to unauthorized credit card use, identity theft, employee fraud or other internal security breaches. We may incur significant costs to protect against the threat of information security breaches or to respond to or alleviate problems caused by any breaches. Laws may require notification to regulators, users or employees and we may be required to reimburse customers, merchants or credit card companies for any funds stolen as a result of any breaches or to provide credit monitoring or identity theft protection in the event of a privacy breach. These requirements, as well as any additional restrictions that may be imposed by credit card companies, could raise our costs significantly and reduce our attractiveness. In addition to the direct costs of such losses, if they are related to credit card transactions and become excessive they could result in us losing the right to accept credit cards for payment. If we are unable to accept credit cards, our business will be adversely affected given that credit cards are the most widely used method for our customers to pay for the products we sell.

***We may suffer losses relating to the products we sell through our Direct Sales business.***

In connection with our Direct Sales and certain value-added services, we purchase products from manufacturers and third parties and subsequently sell such products on our platform. This subjects us to risks relating to managing our inventory turnover. We depend on our forecasts of demand and popularity for a variety of products to make decisions regarding product purchases. Our customers may not order products at the levels expected by us due to our failure to forecast accurately, unfavorable market conditions or changes in consumer trends. In addition, if the supply of products from manufacturers and third parties deteriorates, we may be unable to obtain the products that customers want to purchase. Manufacturers and third parties may discontinue selling products due to factors that may or may not be within our control. Our inability to secure timely and sufficient supplies of products would negatively affect inventory levels and may have an adverse effect on our financial performance and reputation.

***We rely on many service providers in our business, and the nonperformance or loss of a significant third-party provider through bankruptcy, consolidation, or otherwise, could adversely affect our operations.***

We are party to agreements with third-party companies in various aspects of our business model, including the lessors of our fulfillment centers and various logistics providers and IT and data center service providers (domestically and from outside of Turkey). For example, if we are unable to maintain or renew leases, or lease other suitable premises on acceptable terms, or if our existing leases are terminated for any reason (including in connection with a lessor's loss of its ownership rights to such premises), or if a lease's terms (including rental charges) are revised to our detriment, such matters could have a material adverse effect on our business, financial condition and results of operations.

If these third parties do not comply with applicable legal or administrative requirements, were to default on their obligations, or if we lose a significant provider through bankruptcy, consolidation or otherwise, we may be subject to litigation with these third-party providers, fail to renew the respective agreements on commercially acceptable terms and, therefore, face the need of switching to new third-

party providers, who may provide services to us at higher prices. While we have backup systems and contingency plans for certain aspects of our operations and business processes (see "*Business—Technology—Technology Infrastructure*") and we have capacity to scale our fulfillment centers when extra capacity is required (see "*Business—Logistics Infrastructure—Fulfillment Center Network*"), our planning may not account for all possible scenarios and we may have limited access to alternative sites for our fulfillment operations, logistics services, IT and data center services, or other services and may not be able to timely replace these third parties, or find a replacement on a cost-efficient basis, in the event of disruptions, failures to provide services or other issues with them that may adversely affect our business. Any of these consequences could have a material adverse effect on our business financial condition and results of operations.

***We operate platforms that include third parties over whose actions we have no control.***

Our e-commerce services business, other than our Direct Sales, requires the participation of third parties such as merchants who own the content and services offered through our Marketplace. We cannot control the actions of these third parties and if they do not perform their functions to our satisfaction or the satisfaction of our users, it may damage the reputation of our platform. Our e-commerce business relies upon merchants to provide and post their products on our platform, and we cannot be certain that the products that they sell will all be legitimate, of a sufficiently high quality or that they will accurately represent the products in their postings. Though we take efforts to conduct security and know-your-customer procedures with respect to our merchants and carefully screen the listings placed by our merchants periodically and upon receipt of complaints (see "*Business—Marketplace—Merchants*"), we cannot be certain that we will detect every improper third-party action before it reaches our users. Further, while we have no liability for the content provided by third parties or illegal or unlawful activity related to goods or services provided by such third parties on our website as a "hosting service provider" and "intermediary service provider" under Article 5 of the Law on Internet Crimes and the E-Commerce Law (as each is defined under "*Business—Regulatory Overview*"), respectively, we may nevertheless face compensation claims, administrative fines or even criminal complaints under Turkish laws for content related to counterfeit products, content blocked or prohibited in Turkey or content infringing trademarks or other intellectual property rights if we receive a notification of the unlawful or illegal content and do not take any action (including removing the unlawful content). While we have agreements with each of our merchants that obligate them to carry out their respective businesses in a professional manner and while we are not liable under Turkish law for such merchants' content, except in the circumstances described above, any legal protections we might have could be insufficient to compensate us for our losses and would not be able to repair the damage to our reputation.

***We may pursue strategic acquisitions, which could result in operational challenges, and the failure of an acquisition or investment to produce the anticipated results or the inability to fully integrate an acquired company could have an adverse impact on our business, results of operation and financial condition.***

Historically, we have generally grown organically. We have historically invested in software and technological development, including the acquisition of software licences and rights as well as certain vertical e-commerce websites, but as of the date of this prospectus we have not made any material acquisitions. However, we may decide to enter into strategic partnerships or to acquire complementary businesses or technologies in order to expand our operations, products and services and to adjust our business portfolio in response to changing market conditions. The success of acquisitions or investments is based on our ability to make accurate assumptions regarding the valuation of these operations, growth potential, integration and other factors related to the respective businesses. We cannot assure you that our acquisitions or investments will produce the results that we expect at the time we enter into or complete a given transaction. Such acquisitions and investments can be time-consuming and costly, could create unforeseen operational challenges and expenditures or may not meet our

expectations. Furthermore, we may not be able to successfully integrate operations that we acquire, including their personnel, financial systems, distribution or operating procedures. If we fail to successfully integrate acquisitions, our business results of operation and financial condition could suffer. In addition, the integration of any acquired business and their financial results may adversely affect our business, operating results and financial condition.

***We may use open source code in a manner that could be harmful to our business.***

We use open source code, which is subject to licensing, in connection with our technology and services. Original developers of open source code do not provide warranties for the use of their source code. The use of such open source code may ultimately require us to replace certain code used in our platform, pay a royalty to use certain open source code, disclose and freely license all or a portion of our proprietary software code, or discontinue certain aspects of our platform. As a result, the use of open source code could have a material adverse effect on our business financial condition and results of operations.

***Our operating metrics and competitive information, both internally calculated and provided by third parties and included in this prospectus, may be calculated differently from the metrics or competitive information published by our competitors or other third parties in our industry and any perceived inaccuracies or inadequate cross-company comparisons may harm our reputation.***

Most of our operating metrics included in this prospectus and which we regularly communicate to the market are calculated by us internally. We also provide industry, market and competitive information (including market share data) in this prospectus based on studies and reports of third parties (see "*Market and Industry Data*").

Our methods of calculating operating metrics such as Active Customers, number of orders and GMV and those of third parties in calculating industry, market and competitive information (including market share data) may differ from estimates published by third parties or from similarly titled metrics published by our competitors or other parties due to differences in methodology. For instance, we calculate GMV as the total value of orders/products sold through our platform over a given period of time (including VAT without deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants. Other companies or third parties may calculate GMV differently, for instance, by excluding returns and cancellations, VAT or cargo income, or including other service revenues. They may also calculate Active Customers or the number of orders differently based on differences in the technology used or technical methods used to record such metrics. We believe our calculation of GMV, as well as other metrics and third party information, in this prospectus provides investors with a useful tool to understand the value of transactions processed through our platforms. However, if customers, merchants or investors do not perceive our operating metrics or the information on our industry, market and competitive information (including market share data) included in this prospectus to be accurate our reputation could be materially and adversely affected.

For further information on our operating metrics, their calculation and assumptions relating thereto, see "*Presentation of Financial and Other Information—Key Operating Performance Indicators*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Indicators of Operating and Financial Performance*"

***We may not be able to, or may choose not to, insure against all risks we face and may incur losses not covered by insurance, which could have a material adverse effect on our business, financial condition, results of operations and prospects.***

We rely on insurance coverage to insure against damage and loss to our IT infrastructure and operational assets, including the server hardware, fulfillment centers, network, and storage devices and back-up facilities in our data centers. We maintain insurance coverage for our employees, executives and investment properties. We expect to continue to maintain our existing insurance coverage and to purchase any additional insurance coverage as necessary for our operations, including social security and health insurance coverage for our employees and executive officers and management liability insurance for our directors and executive officers. However, we cannot assure you that our insurance coverage provides us with sufficient coverage for all losses, events or incidents. We also may choose not to insure against all risks we face. Therefore, should an uninsured loss or a loss in excess of our insured limits occur, we would lose the capital invested in, and the anticipated revenue from, the affected assets, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We depend upon our Founder and chairwoman, our senior management, our IT specialists and other talented employees to grow, operate and improve our business; if we fail to retain our Founder as a result of ongoing litigation or if we fail to attract, retain and motivate key personnel, our business could be adversely affected.***

We depend upon the continued services and performance of our senior management team and other key personnel, many of whom have a level of experience and local knowledge that would be difficult to replicate. The unexpected departure of any of them from the Company could have a material adverse effect on our business, financial condition and results of operations, and there can be no assurance that we will be able to attract or retain suitable replacements for such personnel in a timely manner or at all.

We benefit from the input of our Founder. As discussed in "*Management—Legal Proceedings Relating to Senior Management*," our Founder formerly served on the board of directors of Petrol Ofisi A.Ş., a major Turkish fuel company. In 2016, she was one of 47 executives subject to an indictment alleging that illegal activity was committed by Petrol Ofisi between 2004 and 2007. As of the date of this prospectus, the criminal proceeding stemming from the 2016 indictment has not progressed beyond the initial stage. In the event of an adverse outcome to this legal proceeding, our Founder could be required to step down from her position as a board member of any company, including Hepsiburada, which could have an adverse impact on our business. Further, although this lawsuit has been in the public domain over the past five years and has received considerable publicity, any negative public opinion relating to the allegations forming the basis of the proceeding, regardless of the legal outcome, may affect our brand and reputation and therefore may have an adverse impact on our business in the future. As of the date of this prospectus, we have not experienced any negative impact from these standing allegations. For more information, see "*Management—Board of Directors—Legal Proceedings*."

Our success and growth strategy also depend on our continued ability to identify, hire, develop, motivate and retain talented employees. Our ability to execute and manage our operations efficiently is dependent upon contributions from all of our employees. Competition for senior management and key IT personnel is intense, and the pool of qualified candidates is relatively limited.

From time to time, some of our key personnel may choose to leave our company for various reasons, including personal career development plans or alternative compensation packages. An inability to retain the services of our key personnel or properly manage the working relationship among our management and employees may expose us to legal or administrative action or adverse publicity, which could adversely affect our reputation, business, prospects, financial condition and results of

operations. For example, other leading technology platforms also operate in Turkey and compete directly with us for the same talent pool, which has a limited number of skilled IT or other professionals.

Training new employees with no prior relevant experience could be time consuming and require a significant amount of resources. We may also need to increase the compensation we pay to our employees from time to time in order to retain them. If competition in our industry intensifies, it may be increasingly difficult for us to hire, motivate and retain highly skilled personnel due to significant market demand. If we fail to attract additional highly skilled personnel or retain or motivate our existing personnel, we may be unable to pursue growth, and our business, financial condition and results of operations could be materially and adversely affected.

An inability to retain and replace existing personnel or to attract new personnel could have a material adverse effect on our business, financial condition and results of operations.

***Employee misconduct is difficult to determine and detect and could harm our reputation and business.***

We face a risk that may arise out of our employees' lack of knowledge or willful, negligent or involuntary violations of laws, rules and regulations or other misconduct. Misconduct by employees could involve, among other things, the improper use or disclosure of confidential information (including trade secrets and personal information), embezzlement or fraud, any of which could result in regulatory sanctions or fines imposed on us, as well as cause us serious reputational or financial harm. We have experienced fraudulent misconduct by employees in the past, which to date has not caused any material harm to our business. However, any such further misconduct in the future may result in unknown and unmanaged risks and losses. We have internal audit, security and other procedures in place that are designed to monitor our employees' conduct. However, despite these controls and procedures, there can be no assurance that we will discover employee misconduct in a timely and effective manner, if at all. It is not always possible to guard against employee misconduct and ensure full compliance with our risk management and information policies. The direct and indirect costs of employee misconduct can be substantial, and our business, financial condition and results of operations could be materially and adversely affected.

***We face uncertainties relating to the growth and profitability of the e-commerce industry in our region and we may face challenges and uncertainties in implementing our e-commerce strategy***

Our future sales depend substantially on consumers' widespread acceptance and use of e-commerce. While e-commerce has existed in our region for decades, only recently have certain regional e-commerce companies become sizeable. Our future results of operations will depend on numerous factors affecting the development of the e-commerce retail industry in our region, which may be beyond our control. These factors include:

- the growth rate of internet, broadband, personal computer, and smartphone penetration and usage in our region;
- the trust and confidence level of e-commerce consumers, as well as changes in customer demographics and consumer tastes and preferences;
- the selection, pricing and popularity of products that online merchants offer;
- whether alternative retail channels or business models that better address the needs of consumers emerge; and
- the development of logistics, payment and other ancillary services associated with e-commerce.

***Our business would be adversely affected if last mile delivery service carriers were classified as employees instead of independent contractors and we may incur significant additional expenses if the employees of subcontractors carrying out delivery services are considered our employees.***

For our Hepsijet operations, we (i) retain the services of self-employed last mile delivery service carriers and (ii) subcontract last mile delivery services from third party service providers.

The classification of self-employed last mile delivery service carriers as independent contractors has been challenged in courts and by government agencies in various non-Turkish jurisdictions. However, as of the date of this prospectus, there are no threatened or pending legal proceedings involving the Group alleging last mile delivery service carriers should be classified as employees rather than as independent contractors. We believe that our carriers are independent contractors, as they decide for themselves how best to perform their services and they provide a vehicle to perform the delivery services, and they are under no exclusive commitment to us other than not providing delivery services to our competitors. We also subcontract last mile delivery services from third-party service providers, and such providers may or may not have employees of their own. As of the date of this prospectus, there are no threatened or pending legal proceedings initiated by employees of third-party subcontractors alleging the existence of or claiming to establish an employment relationship directly with us.

If courts or government agencies of competent jurisdictions reclassify our self-employed carriers as employees instead of independent contractors, or establish an employment relationship between us and the employees of subcontractors, or otherwise find us to be in violation of any Turkish labor law or regulation, we may incur significant additional expenses to compensate those carriers or employees of third party subcontractors, potentially becoming liable for monetary obligations such as employee benefits, social security contributions, taxes, and penalties in addition to the costs associated with defending, settling, or resolving these matters. Further, any such reclassification of our carriers as employees may require us to make certain operational changes going forward, and as a result, our growth, operations, financial condition and operating results could be adversely and materially affected.

## **Legal and Regulatory Risks**

***We are subject to tax audits that may result in additional tax liabilities and are exposed to changes in tax laws and regulations as well as their interpretation and implementation, including Turkey's digital service tax.***

We are subject to a variety of taxes in Turkey including but not limited to corporate income tax, withholding tax, value added tax, payroll taxes and social security taxes, among others. The estimated net result of our business is based on tax rates which are currently applicable, as well as current tax regulations and interpretations by tax authorities. A change in applicable corporate tax rates or in general of any tax rule or interpretation made by tax authorities may impact our net results of operations. From time to time, we may be subject to tax audits by the Turkish tax authority. In July 2020, we received a request from the Turkish tax authority for the initiation of a tax audit for the years 2018 and 2019 with regards to corporate income tax and VAT. For the years ended December 31, 2018, 2019 and 2020, we did not pay any corporate income tax, as we recorded losses for such periods. We submitted our books and records to the Turkish tax authority in August 2020, and as of the date of this prospectus, we did not receive any further specific request or notification. Although our management believes this to be a routine and ordinary tax audit and the management does not consider the recognition of any provision is necessary in relation to this investigation, we may divert our efforts and resources and we may be subject to additional tax liabilities and penalties as a result of such investigation. In addition to our results of operations, any dividends or other distributions paid in respect of any of our ordinary shares may also be adversely affected in case of any changes to the applicable double taxation treaties or any increase in the level of withholding tax, which is currently 15.0%.

In March 2020, a digital service tax (the "DST") took effect in Turkey imposing a 7.5% tax on revenue generated from a broad range of digital services, including digital advertising, digital content sales, and digital platform services. The DST only applies to companies that generate revenues from covered digital services of at least: (i) TRY 20 million in Turkey; and (ii) €750 million globally. As of the date of this prospectus, we are not subject to the DST as our global revenues are below the threshold. However, as a result of our growth, we may in the future exceed such threshold if it is not increased, or we may exceed such threshold if it is reduced, at which time our operations may become subject to the DST.

In addition, the Organization for Economic Cooperation and Development has published proposals to advance international negotiations to ensure large and highly profitable multinational enterprises, including digital companies, pay tax wherever they have significant consumer-facing activities and generate their profits. Certain jurisdictions in the European Union and Latin America have already enacted or are discussing new tax laws, rules and regulations directed at the digital economy and multi-national businesses. If existing tax laws, rules or regulations in our markets are amended, or if new tax laws, rules or regulations are enacted, including with respect to digital services tax, sales tax, value-added taxes, withholding taxes, revenue based taxes, or other similar taxes applicable to the digital economy or multi-national businesses, the results of these changes could increase our effective tax rate, tax liabilities and/or associated costs. Possible implications may include double taxation, multiple levels of taxation, additional obligations, prospectively or retrospectively, as well as imposition of interest and penalties if non-compliance is determined. Potential heightened tax law enforcement against us could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to administrative fines and our reputation may be harmed if the Turkish Competition Authority were to determine that we did not comply with Turkish competition laws and regulations.***

Our business is subject to Turkish competition laws and regulations. We have been, and may continue to be, subject to investigations by the Turkish Competition Authority (the "TCA") for compliance with these laws and regulations. In February 2019, the TCA initiated a preliminary inquiry against us and Anka Mobil Tedarik A.Ş., one of our suppliers, in response to one of our merchant's complaint that we and Anka Mobil Tedarik A.Ş. violated Turkish competition laws, including the most favored customer clause that applies to all transactions performed with our merchants in our Marketplace operations, price discrimination, restriction of intra-brand competition, refusal to deal, and resale price maintenance in the mobile accessories business. In June 2019, the TCA decided to proceed with a full investigation of the matter. On April 15, 2021, the Competition Board, the executive body of the TCA, concluded its investigation and issued its decision in our favor, indicating that we do not hold a dominant position in the relevant market and that we did not breach the Turkish competition law. No fines were imposed on Hepsiburada as a result of this investigation. The TCA is expected to issue a written reasoned decision by the end of the second quarter of 2021. Following the delivery of the reasoned decision of the TCA, any third party (including the complainer) will have 60 days to object to such decision at the Ankara administrative courts.

We believe that our operations are in material compliance with Turkish competition laws. However, any successful objection to the TCA's decision, or any investigations that may be conducted by the TCA in the future into our operations or transactions, and the imposition of related fines, sanctions or conditions on us, could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

In addition, the TCA, from time to time, conducts sector inquiries focusing on various industries. As of the date of this prospectus, we are aware of an ongoing sector inquiry initiated by the TCA on e-marketplace platforms that commenced in June 2020. As a result of this sector inquiry, from time to time, the TCA may request various information from us. Sector inquiries do not result in company specific administrative fines and penalties. However, if the TCA believes that the e-marketplace platform sector requires additional regulation, we may be required to comply with such regulations.



***We are subject to extensive laws and government regulations across our business, and changes to these laws or any actual or perceived failure by us to comply with such laws and regulations could materially and adversely affect our business.***

Our business is impacted by laws and regulations in Turkey that affect the industries our businesses operate in, and their scope has increased significantly in recent years. We are subject to a variety of regulations, including those relating to e-commerce, internet applications or content services, privacy and data protection, labor and employment laws, intellectual property, virtual items, national security, content restrictions, consumer protection, prevention of money laundering and financing criminal activity and terrorism, digital financial services regulation, electronic payment services regulation, traffic and transportation regulation and travel regulations.

We are required under Turkish law to obtain a workplace opening and operation permit from the relevant authorities before beginning operations at each of our facilities. These permits are subject to examination or verification by the relevant authorities. We have not obtained, and in the future may fail to obtain, such permits for some of our facilities before beginning to operate them, which may result in administrative fines or penalties or even sanctions such as the temporary suspension of our operations at those facilities lacking valid permits, which could materially and adversely affect our business, results of operations and financial condition. As of the date of this prospectus, we have not yet obtained such a workplace opening and operation permit for either of our İzmir or Adana fulfillment centers, which began operations in the third quarter of 2020. We are in the process of obtaining such permits, and we expect to receive these workplace opening and operation licenses permits by the end of 2021. Although we have not been subject to any administrative fines, sanctions (such as the temporary suspension of our operations at such facilities) or investigations, or received any administrative warnings as of the date of this prospectus, the absence of these permits could result in administrative fines or sanctions such as the temporary suspension of operations of such facilities until such permits are received, which could have a material adverse effect on our business, results of operations and financial condition.

Recent and future expansion in terms of our services and geographic coverage, including the expansion of our ticketing services through HepsFly, our ramp-up of payment solutions through HepsPay and any future expansion into cross-border sales through HepsGlobal, have recently subjected us to, and could further subject us to increased or new regulatory scrutiny and compliance requirements and other risks that may be costly or difficult to comply with, such as new and evolving travel agencies regulations, compliance with privacy laws and data security laws, including the GDPR, and compliance costs across different legal systems, including customs laws. We may have to come up with, adapt and implement different operating practices and protocols depending on the requirements of new regulators, which may require us to expend substantial resources.

We are required to hold, and do currently hold, licenses in order to offer such solutions, but since legislation around these offerings is continuously evolving and may be subject to different interpretation by the relevant regulatory authorities in the future, there can be no assurance that we will not be required to obtain any additional permits or licenses in the future with respect to any of our current or future solutions. If we fail to obtain such permits or licenses in the future, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Regulators may regularly re-examine and increase enforcement of compliance obligations, which may require us or our business partners to further revise or expand the compliance program. Such compliance requirements may also make it more burdensome to use our services and products, which could potentially discourage users from using our services and products.

The provision of financial services through HepsPay, such as e-wallet and payment facilitation services, are particularly more regulated and subject to a broad range of complex laws and regulations that are rapidly changing. For example, after we obtained licenses from the Banking Regulation and

Supervision Agency ("BRSA") to operate financial services through Hepsipay, in 2019 an amendment to the relevant legislation changed the competent authority regulating payment companies to the Central Bank of Turkey (the "Central Bank"). The Central Bank could impose new or additional licensing requirements, capital commitments, governance standards, reporting obligations or other regulatory requirements, requiring us to devote substantial operational and financial resources to comply with such requirements. We have in the past, and may in the future face, additional audits and investigations by such regulators for alleged violations of such requirements. For example, the Financial Crimes Investigation Board ("MASAK") completed an audit of our Hepsipay services in February 2021, and we paid TRY 193,077 in administrative fines for various breaches (particularly relating to know-your-client procedures required by MASAK regulations) between 2016 and 2018. We amended our internal rules and procedures as a result of the investigation and, as of the date of this prospectus, our management believes that we conduct know-your-client procedures in compliance with MASAK regulations. However, any further investigations may require resources to respond to and could result in further penalties or fines if it is determined that we violated any regulatory requirements, which may impact our business and financial condition.

***If we fail to adequately protect our intellectual property rights, our business, prospects, financial condition and results of operations could be adversely affected.***

Our trademarks, service marks, copyrights, trade dress, trade secrets, proprietary technology, domain names and other intellectual property rights are valuable assets that are critical to our success. We rely on registered trademarks and confidentiality agreements to protect our intellectual property rights. However, we may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or diminish the value of our trademarks and other proprietary rights.

We are not always able to discover or determine the extent of any unauthorized use of our proprietary rights. Actions taken by third parties that license our proprietary rights may materially diminish the value of our proprietary rights or reputation. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property do not always adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights.

The validity, application, enforceability and scope of protection of intellectual property rights for many internet-related activities, such as internet commercial methods patents, are uncertain and still evolving, which may make it more difficult for us to protect our intellectual property, and our business, prospects, financial condition and results of operations could be adversely affected.

***We may be subject to intellectual property infringement claims brought against us by others, which are costly to defend and could result in significant damage awards.***

We rely, to some extent, on third-party intellectual property, such as licenses to use software to operate our business and certain other copyrighted works. Due to the nature of our business operations, we may from time to time be subject to claims and legal proceedings regarding alleged infringement by us of the intellectual property of third parties. We also expect to be exposed to a greater risk of being subject to such claims in light of growing competition in the market. A number of internet, technology, media and patent-holding companies own or are actively developing patents covering e-commerce and other internet-related technologies, as well as a variety of online business models and methods. We believe that these parties will continue to take steps to protect these technologies, including, but not limited to, seeking patent protection in certain jurisdictions. As a result, disputes regarding the ownership of technologies and rights associated with e-commerce and other online activities are likely to arise in the future. In addition, we use certain open source code, and the

use of open source code is often subject to compliance with certain license terms, which we may inadvertently breach. See "*We may use open source code in a manner that could be harmful to our business.*"

Although our employees are instructed to avoid acts that would infringe the intellectual property of others, we cannot be certain that our products, services and brand identifiers do not or will not infringe on valid patents, trademarks, copyrights or other intellectual property rights held by third parties. We may incur substantial expenses in responding to and defending against infringement claims, regardless of their veracity. Such diversion of management time and expenses, and the potential liability associated with any lawsuit, may cause significant harm to our business, prospects, financial condition and operations. A successful infringement claim against us could result in significant monetary liability, such as being liable for license fees, royalty payments, lost profits or other damages, or material disruption of our business. Similarly, the owner of the intellectual property may obtain injunctive relief to prevent us from making further use of certain technology, software or brand identifiers. If the amount of such payments is significant or if we are prevented from incorporating certain technology or software into our products or services or using our brand identifiers without hindrance, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***We may be subject to material litigation.***

We have been involved in litigation relating principally to contract disputes, employment, consumer, intellectual property and tax related cases and other matters in the ordinary course of our business. As our business expands, we may face an increasing number of such claims or claims relating to product liability, including those involving high amounts of damages. After we become a publicly listed company with a higher profile and in the future though any expansion of our cross-border business through Hepsiglobal, we may face additional exposure to claims and lawsuits inside and outside Turkey.

The outcome of any claims, investigations and proceedings is inherently uncertain, and regardless of the outcome, defending against these claims could be both costly and time consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings could result in damages as well as legal and other costs, limit our ability to conduct business or require us to change the manner in which we operate, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

***We may be impacted by fraudulent or unlawful activities of merchants, which could have a material adverse effect on our reputation and business and may result in civil or criminal liability.***

Despite measures we have taken and continue to take, our e-commerce services remain susceptible to potentially illegal or improper uses, which could damage our reputation and subject us to liability. Our standard agreement with the merchants on our Marketplace provides for monthly payments to merchants for the products sold rather than immediate payment after the sale of a product. Our standard form agreement with our merchants and suppliers provides that we will directly compensate the customer for the purchase price if a customer returns a product and the merchant or supplier must refund us the price of the returned product. These provisions are designed to prevent merchants or suppliers from collecting payments, fraudulently or otherwise, in the event that a customer does not receive the products they ordered or when the products received are materially different from the merchant's or supplier's descriptions, to prevent merchants on our Marketplace from selling unlawful, counterfeit, pirated, or stolen goods, selling goods in an unlawful or unethical manner, and to prevent our merchants or suppliers from violating the proprietary rights of others or otherwise violating our product requirements. If our merchants or suppliers circumvent or otherwise fail to comply with these provisions, it could harm our business or damage our reputation and, while we have no liability for the

content provided by third parties or illegal or unlawful activity related to goods or services provided by such third parties on our website as a "hosting service provider" and "intermediary service provider" under Article 5 of the Law on Internet Crimes and the E-Commerce Law (as each is defined under "*Business—Regulatory Overview*"), respectively, we may nevertheless face compensation claims, administrative fines or even criminal complaints under Turkish laws for content related to counterfeit products, content blocked or prohibited in Turkey or content infringing trademarks or other intellectual property rights if we receive a notification of the unlawful or illegal content and do not take any action (including removing the unlawful content) and may be involved in civil or criminal claims against our merchants or suppliers for any such unlawful activities.

***We may be subject to product liability claims when people or property are harmed or damaged by the products that are sold on our platform.***

We are exposed to product liability or food safety claims relating to personal injury or illness, death or environmental or property damage caused by the products that are sold by us or through our Marketplace or through our value-added services, and we do not maintain any insurance with respect to such product liability. As the products offered by us or through our Marketplace are manufactured by third parties, we have only limited control over the quality of these products. In addition, we cannot always effectively prevent our merchants from selling harmful or defective products on our Marketplace, which could cause death, disease or injury to our customers or damage their property. We may be seen as having facilitated the sale of such products and may be forced to recall such products. Under our Direct Sales model, where we act directly as seller, we may also have to recall harmful products.

Although we require that our merchants only offer products that comply with the existing product safety rules and monitor such compliance, we may not be able to detect, enforce or collect sufficient damages for breaches of such agreements. In addition, any negative publicity resulting from product recalls or the assertion that we sold defective products could damage our brand and reputation. Any material product liability, food safety or other claim could have an adverse effect on our business, prospects, results of operations and financial condition.

***If we fail to implement and maintain an effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud and investor confidence in our company and the market price of our ADSs may decline.***

After the completion of this offering, as a public company, we will be subject to the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"). Section 404(a) of the Sarbanes-Oxley Act requires that, starting with our annual report for the fiscal year ending December 31, 2022, management evaluate and determine the effectiveness of our internal control over financial reporting, report any material weaknesses in such internal controls and provide a management report on internal control over financial reporting. Although Section 404(b) of the Sarbanes-Oxley Act ("**Section 404(b)**") requires our Independent Registered Public Accounting Firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer an emerging growth company.

Under the current rules of the SEC, starting with our annual report for the fiscal year ending December 31, 2022, we will be required to perform system and process evaluation and testing of our internal controls over financial reporting to allow management to assess the effectiveness of our internal controls. Our testing may reveal deficiencies in our internal controls that are deemed to be material weaknesses and render our internal controls over financial reporting ineffective or may reveal significant deficiencies. We expect to incur additional expenses and to spend significant management time in complying with these requirements. In each of the years ended December 31, 2018 and 2019,

we had a material weakness in our internal controls over financial reporting relating to information technology general controls. We have implemented several measures in 2020 to address the material weakness, including (i) the implementation of segregation of duties controls in change management processes, (ii) the removal of excessive access rights and (iii) enabling a log mechanism to monitor activities performed by privileged user accounts. Although neither we nor our Independent Registered Public Accounting Firm have performed, nor are obligated to perform, a full assessment and evaluation of our internal control environment, we believe that as of December 31, 2020 we have remediated this material weakness. We cannot assure you that our efforts are sufficient or will be effective in preventing any material weaknesses in the future in our internal controls over financial reporting, whether of a similar or different character to the foregoing. If we fail to maintain effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which could cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a negative impact on the trading price of our ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations and civil or criminal sanctions.

***The requirements of being a public company may strain our resources and divert management time, which could make it difficult to manage our business.***

As a public company with ADSs traded on an exchange located in the United States, we will become subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act, the listing requirements of Nasdaq and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal, financial and other compliance costs and increase the demands on our legal, compliance and financial reporting personnel as well as our systems and other resources, particularly after we are no longer an "emerging growth company."

The Exchange Act requires that we file annual and current reports with respect to our business, financial condition and results of operations. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures over our financial reporting. Furthermore, establishing the corporate infrastructure demanded of a public company may divert our management's time and attention from implementing our growth strategy, which could prevent us from improving our business, financial condition and results of operations. We have made, and will continue to make, changes to our internal controls and procedures over our financial reporting and accounting systems to meet our reporting obligations as a public company. However, we have previously relied on experts and the measures we take may not be sufficient to satisfy our obligations as a public company. These additional obligations could have a material adverse effect on our business, financial condition, results of operations and cash flow.

As a public company with ADSs traded on an exchange located in the United States, we will become subject to a broader scope of laws, regulations and standards, and therefore, potentially subject to a broader scope of fines and penalties under U.S. securities laws. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure create uncertainty for public companies, increase legal and financial compliance costs and make some activities more time consuming.

For as long as we are an 'emerging growth company' under the JOBS Act, our Independent Registered Public Accounting Firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We could be an emerging growth company for up to five years. See "*Prospectus Summary—Implications of Being an 'Emerging Growth Company' and a 'Foreign Private Issuer'.*" Furthermore, after the date we are no longer an emerging growth company, our Independent Registered Public Accounting Firm will only be required to attest to the effectiveness of our internal control over financial reporting depending on our

market capitalization. Even if our management concludes that our internal controls over financial reporting are effective, our Independent Registered Public Accounting Firm may still decline to attest to our management's assessment or may issue a report that is qualified if it is not satisfied with our controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, in connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. Failure to comply with Section 404 could subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue, cause investors to lose confidence in the accuracy and completeness of our financial reports and negatively affect the price of our ADSs.

***We may be classified as a passive foreign investment company ("PFIC"), which could result in adverse U.S. federal income tax consequences to U.S. Holders of ADSs.***

We will be classified as a passive foreign investment company, or PFIC, in any taxable year if either: (1) 50% or more of the fair market value of our gross assets (generally determined on the basis of a quarterly average) for the taxable year produce passive income or are held for the production of passive income, or (2) 75% or more of our gross income for the taxable year is passive income. Based on the anticipated market price of the ADSs in this offering and the current and anticipated composition of the income, assets and operations of us and our subsidiaries, we do not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. This is a factual determination, however, that depends on, among other things the composition of the income and assets, and the market value of the assets, of us and our subsidiaries from time to time, and thus the determination can only be made annually after the close of each taxable year. Because the market value of the assets for the purposes of the asset test will generally be determined by reference to the aggregate value of our outstanding ADSs, our PFIC status will depend in large part on the market price of our ADSs, which may fluctuate significantly. Therefore there can be no assurances that we will not be classified as a PFIC for the current taxable year or for any future taxable year.

If contrary to our belief, we were characterized as a PFIC for the current taxable year or any future year, certain adverse U.S. federal income tax consequences could apply to a U.S. investor who hold ADSs with respect to any "excess distribution" received from us and any gain from a sale or other disposition of ADSs, and U.S. investors also may be subject to additional reporting obligations with respect to ADSs. In such case, we do not intend to provide the information necessary for a U.S. investor to make a qualified electing fund election with respect to the ADSs. See "*Material Tax Considerations—Material U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules.*"

### **Risks Related to Turkey**

***We are subject to risks associated with doing business in an emerging market.***

We mainly operate in Turkey and derive substantially all of our revenue from activities in Turkey. As a result, our business, results of operations, financial condition and prospects are significantly affected by the overall level of economic activity and political stability in Turkey. Despite Turkey undergoing significant political and economic reform in recent years that increased stability and led to economic growth, Turkey is still considered by international investors to be an emerging market. Emerging markets such as Turkey are subject to greater risk than more developed markets of being perceived negatively by investors based upon external events, and financial turmoil in any emerging market (or global markets generally) could disrupt the business environment in Turkey. Moreover, financial turmoil in one or more emerging market(s) tends to adversely affect prices for securities in other emerging market countries as investors move their money to countries that are perceived to be

more stable and economically developed. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. As a result, investors' interest in the securities (and thus their market price) might be subject to fluctuations that might not necessarily be related to economic conditions in Turkey or our financial performance. Investors' interest in Turkey might be negatively affected by events in other emerging markets or the global economy in general, which could adversely affect the value of our business and could have a material adverse effect on our business, results of operations and prospects.

***Our headquarters and other operations and facilities are located in Turkey and, therefore, our prospects, business, financial condition and results of operations may be adversely affected by political or economic instability in Turkey.***

Substantially all of our revenue is derived from our operations in Turkey, and our headquarters and other operations and facilities are located in Turkey. Accordingly, political and economic conditions in Turkey may directly affect our business.

Prior to its current presidential republic system, Turkey was a parliamentary republic from 1923 to 2018. Unstable coalition governments have been common and, since the establishment of the parliamentary system, Turkey has had over 60 governments, with political disagreements frequently resulting in early elections. Furthermore, although its role has diminished in recent years, the Turkish military establishment historically has played a significant role in Turkish government and politics, intervening in the political process in 1960, 1971 and 1980. Most recently in July 2016, the Turkish government was subject to a failed coup attempt. As a result of the coup attempt, a nationwide state of emergency was imposed until July 2018.

Following a constitutional referendum on April 16, 2017, the parliamentary system and council of ministers were abolished and replaced with executive presidency and a presidential system. In the presidential election held on June 24, 2018, President Erdoğan was re-elected with approximately 52.6% of the vote.

Political uncertainty has affected certain investors' perception of Turkey and the strength of the Turkish economy. Since 2016, each of Standard & Poor's, Moody's and Fitch has repeatedly downgraded Turkey's sovereign credit rating, although Fitch revised Turkey's outlook from negative to stable in February 2021.

If new developments that are considered to contribute to instability in Turkey emerge, the value of our ADSs could decline.

***Turkey's economy is subject to inflation and risks related to its current account deficit.***

Macroeconomic developments in Turkey, in particular those related to current account deficit and inflationary pressures, also affect our business. The current account deficit in Turkey was 3.4%, (1.1)% and 5.3% of the GDP in 2018, 2019 and 2020, respectively. Turkey's high current account deficit may reflect both Turkey's long-standing structural economic problems and current economic and market conditions. Structural economic problems include dependence on imported energy and a high proportion of imports for manufacturing and domestic consumption and a low savings rate. To date, Turkey's current account deficit has been funded largely through short-term foreign capital borrowings and foreign portfolio investments. Increased uncertainty in the global financial markets could make it more difficult for Turkey to finance its current account deficit, leading to increased volatility in the Turkish economy, which could have a material adverse effect on our business and results of operations.

The Turkish economy has also experienced significant inflationary pressures in the past with year-over-year consumer price inflation rates as high as 69.7% in the early 2000s. Consumer price inflation was 20.3% in 2018, 11.8% in 2019 and 14.6% in 2020, year-to-year. Although the Central

Bank announced in February 2021 that it intends to maintain its existing tight monetary policy stable through 2023, inflationary pressures may result in Turkish inflation exceeding the Central Bank inflation target of 5%, which may cause the Central Bank to take further measures to control inflation. The Central Bank's policies are subject to change and the possibility of a revision in policies of the Central Bank in this respect cannot be excluded. This tight monetary policy has involved setting high interest rates, thereby restricting the availability of credit and limiting economic growth, which could adversely affect costs associated with our financing. Further, these policies may be incapable of preventing increases in the inflation rate, which could adversely affect economic stability. In the event of an increase in inflation, we may not be able to adjust the prices we charge our customers to offset the effects of inflation on our cost structure, which may adversely affect our business and results of operations. Inflation and government measures to combat inflation that impact macroeconomic stability in Turkey may also lead reductions in purchasing power of our users, consumer confidence, consumer spending, general demand for our products and services, which would have a material adverse effect on our business and results of operations. If these events continue, or if new economic developments emerge that have a similar effect, the value of our ADSs could decline.

***We are exposed to the risk of inadvertently violating anti-corruption, anti-money laundering, anti-terrorist financing and economic sanctions laws and regulations and other similar laws and regulations.***

We have policies and procedures designed to assist with compliance with applicable laws and regulations in Turkey, and upon becoming a public company in the United States, we will be subject to U.S. anti-money laundering and anti-terrorist financing laws and regulations, including the U.S. Bank Secrecy Act of 1970, the U.S. Money Laundering Control Act of 1986, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, and U.S. anti-bribery and anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"). The FCPA prohibits providing, offering, promising or authorizing, directly or indirectly, anything of value to government officials, political parties or political candidates for the purposes of obtaining or retaining business or securing any improper business advantage. In addition, our operations may be subject to economic sanctions laws and regulations imposed by the United States, the European Union, the United Kingdom, or any other relevant jurisdiction. Such laws and regulations may prohibit transactions in, with, involving, or relating to certain countries or regions or certain persons or entities.

We maintain internal compliance policies and procedures, but we cannot provide any assurance that these policies and procedures will be complied with or that they will prevent all violations of the applicable laws and regulations and every instance of fraud, money laundering, terrorist financing, bribery and corruption. We also cannot provide any assurance that potential violations of our internal compliance procedures will be uncovered through our procedures or that violations of the applicable anti-bribery or money laundering, anti-terrorist financing and economic sanctions laws and regulations will not occur. We have internal audit, security and other procedures in place, which are designed to prevent instances of fraud, money laundering, terrorist financing, bribery and corruption. However, despite these controls and procedures, there can be no assurance that through these and other procedures we use we will timely and effectively catch any violations of our internal compliance procedures or any violations of laws and regulations, including those related to fraud, money laundering, terrorist financing, bribery, corruption and economic sanctions. Moreover, we have adopted our internal anti-money laundering policy only recently and cannot guarantee that we were previously in compliance with such laws. As a result, we may be exposed to potential civil or criminal penalties or associated investigations under the relevant applicable laws and regulations which may, if not successfully avoided or defended, have an adverse impact on our business, prospects, financial condition or results of operations. Similarly, actual findings or mere allegations of such violations could negatively impact our reputation and limit our future business opportunities, which may cause our reputation, financial condition and results of operations to be materially and adversely affected.



***Foreign exchange rate risks could affect the Turkish macroeconomic environment, could affect your investment and could significantly affect our results of operation and financial position in future periods if hedging tools are not available at commercially reasonable terms.***

We are exposed to foreign exchange rate risks between Turkish Lira and U.S. dollars. Although our income, expenses, assets and liabilities are primarily denominated in Turkish Lira, we also maintain some non-Turkish Lira denominated assets and liabilities, primarily in U.S. dollars. As of December 31, 2018, 2019 and 2020 we maintained Turkish Lira equivalent assets in U.S. dollars of TRY 112.5 million, TRY 245.4 million and TRY 280.4 million, respectively, primarily consisting of cash and cash equivalents. As of the same periods, we maintained Turkish Lira equivalent liabilities in U.S. dollars of TRY 139.2 million, TRY 155.6 million and TRY 246.7 million, respectively, primarily consisting of trade payables and payables to merchants and due to related parties.

As of December 31, 2018, 2019 and 2020, if the U.S. dollar had strengthened or weakened by 10% against the Turkish Lira, with all other variables held constant, our loss before income taxes would have been TRY 2,673,154 lower/higher, TRY 8,983,025 lower/higher and TRY 3,374,370 lower/higher, respectively, in each case mainly as a result of foreign exchange losses or gains on the translation of U.S. dollar assets and liabilities. We do not currently undertake any currency hedging to manage our exposure in Turkey to changes in foreign exchange rates. Consequently, any sudden and significant changes in foreign exchange rates may have an adverse impact on our financial condition, revenue and results of operations.

Because we are incorporated in Turkey, and because we are subject to Turkish accounting rules, we are bound to calculate and declare dividends, if any, in Turkish Lira, which will then be payable in U.S. dollars to the holders of ADSs. The depreciation of Turkish Lira against the U.S. dollar could cause fewer U.S. dollars to be obtained from the conversion of Turkish Lira at any time dividend payments are made to ADS holders.

According to the Central Bank, the Turkish Lira depreciated by 12.9% against the U.S. dollar in 2019 and 23.6% in 2020. Any significant fluctuations in the value of the Turkish Lira relative to U.S. dollars could have an adverse effect on our business, financial condition and results of operations.

***Turkey is subject to internal and external unrest and the threat of future terrorist acts, which may adversely affect us.***

Turkey is located in a region that has been subject to ongoing political and security concerns. Turkey has been subject to a number of terrorist attacks, resulting in a number of fatalities and casualties. Such incidents have had, and could continue to have, a material adverse effect on the Turkish economy. This, in turn, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Turkey has been subject to a number of bombings, including tourist-focused centers in Istanbul and the city center in Ankara, which have resulted in a number of fatalities. Such incidents may continue to occur periodically, the most recent incident to result in fatalities in a major town occurred in January 2017. Such internal and external unrest and the threat of future terrorist acts may lead to reductions in purchasing power of our customers, consumer confidence, consumer spending, general demand for e-commerce goods and services, display advertising and marketing spending of our advertisers and, therefore, also a reduction in demand for our products and services, which would have a material adverse effect on our business and results of operations.

***Conflict and uncertainty in neighboring and nearby countries may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.***

Turkey is located in a region that has been subject to ongoing political and security concerns. Political uncertainty in and tensions regarding certain neighboring and nearby countries has from time to time had an impact on the political and economic environment in Turkey and may affect investors' perceptions of the risks of investing in the securities of Turkish companies. Any material adverse impact on the Turkish economy or political stability as a result of deteriorations of Turkey's international relations, especially resulting from the events which affect Turkey's relationship with the countries or regions described below, could result in a reduction in the purchasing power of our customers, consumer confidence, consumer spending, general demand for e-commerce goods and services, display advertising and marketing spending of our advertisers and, therefore, also a reduction in demand for our products and services, which would have a material adverse effect on our business and results of operations.

***Risks from events affecting Turkey's relationship with Syria and Iraq***

The impact on Turkey of political instability in the Middle East is exemplified by the internal conflict in the region. Turkey has conducted a number of cross-border operations in Iraq and Syria targeting organizations deemed to be terrorist organizations in order to prevent terrorist activities against Turkey. Given the continuing hostilities in Syria and the number of parties involved, it is very difficult to predict the impact of the continuing tensions on the geopolitical stability in the broader region, including Turkey.

***Risks from events affecting Turkey's relationship with Russia***

Russia has become Turkey's second largest trading partner and the largest supplier of natural gas to Turkey but tensions between Turkey and Russia have arisen from time to time. Heightened tensions between Turkey and Russia could materially negatively affect the Turkish economy.

***Risks from events affecting Turkey's relationship with the European Union***

In recent years, several important natural gas reserves have been discovered in the eastern Mediterranean. The European Union ("EU") and Turkey have supported conflicting claims to the gas in these waters. On November 11, 2019, the EU adopted a framework for imposing sanctions on individuals or entities responsible for, or involved in, drilling and exploration activities. In October 2020, both France and Greece asked the EU to consider suspending the bloc's customs union agreement with Turkey. Any decision by the EU to abolish the customs union with Turkey, end Turkey's EU accession bid or impose additional sanctions on Turkey might cause a deterioration of the relationship between Turkey and the EU, impede Turkey's access to EU funding and have a material adverse impact on Turkey's economy. These actions could also increase duties for cross-border sales and therefore increase the effective price of products imported from, or exported to, the EU, including products sold on our platform, such as those imported (or, once outbound services are launched, exported) through HepsGlobal.

***Risks from events affecting Turkey's relationship with the United States***

The relationship between the US and Turkey has been strained by recent developments in the region, and also by Turkey's agreement to acquire an air and missile defense system from Russia in December 2017. In response to these events, the United States Congress has considered potential sanctions on Turkey and limited Turkey's ability to acquire fighter jets from the United States. In December 2020, the United States imposed sanctions that targeted the Presidency of Defense Industries (SSB) of Turkey, its chairman and three other employees.

In 2018, a New York federal court found a former executive at Turkey's majority state-owned bank Türkiye Halk Bankası A.Ş. guilty on charges that included bank fraud and conspiracies to evade U.S. sanctions against Iran and sentenced him to prison. He was released in July 2019, but the US Department of Justice brought similar allegations against Türkiye Halk Bankası A.Ş., which are ongoing as of the date of this prospectus. As of the date of this prospectus, the final outcome in relation to the judicial process, or whether any sanction, fine or penalty will be imposed by the Office of Foreign Assets Control ("OFAC") or any other U.S. regulatory body on Türkiye Halk Bankası A.Ş. or any other Turkish bank or person in connection with those matters, as well as the possible reaction of the Turkish Government or the financial markets to any such events, is unknown.

Actual or perceived political instability in Turkey, escalating diplomatic and political tensions with the United States or other countries, and/or other political circumstances could have a material adverse effect on the Group's business, financial condition or results of operations or on the market price of the ADSs.

***Turkey's economy has been undergoing a significant transformation and remains subject to ongoing structural and macroeconomic risks.***

Since the mid-1980s, the Turkish economy has moved from a highly protected state-directed system to a market-oriented free enterprise system. Reforms have, among other things, largely removed price controls and reduced subsidies, reduced the role of the public sector in the economy, emphasized growth in the industrial and service sectors, liberalized foreign trade, reduced tariffs, promoted export growth, eased capital transfer and exchange controls, encouraged foreign investment, strengthened the independence of the Central Bank, led to full convertibility of the Turkish Lira by accepting Article VIII of the International Monetary Fund's (the "IMF") Articles of Agreement and overhauled the tax system.

However, the Turkish economy has also experienced a succession of financial crises and severe macroeconomic imbalances. These include substantial budget deficits, significant current account deficits, high rates of inflation and high real rates of interest.

In March 2019, the United States announced that imports from Turkey would no longer be eligible for tariff relief under the "Generalized System of Preferences" program, which seeks to promote economic growth in countries identified as developing countries. The United States cited Turkey's rapid economic development since its entry into the program and that it thus no longer qualified to benefit from these tariff preferences. Regulatory changes such as these reflect increasing challenges faced by some exporters, which might have a material adverse effect on Turkey's economy and/or the financial condition or one or more industries within Turkey.

In September 2020, the Turkish Treasury and Finance Minister announced a new medium term economic program named the New Economic Program ("**New Economic Program**") for the 2021 to 2023 period. The New Economic Program set GDP growth estimates as 0.3% for 2020, 5.8% for 2021 and 5.0% for each of 2022 and 2023. Furthermore, it has estimated the inflation rate as 10.5%, 8.0%, 6.0% and 4.9% for 2020, 2021, 2022 and 2023, respectively. There can be no assurance that these targets will be reached, that the Turkish government will continue to implement its current and proposed economic and fiscal policies successfully or that the economic growth achieved in recent years will continue considering external and internal circumstances, including the Central Bank's efforts to curtail inflation and simplify monetary policy while maintaining a lower funding rate, the current account deficit and macroeconomic and political factors, such as changes in oil prices and uncertainty related with conflicts in Iraq and Syria (See "*—Conflict and uncertainty in neighboring and nearby countries may have a material adverse effect on the Group's business, financial condition, results of operations or prospects*") and the political developments in Turkey (see "*—Our headquarters and other operations and facilities are located in Turkey and, therefore, our prospects, business, financial condition*").

and results of operations may be adversely affected by political or economic instability in Turkey"). Any of these developments might cause Turkey's economy to experience macro-economic imbalances, which might impair our business strategies and/or have a material adverse effect on our business, financial condition and/or results of operations.

***Internet and e-commerce regulation in Turkey is recent and is subject to further development.***

In 2007, Turkey enacted a law setting forth obligations and liabilities of content, access and hosting providers as well as certain requirements specific to online content (the "**Internet Law**"). A number of laws and regulations impacting e-commerce and digital businesses in Turkey have been enacted since 2007, including amendments to the Internet Law, a law on regulation of e-commerce stipulating the obligations of e-commerce operators (the "**E-commerce Law**"), various laws to protect personal data and laws on electronic payments, among others. However, unlike in the United States, little case law exists around the Internet Law and E-commerce Law and existing jurisprudence has not been consistent and may not reflect the latest amendments or additional legislation. Legal uncertainty arising from the limited guidance provided by current laws in force allows for different judges or courts to decide very similar claims in different ways and establish contradictory jurisprudence. This allows for legal uncertainty and could set adverse precedents, which individually or in the aggregate could have a material adverse effect on our business, results of operations and financial condition. In addition, legal uncertainty may negatively affect our customers' perception and use of our services.

**Risks Relating to our Initial Public Offering and Ownership of our ADSs**

***Our founder and chairwoman has significant influence and voting control and, as a principal shareholder, her interests might conflict with or differ from your interests as a shareholder.***

As of the date of this prospectus, our founder and chairwoman, Hanzade Vasfiye Doğan Boyner, beneficially owns all of our issued Class A shares and 12.2% of our Class B ordinary shares, representing 74.6% of the voting power of all of our Class A shares and Class B ordinary shares when considered together as a single class. Upon completion of this offering, our Founder will beneficially own all of our issued Class A shares and % of our issued Class B ordinary shares, representing % of the voting power of all of our Class A shares and Class B ordinary shares when considered together as a single class, assuming no exercise of the underwriters' over-allotment option to purchase additional ordinary shares. See "*Principal and Selling Shareholders.*"

As a result of this, our Founder will have a continuing ability to effectively control our affairs, including with respect to the nomination and election of directors, payment of dividends and consummation of significant corporate transactions.

In certain circumstances, the interests of our Founder may conflict with the interests of other shareholders, including interests of the holders of the ADSs. In addition, this concentration of ownership may negatively affect the market price of the ADSs by, among other things, as a result of any action:

- delaying, defending or preventing a change of control, even at a per-share price that is in excess of the then-current price of the ADSs;
- impeding a merger, consolidation, takeover or other business combination involving us, even at a per-share price that is in excess of the then-current price of the ADSs;
- forcing a merger, consolidation, takeover or other business combination involving us that increase the amount of indebtedness or outstanding ordinary shares, or the sale of revenue-generating assets; or

- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, even at a per-share price that is in excess of the then-current price of the ADSs.

***The dual class structure of our ordinary shares will concentrate voting control with certain shareholders, in particular our founder and chairwoman, Hanzade Vasfiye Doğan Boyner, which will limit your ability to influence corporate matters.***

Our Class A shares have fifteen votes per share, and our Class B ordinary shares, which are the ordinary shares we are offering, have one vote per share. Upon completion of this offering, our Founder will beneficially own all of our issued Class A shares and % of our issued Class B ordinary shares, representing % of the voting power of all of our Class A shares and Class B ordinary shares when considered together as a single class, assuming no exercise of the underwriters' over-allotment option to purchase additional ordinary shares. See "*Principal and Selling Shareholders.*"

Because of the fifteen-to-one voting ratio between our Class A and Class B ordinary shares, the Class A Shareholders (which, as of the date of this offering, will only include our Founder) will continue to control a majority of the combined voting power of our ordinary shares, and therefore will have the ability to control the management and affairs of our company and materially all matters requiring shareholder approval, including election of directors and significant corporate transactions, such as a merger or sale of our company or its assets, so long as the Class A Shareholders hold the majority of the voting rights at any general assembly of shareholders. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future.

***We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.***

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act and certain other requirements of the Sarbanes-Oxley Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to us on June 30, 2021. We would lose our foreign private issuer status if, for example, more than 50% of our total assets are located in the United States as of June 30, 2021. If we lose our foreign private issuer status on this date, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms beginning on January 1, 2022, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to mandatorily comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer, and accounting, reporting and other expenses in order to maintain a listing on a U.S. securities exchange. These expenses will relate to, among other things, the obligation to present our financial information in accordance with U.S. GAAP in the future.

***We are a "controlled company" within the meaning of the Nasdaq listing rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.***

Our Founder will control a majority of our voting power. See "*Principal and Selling Shareholders.*" Under Nasdaq listing rules, a listed company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company," and such a company may elect not to comply with certain Nasdaq corporate governance requirements, including (i) the requirement that a majority of the board of directors consist of independent directors,

(ii) the requirement that the corporate governance and nominations committee making decisions on compensation and nominations be composed entirely of independent directors and (iii) the requirements to have a compensation committee and that such committee be composed entirely of independent directors. As a result, investors in our ADSs will not have the same protection as they would if we were not a controlled company.

Following this offering, we intend to rely on these and other exemptions described in more detail under "*Management—Corporate Governance*." Accordingly, our Board of Directors and applicable committees will include fewer independent members than would be required if we were subject to all Nasdaq listing rules. As such, their approach may be different from that of a board with a majority of independent directors or a committee with only independent directors and, as a result, our management oversight may be more limited than if we were subject to all Nasdaq listing rules.

***As a foreign private issuer we are permitted to, and we will, rely on exemptions from certain of the Nasdaq corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our ADSs.***

The Nasdaq corporate governance rules require listed companies to have, among other things, a majority of independent board members and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we will, follow home country practice in lieu of the above requirements. Therefore, our Board of Directors approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the Nasdaq corporate governance standards.

Following this offering, we intend to rely on these and other exemptions described in more detail under "*Management—Corporate Governance*." We may in the future elect to follow home country practices in Turkey with regard to other matters. Accordingly, our shareholders will not have the same protection afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

***We are an "emerging growth company," and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies make our ADSs less attractive to investors.***

We are an "emerging growth company," as defined in the JOBS Act, and we take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our ADSs less attractive because we rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs, and the price of our ADSs may be more volatile.

***While we currently qualify as an "emerging growth company" under the JOBS Act, if we cease to be an emerging growth company, our costs and the demands placed upon our management will increase.***

We will remain an emerging growth company until the earliest of: (i) the last day of the first fiscal year in which our annual gross revenue exceeds \$1.07 billion; (ii) the last day of the fiscal year during which the fifth anniversary of the date of the IPO; (iii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our ADSs that are held by nonaffiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter; or (iv) the date on which we have issued more than

\$1.00 billion in non-convertible debt securities during any three-year period. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we will be required to comply with additional disclosure and accounting requirements. In addition, management time and attention, as well as the engagement of our auditors and/or other consultants, will be required in order for us to prepare to comply with the increased disclosure and accounting standards required of companies who are not emerging growth companies, most notably compliance with Section 404 of the Sarbanes-Oxley Act and related auditor attestation requirements.

***There is no existing market for our ADSs, and we do not know if one will develop to provide you with adequate liquidity.***

Prior to this offering, there has been no public market for our ADSs. We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market on Nasdaq or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our ADSs that you purchase, and the value of such ADSs might be materially impaired. The initial public offering price for our ADSs will be determined by negotiations between us and the representative of the several underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your ADSs at prices equal to or greater than the price you paid in this offering.

***We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.***

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our ordinary shares. We intend to use the net proceeds from this offering for general corporate purposes. See "Use of Proceeds." However, our use of these proceeds may differ substantially from our current plans. The failure by our management to apply these funds effectively could result in financial losses that could materially and adversely affect our business, results of operations and financial condition and cause the price of our ADSs to decline. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that causes them to lose value, in part as we undertook not to invest a significant portion of the proceeds of the offering in "investment securities" as defined in the US Investment Company Act of 1940.

***If you purchase ADSs in this offering, you will suffer immediate and substantial dilution of your investment.***

The initial public offering price of our ADSs is substantially higher than the net tangible book deficit per share. Therefore, if you purchase our ADSs in this offering, you will pay a price per ADS that substantially exceeds our pro forma net tangible book deficit per share after this offering. Based on the initial public offering price of \$        per ADS, you will experience immediate dilution of \$        per ADS, representing the difference between our pro forma net tangible book value per share after giving effect to this offering at the initial public offering price. See "Dilution" for more detail.

***We may need to raise additional funds to finance our future capital needs, which may dilute the value of our outstanding ADSs or prevent us from growing our business.***

We may need to raise additional funds to finance our existing and future capital needs, including developing new services and technologies, and to fund ongoing operating expenses. If we raise additional funds through the sale of equity securities, these transactions may dilute the value of our outstanding ADSs. We may also decide to issue securities, including debt securities that have rights, preferences and privileges senior to our ADSs. Any debt financing would increase our level of indebtedness and could negatively affect our liquidity and restrict our operations. We also can provide no assurances that the funds we raise will be sufficient to finance our existing indebtedness. We may be

unable to raise additional funds on terms favorable to us or at all. If financing is not available or is not available on acceptable terms, we may be unable to fund our future needs. This may prevent us from increasing our market share, capitalizing on new business opportunities or remaining competitive in our industry.

***The price of our ADSs might fluctuate significantly, and you could lose all or part of your investment.***

Volatility in the market price of our ADSs may prevent you from being able to sell your ADSs at or above the price you paid for such securities. The trading price of our ADSs may be volatile and subject to wide price fluctuations in response to various factors, including:

- the overall performance of the equity markets;
- issuance of new or changed securities analysts' reports or recommendations;
- additions or departures of key personnel;
- sale of our ADSs by us, our principal shareholders or members of our management;
- general economic conditions;
- changes in interest rates; and
- availability of capital.

These and other factors might cause the market price of our ADSs to fluctuate substantially, which might limit or prevent investors from readily selling their ADSs and may otherwise negatively affect the liquidity of our ADSs. In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies across many industries. The changes frequently appear to occur without regard to the operating performance of the affected companies. Accordingly, the price of our ADSs could fluctuate based upon factors that have little or nothing to do with our Company, and these fluctuations could materially reduce our share price. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. This litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources, and our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Future sales of our ADSs, or the perception in the public markets that these sales may occur, may depress our stock price.***

Sales of substantial amounts of our ADSs in the public market after this offering, or the perception that these sales could occur, could adversely affect the price of our ADSs and could impair our ability to raise capital through the sale of additional shares. Upon completion of this offering, we will have ordinary shares outstanding, including ADSs. The ADSs offered in this offering will be freely tradable without restriction under the Securities Act, except for any of our ADSs that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

We, our executive officers, directors and substantially all of our shareholders, including the Selling Shareholders, have agreed, subject to specified exceptions, with the underwriters not to directly or indirectly sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, purchase, contract or grant any option, right or warrant to purchase, or otherwise dispose of any



of our shares or ADSs, or securities convertible into or exchangeable or exercisable for our shares or ADSs currently or hereafter owned either of record or beneficially; or publicly announce an intention to do any of the foregoing; or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our shares or ADSs or such other securities for a period of \_\_\_\_\_ days after the date of this prospectus without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC. See "*Underwriting*."

All of our ADSs outstanding as of the date of this prospectus may be sold in the public market by existing shareholders 180 days after the date of this prospectus, subject to applicable limitations imposed under federal securities laws. See "*Shares and American Depositary Shares Eligible for Future Sale*" for a more detailed description of the restrictions on selling our ADSs after this offering.

In the future, we may also issue our securities if we need to raise capital in connection with a capital raise or acquisition. The amount of ADSs issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding ADSs.

***If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, or we fail to meet the expectations of industry analysts, our stock price and trading volume could decline.***

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about us, our business or our industry. We may have limited, and may never obtain significant, research coverage by securities and industry analysts. If no additional securities or industry analysts commence coverage of our Company, the trading price for our ADSs could be negatively affected. In the event we obtain additional securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock, the price of our ADSs will likely decline. If one or more of these analysts, or those who currently cover us, ceases to cover us or fails to publish regular reports on us, interest in the purchase of our ADSs could decrease, which could cause the price of our ADSs or trading volume to decline.

***You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.***

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by their ADSs only in accordance with the provisions of the deposit agreement. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, including any general meeting of our shareholders, the depositary will, as soon as practicable thereafter, fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, the depositary shall distribute to the holders as of the record date (i) the notice of the meeting or solicitation of consent or proxy sent by us, (ii) a statement that such holder will be entitled to give the depositary instructions and a statement that such holder may be deemed, if the depositary has appointed a proxy bank as set forth in the deposit agreement, to have instructed the depositary to give a proxy to the proxy bank to vote the ordinary shares underlying the ADSs in accordance with the recommendations of the proxy bank and (iii) a statement as to the manner in which instructions may be given by the holders.

You may instruct the depositary of your ADSs to vote the ordinary shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw our ordinary shares underlying the ADSs you hold. However, you may not know about the meeting far enough in advance to withdraw those ordinary shares. The depositary, upon timely notice from us, will notify you of the upcoming vote and arrange to deliver voting materials to you. We cannot guarantee that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. In addition, the depositary and its agents are not responsible for failing

to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote, and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested. Under the deposit agreement for the ADSs, we may choose to appoint a proxy bank. In this event, the depositary will be deemed to have been instructed to give a proxy to the proxy bank to vote the ordinary shares underlying your ADSs at shareholders' meetings if you do not vote in a timely fashion and in the manner specified by the depositary. The effect of this proxy is that you cannot prevent the ordinary shares representing your ADSs from being voted, and it may make it more difficult for shareholders to exercise influence over our company, which could adversely affect your interests. Holders of our ordinary shares are not subject to this proxy.

***Shareholders and ADS holders may not be able to exercise preemptive rights and, as a result, may experience substantial dilution upon future issuances of ordinary shares.***

In the event of an issuance of ordinary shares, subject to certain exceptions, each shareholder and ADS holder will have a *pro rata* preemptive right in proportion to the aggregate nominal value of the ordinary shares held by such holder. These preemptive rights may be restricted or excluded by a resolution of the general meeting or by the board of directors, which is authorized to restrict preemptive rights under a registered capital system. This could cause existing shareholders and ADS holders to experience substantial dilution of their interest in us. Additionally, ADS holders may also not be able to exercise preemptive rights directly (but possibly only by instructing the depositary as the registered holder of shares). In the United States, we may be required to file a registration statement under the Securities Act to implement preemptive rights. We can give no assurances that an exemption from the registration requirements of the Securities Act would be available to enable U.S. holders of ordinary shares to exercise such preemptive rights and, if such exemption is available, we may not take the steps necessary to enable U.S. holders of ordinary shares to rely on it. Accordingly, you may not be able to exercise preemptive rights on future issuances of ordinary shares, and, as a result, your percentage ownership interest in us would be diluted. Furthermore, rights offerings are difficult to implement effectively under the current U.S. securities laws, and our ability to raise capital in the future may be compromised if we need to do so through a rights offering in the United States.

***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***It is unlikely that we will declare any dividends on our ordinary shares represented by our ADSs and therefore, you must rely on price appreciation of our ordinary shares for a return on your investment; also, to the extent that we declare dividends, we will pay those dividends solely in Turkish Lira.***

We do not currently anticipate paying any dividends. Instead, we intend to retain earnings, if any, for future operations and expansion. Any decision to declare and pay dividends in the future will be made at the discretion of our general assembly of shareholders, acting pursuant to a proposal by our board of directors, and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our general meeting of shareholders or board of directors may deem relevant. Accordingly, investors will most likely have to rely on sales of their ADSs, which may increase or decrease in value, as the only way to realize cash from their investment. There is no guarantee that the price of our ADSs will ever exceed the price that you pay.

Dividends may also be subject to limitations in the terms of our credit facility arrangements and any dividends paid may provide our lenders with the right to accelerate outstanding amounts thereunder or result in an event of default. See "*Changes in our share ownership, including a change of control of our shares, could result in our inability to draw loans or cause acceleration or events of default under our indebtedness.*"

To the extent we declare cash dividends in the future, we will pay those dividends solely in Turkish Lira. As the value of the Turkish Lira fluctuates continuously, a holder of our ADSs will be exposed to currency fluctuations generally and particularly between the date on which a dividend is declared and the date on which dividends are paid. See "*Exchange Rates.*"

***You may not receive distributions on the ordinary shares represented by our ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.***

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it receives on our ordinary shares after deducting its fees and expenses. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. We have no obligation to take any other action to permit the distribution to any holders of our ADSs or ordinary shares. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is illegal or impractical for us to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

***Dividends paid to holders of the ADSs who are not tax resident in Turkey will be subject to a 15% withholding tax.***

Dividends payable by a joint stock company that has its legal and/or business center in Turkey to shareholders (both individual and corporate) who are not tax residents of Turkey (i.e., non residents), and who do not have a permanent establishment constituted in Turkey through a permanent representative or place of business therein are subject to a 15% withholding tax to be deducted by the Turkish corporation from the gross amount of dividend distribution to its shareholders. Dividends distributed to a legal entity in Turkey (which should be already registered for corporate tax in Turkey) are exempt from such withholding tax. Consequently, our ADSs are being held and the non resident holder does not have a taxable presence in Turkey such as a permanent establishment constituted through a representative or place of business therein, any dividends that we may decide to distribute in the future in respect of such ADSs will be subject to this 15% withholding tax based on the corresponding gross amount of distribution, which could adversely affect the value of your investment. Turkey's tax treaties with different countries may provide reduced dividend withholding taxes such as 5% or 10%; however such reduced tax rates are not usually applicable to portfolio type investments because of minimum shareholding ratio requirements stipulated in most of Turkey's tax treaties. Therefore, final withholding tax burden for shareholders holding ADSs should be determined by considering their tax residency status as well as other conditions in the respective tax treaties. See "*Taxation—Material Turkey Tax Considerations.*"

***You may be subject to limitations on the transfer of your ADSs.***

Your ADSs, which may be evidenced by ADRs, are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in Turkey based on United States or other foreign laws against us and our management.***

We are incorporated and conduct a substantial portion of our business and have substantial assets located in Turkey. In addition, the majority of our directors and officers are nationals and residents of countries other than the United States. As a result, it may be difficult to effect service of process within the United States upon these persons. It may also be difficult to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal or state securities laws against us and our officers and directors who are not resident in the United States and the substantial majority of whose assets are located outside of the United States. The liability of our directors and executives towards us and the shareholders will be governed by Turkish laws as well as the shareholding rights of investors before the Turkish courts. Further, it is unclear whether an original lawsuit against us or our directors or executive officers based on U.S. federal or state securities laws can be enforced in Turkish courts. Moreover, Turkey does not have treaties with the United States providing for the reciprocal recognition and enforcement of judgments of courts. Therefore, even if a judgment were obtained against us or our management for matters arising under U.S. federal or state securities laws or other applicable U.S. federal or state law, it may not be possible to enforce such a judgment in Turkey.

Furthermore, any claim against us which is denominated in a foreign currency would, upon pronouncement of our bankruptcy, only be payable in Turkish Lira, thereby shifting the currency exchange risk to you. The relevant exchange rate for determining the Turkish Lira amount of any such

claim would be the Central Bank's exchange rate for the purchase of the relevant currency, which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favorable to you than the rate of exchange prevailing at the relevant time.

***We are a Turkish joint stock company. The rights of our shareholders under Turkish law may be different from the rights of shareholders under the laws of U.S. jurisdictions.***

We are a Turkish joint stock company. Our corporate affairs are governed by our articles of association and by the Turkish Commercial Code No. 6102, (the "TCC"). The rights of shareholders and the responsibilities of members of our board of directors may be different from the rights of shareholders and responsibilities of directors in companies governed by the laws of U.S. jurisdictions. See "*Management—Corporate Governance*." The rights of our shareholders and the fiduciary responsibilities of our directors under Turkish law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, Turkey has a less exhaustive body of securities laws than the United States. In addition, some U.S. states, such as the State of Delaware, have more fulsome and judicially interpreted bodies of corporate law than Turkey. For example, we are not aware of any reported class actions having been brought in Turkish courts. Such actions are ordinarily available in respect of United States corporations in United States courts. As a result, the holders of our ADSs could face different considerations in and have more difficulty protecting their interests in actions against our management, directors or controlling shareholder than would shareholders of a corporation incorporated in a jurisdiction in the United States, and our ability to protect our own interests may be limited if we are harmed in a manner that would otherwise give rise to jurisdiction in a United States federal or state court. See "*Description of Share Capital and Articles of Association—Comparison of Turkish Corporate Law and Delaware Corporate Law*."

***From time to time we may grant share based compensation to our management and employees, which may cause their interests to become excessively tied to the trading price of our ordinary shares.***

From time to time, we may grant share options to our management and employees. We may introduce new share option plans for our senior management and employees in order to increase their efficiency, align their interests with the interests of our shareholders and retain executives who commit to long-term earnings and short-term performance. If our shareholders or board of directors approve the issuance of new share option plans, you may be diluted in the event that the exercise price under such share option plan is lower than the trading price of our ordinary shares. In addition, new share option plans may cause the interests of our management to become excessively tied to the trading price of our ordinary shares, which may have an adverse impact on our business and financial condition. For more information about our share based compensation, see "*Management—Compensation of Directors and Officers*."

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in the sections entitled "*Prospectus Summary*," "*Risk Factors*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "*Risk Factors*," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "believe," "may," "will," "expect," "estimate," "could," "should," "anticipate," "aim," "intend," "plan," "potential," "continue," "is/are likely to" or other similar expressions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our revenue, operating expenses and our ability to achieve and maintain profitability;
- our expectations regarding the development of our industry and the competitive environment in which we operate;
- the growth of our brand awareness and overall business; and
- our ability to improve our technology platform, customer experience and product offerings to attract and retain merchants and customers.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in "*Risk Factors*" and the following:

- our lack of historical profitability and risks in achieving profitability in the future;
- our ability to effectively manage our growth;
- our ability to maintain and enhance our brand;
- significant competition in our markets;
- our ability to improve our user experience, customer and merchant value propositions and technology to attract and retain customers and merchants;
- further impacts of the COVID-19 pandemic or other health crises affecting our customers, as well as any governmental or international response measures;
- any significant fluctuations in our results of operations and growth rate;
- global or Turkish political and economic stability;
- regulatory concerns;
- our ability to implement and maintain an effective system of internal control over financial reporting;
- our ability to retain and motivate our personnel and attract new talent; and

- as a foreign private issuer, an emerging growth company and a controlled company, we are exempt from a number of rules under the U.S. securities laws and Nasdaq corporate governance rules and are permitted to file less information with the SEC than U.S. companies, which may limit the information available to holders of the ADSs.

We operate in an evolving environment. New risks emerge from time to time, and it is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results or performance may be materially different from what we expect.

**EXCHANGE RATES**

The Turkish Lira has historically been and continues to be a volatile currency. The Turkish Central Bank (the "**Central Bank**") has adopted a floating exchange rate policy.

The table below sets forth the high, low, period average and end and exchange rates for U.S. dollars announced by the Central Bank, expressed as the number of Turkish Lira per U.S. dollar, for the periods indicated.

<u>Year ended December 31,</u>	<u>Period end(1)</u>	<u>Period average(2)</u>	<u>High</u>	<u>Low</u>
2018	5.2609	4.8134	6.8798	3.7371
2019	5.9402	5.6708	6.2026	5.1945
2020	7.3405	7.0090	8.4613	5.8529
<b>Month:</b>				
January 2021	7.3723	7.3940	7.4952	7.2733
February 2021	7.1924	7.0724	7.3216	6.9150
March 2021	8.3260	7.6282	8.3260	7.2670
April 2021	8.1753	8.1550	8.3295	8.0362

Source: Central Bank U.S. dollar buying rates, based on the indicative exchange rates announced after 15:30, for the following business day

- (1) Represents the Central Bank's indicative U.S. dollar buying rate announced for the respective period end date,
- (2) Represents the daily average of the Central Bank's indicative U.S. dollar buying rates announced for the business days in the respective period.

The table below sets forth the high, low, period average and period end exchange rates for Euro announced by the Central Bank, expressed as the number of Turkish Lira per Euro, for the periods indicated.

<u>Year ended December 31,</u>	<u>Period end(1)</u>	<u>Period average(2)</u>	<u>High</u>	<u>Low</u>
2018	6.0280	5.6627	7.8327	4.4840
2019	6.6506	6.3477	6.9419	5.9328
2020	9.0079	8.0278	10.0279	6.5096
<b>Month:</b>				
January 2021	8.9216	9.0081	9.1164	8.9216
February 2021	8.7811	8.5562	8.8718	8.3867
March 2021	9.7741	9.0913	9.7741	8.6566
April 2021	9.9090	9.7339	10.0735	9.4646

Source: Central Bank Euro buying rates, based on indicative exchange rates announced after 15:30, for the following day

- (1) Represents the Central Bank's indicative Euro buying rate announced for the respective period end date,
- (2) Represents the daily average of the Central Bank's indicative Euro buying rates announced for the business days in the respective period.



## USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately \$ \_\_\_\_\_ million, assuming an initial public offering price per ADS of \$ \_\_\_\_\_, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated expenses of the offering that are payable by us (or approximately \$ \_\_\_\_\_ million if the underwriters exercise their option to purchase additional ADSs from us in full).

Each \$1.00 increase (decrease) in the assumed initial public offering price per ADS would increase (decrease) our net proceeds, after deducting the estimated underwriting discounts and commissions and expenses, by \$ \_\_\_\_\_, assuming that the number of ADSs offered by us, as set forth on the cover of this prospectus, remains the same. Each increase (decrease) of 1,000,000 ADSs in the number of ADSs offered by us would increase (decrease) our net proceeds, after deducting the estimated underwriting discounts and commissions and expenses, by approximately \$ \_\_\_\_\_ million, assuming no change in the assumed initial public offering price per ADS. Expenses of this offering will be paid by us.

We will not receive any proceeds from the sale of ADSs by the Selling Shareholders.

The principal purposes of this offering are to broaden and strengthen our shareholder base, increase financial flexibility and to create a public market for our ADSs. We currently intend to use the net proceeds we receive from this offering for general corporate purposes, including working capital, operating expenses, and capital expenditures. We may also use a portion of the net proceeds for acquisitions of, or strategic investments in, complementary businesses, products, services, or technologies. We have not quantified or allocated any specific portion or range of the net proceeds to us for any particular purpose and we do not have any plans or commitments to enter into any material acquisitions or investments at this time. We will have broad discretion over how we use the net proceeds from this offering. We intend to invest, subject to certain limitations, the net proceeds from the offering that are not used as described above in investment-grade, interest-bearing instruments.

The amount and timing of our use of the proceeds for these purposes may vary significantly and will depend on a number of factors, including our future revenue and cash generated by operations and the other factors described in "Risk Factors." Accordingly, our board of directors will have broad discretion using the net proceeds of this offering.

## DIVIDEND POLICY

We do not currently anticipate paying any cash dividends on our ordinary shares. We intend to retain all available funds and any future earnings to fund the development and expansion of our business.

The timing and amount of any future dividend payments will depend on our existing and future financial condition, results of operations, liquidity needs and other matters that we may consider relevant from time to time, including, without limitation, capital expenditures, our financial performance and equity market conditions. See "*Risk Factors—Risks Related to the ADSs and the Offering—It is unlikely that we will declare any dividends on our ordinary shares represented by our ADSs and therefore, you must rely on price appreciation of our ordinary shares for a return on your investment; also, to the extent that we declare dividends, we will pay those dividends solely in Turkish Lira.*"

To the extent we declare cash dividends in the future, we will pay those dividends solely in Turkish Lira. Except as otherwise described under "*Description of American Depositary Shares,*" cash dividends paid to the depositary in a currency other than U.S. dollars will be converted into U.S. dollars by the depositary and paid to holders of ADSs net of applicable fees and charges of, and expenses incurred by, the depositary and net of taxes withheld. As the value of the Turkish Lira fluctuates continuously, a holder of our ADSs will be exposed to currency fluctuations generally and particularly between the date on which a dividend is declared and the date on which dividends are paid. See "*Exchange Rates*".

For a description of the legal and regulatory framework and the provisions of our articles of association with related to the declaration and payment of dividends, see "*Description of Share Capital and Articles of Association—Articles of Association—Dividends.*"

Under current Turkish regulations, any dividends or other repatriations that are deemed and treated as dividends for Turkish taxation purposes in respect of any of our ordinary shares will be subject to withholding taxes. The local withholding tax rate may be reduced pursuant to tax treaty provisions. See "*Material Tax Considerations—Material Turkey Tax Considerations.*"

## CAPITALIZATION

The table below sets forth our cash and cash equivalents and capitalization as of March 31, 2021:

- on an actual basis; and
- on an as adjusted basis to reflect the issuance and sale of ADSs in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Investors should read this table in conjunction with our audited financial statements included in this prospectus as well as "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of March 31, 2021	
	Actual	As adjusted
<b>Cash and cash equivalents</b>	388,362,900	
<b>Bank borrowings current portion</b>	432,617,982	
<b>Equity:</b>		
Share capital	56,865,658	
Share premiums	187,464,832	
Restricted reserves	1,586,430	
Accumulated deficit	(1,271,949,143)	
Total equity	(1,026,032,223)	
<b>Total Capitalization</b>	<u>(205,051,341)</u>	

## DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and the as adjusted net tangible book value per share immediately following the consummation of this offering.

At March 31, 2021, we had a historical net tangible book value of \$            million, corresponding to a net tangible book value of \$            per share or \$            per ADS based on an ordinary share to ADS ratio of            . Net tangible book value per share represents the amount of our total assets less our total liabilities, excluding goodwill and other intangible assets, divided by the total number of our ordinary shares outstanding.

After giving effect to the sale by us of ADSs (representing an aggregate of ordinary shares) in this offering at the assumed initial public offering price of \$            per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value at March 31, 2021 would have been approximately \$            million, representing \$            per share or \$            per ADS. This represents an immediate increase in net tangible book value of \$            per share or \$            per ADS to existing shareholders and an immediate dilution in net tangible book value of \$            per share or \$            per ADS to new investors purchasing ADSs in this offering at the assumed initial public offering price. Dilution in net tangible book value per ADS to new investors is determined by subtracting as adjusted net tangible book value per ADS after this offering from the assumed initial public offering price per ADS paid by new investors.

The following table illustrates this dilution to new investors purchasing ADSs in the offering.

Assumed initial public offering price	\$
As adjusted net tangible book value per ADS as of March 31, 2021	\$
Increase in net tangible book value per ADS attributable to this offering	_____
As adjusted net tangible book value per ADS after this offering	_____
Dilution per ADS to new investors in this offering	\$

If the underwriters exercise their option to purchase additional ADSs from us in full, our as adjusted net tangible book value after this offering would be \$            per ADS, representing an immediate increase in as adjusted net tangible book value of            per ADS to existing shareholders and immediate dilution of \$            per ADS in as adjusted net tangible book value to new investors purchasing ADSs in this offering, based on an assumed initial public offering price of \$            per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$            per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, respectively, would increase (decrease) the as adjusted net tangible book value after this offering by \$            per ADS and the dilution per share to new investors in the offering by \$            per ADS, assuming that the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Summary Consolidated Financial and Other Data," and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion and analysis contain forward-looking statements that involve numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results and timing of events could differ materially from those expressed or implied in any forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements" for more information.*

### Company Overview

We are a leading commerce platform in Turkey and in 2020, we connected 33 million members, 9 million Active Customers and a fast growing base of approximately 45 thousand Active Merchants. We provide high-quality customer experience by relentlessly focusing on selection, price and delivery:

- **Selection:** As of December 31, 2020 we had over 44 million SKUs, including variants (color, size, etc.) across 32 different categories offered through a hybrid model combining a first-party Direct Sales model (1P model) and a third-party Marketplace model (3P model);
- **Price:** We seek to provide the best value for our customers by offering products at highly competitive prices; and
- **Delivery:** We operate a large, fast and scalable in-house logistics network with robust last-mile delivery capabilities based on a proprietary technology platform.

Founded in 2000, Hepsiburada has been one of the early pioneers of digitalization of commerce in Turkey and has become a household brand in the country. Our brand, which corresponds to "Everything is Here", is synonymous with a seamless online shopping experience and benefits from very strong brand awareness, with Hepsiburada scoring 96% for aided brand awareness (with the two closest competitors in Turkey scoring 95% and 92%, respectively), 78% for spontaneous brand awareness (with the two closest competitors in Turkey scoring 74% and 63%, respectively) and 91% for highest preference score (with the two closest competitors in Turkey scoring 89% and 87%, respectively), according to FutureBright Research Brand Health Report in 2020. Additionally, our brand had a market leading NPS of 66 for the three months ended March 31, 2021 according to the company's internal reporting and has been named Turkey's favorite e-commerce brand several times by Mediacats' Lovemark, a survey which aims to reveal the brands consumers value within a given category. Supported by the strength of our brand, we benefit from substantial organic traffic, with approximately 70% of traffic being unpaid traffic, for the three months ended March 31, 2021.

We believe that our commitment to five central pillars of our business culture is the reason we have risen to become a leader of e-commerce in Turkey as evidenced by our brand awareness track record. The five pillars of our business culture are:

- customer-first mentality;
- entrepreneurial business acumen;
- meticulous execution;
- relentless innovation; and
- social consciousness, diversity and inclusion.

Our aim is for customers of Hepsiburada to come to the platform and be able to do the following:

- **Hepsiburada:** Shop a wide range of products online;

- **HepsiExpress:** Order groceries and essentials to be delivered within 30 to 60 minutes;
- **HepsiGlobal:** Discover and purchase products from international merchants online;
- **HepsiPay:** Use different online payment options; and
- **HepsiFly:** Buy airline tickets online.

We have 20 years of e-commerce experience in Turkey, and our local know-how allows us to better tackle the needs of our community of customers, merchants and suppliers across the country. Our leadership team's commitment to our vision, mission and culture is one of our main differentiators and is the foundation on which our ecosystem continues to build in order to accelerate digitalization of Turkish commerce. We have grown together with our merchants located across the entire country and have contributed to the local economy and employment. Furthermore, Hepsiburada is one of the few female founded technology companies globally, and we have been actively promoting and empowering women entrepreneurship in Turkey.

Since the launch of our Marketplace in 2015, Hepsiburada has become a trustworthy partner for merchants in Turkey by providing access to 33 million members and 9 million Active Customers and comprehensive end-to-end solutions to empower merchants to thrive digitally. In 2020, our 3P-based Marketplace model accounted for approximately 59% of our GMV, following the successful transformation of Hepsiburada from a 1P-based Direct Sales only business to its current hybrid 1P and 3P-based model. Our aim is for Hepsiburada's merchants to enjoy a seamless set of integrated e-commerce solutions:

- **HepsiLojistik:** Fulfillment options across Turkey;
- **HepsiJet:** Last-mile delivery services;
- **HepsiPay:** Online payment solutions; and
- **HepsiAd:** Personalized ads and data insights.

We believe powerful network effects are created by our leading brand, hybrid commerce model with a unified 1P and 3P-based catalogue, and strong customer and merchant value propositions. Our expanding selection of products and services, as well as price competitiveness, has allowed us to attract a growing total Active Customer base from 4.8 million in 2018 and 6.5 million in 2019 to 9 million in 2020 and increase the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020, which in turn draws more merchants and further enhances our customer value proposition. In addition, our proprietary data and insights collected over the last 20 years enable us to understand the needs of our customers and merchants and help us develop new services, expand into new verticals, and continuously innovate and strengthen our value proposition reinforcing the network effect.

Our large, fast and scalable logistics network has been critical to our success and we have been continuously focusing on improving our logistics capabilities and offerings. We have a robust operational footprint enabling fast delivery and merchant integration. As of March 2021, we operate:

- a nationwide infrastructure including six fulfillment centers in strategic locations that encompass a total area of more than 120 thousand square meters;
- our Hepsijet business is one of the fastest growing logistics companies with an on-time delivery performance of 95% in 2020, and operates in 63 cities with 115 cross-docks as of March 31, 2021; and
- our Hepsimat business is a pick-up & drop-off (PUDO) network with more than 950 branded parcel lockers and pick-up points as of March 2021 and has partnership with local stores, gas stations and retailers.

We are a technology-driven company and have invested heavily in developing our own highly scalable proprietary technology to support the large and rapidly growing order volumes generated on our platform. Our in-house developed IT infrastructure is central to our ability to execute our business strategy and ensure a seamless experience for our merchants and customers with our single mobile app that connects our offerings and services.

Our business has experienced a long history of strong growth as a result of our commitment to meticulous execution. Our revenues increased by 33% from TRY 2.0 billion in 2018 to TRY 2.6 billion in 2019, by 145% to TRY 6.4 billion in 2020 and by 66% from TRY 0.8 billion in the three months ended March 31, 2020 to TRY 1.4 billion in three months ended March 31, 2021 and our total GMV increased by 56% from TRY 5.1 billion in 2018 to TRY 8.0 billion in 2019, by 111% to TRY 17.0 billion in 2020 and by 95% from TRY 2.3 billion in three months ended March 31, 2020 to TRY 4.5 billion in three months ended March 31, 2021, fueled by increasing purchase frequency, greater customer loyalty and an expanding pool of Active Customers from 4.8 million in 2018 to 6.5 million in 2019 and to 9 million in 2020, a CAGR of 37% over the period. We had Free Cash Flow of TRY 119.0 million, TRY 310.4 million, TRY 341.4 million in 2018, 2019 and 2020, respectively, and TRY 60.5 million and TRY (158.8) million in three months ended March 31, 2020 and 2021, respectively.

## **Key Factors Affecting Our Financial Condition and Results of Operations**

### **General**

Our performance and results of operations have been, and will continue to be, affected by a number of key factors, which we believe include the following:

- macroeconomic and demographic factors in Turkey;
- growth and engagement of our customers;
- number of our merchants and the assortment offered on our platform;
- efficiency of our logistics infrastructure;
- our ability to leverage our growing scale;
- COVID-19 impact;
- seasonality; and
- exchange rate volatility.

### **Macroeconomic and Demographic Factors in Turkey**

As a member of the G20, Turkey is the 13th largest economy in the world by GDP based on purchasing power parity in 2019 according to the IMF World Economic Outlook report dated 2021 and a total GDP of U.S. \$717 billion in current prices for 2020 according to Turkstat, which is projected to grow 4.1% CAGR to US\$877 billion in 2025. Turkey is also the largest economy in the Central Eastern Europe (excluding Russia) according to ADL. Turkey is one of the fastest growing economies in the world, with real GDP CAGR of 5.2% from 2010 to 2020 based on Turkstat. In 2020, the year marked by the COVID-19 pandemic, Turkey was one of the only two G20 member countries with real GDP growth (1.8% year on year according to Turkstat), along with China, according to the IMF World Economic Outlook. According to the IMF, Turkey is the second most populous country in Europe with a population of 84 million as of December 31, 2020 and a population growth of 1.3% from 2010 to 2020. Turkey benefits from attractive demographics, the second youngest in Europe (after Kosovo) with 46% of the population under the age of 30 according to Turkstat, and an increasing urban population share of approximately 75% based on UN data as of 2018, which is comparable to Germany.

The retail market is one of the largest and fastest growing industries in Turkey. According to ADL, the Turkish retail market grew at a CAGR of 15.3% from 2015 to 2020 and reached TRY 866 billion in 2020. The market is projected to grow at a CAGR of 15.7% in the period 2020 to 2025 and to approximately TRY 1,798 billion based on a forecast from ADL.

Turkey's e-commerce market (exclusive of services, travel and betting) has grown significantly faster than the broader retail market, at a CAGR of 46.1% from 2015 to 2020, reaching a total market size of TRY 88 billion in 2020 (in terms of gross merchandise value excluding cross-border sales, B2B sales, VAT and services (e.g., food delivery); not excluding returns), according to ADL. E-commerce penetration has more than tripled during the same time period from 3.1% of the overall retail market in 2015 to 10.1% in 2020, according to ADL. Low e-commerce penetration in Turkey suggests significant room for growth when compared to penetration in other similar large markets, with South Korea at 35.8% and China at 27.3%, closely trailed by the UK with 24.2% and the US with 20.3%, and with Poland at 14.4%, Brazil at 13.9%, Germany at 13.6% and Russia at 10.5% in 2020 based on Euromonitor<sup>1</sup> data. See "*Market and Industry Data*."

The strong historical and projected growth of e-commerce sector is underpinned by: (1) nationwide internet infrastructure with 78% internet penetration<sup>2</sup> among the population between the ages of 16 and 74, according to Turkstat, and 77% smartphone penetration, according to Euromonitor<sup>3</sup>, in 2020; (2) high credit & debit card penetration with 91% credit card penetration and 225% debit card penetration in 2020 according to BKM (where penetration is calculated by dividing the number of credit and debit cards, respectively, by the population of Turkey); (3) well-established logistics infrastructure with high quality highways, railway networks, airports and seaports enabling nationwide delivery of orders (4) based on ADL projections, online e-commerce is projected to grow 35% CAGR from 2020 to 2025, with offline retail projected to grow by only 13% in the same period and as a result, e-commerce has grown to 10.1% of total retail commerce in Turkey as of 2020 and is expected to continue to grow as a share of total retail through 2025.

As internet penetration and proliferation of smartphones increase, the number of consumers shopping online is expected to reach 44 million in 2025 compared with 26 million in 2020, implying 69% of the Turkish population between the ages of 16 and 74 will become online shoppers by that time, resulting in an e-commerce market size of TRY 397 billion (in terms of gross merchandise value excluding cross-border sales, B2B sales, VAT and services (e.g., food delivery); not excluding returns) and e-commerce penetration of 22.1% by 2025 based on ADL's forecast.

Our results of operations, in particular our GMV, sales of goods revenue and services revenue, as well as our profitability are dependent on the growth in GDP and GDP per capita growth in Turkey in addition to the growth in the Turkish retail market and e-commerce market penetration. The Turkish economy's real GDP grew at a CAGR of 5.2% from 2010 to 2020 based on data from Turkstat, and the Turkish retail and e-commerce markets grew at a CAGR of 15.3% and 46.1%, respectively, between 2015 and 2020 according to ADL. Supported by the strong macroeconomic landscape, our GMV grew at a CAGR of 82% from TRY 5.1 billion in 2018 to TRY 17.0 billion in 2020 which in turn resulted in a revenue growth at a CAGR of 81% in the same period.

### ***Growth and Engagement of our Customers***

Our ability to generate revenues and profits mainly depends on increasing purchase frequency, customer loyalty and expanding our Active Customer base, which depend on our success in improving the customer experience through expanded logistics and fulfillment capabilities, developing and

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<sup>1</sup> Euromonitor, Retailing 2021 ed.

<sup>2</sup> Internet penetration is defined as the percent of the population between the ages of 16 and 74 that have used the internet within the last 3 months.

<sup>3</sup> Euromonitor, Economies and Consumers data, March 2021



improving our platform and offering new products and services. For the years ended December 31, 2018, 2019 and 2020, our financial results have benefited from customer retention and an increased frequency of orders (3.1, 3.5 and 3.9 purchases per customer, respectively), and we believe our leading brand, hybrid commerce model with a unified 1P and 3P catalogue, and strong customer and merchant value propositions create powerful network effects.

Our increasing selection of products and services, as well as price competitiveness, is another factor that contributes to attract a growing total Active Customer base and increase the frequency of transactions on our platform, which in turn draws more merchants and further enhances our customer value proposition. As of December 31, 2020, there were over 44 million SKUs on our platform (compared to 20.4 million SKUs in 2018) across 32 different categories. As a result of our wide variety of products, we believe we have been able to achieve attractive prices in Turkish e-commerce market. Based on GFK independent consumer research, 77% of online shoppers in Turkey rated our prices favorably (Question asked: "Please rate the following six e-commerce platforms for price from 1 to 5, 5 being the most positive performance", a response of 4 or 5 is considered favorable). In addition, our proprietary data and insights collected over the last 20 years enable us to understand the needs of our customers and merchants and help us develop new services, expand into new verticals, and continuously innovate and strengthen our value proposition reinforcing this network effect.

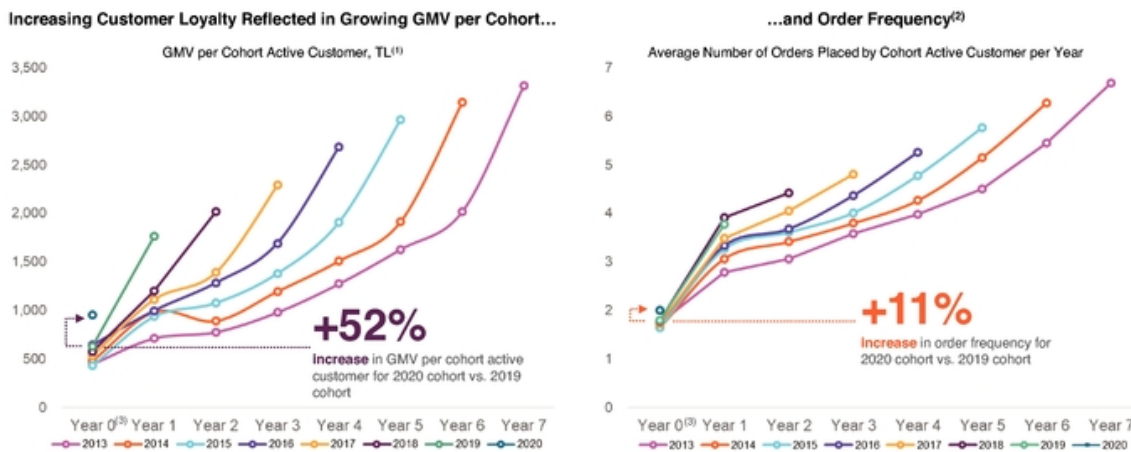
Thanks to these efforts, we had a market leading NPS, an index ranging from (100) to 100 that measures the willingness of customers to recommend a company's products or services to others of 66 for the three months ended March 31, 2021 (52, 49, 56 in 2018, 2019 and 2020, respectively), and have been elected Turkey's favorite e-commerce brand several times by MediaCats' Lovemark and have won several other awards since 2015 for our e-commerce platform achievements and in customer excellence, which we believe is an indicator of our strong customer satisfaction. Further, we have reduced the rate at which customers raise customer services inquiries through our ticketing system from 6.4% of orders in 2019, to 5.1% in 2020 and to 2.6% in the first quarter of 2021.

To ensure increased customer retention, we launched our Loyalty Club in August 2020. As of December 31, 2020, we had more than 230 thousand customers admitted to our Loyalty Club since its launch. Admissions to our Loyalty Club are made to create sustainable and recurring revenue, by increasing the purchase frequency of our customers. On average, Loyalty Club members bought approximately 2.5 times more frequently on a monthly basis compared to our non-Loyalty Club customers from its launch in August 2020 to December 31, 2020. In addition, one of the main drivers of our GMV growth has been the increase in our customers' order frequency as we expanded our product and service offerings. We aim to leverage the deep understanding of our customers' preferences, which we have been building up over the years, and our advanced in-house lifecycle management engines powered by artificial intelligence and deep-learning technologies to drive higher engagement and retention of customers and frequency of transactions on our platform. Approximately 13% of orders in 2020 included products that were recommended by our proprietary recommendation engine. As a result of these initiatives, in the period under review, we increased the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and 3.9 in 2020. This increase drove an increase in our GMV, which in turn, during the period under review contributed to an increase in our revenue. In 2019, we observed a frequency increase of 11% which contributed to the increase in our revenues of 33.2% as compared to 2018. Similarly in 2020, we observed a frequency increase of 12% which contributed to the increase in our revenues of 144.9%.

To track customer growth and engagement, we perform cohort analysis, where we group our Active Customers based on the year of their first purchase through our platform and track GMV generated per cohort customer as well as their order frequency. Since 2013, we observed a growing trend in GMV per cohort Active Customer. In the first year of purchase, our GMV per cohort customer in 2020 increased by 52% as compared to 2019.

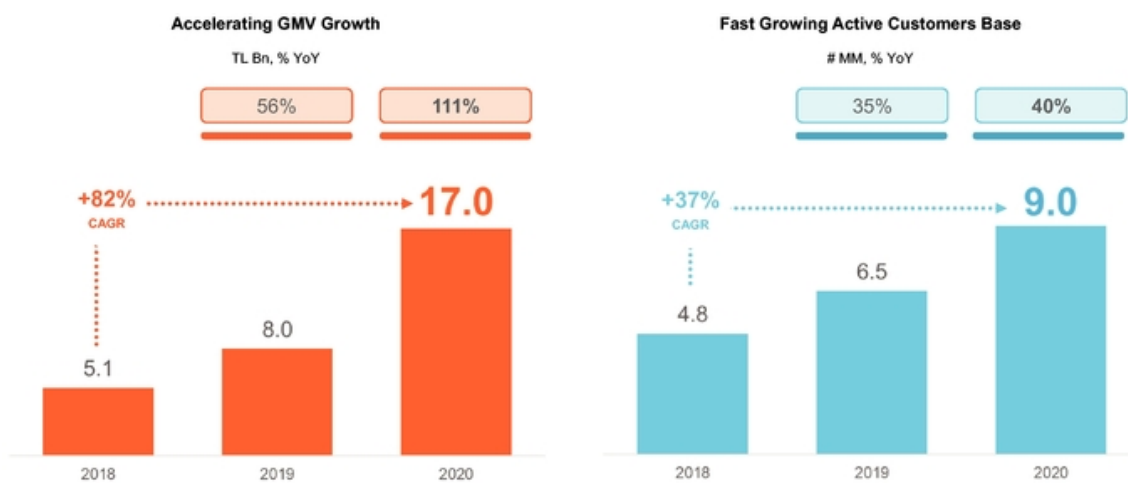
Since 2013, we also observed a growing trend in order frequency per cohort Active Customer. In the first year of purchase, frequency per cohort customer in 2020 increased by approximately 11% compared to 2019.

The figures below indicate the GMV per cohort Active Customer and the average number of orders placed by cohort customer per year:



- (1) Refers to GMV for a particular Active Customer cohort (2013-2020) in the respective year (Years 0-7), divided by the total number of Active Customers in that cohort.
- (2) Order frequency denotes the total number of orders placed by the Active Customer cohort (2013-2020) placed in the respective year (Years 0-7) divided by the total number of Active Customers in that cohort.
- (3) Year 0 is the year in which the Active Customers of each cohort made their first order, while Year 1, Year 2, Year 3, Year 4, Year 5, Year 6 and Year 7 refer to the relevant subsequent years of each Active Customer cohort's life.

The below charts indicate our GMV growth and growth in our Active Customer base between 2018 and 2020:



Our results of operations, in particular our GMV, sales of goods revenue and services revenue, as well as our profitability are dependent on our ability to retain and grow our customer base, in addition to our ability to increase our customers' purchase frequency. We continuously strive for growing our

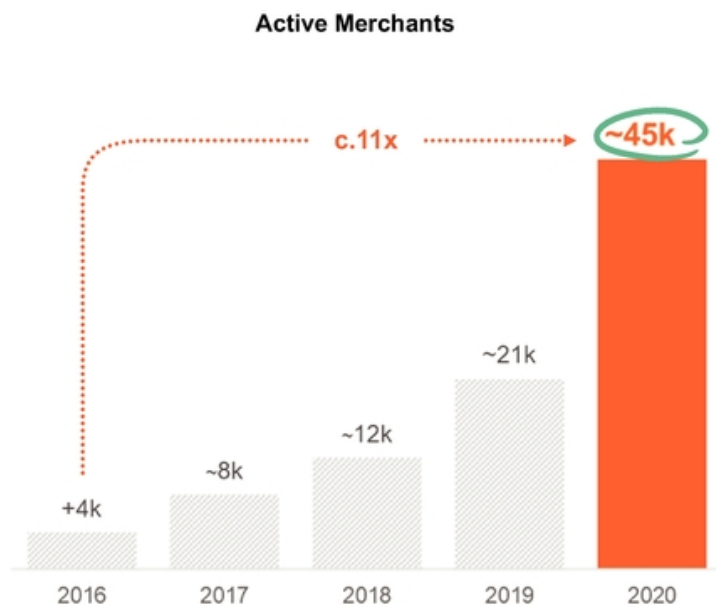
customer base while we also target to increase customer retention and frequency to maintain our leading position in Turkey.

**Number of Merchants and the Assortment Offered on our Platform**

Within our Marketplace operations, we have one of the largest merchant bases in Turkey, with approximately 45 thousand Active Merchants as of December 31, 2020, having become a "one-stop-shop" and one of the most attractive digital platforms for merchants to access consumers across Turkey. As of December 31, 2018, 2019 and 2020, and three months ended March 31, 2021, our Marketplace, which is based on a 3P model relying on merchants, represented approximately 58%, 66%, 59% and 70% of our total GMV, respectively. In order to ensure high quality standards we have strict policies that allow us to monitor merchants' end-to-end operations and performance on our platform.

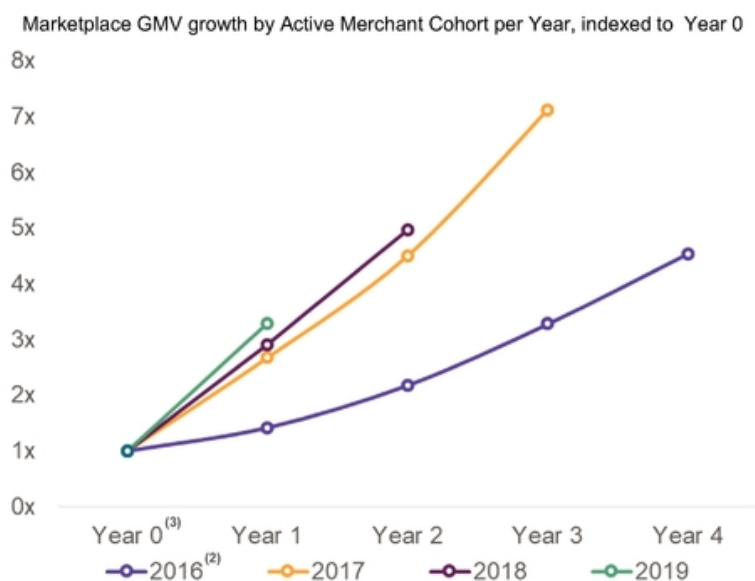
Our success depends on our ability to continue to innovate and provide products and services that are attractive to existing or new merchants. We are constantly upgrading our technology to provide improved performance, increased scale and better integration among our core businesses and complementary value-added services to our merchants (see "Business—Our Value Added Services"). Adopting new technologies, upgrading our online platform and technology infrastructure and maintaining and improving our technology infrastructure require significant investments of time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel, which result in increased operational expenses. On the other hand, these initiatives also enable us to grow our customer base and increase purchase frequency, which results in an increase in our GMV, revenues and accordingly our profit. Between 2018 and 2020, our Active Merchant base grew at a CAGR of over 90%. The growth in our Active Merchant base enabled us to increase our product selection with competitive pricing. As a result, we were able to increase our GMV and therefore increase our services revenues. In 2019, we observed growth in our Active Merchant base of 73% which contributed to the overall increase in our services revenues of 89.3%. Similarly in 2020, we observed growth in our Active Merchant base of approximately 111% which contributed to the increase in our services revenues of 144.9%.

The below illustration indicates the growth in our Active Merchants from 2016 to 2020.



The below illustration indicates our Marketplace GMV growth by Active Merchant cohort indexed to their first year of sales by Active Merchant cohort from 2016 to 2020.

### Marketplace GMV growth by Active Merchant Cohort<sup>(1)</sup>



(1) Refers to Marketplace GMV for a particular Active Merchant cohort (2016-2019) in respective year (Years 0-4), divided by the total number of Active Merchants in that cohort, indexed to Year 0.

(2) 2015 cohort members are added to 2016 cohort members since Marketplace only launched by the end of 2015.

(3) Year 0 is the year in which the active merchants of each cohort made sold their first order, while Year 1, Year 2, Year 3, Year 4 refer to the relevant subsequent years of each active merchant's cohort's life.

Our results of operations, in particular our GMV, sales of goods revenue and services revenue, as well as our profitability are dependent on our ability to retain and grow our customer base, in addition to our ability to increase our customers' purchase frequency.

To attract and retain merchants, we offer a highly-attractive online platform that had 33 million members, and 9 million Active Customers as of December 31, 2020. In our Marketplace, we offer a wide assortment of products and intend to continue expanding our catalog to strengthen our position as a one-stop shop for all of our customers' shopping needs. We organize the listings in our platform in what we believe is an intuitive and easy-to-use directory that facilitates the browsing and viewing of listings. As of December 31, 2020, there were over 44 million SKUs on our platform (compared to 20.4 million SKUs in 2018) across 32 different categories.

As of December 31, 2020, of our approximately 45 thousand Active Merchants, approximately 42 thousand were small and medium enterprises ("SMEs"), whereas the remaining approximately 3 thousand were key account merchants. Key account merchants enable us to provide products from top brands, high volumes and quality whereas SMEs provide us with product assortment and variety.

#### **Efficiency of our Logistics Infrastructure**

Our logistics infrastructure comprises a network of six fulfillment centers across Turkey, including our Gebze fulfillment center which is one of the largest dedicated e-commerce operation centers in the

neighboring region in terms of square meters. Our fulfillment centers, including regional warehouses encompass a total area of more than 120 thousand square meters.

To complement our logistics infrastructure responsible for delivery and fulfillment, we also provide last-mile delivery services. As of March 31, 2021, Hepsijet services were available in 63 cities in Turkey serving to approximately 95% of Turkey's population. By June 30, 2021, we aim for Hepsijet to serve in all 81 cities in Turkey. As of March 31, 2021, Hepsijet operated 115 cross-docks, with a target to expand to over 150 cross-docks (parcel transfer centers) throughout Turkey with approximately 3,500 carriers by the end of 2021 (carriers increased 13 times from December 2017 to December 2020). All our carriers (i.e., motorcycle and truck carriers) are crowd-sourced (i.e., we subcontract carriers who use their own vehicles for this service). We are an end-to-end ecosystem with full in-house capabilities across fulfillment, logistics and last mile delivery in Turkey.

We believe that our logistics infrastructure is an important pillar of our success and enables us to improve the customer experience. We further enhance this infrastructure advantage by applying technology to increase operational and cost efficiency, with examples such as AI-driven route optimization capabilities for Hepsijet drivers and advanced fulfillment center automation.

Our operating expenses are, in part, dependent on our shipping and packaging expenses, which are correlated with a number of factors, including volume of orders and levels of utilization of our fulfillment centers. Additionally, availability and efficiency of our Hepsijet services are one of the key factors affecting our ability for last-mile delivery services. We believe further expansion of our Hepsijet last-mile services which is supported by our existing logistics infrastructure, will give us an ability to provide fulfillment and delivery services in a more efficient and cost-effective manner, resulting in decreased operational expenses and therefore increased profits.

#### ***Our Ability to Leverage our Growing Scale***

Our ability to retain our position in the Turkish e-commerce market is dependent on our ability to retain, grow and expand our core e-commerce business, as well on our ability to expand our services to adjacent services. In our Marketplace and Direct Sales operations, our ability to retain (i) our leading position based on aided brand awareness of 96% in 2020 (*FutureBright Research Brand Health Report*), (ii) high levels of traffic (179 million average monthly visits in 2020), and (iii) our wide selection of product offering (over 44 million SKUs across 32 different categories in 2020) will affect our results of operations, in particular our GMV, revenue and profitability. To enable this, we have dedicated marketing teams that cover our advertising and marketing needs across all product categories and channels. Our marketing organization is designed to explicitly address brand marketing, growth and data and commercial marketing functions across teams. In addition, as our business has been driven by technology and data since its inception, we aim to leverage data and technology to provide the best experience to our users. For this purpose, our engineering and technology teams focus on security, availability, scalability and performance of our technology infrastructure while preparing new product features across our website and mobile applications. Our technology department is essential to our ability to implement our strategy and maintain our leading position in the Turkish e-commerce market.

In addition, we expanded our commerce platform in 2020, and developed an ecosystem of services centered on making people's lives easier. The ecosystem we have been building includes HepsijetExpress, HepsijetPay, Hepsijet, HepsijetLojistik, HepsijetMat, HepsijetAd, HepsijetGlobal and HepsijetFly as of the date of this prospectus. We aim to take advantage of the natural synergies that exist between our services and increase adoption amongst our customer base. Greater utilization of our resources will drive further improvements in our unit economics.

As of the date of this prospectus, we have launched HepsijetExpress, Hepsijet, HepsijetLojistik, HepsijetMat and HepsijetGlobal (inbound). We are currently developing HepsijetGlobal (outbound), HepsijetFly, HepsijetAd and HepsijetPay, with each expected to launch later in 2021.

We launched HepsExpress in 2020 as an expansion into grocery and essentials delivery services, embedded within the Hepsiburada application. Our short- to medium-term expansion plan is to reach a team of over 2,000 (including outsourced picking and delivery agents) with coverage of over 50 cities in Turkey, delivering groceries and essentials from more than 100 retailers and more than 3,000 stores. We are planning further expansion to deliver personal care products and goods from pet shops.

We launched HepsJet in 2017 to provide last-mile delivery logistics. As of March 31, 2021 we operated 115 cross-docks across 63 cities in Turkey, which we aim to expand to more than 150 cross-docks by the end of 2021 and nationwide HepsJet coverage by June 30, 2021.

As of March 31, 2021, we operated six fulfillment centers with a total area of over 120 thousand square-meters. We launched our 24/7 fulfillment operations as "HepsLojistik" in 2020. With the launch of HepsLojistik we expanded our fulfillment operations and made fulfillment services available to merchants in our Marketplace operations for a fee. In the future we aim to scale up HepsLojistik by enhancing automation at our fulfillment centers. We also rebranded our "click-and-collect" services as HepsMat in 2020, which provides pick-up and drop-off ("**PUDO**") logistics services.

We launched HepsGlobal in 2020, which is our international cross-border infrastructure that enables cross-border (both inbound and outbound) sales operations. As of December 31, 2020, we launched the inbound limb of our HepsGlobal, which is integrated within the Hepsiburada application, so that customers in Turkey are now able to purchase long-tail products (i.e., a large variety of hard-to-find items offered to many customers, each in small quantities, as opposed to bulk sales of popular items) that are sold by merchants located outside of Turkey. Our target is to grow to offer approximately one million SKUs through HepsGlobal by the end of 2021. From 2021 onwards, we aim to launch and reinforce the outbound limb of this service to enable merchants in Turkey to make sales outside of Turkey.

In addition, we are developing HepsFly, which is designed to provide our customers with an option to make airline ticket and hotel bookings, buy package tours, travel insurance and cancellation policies. For our HepsFly services, we acquired a tourism agency license in February 2021 and HepsFly went partially live in April 2021, initially focusing on airline tickets services with its full functionality still under development as travel restrictions related to COVID-19 are relaxed.

We are also developing HepsAd, which is designed as self-service advertising solutions for merchants as a service to promote their sales on our platform.

Lastly, we are developing HepsPay, which is a payment tool that will enable, upon its launch, instant money transfers between users, instant returns, cancellations and cashback and digital wallet and payment gateway capabilities. HepsPay is designed to be a "companion wallet" to mobilize, spend, transfer and save money in a flexible manner across online and offline channels. We target delivering core capabilities by the end of 2021 with the goal, over time, of HepsPay becoming the main payment facilitator for purchases on our platform, while also growing payment volumes in offline channels.

Once these newly-developed services are fully-operational (and services still in development become operational), we expect them to sustain and leverage our existing customer base and support our growth. We expect HepsExpress and HepsGlobal (inbound) to begin to contribute to our GMV in the short to medium-term. As we expand our offerings and further develop our new businesses, we are also increasing our operating costs and capital expenditures, which to date have included, among other things, (i) costs related to personnel, tech development as well as marketing costs primarily for HepsExpress, HepsPay, HepsGlobal, HepsFly and HepsAd, and (ii) costs related to leasing of property and equipment and leasehold improvements primarily for HepsJet, HepsLojistik. We anticipate such operating costs and capital expenditures will grow in line with our historical trends. In the near term we expect to prioritize the expansion and development of HepsExpress, HepsJet and HepsPay and therefore these businesses are expected to receive a relatively larger proportion of our

increased marketing, delivery expenses as well as research and development headcount. Although, we believe that in the near term these strategic investments are likely to have a negative impact on our margins and cash flow generation given their levels of maturity, growth rates, and scale, in the long term we believe these investments will enhance our market leading position and positively impact our total revenue, gross profits and Free Cash Flow.

### **COVID-19 Impact**

In the three months ended March 31, 2021 and 2020, our financial results were positively impacted by a considerable shift to online shopping by Turkish customers in response to the COVID-19 pandemic. GMV grew for the three months ended March 31, 2021 by 95%, compared to the three months ended March 31, 2020, the year ended December 31, 2020 by 111%, compared to the year ended December 31, 2019 and GMV grew 56% for the year ended December 31, 2019 compared to the year ended December 31, 2018. The impact of the COVID-19 pandemic on consumer behavior led to significant increases in GMV growth in 2020 and in the three months ended March 31, 2021, which impacts the comparability of results of operations between the year ended December 31, 2018 and 2019, and the year ended December 31, 2020 and the three months ended March 31, 2020 and in the three months ended March 31, 2021. See "*Market and Industry Data*."

COVID-19 has led to significant global disruptions that not only which affected our business, but also our customers, merchants and suppliers. See "*Risk Factors—Risks Relating to Our Business and Industry—The COVID-19 pandemic has affected and may continue to negatively affect certain of our business activities and results. Any future occurrence of natural disasters, epidemics, pandemics or other outbreaks, or other catastrophic events could also materially and adversely affect our business, results of operations or financial condition.*" As of the date hereof, COVID-19 has spread widely around the world and new variants of the virus have emerged, resulting in the implementation of significant governmental measures in Turkey and globally, including lockdowns of manufacturing and logistics facilities, closures of businesses and offices, quarantines of individuals, and travel bans.

Similar to the global trend, the COVID-19 pandemic led consumers in the Turkish market to shift to e-commerce as a result of social distancing measures, with a consequential growth in demand for our products and services. This was primarily supported by the change in customer behavior where consumers have adopted online shopping behavior during the pandemic, which we expect to become permanent. As a result of social distancing, e-commerce orders for groceries and other essential products have also increased significantly.

Although COVID-19 has generally been a significant driver for customer adoption and growth of e-commerce services, the pandemic and the measures to contain its spread have resulted in business and manufacturing disruptions in Turkey, impacted the business activities of our e-commerce suppliers, merchants, and other ecosystem participants (such as logistics networks and payment channels in the affected markets), and disrupted the global supply chain.

We continue to closely monitor the impact of COVID-19 on our business and operations. The pandemic and related actions taken by governments to limit its spread could cause a temporary closure of our operational facilities, interrupt our fulfillment, delivery or logistics systems or severely impact the behavior and operations of our merchants, customers, and suppliers. As COVID-19 continues to evolve, the extent of its impact on our business in future periods remains uncertain.

### **Seasonality**

Our business is affected by seasonality, which historically has resulted in higher sales volume during the fourth quarter of the year compared to the other quarters, and we expect this to continue. Higher sales during the fourth quarter of the year are mainly attributable to the increased demand for products during the peak New Year season in December, as well as Legendary Friday (*Efsane Cuma*)

sales in November. In the weeks of Legendary Friday in 2020, our average daily sales was 4.3 times higher than our average daily sales for the remainder of 2020. As a result of peak seasonal sales, as of December 31 of each year, our cash and cash equivalents balances typically reach an elevated level (other than as a result of cash flows provided by or used in investing and financing activities). This operating cycle results in a corresponding increase in accounts payable, combined with a decrease in inventories, as of December 31. Our accounts payable balance generally declines during the first month of each year, resulting in a corresponding decline in our cash and cash equivalents balances. We typically experience our lowest sales during the months of July and August due to decreased frequency and traffic on our platform during the summer vacation months. See "*Liquidity and Capital Resources*".

Our results of operations and cash flows may fluctuate significantly as a result of a variety of factors, including those described above.

### **Exchange Rate Volatility**

We are exposed to foreign exchange rate risks between Turkish Lira and U.S. dollars. Although our income, expenses, assets and liabilities are primarily denominated in Turkish Lira, we also maintain non-Turkish Lira denominated assets and liabilities, primarily in U.S. dollars. As of December 31, 2018, 2019 and 2020 we maintained Turkish Lira equivalent assets in U.S. dollars of TRY 112.5 million, TRY 245.4 million and TRY 280.4 million, respectively, primarily consisting of cash and cash equivalents. As of the same periods, we maintained Turkish Lira equivalent liabilities in U.S. dollars of TRY 139.2 million, TRY 155.6 million and TRY 246.7 million, respectively, primarily consisting of trade payables and payables to merchants and due to related parties.

As at December 31, 2018, 2019 and 2020, if the U.S. dollar had strengthened or weakened by 10% against the Turkish Lira, with all other variables held constant, loss before income taxes would have been TRY 2,673,154 lower/higher, TRY 8,983,025 lower/higher and TRY 3,374,370 lower/higher, respectively, in each case as a result of foreign exchange losses/gains on the translation of U.S. dollar assets and liabilities. We do not currently undertake any currency hedging to manage our exposure in Turkey to changes in foreign exchange rates because such hedging strategies are not available on commercially reasonable terms. Consequently, any sudden and significant changes in foreign exchange rates may have an adverse impact on our financial condition, revenue and results of operations.

### **Segments**

Our Company is comprised of one reportable segment, namely e-commerce operations, therefore we do not present any segmental information in our financial statements.

### **Key Indicators of Operating and Financial Performances**

We regularly review a number of metrics, including the following key operating and financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections and make strategic decisions. We believe these non-IFRS and operational measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with IFRS. The following measures used by our management to monitor and manage operational risk and financial performance. For information regarding the definitions, calculation and use of the Non-IFRS financial measures and KPIs, some of which are APMs, see "*Summary Consolidated Financial and Other Data—Non-IFRS Financial Measures*", "*Presentation of Financial and*



	For the three months ended March 31,		For the year ended December 31,		
	2021	2020	2020	2019	2018
GMV ( <i>TRY in billions</i> )	4.5	2.3	17.0	8.0	5.1
Marketplace GMV ( <i>TRY in billions</i> )	3.1	1.4	10.0	5.3	3.0
Share of Marketplace					
GMV (%)	70	63	59	66	58
Revenues ( <i>TRY in billions</i> )	1.4	0.8	6.4	2.6	2.0
Gross Contribution ( <i>TRY</i> )	420,377,105	232,940,665	1,526,578,237	756,626,385	436,089,229
Gross Contribution					
Margin (%)	9.3	10.1	9.0	9.4	8.5
EBITDA ( <i>TRY</i> )	(103,675,349)	14,811,415	(87,829,111)	167,401,277	26,741,026
EBITDA as a percentage of GMV (%)	(2.3)	0.6	(0.5)	2.1	0.5
Free Cash Flow ( <i>TRY</i> )	(158,785,626)	60,467,226	341,413,049	310,439,626	118,994,289
Number of orders ( <i>in millions</i> )	9.2	6.0	34.8	22.3	14.9
Active Customers ( <i>in millions</i> )	—	—	9.0	6.5	4.8
Net Working Capital ( <i>TRY</i> )	(1,133,637,759)	—	(1,160,309,570)	(663,998,273)	(459,490,310)

## Components of Our Results of Operations

### Revenues

Our revenues consist of:

- (i) sales of goods revenue generated under our 1P-model Direct Sales operations;
- (ii) marketplace revenues comprising (a) Marketplace commission, (b) transaction fees and (c) other contractual charges to the merchants;
- (iii) delivery services revenue generated under both 3P-model Marketplace and 1P-model Direct Sales operations, as well as delivery services provided to third parties outside our online platform; and
- (iv) other revenue generated from the use of our value-added services.

### Sales of goods

We generate revenue from sales of goods in our 1P-model Direct Sales operations, by which we purchase goods from our suppliers and sell them to our customers. In our Direct Sales business, we act as a principal and initially recognize revenue from the sales of goods on a gross basis at the time of delivery of the goods to our customers. Our customers have a right to return goods within 14 days from delivery and we ultimately recognize our sales of goods revenues net of return and cancellation allowances. We estimate future returns for the sales and we recognize a liability for the expected returns, as necessary.

### *Marketplace revenue*

Our marketplace revenues consists of (a) Marketplace commission, (b) transaction fees and (c) other contractual charges to the merchants where:

- (a) Marketplace commission represents commission fees charged to merchants for selling their goods on our Marketplace, where upon sale of the goods, we charge our merchants a fixed rate commission based on the transaction value. We recognize Marketplace commission, net of returns and discounts, at the completion of the order delivery.
- (b) Transaction fees are charged to our merchants for each order received by them through our platform. Such fees are recognized as revenue at completion of the order;
- (c) Other contractual charges represent the charges to the merchants for late deliveries and cancelled orders. Such fees are recognized as revenue at the time the contractual rights are established.

### *Delivery services revenue*

The delivery services are charged to our merchants, customers and suppliers, as the case may be, in both Marketplace and Direct Sales operations. Charges for delivery services also include revenue generated from last-mile delivery services to third parties (through our Hepsijet services).

### *Other services revenue*

Other service revenue primarily comprise advertising revenues, and other commission revenues.

### **GMV**

We track our gross merchandise value which refers to the total value of orders/products sold through our platform over a given period of time (including VAT without deducting returns and cancellations), including cargo income (shipping fees related to the products sold through our platform) and excluding other service revenues and transaction fees charged to our merchants.

GMV is the driver of our revenue, as a majority of our revenue is a function of our GMV. From time to time, the proportion between the sales through our Direct Sales and Marketplace businesses may change, which does not impact our GMV, however, these variations will impact our revenue. In our Direct Sales business we recognize revenue on a gross basis, net of return and cancellation allowances and in our Marketplace business we recognize revenue on a net basis, representing commission fees earned.

Accordingly, we measure the volume of our operations not on the basis of revenue, but rather on the basis of our GMV, which also includes cargo income (related to the products sold over our platform) and returns and cancellations, which are correlated with the volumes of goods sold on our platform.

### **Operating Expenses**

Our operating expenses comprise (a) cost of inventory sold, (b) shipping and packaging expenses, (c) payroll and outsource staff expenses, (d) advertising expenses, (e) technology expenses, (f) depreciation and amortization and (e) other operating expenses (net); where:

- (a) *Cost of inventory sold* consists of the purchase price of products, including supplier rebates and subsidies, write-downs and losses of inventories in our Direct Sales business. The cost of inventory sold also comprises inbound shipping costs that are already embedded in the purchase price of products;

- (b) *Shipping and packaging expenses* primarily consist of outbound shipping, logistics and packaging costs;
- (c) *Payroll and outsource staff expenses* primarily consist of all payroll and related expenses in addition to costs related to our outsourced personnel, however, payroll expenses for certain employees in the technology team who are responsible for website development are capitalized in our financial statements. Therefore our payroll and outsource staff expenses excludes costs related to such employees;
- (d) *Advertising expenses* primarily consist of advertising costs, including digital and performance marketing efforts through search engines and sites in order to attract customers and merchants to our platform;
- (e) *Technology expenses* primarily consist of costs related to our information technology infrastructure, including the costs associated with maintaining our online platform, data centers and other operational expenses pertaining to our technological infrastructure;
- (f) *Depreciation and amortization* primarily consist of depreciation and amortization costs incurred in relation to our property and equipment, intangible assets and right of use assets;
- (g) *Other operating expenses, net* consists of expenses related to utilities, consultancy, rent expenses, credit card processing, insurance, vehicle fuel, credit card chargebacks, internet line, irrecoverable value added tax, maintenance expenses, stationary, travel, provision for doubtful receivables and other expenses, netted off with other operating income.

#### **Financial income**

Financial income consists of foreign currency exchange gains, interest income and other income.

#### **Financial expenses**

Financial expenses consist of commission expenses due to early collection of credit card receivables, foreign currency exchange losses, interest expenses on bank borrowings, interest expenses on purchases, interest expenses on lease liabilities and other expenses.

#### **Taxation on Income**

Taxation on income consists of tax calculated at enacted tax rate, effect of disallowable expenses, deferred income tax assets not recognized. We are subject to Turkish corporate income tax, and set aside tax provisions in our financial statements for the estimated charge based on its results for the period. Corporate tax is applicable to the taxable corporate income, which is calculated based on the statutory accounting profit by adding back the non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (e.g., losses in previous periods, investment incentives utilized, specific allowances). The corporate income tax rate in Turkey was temporarily increased by 200bps to 22.0% to be applicable for the years 2018, 2019 and 2020. As of the date of this prospectus, the corporate income tax rate in Turkey is applied at 25% applicable for taxable corporate income recognized in 2021 and for taxable corporate income recognized in 2022, it will be applied at a rate of 23%.

## Results of Operations

Below are our results of operations for the years ended December 31, 2020, 2019 and 2018 and the three months ended March 31, 2020 and 2021.

	Three months ended March 31,		Year ended December 31,		
	2021 (unaudited)	2020	2020	2019 (audited)	2018
	(Turkish Lira)				
Revenues	1,385,835,317	836,638,395	6,375,726,545	2,603,735,368	1,955,312,749
Cost of inventory sold	(965,458,212)	(603,697,730)	(4,849,148,308)	(1,847,108,983)	(1,519,223,520)
Shipping and packaging expenses	(160,974,319)	(71,411,952)	(540,496,136)	(195,352,060)	(132,080,741)
Payroll and outsource staff expenses	(227,318,424)	(58,184,977)	(325,232,933)	(180,787,497)	(129,994,224)
Advertising expenses	(96,068,436)	(68,265,382)	(646,152,950)	(151,517,076)	(92,685,779)
Technology expenses	(12,750,709)	(6,526,280)	(31,717,181)	(21,841,556)	(20,580,102)
Depreciation and amortization	(27,146,528)	(19,493,687)	(93,182,568)	(66,286,580)	(78,272,531)
Other operating expenses net	(26,940,566)	(13,740,659)	(70,808,148)	(39,726,919)	(34,007,357)
<b>Operating (loss)/profit</b>	<b>(130,821,877)</b>	<b>(4,682,272)</b>	<b>(181,011,679)</b>	<b>101,114,697</b>	<b>(51,531,505)</b>
Financial income	52,999,166	27,669,418	102,912,713	40,517,901	66,616,887
Financial expenses	(159,502,321)	(79,911,871)	(396,416,767)	(273,279,582)	(176,407,785)
<b>Loss before income taxes</b>	<b>(237,325,032)</b>	<b>(56,924,725)</b>	<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Taxation on income	—	—	—	—	—
<b>Loss for the period</b>	<b>(237,325,032)</b>	<b>(56,924,725)</b>	<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
<b>Items that will not be reclassified to profit or loss:</b>					
Actuarial losses arising on remeasurement of employment termination benefits	(1,375,301)	(281,588)	(1,983,772)	(1,222,438)	(1,083,478)
<b>Total comprehensive loss for the period</b>	<b>(238,700,333)</b>	<b>(57,206,313)</b>	<b>(476,499,505)</b>	<b>(132,869,422)</b>	<b>(162,405,881)</b>

### Three months Ended March 31, 2021 compared to three months ended March 31, 2020

#### Revenue

Below is our revenue, broken down by source, for the three months ended March 31, 2021 and 2020 and as a percentage of total revenue:

	Period ended March 31,					
	2021		2020		Change	
		% of Revenues		% of Revenues	Amount	%
	(Turkish Lira, except percentages)					
Sales of goods	1,056,382,445	76.2	656,897,675	78.5	399,484,770	60.8
Marketplace revenues	168,371,453	12.1	104,078,156	12.4	64,293,297	61.8
Delivery services revenue	155,236,022	11.2	68,565,592	8.2	86,670,430	126.4
Other	5,845,397	0.4	7,096,972	0.8	(1,251,575)	(17.6)
<b>Revenues</b>	<b>1,385,835,317</b>	<b>100.0</b>	<b>836,638,395</b>	<b>100.0</b>	<b>549,196,922</b>	<b>65.6</b>

Our revenue increased by TRY 549,196,922 or 65.6%, to TRY 1,385,835,317 in the three months ended March 31, 2021, from TRY 836,638,395 in the three months ended March 31, 2020. This increase was primarily attributable to a TRY 399,484,770 or 60.8% increase in our revenues generated from sales of goods, a TRY 86,670,430 or 126.4% increase in our delivery services revenues and TRY 64,293,297 or 61.8% increase in our marketplace revenues.

The increases in our revenues generated from sales of goods, marketplace revenues and delivery service revenue were primarily attributable to the growth in the number of orders from 6 million in the three months ended March 31, 2020 to 9.2 million in the three months ended March 31, 2021 (representing an increase of 54%). The increase in our delivery services revenue was also attributable to an increase of 239.6% in the revenue generated from our delivery services provided to third parties under our Hepsijet service due to increased expansion of our Hepsijet services.

### Operating Expenses

Below are our operating expenses, broken down by category, for the three months ended March 31, 2021 and 2020 and as a percentage of total revenue:

	Period ended March 31,					
	2021		2020		Change	
		% of Revenues		% of Revenues	Amount	%
	(Turkish Lira, except percentages)					
Cost of inventory sold	(965,458,212)	69.7	(603,697,730)	72.2	361,760,482	59.9
Shipping and packaging expenses	(160,974,319)	11.6	(71,411,952)	8.5	89,562,367	125.4
Payroll and outsource staff expenses	(227,318,424)	16.4	(58,184,977)	7.0	169,133,447	290.7
Advertising expenses	(96,068,436)	6.9	(68,265,382)	8.2	27,803,054	40.7
Technology expenses	(12,750,709)	0.9	(6,526,280)	0.8	6,224,429	95.4
Depreciation and amortization	(27,146,528)	2.0	(19,493,687)	2.3	7,652,841	39.3
Other operating expenses, net	(26,940,566)	1.9	(13,740,659)	1.6	13,199,907	96.1
<b>Operating expenses, net</b>	<b>(1,516,657,194)</b>	<b>109.4</b>	<b>(841,320,667)</b>	<b>100.6</b>	<b>675,336,527</b>	<b>80.3</b>

Our net operating expenses increased by TRY 675,336,527 or 80.3% to TRY 1,516,657,194 for the three months ended March 31, 2021, from TRY 841,320,667 for the three months ended March 31, 2020.

This increase was primarily attributable to an increase in our cost of inventory sold, representing an increase of TRY 361,760,482 (or 59.9%). This increase was primarily due to growth in revenues generated from our Direct Sales business.

The increase in our net operating expenses for the three months ended March 31, 2021 was also attributable to an increase in our payroll and outsource staff expenses (TRY 169,133,447 or 290.7%). This was primarily due to TRY 123,739,938 in provisions accounted for as part of our Incentive Plan. See "Management—Incentive Plan."

The increase in our net operating expenses for the three months ended March 31, 2021 was also attributable to an increase in our shipping and packaging expenses (TRY 89,562,367 or 125.4%). The increase in our shipping and packaging expenses was primarily attributable to an increase in the total number of orders placed through our platform to 9.2 million in three months ended March 31, 2021 from 6 million in the three months ended March 31, 2020.

The increase in our net operating expenses for the three months ended March 31, 2021 was also attributable to an increase in our advertising expenses. The increase in our advertising expenses (TRY 27,803,054 or 40.7%) was mainly attributable to an increase in our digital and offline (TV and outdoor) advertising expenses as a result of increased marketing activities, including launch of a set of TV advertisement campaigns. Our marketing activities in three months ended March 31, 2021 were part of a long-term marketing strategy to further strengthen our brand. In addition, the increase in our other operating expenses (TRY 13,199,907 or 96.1%) contributed to the increase in our net operating expenses for the three months ended March 31, 2021. This increase was primarily due to the increase of TRY 10,942,101 in our consultancy expenses, which mainly related to one-off costs for the initial public offering of ADSs.

**Financial Income**

Our financial income increased by TRY 25,329,748, or 91.5%, to TRY 52,999,166 for the three months ended March 31, 2021 from TRY 27,669,418 for the three months ended March 31, 2020. This increase was primarily attributable to a TRY 17,556,616 or 75.7% increase in foreign exchange gain for the three months ended March 31, 2021. This was due to the appreciation of the U.S. dollar against the Turkish Lira compared to the three months ended March 31, 2020, which resulted in higher foreign exchange gains from our U.S. dollar denominated bank deposits. The increase in our financial income in three months ended March 31, 2021 was also supported by an increase in our interest income on credit sales from TRY 2,533,823 in the three months ended March 31, 2020 to TRY 7,708,120 in the three months ended March 31, 2021 (representing an increase of 205.5%). This was due to a change in our free of charge installment option policy, enabling us to charge cost of installments to our customers electing to pay with prolonged installments. The increase in interest income on credit sales was also supported by the increase in our GMV.

**Financial Expenses**

Our financial expenses increased by TRY 79,590,450, or 99.6%, to TRY 159,502,321 for the three months ended March 31, 2021 from TRY 79,911,871 for the three months ended March 31, 2020. This increase was primarily attributable to a TRY 35,678,769 or 87.4% increase in commission expenses due to early collection of credit receivables which was mainly due to the growth in our GMV as well the increase in annual effective interest rates. The increase was also attributable to a TRY 19,376,209 or 143.8% increase in our foreign currency exchange losses for the three months ended March 31, 2021. This was due to the appreciation of the U.S. dollar against the Turkish Lira compared to the three months ended March 31, 2020, which resulted in higher foreign exchange losses from our U.S. dollar denominated trade payables. The increase in our financial expenses in the three months ended March 31, 2021 was also caused by an increase of TRY 16,902,250 or 299.1% in our interest expenses on bank borrowings the three months ended March 31, 2021. This was due to an increase in annual effective interest rates of bank borrowings, as well as increase in the average amount of bank borrowings held in the three months ended March 31, 2021.

**Net Loss for the Period**

As a result of the factors discussed above, net loss for the year increased by TRY 180,400,307 or 316.9%, to TRY 237,325,032 in the three months ended March 31, 2021, from TRY 56,924,725 in the three months ended March 31, 2020.











The increase in our net operating expenses in 2019 was also attributable to an increase in our advertising expenses. The increase in our advertising expenses (TRY 58,831,297 or 63.5%) was mainly attributable to an increase in our digital and offline (TV and outdoor) advertising expenses as a result of increased marketing activities, including launch of a TV advertisement campaign. We believe increased marketing activities supported us to expand the number of Active Customers during the period.

In 2019, an increase in our payroll and outsource staff expenses (TRY 50,793,273 or 39.1%) also contributed to the increase in our net operating expenses. This was primarily due to an increase in the number of personnel working in our call center (from 109 as of December 31, 2018 to 170 as of December 31, 2019), an increase in the number of employees in our Hepsiburada and Hepsijet operations (from 293 as of December 31, 2018 to 330 as of December 31, 2019), salary increases (average 20.5%) above the inflation rate (2018 annual average 16.3%) and an increase in the annual bonus coefficient.

The increase in our net operating expenses was partially offset by a decrease in our depreciation and amortization expense. The decrease in our depreciation and amortization expense was primarily attributable to the modification in our lease contracts as of January 1, 2019. In 2019, we renegotiated several of our lease contracts which were denominated in foreign currencies with our lessors. As a result of these negotiations, lease contracts were modified and foreign currency denominated lease amounts were amended to TRY denominated lease amounts. Since these amendments have been assessed as a lease modification, we accounted a corresponding adjustment to the right of use assets and lease liabilities amounting to TRY 49,938,883, accordingly the depreciation charge of the fiscal year 2019 remained below the depreciation charges of 2018.

#### ***Financial Income***

Our financial income decreased by TRY 26,098,986, or 39.2%, to TRY 40,517,901 for the year ended December 31, 2019 from TRY 66,616,887 for the year ended December 31, 2018. This decrease was primarily attributable to a TRY 30,920,998 or 71.2% decrease in foreign exchange gain. This was due to lesser foreign currency volatility in 2019 compared to 2018 when we experienced higher foreign exchange gains due to higher depreciation of the Turkish Lira against the U.S. dollar in 2018. This decrease was partially offset by an increase in our interest income on credit sales (mainly relating to installments interests collected from the customers in respect to additional credit card installment options used by such customers) from TRY 6,795,302 in 2018 to TRY 13,544,974 in 2019 (representing an increase of 99.3%), which was due to our free of charge installment option policy change in 2019 enabling us to charge cost of installments to our customers electing to pay with prolonged installments. The increase in interest income on credit sales was also supported by the increase in our GMV.

#### ***Financial Expenses***

Our financial expenses increased by TRY 96,871,797, or 54.9%, to TRY 273,279,582 for the year ended December 31, 2019 from TRY 176,407,785 for the year ended December 31, 2018. This increase was primarily attributable to a TRY 86,558,314 or 87.8% increase in commission expenses due to early collection of credit card receivables which was mainly due to the growth in our GMV. This increase was partially offset by a decrease in our foreign currency exchange losses for the year ended December 31, 2019.

#### ***Net Loss for the Year***

As a result of the factors discussed above, net loss for the year decreased by TRY 29,675,419 or 18.4%, to TRY 131,646,984, from TRY 161,322,403 in 2018.

## Liquidity and Capital Resources

### Overview

As of December 31, 2020, we had cash and cash equivalents of TRY 592,643,009. Our cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, whose original maturity is less than three months.

We need cash primarily to meet our working capital needs as well as to fund our expansion plans in accordance with our strategy, as discussed in more detail under "Business—Strategy" and "—Capital Expenditures."

Our trade payables and payables to merchants mainly include trade payables to retail suppliers (for merchandises purchased for our 1P-model business) and trade payables to service providers and to merchants (representing payables related with the products delivered by our merchants to our customers). As of December 31, 2020, our trade accounts payable and payables to merchants amounted to TRY 2,025 million.

Our trade receivables mainly include trade receivables related to cheques received through corporate sales and receivables of Hepsijet from its customers, credit card receivables, receivables from suppliers (receivables under rebate invoices issued to the suppliers where if our rebate receivables from a supplier exceed the payables owed to that specific supplier at the reporting date, the net receivable from that specific supplier is classified in trade receivables). As of December 31, 2020, our trade receivables amounted to TRY 157.1 million.

As of December 31, 2019, the average maturity of our outstanding trade payables and payables to merchants were 66 days for suppliers and 21 days for merchants.

As of December 31, 2020, the average maturity of our outstanding trade payables and payables to merchants were 53 days for suppliers and 21 days for merchants.

We aim to maintain a negative working capital position. We define working capital as current assets minus current liabilities. The average maturity of our trade payables exceeds the average maturity of our trade receivables and due to our high rate of inventory turnover, we maintain a negative working capital position.

The negative working capital position is mainly due to the use of cash to pay the following:

- operating expenses such as:
  - advertising expenses (TRY 646,152,950, TRY 151,517,076 and TRY 92,685,779 for the years ended December 31, 2020, 2019 and 2018 respectively),
  - shipping and packaging expenses (net of delivery service revenues) (TRY 94,605,206, TRY 19,059,334 and TRY 48,924,575 for the years ended December 31, 2020, 2019 and 2018 respectively),
  - payroll and outsource staff expenses (TRY 325,232,933, TRY 180,787,497 and TRY 129,994,224 for the years ended December 31, 2020, 2019 and 2018 respectively),
- financial expenses (TRY 396,416,767, TRY 273,279,582 and TRY 176,407,785 for the years ended December 31, 2020, 2019 and 2018 respectively), and
- capital expenditures (TRY 100,108,997, TRY 53,557,859 and TRY 49,341,153 for the years ended December 31, 2020, 2019 and 2018 respectively, also see "—Capital Expenditures").

Our principal source of liquidity is the revenue generated from our Marketplace and Direct Sales operations as well as short-term financing from Turkish banking institutions. Our sources of funding, and our ability to fund our operations and capital expenditure requirements, are affected by many

factors, some of which are beyond our control, including economic conditions, regulatory developments, and demand for our services and products. Therefore, our funding requirements may extend beyond our expectations. In the event that we require additional funds, we may seek to raise it through private or public financing or other institutions. Historically, we have not had material long-term financing needs due to the high level of cash generated by our business. In order to have access to financing, we maintain credit limits with various Turkish banks. As of December 31, 2020 our total credit limits amounted to TRY 1,793,530,000, available for cash and non-cash (i.e., letters of credit) utilizations as well as supplier and merchant financing operations. See "*Business—Supplier and Merchant Financing.*" As of March 31, 2021 and December 31, 2020, our bank borrowings under these credit limits amounted to TRY 432,617,982 and 347,436,451, respectively, all of which were short-term borrowings. See "*Borrowings.*"

As of the date of this prospectus, we believe that we have liquidity necessary to meet our commitments for the next 12-month period.

## Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2018, 2019 and 2020 and for the three months ended March 31, 2020 and 2021.

	Three months ended		Year ended December 31,		
	March 31,		(Turkish Lira)		
	2021	2020	2020	2019	2018
<b>Cash and cash equivalents at beginning of the period(1)</b>	<b>592,280,767</b>	<b>281,982,151</b>	<b>281,982,151</b>	<b>136,218,040</b>	<b>206,752,032</b>
Net cash provided by / (used in) operating activities	(122,479,244)	76,207,178	441,361,672	363,779,587	168,211,257
Net cash used in investing activities	(36,306,382)	(15,739,952)	(99,948,623)	(53,339,961)	(49,216,968)
Net cash provided by/ (used in) financing activities	(45,154,150)	130,337,377	(18,887,304)	(170,721,086)	(188,349,384)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(203,939,776)</b>	<b>190,804,603</b>	<b>322,525,745</b>	<b>139,718,540</b>	<b>(69,355,095)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>—</b>	<b>3,949,437</b>	<b>(12,227,129)</b>	<b>6,045,571</b>	<b>(1,178,897)</b>
<b>Cash and cash equivalents at end of the period(1)</b>	<b>388,340,991</b>	<b>476,736,191</b>	<b>592,280,767</b>	<b>281,982,151</b>	<b>136,218,040</b>

- (1) "Cash and cash equivalents at beginning of the period" and "Cash and cash equivalents at end of the period" in our consolidated statements of cash flows exclude interest accrual. For a detailed discussion and reconciliation to "Cash and cash equivalents" in our consolidated balance sheet, see note 3 to our financial statements included elsewhere in this prospectus.

### *Net cash provided by/(used in) operating activities*

Net cash provided by operating activities decreased by TRY 198,686,422 to net cash used in TRY 122,479,244 in the three months ended March 31, 2021 from net cash provided by TRY 76,207,178 in the three months ended March 31, 2020. This decrease was primarily due to the decrease in changes in working capital, which was due to the decrease in changes in trade payables and payables to merchants of TRY 327,771,533. The decrease in our trade payables and payables to merchants was mainly due to the payments processed in the first quarter of 2021, in respect of the high operating expenses (mainly advertising expenses) occurred in the last quarter of 2020. The decrease in change in trade payables and payable to merchants have been netted off with the increase in change in inventories by TRY 80,327,414; change in other assets and receivables of TRY 33,760,005 and increase in change in trade receivables by TRY 32,368,814.

Net cash provided by operating activities increased by TRY 77,582,085, or 21.3%, to TRY 441,361,672 in 2020 from TRY 363,779,587 in 2019. This increase was primarily due to the increase in changes in working capital, which is primarily due to increase in change in trade payables and payables to merchants of TRY 657,188,967, that is mainly driven by higher sales volume in the last quarter and increase in inventory purchases as well as increase in payables related to the operating expenses (such as advertising expense and shipping and packaging expenses). The increase in change in trade payables and payable to merchants have been netted off with the increase in change in inventories by TRY 254,405,442; change in other assets and receivables of TRY 90,043,502 (mainly due to increase in value added tax receivables as a result of high inventory purchases) and increase in change in trade receivables by TRY 33,962,158.

In 2019, net cash provided by operating activities increased by TRY 195,568,330, or 116.3%, to TRY 363,779,587 from TRY 168,211,257 in 2018. This increase was primarily due to lower losses generated from our operating activities (before changes in working capital). In addition, the increase in changes in working capital was primarily due to increase in change in trade payables and payables to merchants of TRY 97,688,863, that is mainly driven by higher sales volume in the last quarter, increase in inventory purchases and payables related to the operating expenses. The increase in net cash provided by operating activities in 2019 also related to an increase in change in contract liabilities and merchant advances of TRY 30,313,200 mainly due to an increase in number of orders received. The aforementioned increases have been netted off with the increase in change in inventories by TRY 72,290,992.

#### ***Net cash used in investing activities***

In three months ended March 31, 2021, net cash used in investing activities increased by TRY 20,566,430, or 130.7%, to TRY 36,306,382, from TRY 15,739,952 in the three months ended March 31, 2020. This increase was primarily due to an increase in our web site development costs and software acquisitions as a result of our growing operations.

In 2020, net cash used in investing activities increased by TRY 46,608,662, or 87.4%, to TRY 99,948,623, from TRY 53,339,961 in 2019. This increase was primarily due to an increase in our web site development costs and software acquisitions as a result of our growing operations.

In 2019, net cash used in investing activities increased by TRY 4,122,993, or 8.4%, to TRY 53,339,961, from TRY 49,216,968 in 2018. This increase was primarily due to an increase in our web site development costs and software acquisitions as a result of our growing operations.

#### ***Net cash used in financing activities***

In three months ended March 31, 2021, net cash provided by financing activities decreased by TRY 175,491,527, or 134.6%, to TRY 45,154,150 of net cash used in financing activities from TRY 130,337,377 of net cash provided by financing activities for three months ended March 31, 2020. This decrease was primarily due to the decrease in proceeds from bank borrowings, as well as increase in interest and commission paid (due to an increase in the average amount of bank borrowings held during the three months ended March 31, 2021 and increase in annual effective interest rates) and increase in commission expenses paid due to early collection of credit card receivables.

In 2020, net cash used in financing activities decreased by TRY 151,833,782, or 88.9%, to TRY 18,887,304 from TRY 170,721,086 in 2019. This decrease was primarily due to an increase in proceeds from borrowings in 2020. This was partially offset by net increase in bank borrowings, lease and interest payments.

In 2019, net cash used in financing activities decreased by TRY 17,628,298, or 9.4%, to TRY 170,721,086 from TRY 188,349,384 in 2018. This decrease was primarily due to an increase in share

capital in 2019. This was partially offset by net increase in bank borrowings, lease and interest payments.

### Net Working Capital

References to "**Net Working Capital**" are to current assets (excluding cash and cash equivalents) *minus* current liabilities (excluding current bank borrowings and current lease liabilities).

The following table shows the reconciliation of Net Working Capital to current assets and current liabilities as of the dates indicated:

	As of March 31,	As of December 31,		
	2021	2020	2019	2018
		(Turkish Lira)		
Current assets	1,373,524,678	1,689,830,234	779,766,154	419,438,638
Cash and cash equivalents	(388,362,900)	(592,643,009)	(282,303,760)	(136,484,221)
Current liabilities	(2,622,167,850)	(2,656,144,175)	(1,206,804,621)	(892,023,067)
Bank borrowings	432,617,982	347,436,451	18,977,287	103,576,504
Lease liabilities	70,750,331	51,210,929	26,366,667	46,001,836
<b>Net Working Capital</b>	<b>(1,133,637,759)</b>	<b>(1,160,309,570)</b>	<b>(663,998,273)</b>	<b>(459,490,310)</b>

Net Working Capital is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. See "*Summary Consolidated Financial and Other Data—Non-IFRS Financial Measures*" and "*Presentation of Financial and Other Information*" more information.

### Capital Expenditures

Our capital expenditures primarily relate to the expansion of our business and activities and include, among other things, (i) costs related to the acquisition of software and rights (licenses), (ii) website development costs, (iii) acquisition of motor vehicles, (iv) acquisition of furniture and fixtures, (v) leasehold improvements, and (vi) advances given in relation to purchase of property and equipment.

We have historically financed our capital expenditure requirements primarily through cash and cash equivalents generated from our operating activities. As our business grows, we expect that our capital expenditures will also increase.

The following table summarizes our capital expenditures for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
	2020	2019	2018
		(Turkish Lira)	
Acquired software and rights	9,607,352	13,933,296	12,860,812
Website development costs	62,764,340	29,956,774	28,280,768
Motor vehicles	790,351	45,000	—
Furniture and fixtures	24,400,427	5,628,074	7,535,002
Leasehold improvements	1,898,184	3,876,357	356,403
Other	—	118,358	308,168
Advances given	648,343	—	—
<b>Total capital expenditures</b>	<b>100,108,997</b>	<b>53,557,859</b>	<b>49,341,153</b>

For the three months ended March 31, 2020 and 2021, our capital expenditures were TRY 15,744,289 and TRY 36,317,761, respectively.

**Borrowings**

The following table summarizes our borrowings as of December 31, 2018, 2019 and 2020 and as of March 31, 2021.

	As of March 31, 2021	As of December 31,		
		2020	2019	2018
		(Turkish Lira)		
Short-term bank borrowings	432,617,982	347,436,451	18,977,287	103,576,504
Long-term bank borrowings	—	—	—	518,073
<b>Total bank borrowings</b>	<b>432,617,982</b>	<b>347,436,451</b>	<b>18,977,287</b>	<b>104,094,577</b>

Our short-term bank borrowings are utilized to facilitate supplier and merchant financing facilities as well as for a short-term liquidity source if and when required in the ordinary course of our operations. See "*Liquidity and Capital Resources*" and "*Business—Supplier and Merchant Financing*." As of March 31, 2021 and December 31, 2020, supplier and merchant financing facilities represented TRY 14,273,310 and TRY 39,090,887 of our short-term bank borrowings, respectively, whereas the remainder pertained to other short-term bank borrowings utilized as a resource for liquidity. As of December 31, 2019, all of our short-term bank borrowings pertained to supplier and merchant financing facilities. As of December 31, 2018, TRY 31,062,609 pertained to supplier and merchant financing facilities whereas the remainder pertained to other short-term bank borrowings.

As of March 31, 2021, our short-term borrowings amounted to TRY 432.6 million (excluding supplier & merchant financing loans), of which TRY 340.2 million was utilized under the available limit with Yapı Kredi Bank, TRY 25.5 million was utilized under the available limit with Akbank, TRY 25.9 million was utilized under the available limit with İş Bank and TRY 26.7 million was utilized under the available limit with Garanti Bank. As of December 31, 2020, our short-term borrowings amounted to TRY 347.4 million, of which TRY 181.2 million was utilized under the available limit with Yapı Kredi Bank, TRY 51.2 million was utilized under the available limit with Akbank, TRY 25.5 million was utilized under the available limit with Garanti Bank and TRY 50.5 million was utilized under the available limit with Burgan Bank. We usually draw on short-term loans in the first quarter of the relevant fiscal year (due to decreased sales after year-end and to provide a source of liquidity) and repay a substantial amount in the second half of the year (as we generate cash through our operations). Due to this cycle, a significant portion of the utilized amounts are not outstanding as of the relevant balance sheet date. However, in 2020, we drew down on short-term loans in the last quarter of 2020 (instead of the first quarter of 2021), to benefit from the lower interest rates available at the time.

All our bank borrowings are denominated in Turkish Lira and are utilized under Turkish law governed general credit agreements with standard terms.

**Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to a variety of risks in the ordinary course of our business, including, but not limited to, foreign currency risk and interest rate risk. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. When it comes to capital management, our goals are to protect our ability to sustain operations in order to provide returns to shareholders and benefits to other stakeholders, as well as to maintain an appropriate capital structure to lower capital costs. We are able to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in order to maintain or adjust the capital structure.

For a detailed discussion and sensitivity analyses of our exposure to these risks, see note 21 to our financial statements included elsewhere in this prospectus.



## Significant Accounting Policies and Estimates

See notes 2.2 and 2.6 to our financial statements included elsewhere in this prospectus.

### *Revenue recognition*

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer. We evaluate whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When we obtain the control of the goods before they are transferred to the customer, we are subject to inventory risk and have discretion in establishing prices, we are primarily obligated in the transaction and revenues are recorded on a gross basis ("**Retail**"). When we do not obtain the control of the goods before delivery of the goods to the customer, we do not bear the inventory risk, do not have the enforceable right to establish the price, we are not primarily obligated in the transaction and revenues are recorded on a net basis ("**Marketplace**").

At contract inception, if we expect that the period between the transfer of the promised good or service and the payment is one year or less, we apply the practical expedient and do not make any adjustment for the effect of a significant financing component on the promised amount of consideration.

We launched the Loyalty Club in August 2020, which allows our Loyalty Club customers to benefit from free deliveries, Loyalty Club specific campaigns, discounts and call center priority. Currently the programme does not provide a loyalty point to the customers. As of 31 December 2020, the unused amount of discounts provided to the eligible customers are accounted as a revenue deduction.

### *Website development costs*

Costs that are directly associated with the development of website and identifiable and unique software products controlled by us are recognized as internally generated intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use or sale;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs that do not meet the criteria above are recognized as expense as incurred. Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs recognized as an asset are amortized over their estimated useful lives between 2 and 4 years. Amortization starts when the asset is ready for use.

We anticipate that our website is capable of generating revenues and satisfy the requirement of future probable economic benefit. The carrying amounts of our intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment, considering the future profit projections.

Website development costs recognized as asset are amortized over their estimated useful lives between 2 and 4 years. The useful lives of the website development costs are estimated by management at the time the asset is capitalized and reviewed for appropriateness at each reporting date. We define

useful life of its assets in terms of the assets' expected utility to us. This judgment is based on the experience of us with similar assets. In determining the useful life of an asset, we also follow technical and/or commercial obsolescence arising on changes or improvements from a change in the market. Amortization starts when the asset is ready for use. Useful lives are reviewed at each reporting date and adjusted if appropriate.

We estimate the useful life of the website development costs between 2 and 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than estimated useful lives, depending on technical innovations and competitor actions. If the useful lives were increased/decreased by one year, the carrying amount would be TRY 12,418,699 higher/TRY 15,658,311 lower as at 31 December 2020 (2019: TRY 10,641,343 higher/TRY 9,346,799 lower, as at December 31, 2019 (2018: TRY 6,689,561 higher/TRY 11,327,281 lower).

#### ***Recognition of deferred tax assets***

We have not recognized any deferred income tax asset (except to the extent they are covered by taxable temporary differences) in regard to its carry forward tax losses, unused tax incentives and other deductible temporary differences due to the uncertainties as to the realization of such deferred tax assets in the foreseeable future. If actual events differ from our estimates, or to the extent that these estimates are adjusted in the future, changes in the amount of an unrecognized deferred tax asset could materially impact on results of operations.

#### ***IFRS 16 application and discount rates used for measurement of lease liability***

We, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, we use its incremental borrowing rate.

Incremental borrowing rate is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value of the right of use assets in similar economic environment.

We determine its incremental borrowing rate with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing. In addition, the management assesses the expected length of the leases and this assessment takes into account non-cancellations and extension options.

#### ***Leases***

At the inception of a contract, we assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, we account for each lease component within the contract as lease separately from non-lease components of the contract.

We determine the lease term as the non-cancellable period of lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, we consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option the option to extend the lease, or not to exercise the option to terminate the lease. We revise the lease term if there is a change in the non-cancellable period of lease.

### ***Lease liability***

Lease liability is initially recognized at the present value of future lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses 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) measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the we measure the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate.

We determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments, including change to reflect changes in market rental rates following a market rent review, we measure the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group use revised discount rate that reflects changes in the interest.

### ***Trade receivables***

A receivable is our right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured initially at the transaction price, and subsequently at amortized cost using the effective interest rate method, less provision for impairment.

### ***Rebates***

We periodically receive consideration from certain suppliers, representing rebates for products sold and rebates that are depending on reaching minimum purchase thresholds for a specified period. We consider those rebates as a reduction to costs of inventory when the amounts are reliably measurable.

### ***Intangible assets and related amortization***

Intangible assets are comprised of acquired software and rights. Acquired computer software licenses and rights are capitalized based on the costs of acquiring and bringing the software into operation. The cost of software and rights are amortized over their expected useful lives of 3 to 5 years.

**Related Party Transactions**

See "*Related Party Transactions*."

**JOBS Act**

We are an emerging growth company, as defined in the JOBS Act. We intend to rely on certain of the exemptions and reduced reporting requirements provided by the JOBS Act. As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, and (ii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

## INDUSTRY OVERVIEW

### Attractive macroeconomic environment

As a member of the G20, Turkey is the 13<sup>th</sup> largest economy in the world by GDP based on purchasing power parity in 2019 according to the IMF World Economic Outlook report dated 2021 and a total GDP of US\$717 billion in current prices for 2020, according to Turkstat.

Turkey is one of the fastest growing economies in the world, with real GDP CAGR of 5.2% from 2010 to 2020 based on Turkstat. In 2020, the year marked by the COVID-19 pandemic, Turkey was one of the only two G20 member countries with real GDP growth (1.8% year on year according to Turkstat), along with China.

The Turkish economy is expected to grow at a CAGR of 4.1% between 2020 and 2025 supported by fiscal stimulus and recovering consumer and business confidence according to a forecast from ADL.

### Large, young and urbanized population

Turkey is the second most populous country in Europe with a population of 84 million as of December 31, 2020. Turkey benefits from attractive demographics, the second youngest in Europe (after Kosovo) with 46% of the population under the age of 30 according to Turkstat, and an increasing urban population share of approximately 75% based on UN data as of 2018, which is comparable to Germany.

### Fast-growing retail market with increasing penetration of e-commerce

The retail market is one of the largest and fastest growing industries in Turkey. According to ADL, the Turkish retail market grew at a CAGR of 15.3% from 2015 to 2020 and reached TRY 866 billion in 2020. The market is projected to grow at a similar CAGR of 15.7% in the period 2020 to 2025 to approximately TRY 1,798 billion based on the forecast from ADL.

Turkey's e-commerce market (exclusive of services, travel and betting) has grown significantly faster than the broader retail market, at a CAGR of 46.1% from 2015 to 2020, reaching a total market size of TRY 88 billion in 2020 (in terms of gross merchandise value, excluding cross-border sales, B2B sales, VAT and services (e.g., food delivery); not excluding returns), according to ADL. ADL's estimation of the e-commerce market size in Turkey is consistent with the Company's analysis based on information published by the Turkish Ministry of Trade through ETBIS. E-commerce penetration has more than tripled during the same time period from 3.1% of the overall retail market in 2015 to 10.1% in 2020, according to ADL. Low e-commerce penetration in Turkey suggests significant room for growth when compared to penetration in other large markets, with South Korea at 35.8% and China at 27.3%, closely trailed by the UK with 24.2% and the US with 20.3%, and with Poland at 14.4%, Brazil at 13.9%, Germany at 13.6% and Russia at 10.5% based on Euromonitor<sup>(1)</sup> data.

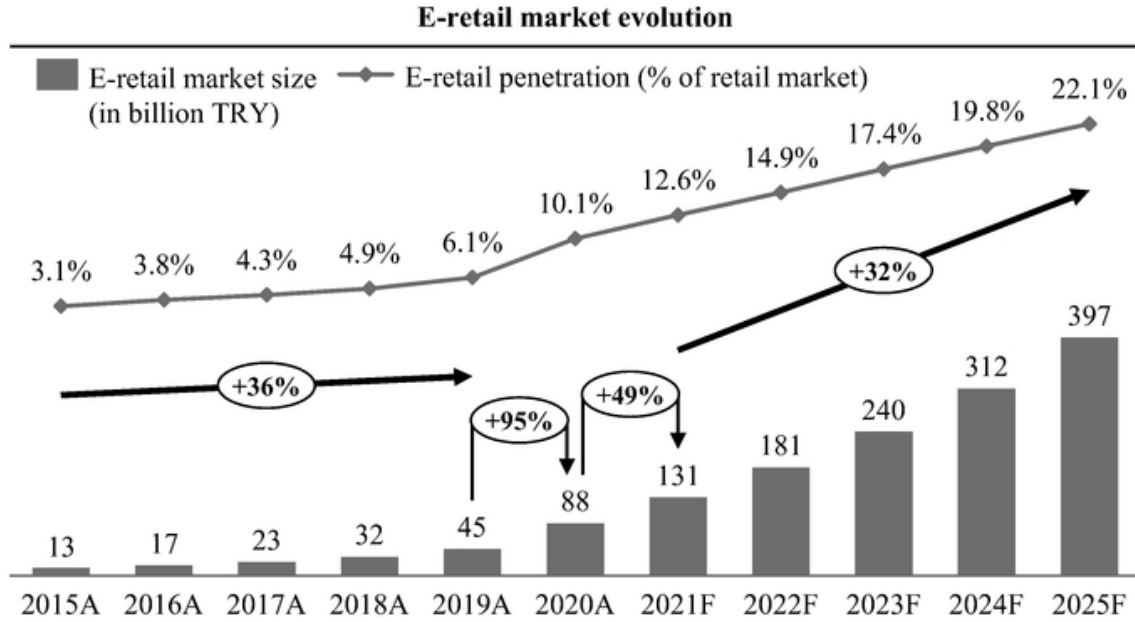
As of December 31, 2020, according to ADL data, there were approximately 100 thousand merchants active in e-commerce and 330 thousand business-to-consumer (B2C) retail companies in Turkey, which represents an available capacity for more than 230 thousand B2C merchants to step into online channels as e-commerce penetration increases.

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(1) Source: Euromonitor, Retailing 2021 ed.

The strong historical and projected growth of e-commerce sector is underpinned by: (1) nationwide internet infrastructure with 78% internet penetration<sup>(2)</sup> among the population between the ages of 16 and 74, according to Turkstat, and 77% smartphone penetration, according to Euromonitor<sup>(3)</sup>, in 2020; (2) high credit & debit card usage with 91% credit card penetration and 225% debit card penetration in 2020 according to BKM (where penetration is calculated by dividing the number of credit and debit cards, respectively by the population of Turkey); (3) well-established logistics infrastructure with high quality highways, railway networks, airports and seaports enabling nationwide delivery of orders.

As internet penetration and proliferation of smartphones increase, the number of consumers shopping online is expected to reach 44 million in 2025 compared with 26 million in 2020, implying 69% of the Turkish population between the ages of 16 and 74 will become online shoppers by that time, resulting in an e-commerce market growing at a CAGR of 35% to TRY 397 billion and e-commerce penetration of 22.1% by 2025 based on ADL's forecast. The growth of the Turkish e-commerce market in the period 2020 to 2025 is expected to outpace the growth of the offline retail market during the same period by 2.7 times, which demonstrates the offline-to-online shift in the Turkish retail market with e-commerce players expected to capture market share from offline competitors.



**Definition:** E-retail market value represents gross merchandise value excluding cross-border sales, B2B sales, VAT and services (e.g., food delivery); not excluding returns

Source: ADL

(2) Internet penetration is defined as the percent of the population between the ages of 16 and 74 that have used the internet within the last 3 months.

(3) Source: Euromonitor, Economies and Consumers data, March 2021.

## Key players in the e-commerce market

Since its founding in the late 1990s, the Turkish e-commerce market has witnessed the shift of traditional brick-and-mortar players online, the establishment of new local e-commerce players and the entrance, either organically or via acquisition, of global e-commerce players.

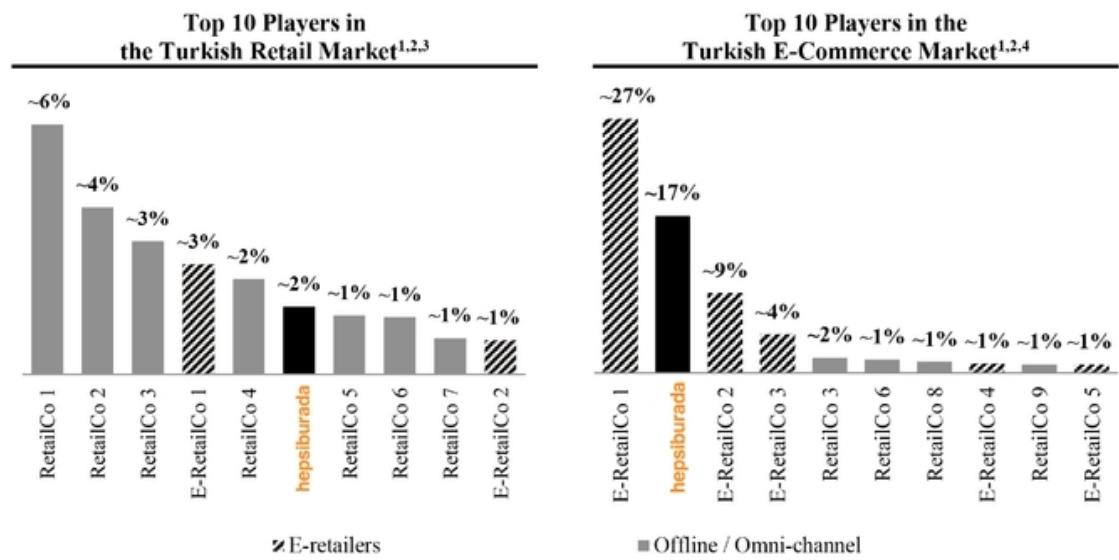
Hepsiburada was among the first players to start operations in 2000 and since then, while its competitors either became acquisition targets or adopted a different business model, Hepsiburada has grown to become one of the main players in this space. Gittigidiyor was launched in 2001 and was subsequently acquired by eBay in 2011. Trendyol was founded in 2010 initially as an online fashion web-store but increasingly focused on expanding its product offering across a broader set of categories after Alibaba acquired a majority stake in the company in 2018. N11 (partially owned by SK Group) has been a general e-commerce player since its launch in 2012. Amazon entered the Turkish market in 2018 and remains a relatively smaller player compared to other, similar to Morhipo which was founded in 2011 and is a part of the Boyner Group.

The Turkish e-commerce market today includes traditional brick-and-mortar retailers with omni-channel capabilities, quick delivery players, online players operating third party marketplace model only, such as N11 and Gittigidiyor, and online players offering hybrid models that combine a third party marketplace with their own first party sales, such as Hepsiburada, Trendyol, Amazon and Morhipo.

As of 2020, Hepsiburada has a market share of approximately 2% in the highly fragmented Turkish retail market which remains dominated by offline retail players according to ADL. As the second largest player by market share in the Turkish e-commerce market, Hepsiburada is well placed to drive the shift from offline to online retail and gain market share as a result. Based on ADL's analysis, Hepsiburada has a market share of approximately 17% of the total e-commerce market as of 2020, which represents an increase of approximately 8 percentage points compared to approximately 9% in 2015<sup>(4)</sup>, also having increased its market share despite strong competition after the acquisition of Trendyol by Alibaba in 2018 and the entry of Amazon into the Turkish e-commerce market.

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(4) The Gross Merchandise Value definition used by ADL in calculating market share data, including for Hepsiburada, is different from the Company's definition of GMV in that it excludes VAT. See "Risk Factors—Our operating metrics and competitive information, both internally calculated and provided by third parties and included in this prospectus may be calculated differently from the metrics or competitive information published by our competitors or other third parties in our industry and any perceived inaccuracies or inadequate cross-company comparisons may harm our reputation."








Source: ADL




- (1) Top 10 players based on total retail gross merchandise value or total e-commerce gross merchandise value, as applicable.(4)
- (2) Market shares of players are based on approximations.
- (3) Retail market is defined as the gross merchandise value of the goods sold in all retail channels to customers, excluding alcohol and tobacco products, sales to enterprise customers (B2B), cross-border sales and VAT.
- (4) E-commerce market is defined as the gross merchandise value of the goods sold through online retail channels to customers, excluding alcohol and tobacco products, sales to enterprise customers (B2B), cross-border sales and VAT.

Mobile application downloads and monthly active application users comparisons data for Turkey underscores Hepsiburada's leading position in the Turkish e-commerce market. Based on mobile application downloads in 2020, Hepsiburada's app is the second most downloaded e-commerce app in Turkey according to App Annie data. In addition, Hepsiburada has one of the most active user bases in Turkey and demonstrated significant growth in monthly active app users since 2018, ranking second based on App Annie.

Hepsiburada has a differentiated consumer proposition in the Turkish e-commerce market compared to the main marketplace competitors Trendyol, N11, Gittigidiyor, and Amazon. Hepsiburada has the most comprehensive offering in the Turkish e-commerce market across assortment, catalogue structure, fulfillment and inhouse logistics solutions (according to ADL), and it is the only marketplace with an e-money and payment service provider license in Turkey (according to the Central Bank's list of such licensed providers).



	hepsiburada	Competitor 1	Competitor 2	Competitor 3	Competitor 4
Monthly Active App Users (Indexed) <sup>1</sup>	100	133	71	44	24
Assortment <sup>2</sup> (number of SKUs)	44m+	30m+	18m	22m	NA
Catalogue Quality					
In-house Delivery Operations	✓	✓	✗	✗	✗
Fulfillment as a Service	✓	✓	✗	✗	✓
Return from Customer's Address	✓	✗	✗	✗	✗
E-money and Payment Service Provider License	✓	✗	✗	✗	✗
On-Demand Grocery Infrastructure	✓	✓	✗	✗	✗

 Full single catalogue structure in all categories    
  Partial single catalogue structure (in all / some categories)    
  Limited single catalogue structure

Source: Hepsiburada, company websites, App Annie (Indexed Average Smartphone Monthly Active Users in Turkey), ADL (Catalogue Quality, Assortment, In-house Delivery Operations) and the Central Bank (E-money and Payment Service Provider License)

(1) 2020 Q4 Monthly Average, Indexed to Hepsiburada (Hepsiburada = 100)

(2) Indicates the number of unique products offered in the platform

In addition, Hepsiburada differentiates itself from competition through a wide range of new services including grocery, flower and water delivery as well as its offering across Hepsipay, Hepsifly and Hepsiglobal. Hepsiburada also provides multiple value-added services to its customers and merchants including returns from the customer address, trade-in options and customer financing solutions. The suite of additional verticals beyond the core business and value added services, combined with its loyalty program and logistics offering is unmatched by other marketplace operators in Turkey according to ADL.

### Key e-commerce customer decision drivers

In Turkey, consumers use three main criteria to choose amongst various e-commerce players: (1) brand image and awareness, (2) product specific purchasing criteria and (3) customer satisfaction and loyalty.

- Brand image and awareness:** Brand image and awareness are key criteria for a purchase. Based on FutureBright research for the full year 2020, Hepsiburada has market leading metrics of 96% aided brand awareness (with the two closest competitors in Turkey scoring 95% and 92%, respectively), 78% spontaneous brand awareness (with the two closest competitors in Turkey scoring 74% and 63%, respectively) and 91% highest preference score (with the two closest competitors in Turkey scoring 89% and 87%, respectively). Results of the research underscore the importance of a strong, local, trusted brand that drives both spontaneous and aided brand awareness.

- **Product specific purchasing criteria:** In the selection of e-commerce players, customers apply the following product specific selection criteria, in order of importance: price, discounts and promotions, assortment, trustworthiness, delivery and ease of use according to GfK as of March 2021. Hepsiburada has a higher performance rating than the average of its top five competitors across all key purchasing criteria and the differential to the market average is particularly apparent in price, assortment and delivery where Hepsiburada's rating is 22%, 21% and 18% better than the average of its top 5 competitors. This underscores the importance of the hybrid ecommerce model combining the assortment advantages of the marketplace with the customer experience advantage of the first party sales.
- **Customer satisfaction and loyalty:** Customer satisfaction is a key indicator of differentiation between competitors and drives repeat purchase and increased order frequency whilst reducing customer acquisition cost. Hepsiburada achieved an average customer satisfaction score of 8.1 compared to 7.5 for the average of its top five competitors in a survey conducted by GfK in March 2021. This underscores the importance of owned and operated logistics infrastructure in particular around customer service.

## BUSINESS

### Our Mission

Our mission is to be the reliable, innovative and sincere companion in people's daily lives and to make each member of our community feel 'I am so happy I have Hepsiburada'.

### Our Vision

Our vision is to lead digitalization of commerce. To that end, we have evolved from an e-commerce platform into an integrated ecosystem of services centered on making people's daily lives easier.

### Company Overview

We are a leading commerce platform in Turkey and in 2020, we connected 33 million members, 9 million Active Customers and a fast growing base of approximately 45 thousand Active Merchants. We provide high-quality customer experience by relentlessly focusing on selection, price and delivery:

- **Selection:** As of December 31, 2020 we had over 44 million SKUs, including variants (color, size, etc.), across 32 different categories offered through a hybrid model combining a first-party Direct Sales model (1P model) and a third-party Marketplace model (3P model);
- **Price:** We seek to provide the best value for our customers by offering products at highly competitive prices; and
- **Delivery:** We operate a large, fast and scalable in-house logistics network with robust last-mile delivery capabilities based on a proprietary technology platform.

Founded in 2000, Hepsiburada has been one of the early pioneers of digitalization of commerce in Turkey and has become a household brand in the country. Our brand, which corresponds to "Everything is Here", is synonymous with a seamless online shopping experience and benefits from very strong brand awareness, with Hepsiburada scoring 96% for aided brand awareness (with the two closest competitors in Turkey scoring 95% and 92%, respectively), 78% for spontaneous brand awareness (with the two closest competitors in Turkey scoring 74% and 63%, respectively) and 91% for highest preference score (with the two closest competitors in Turkey scoring 89% and 87%, respectively), according to FutureBright Research Brand Health Report in 2020. Additionally, our brand had a market leading NPS of 66 for the three months ended March 31, 2021 according to the company's internal reporting and has been named Turkey's favorite e-commerce brand several times by Mediacats' Lovemark, a survey which aims to reveal the brands consumers value within a given category. Supported by the strength of our brand, we benefit from substantial organic traffic, with approximately 70% of traffic being unpaid traffic, for the three months ended March, 31, 2021.

We believe that our commitment to five central pillars of our business culture is the reason we have risen to become a leader of e-commerce in Turkey as evidenced by our brand awareness track record. The five pillars of our business culture are:

- customer-first mentality;
- entrepreneurial business acumen;
- meticulous execution;
- relentless innovation; and
- social consciousness, diversity and inclusion.

Our aim is for customers of Hepsiburada to come to the platform and be able to do the following:

- **Hepsiburada:** Shop a wide range of products online;
- **HepsiExpress:** Order groceries and essentials to be delivered within 30 to 60 minutes;

- **HepsiGlobal:** Discover and purchase products from international merchants online;
- **HepsiPay:** Use different online payment options; and
- **HepsiFly:** Buy airline tickets online.

We have 20 years of e-commerce experience in Turkey, and our local know-how allows us to better tackle the needs of our community of customers, merchants and suppliers across the country. Our leadership team's commitment to our vision, mission and culture is one of our main differentiators and is the foundation on which our ecosystem continues to build in order to accelerate digitalization of Turkish commerce. We have grown together with our merchants located across the entire country and have contributed to the local economy and employment. Furthermore, Hepsiburada is one of the few female founded technology companies globally, and we have been actively promoting and empowering women entrepreneurship in Turkey.

Since the launch of our Marketplace in 2015, Hepsiburada has become a trustworthy partner for merchants in Turkey by providing access to 33 million members and 9 million Active Customers and comprehensive end-to-end solutions to empower merchants to thrive digitally. In 2020, our 3P-based Marketplace model accounted for approximately 59% of our GMV, following the successful transformation of Hepsiburada from a 1P-based Direct Sales only business to its current hybrid 1P and 3P-based model. Our aim is for Hepsiburada's merchants to enjoy a seamless set of integrated e-commerce solutions:

- **HepsiLojistik:** Fulfillment options across Turkey;
- **HepsiJet:** Last-mile delivery services;
- **HepsiPay:** Online payment solutions; and
- **HepsiAd:** Personalized ads and data insights.

We believe powerful network effects are created by our leading brand, hybrid commerce model with a unified 1P and 3P-based catalogue, and strong customer and merchant value propositions. Our expanding selection of products and services, as well as price competitiveness, has allowed us to attract a growing total Active Customer base from 4.8 million in 2018 and 6.5 million in 2019 to 9 million in 2020 and increase the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020, which in turn draws more merchants and further enhances our customer value proposition. In addition, our proprietary data and insights collected over the last 20 years enable us to understand the needs of our customers and merchants and help us develop new services, expand into new verticals, and continuously innovate and strengthen our value proposition reinforcing the network effect.

Our large, fast and scalable logistics network has been critical to our success and we have been continuously focusing on improving our logistics capabilities and offerings. We have a robust operational footprint enabling fast delivery and merchant integration. As of March 2021, we operate:

- a nationwide infrastructure including six fulfillment centers in strategic locations that encompass a total area of more than 120 thousand square meters;
- our Hepsijet business is one of the fastest growing logistics companies with an on-time delivery performance of 95% in 2020, and operates in 63 cities with 115 cross-docks as of March 31, 2021; and
- our Hepsimat business is a pick-up & drop-off (PUDO) network with more than 950 branded parcel lockers and pick-up points as of March 2021 and has partnership with local stores, gas stations and retailers.

We are a technology-driven company and have invested heavily in developing our own highly scalable proprietary technology to support the large and rapidly growing order volumes generated on our platform. Our in-house developed IT infrastructure is central to our ability to execute our business

strategy and ensure a seamless experience for our merchants and customers with our single mobile app that connects our offerings and services.

Our business has experienced a long history of strong growth as a result of our commitment to meticulous execution. Our revenues increased by 33% from TRY 2.0 billion in 2018 to TRY 2.6 billion in 2019, by 145% to TRY 6.4 billion in 2020 and by 66% from TRY 0.8 billion in the three months ended March 31, 2020 to TRY 1.4 billion in three months ended March 31, 2021 and our total GMV increased by 56% from TRY 5.1 billion in 2018 to TRY 8.0 billion in 2019, by 111% to TRY 17.0 billion in 2020 and by 95% from TRY 2.3 billion in three months ended March 31, 2020 to TRY 4.5 billion in three months ended March 31, 2021, fueled by increasing purchase frequency, greater customer loyalty and an expanding pool of Active Customers from 4.8 million in 2018 to 6.5 million in 2019 and to 9 million in 2020, a CAGR of 37% over the period. We had Free Cash Flow of TRY 119.0 million, TRY 310.4 million, TRY 341.4 million, in 2018, 2019 and 2020, respectively, and TRY 60.5 million and TRY (158.8) million in three months ended March 31, 2020 and 2021, respectively.

## Our Strengths

We believe the following strengths are the basis for our success.

### *Proven Team with Deep Local Know-How and Commitment to our Vision and Mission*

Our business is led by an entrepreneurial management team with a strong track record of growth and a clear vision to lead digitalization of commerce. Our management team has a complementary and diversified skill set, with significant e-commerce expertise in multiple geographies backed by diverse backgrounds from technology, retail, banking and operations in Fortune 500 companies.

At the core of our culture is our commitment to our customer-first mentality; entrepreneurial business acumen; meticulous execution; relentless innovation; and social consciousness, diversity and inclusion. To demonstrate to our community that we live up to our values, we lead by example:

- **customer-first mentality** has been a key pillar to our culture and we are committed to continue to be one of the favorite e-commerce brands in Turkey with strong customer satisfaction scoring higher than the industry average;
- **entrepreneurial business acumen** is critical to our business operations and innovations. Our strong relations with suppliers and merchants, strong track record in industry, deep understanding of local insights, cost-conscious management philosophy, and deep commitment to our vision help us better evaluate the business landscape in making strategic decisions;
- **meticulous execution** is indispensable to operate in Turkey, where we operate a 1P and 3P hybrid model and as a result recorded a GMV CAGR of 64% (11.8 times) (from TRY 1.4 billion in 2015 to TRY 17.0 billion in 2020), a growth in the number of Active Customers of 4.4 times from 2015 to 2020 and a GMV per Active Customer growth at a CAGR of 32% from 2018 to 2020;
- **relentless innovation** has been the key driver behind our pioneering achievements including the 1P-3P hybrid model, unified catalogue, customer reviews, new vertical expansions such as on-demand grocery service, last-mile delivery capability, same-day delivery, click & collect, frictionless return pick-up, licensed payment service, and online consumer loans; and
- **social consciousness, diversity and inclusion** have been our focus at every step that we have taken in building our business. We have been actively supporting local merchants and women entrepreneurs through targeted nationwide programs. As an example of our dedication to encourage women entrepreneurs, we launched Technology Empowerment for Woman Entrepreneurs, a program across Turkey which provides multiple benefits to women entrepreneurs making sales on our platform who elect to participate. Since the launch of this

program, we have reached more than 19,000 women entrepreneurs (as of March 31, 2021) from across Turkey over the course of approximately 4 years. In 2020, more than 20% of our Active Merchants were women entrepreneurs. In addition, as of March 2021, women employees represent 49% of our workforce and 33% of our executive roles (excluding Hepsijet).

At Hepsiburada, we bridge Silicon Valley's technical know-how with the local trading culture by merging analytical concepts such as big data analytics, customer segmentation and personalized recommendation with the understanding of local insights, expectations and values. Our globally proven business model, which is based on an e-commerce model that complements a marketplace of third-party sellers with a direct sales online retail business, combined with our local know-how enables us to execute our business strategy seamlessly, as evidenced by our operating and financial results.

The COVID-19 pandemic underscored Hepsiburada's important position in the community and emphasized our critical role in supporting different segments of the society including health workers, small and medium sized enterprises, families in need, and entrepreneurs. As a commitment to our long term vision, we will continue to support our stakeholders and enable Turkey and the broader region to accelerate its digitalization journey.

### ***A Leader of E-Commerce in Turkey with One of the Most Trusted and Popular Digital Platforms for Customers' Everyday Needs***

As one of the early pioneers of online retail in Turkey, customer service and experience is our priority and we aim to provide a seamless experience on our platform throughout the entire customer journey. We provide an excellent customer experience on our platform by relentlessly focusing on selection, price and delivery. Our mobile "Super App" is at the center of our value proposition and it acts as a one-stop-shop solution for customers by offering a broad range of products and services and creates a differentiated user experience.

Aiming to offer the largest and highest-quality product selection is one of the key pillars of our value proposition to customers. We offer over 44 million SKUs across 32 different categories including home appliances, books & hobbies, fashion & lifestyle, home & garden, groceries and technology products. Our strong alliances and partnerships with local brands and leading international brands, such as Apple, Casper, Oppo, Tefal, Rowenta, Eczacıbaşı, Spigen, Delta, Dyson, Vestel and Ülker Group help us to expand the variety of products available to our customers as well as partner to offer value-added services, such as trade-in options for, among others, Apple and Samsung products, delivery by appointment for Vestel products and live chat support from live agents from over 40 well-known brands, including Colgate-Palmolive, Apple and L'Oréal.

We seek to provide the best value for our customers by offering products at highly competitive prices. We believe that our large merchant base with approximately 45 thousand Active Merchants in 2020, plays an important role and allows our customers to find the best value for money for products in our platform.

We operate a large, fast and reliable in-house logistics network with scalable and robust last-mile delivery capabilities based on a proprietary technology platform. We are an end-to-end ecosystem with full in-house capabilities across fulfillment, logistics and last-mile delivery in Turkey. We believe that our logistics infrastructure is an important pillar of our success and enables us to improve the customer experience.

Our mobile Super App is at the center of our platform, which acts as a one-stop-shop solution for customers and creates a differentiated user experience and a virtuous demand cycle for our business. Our app is one of the most popular in Turkey with 19 million average monthly app active users on our mobile applications in 2020 and has 37.3 million app downloads since 2018. Our website had more than 250 million monthly visits on average in the three months ended December 31, 2020.

Our distinctive value proposition of a wide selection of products and services at competitive prices with convenient delivery options has resulted in a large, growing and loyal Active Customer base, according to company information, which demonstrated an increase in order frequency and retention on our platform in 2019 and 2020. We had an NPS of 66 for the three months ended March 31, 2021 (according to the company's internal reporting records), were elected Turkey's favorite e-commerce brand several times by MediaCats' Lovemark and have won several awards since 2015 for our e-commerce platform. Further, we have reduced the rate at which customers raise customer services inquiries through our ticketing system from 6.4% of orders in 2019, to 5.1% in 2020 and to 2.6% in the first quarter of 2021.

### ***Empowering Merchants to Thrive in a Digital Environment with a Comprehensive Suite of End-to-End Solutions***

We have one of the largest merchant bases in Turkey with approximately 45 thousand Active Merchants in 2020, and have become the "one-stop-shop" and one of the most attractive digital platforms for merchants to access consumers across Turkey. Our Active Merchant base has more than doubled in 2020 compared to 2019. In order to ensure high quality standards we have strict policies that allow us to monitor merchants' end-to-end operations and performance on our platform.

Our platform also enables local merchants in Turkey to seamlessly sell their products to nearby countries outside Turkey through the HepsiGlobal app. Today, being listed on Hepsiburada not only helps our merchants manage and grow their businesses through our vast range of capabilities but also has become a source of credibility which they can proudly showcase both in online and offline channels.

We make it easy for our merchants to maximize their success on our platform by providing them with a comprehensive set of advanced tools and services, including:

- Merchant portal and proprietary merchant store management tools;
- Advanced data analytics and advertising services to increase the effectiveness of their marketing efforts through HepsiAd;
- Financing options to more efficiently manage their working capital needs. In 2020, our financing program has grown approximately 5 times based on the aggregate value compared to the same period in 2019 and exceeded TRY 1.3 billion in volume, with an 11.4 times growth in merchant and supplier financing between 2018 and 2020;
- Access to our logistics infrastructure through HepsiLojistik, through which we allow them to deliver across Turkey with a superior customer experience; and
- Comprehensive training sessions through our merchant training portal, HepsiAkademi, accelerating our merchants' integration. More than 15,000 training sessions were completed on our platform by our merchants in the three months ended March 31, 2021.

Our technological infrastructure and capabilities also allow our merchants to integrate through our in-house developed single dashboard where merchants can manage inventory and connect directly to our ecosystem using open API capabilities and access to advertising monetization tools.

### ***Integrated Ecosystem with Powerful Network Effects***

Our leading locally embedded brand, our hybrid commerce model with a unified 1P and 3P catalogue, our broad level of ecosystem services, and our strong customer and merchant value propositions create powerful network effects with increasing supply and increasing demand continuously boosting growth from each other.

Our supply continues to grow, as evidenced by:

- an increasing number of Active Merchants, which has grown to approximately 45 thousand in 2020 from approximately 21 thousand in 2019 and approximately 12 thousand in 2018; and

- in addition to new value-added services such as frictionless return pick-up, trade-in option and 2-hour delivery (for selected mobile device products), our expansion into new verticals such as HepsiExpress (instant grocery delivery), HepsiFly, and HepsiGlobal (inbound cross-border purchases) strengthens the breadth and depth of our service & product offerings.

Our demand continues to grow, as evidenced by:

- the growth of our already large Active Customer base with a CAGR of 37% from 2018 to 2020, thus reaching 9 million in 2020, compared to 6.5 million and 4.8 million in 2019 and 2018, respectively; and
- a significant increase in the frequency of orders on our platform to 3.9 in 2020, from 3.5 in 2019 and 3.1 in 2018.

This network effect is underpinned and reinforced by our robust logistics network and technological capabilities which further enhance the value proposition for our customers and merchants.

### ***Large, Fast and Scalable In-House Logistics Network***

We are an end-to-end ecosystem with full in-house capabilities across fulfillment, 3P and 1P operations, logistics and last mile delivery in Turkey. We believe that our logistics infrastructure is key to our success and allows us to differentiate ourselves by offering our customers and merchants a variety of convenient delivery options, such as nationwide 24-hour delivery, 2-hour delivery for selected mobile device products, delivery by-appointment and over-the-weekend, in addition to robust services such as return pick-ups from customers' address.

With a nationwide network of six fulfillment centers strategically located across Turkey (Kocaeli, Ankara, Izmir, Adana, Erzurum and Diyarbakir) and a total area of more than 120 thousand square meters, we have one of the largest logistics infrastructures among Turkish pure e-commerce players.

Our logistics infrastructure is complemented by HepsiJet, our in-house last-mile delivery service and one of the fastest growing logistics companies in Turkey, and HepsiMat, our pick-up drop-off (PUDO) network with more than 950 branded parcel lockers and pick-up points throughout Turkey as of March 2021. Providing scalable, crowd-sourced, fast and cost efficient delivery to our customers and merchants, HepsiJet as of March 2021:

- provides next day, same day and 2-hour delivery services for selected products;
- operates 115 cross-docks in 63 cities with approximately 95% population coverage;
- provides last mile delivery service to more than 4,500 merchants;
- delivers approximately 65% of its orders within the next day (based on data for the three months ended March 31, 2021); and
- has a target of 100% nationwide population coverage by June 30, 2021.

We further enhance this infrastructure advantage by applying technology to increase operational and cost efficiency, with examples such as AI-driven route optimization capabilities for HepsiJet drivers and advanced warehouse automation. Our internally developed technology backbone includes but is not limited to order-management-systems, warehouse-management-systems and demand forecasting tools.

We believe that our nationwide logistics infrastructure gives us a significant competitive edge and will drive our future growth and enhance our service offerings to customers and merchants.

### ***Proprietary Data-driven Technology Platform Underpinned by Continuous In-House Innovation***

Technology is at the core of Hepsiburada's business. Our in-house IT infrastructure is central to our ability to execute our business strategy, ensure seamless logistic execution and provide a seamless and comprehensive digital experience to our customers through our Super App. We currently integrate



our service offerings through mobile and web applications, which enables us to scale rapidly and deliver a comprehensive experience to our customers and merchants across devices. We have invested significantly in developing our own flexible proprietary technology to support the large and rapidly growing transaction volumes generated on our platform.

We believe we are one of the leading employers for top tech talent in Turkey with our three certified R&D centers in close cooperation with universities and academia across the country. As a result, our technology organization consists of high quality developers, engineers, data scientists and subject matter experts who leverage the latest technologies, our proprietary data and big data analytics to develop innovative in-house solutions which continue to enhance the platform experience.

Our IT engineers (developers, testers, and architects), designers, data analysts and product managers are dedicated to enhancing the customer experience. Our data science and machine learning teams embedded across product function teams analyze the data to identify trends and behaviors that enable us to personalize the customer experience on our platform such as to make more relevant product recommendations.

Our engineering and technology teams focus on security, availability, scalability and performance while providing product features across our websites and mobile applications. Our technology department is essential to our ability to implement our strategy and continue to be at the forefront of innovation in the Turkish e-commerce market.

The success of our technology team in developing almost all of our products in-house and our reliable, secure and scalable tech stack (the set of technologies we use to build our website and mobile applications) is based on three main pillars:

- a product-oriented team structure;
- high stability and availability standards; and
- early adoption and development of cutting edge technologies.

To ensure operational continuity, we have two separate and synched data centers located in Istanbul. We own and operate the server hardware, network, storage devices and backup systems in both data centers and employ redundancy architectures, outage procedures and data protection practices on all our technology systems resulting in 99.9% availability in 2018, 2019 and 2020. Furthermore, we embrace cloud-ready architecture allowing us to utilize the cloud whenever extra capacity is needed, in order to ensure capacity management flexibility.

Our technology teams develop almost all key product functions and features in-house and utilize select third-party tools and technologies to complement our efforts. We design and build products with an emphasis on security, scalability and ability to provide uninterrupted services.

Our ability to scale quickly and efficiently has been tested and we have consistently demonstrated strong performance in peak seasons such as Legendary Friday (which takes place within the month of November) and unexpected demand shifts such as the COVID 19 pandemic. In the weeks of Legendary Friday in 2020, our average daily sales was 4.3 times higher than our average daily sales for the remainder of 2020. In 2019 and 2020, we experienced traffic of approximately 1 million and 0.8 million instantaneous visits (i.e., number of unique users visiting our platform at the same time), respectively, during the Legendary Friday season.

We have a dedicated cybersecurity department which uses various technical means and procedures to protect our technology systems from cyber threats, such as perimeter protection tools, perimeter scanning, user rights restrictions on workstations, antivirus protection, software update controls, code review and anomaly detections. Our IT network is also protected from multilayered external denial-of-service attacks by malicious traffic filtering systems.

We are the first on-site audited and PCI DSS (Payment Card Industry Data Security Standard) certified player in the Turkish e-commerce market and we maintain the ISO 27001 (Information Security Management System) certificate. We have developed a multi-level data security framework and secure data with a mix of analytical processes and development tools. As of the date of this prospectus, we have not experienced any material security breaches.

***Highly Attractive Financial Profile with Strong Growth at Scale, High Order Frequency Rates and Attractive Unit Economics***

Our business has grown substantially in recent years. Our revenues increased by 33% from TRY 2.0 billion in 2018 to TRY 2.6 billion in 2019, by 145% to TRY 6.4 billion in 2020 and by 66% from TRY 0.8 billion in the three months ended March 31, 2020 to TRY 1.4 billion in three months ended March 31, 2021 and our total GMV increased by 56% from TRY 5.1 billion in 2018 to TRY 8.0 billion in 2019, by 111% to TRY 17.0 billion in 2020 and by 95% from TRY 2.3 billion in three months ended March 31, 2020 to TRY 4.5 billion in the three months ended March 31, 2021, as we pursued our significant transformation from a 1P-only business to a hybrid commerce model of 1P and 3P. For the three months ended March 31, 2021, and in 2020, 3P accounted for approximately 70% and approximately 59% of our GMV, respectively.

The strong growth we experienced in recent years also enabled us to generate positive annual Free Cash Flow. We had Free Cash Flow of TRY 119.0 million, TRY 310.4 million, TRY 341.4 million in 2018, 2019 and 2020, respectively, and TRY 60.5 million and TRY (158.8) million in three months ended March 31, 2020 and 2021, respectively. We experienced negative Free Cash Flow in the three months ended March 31, 2021 due to purchases of inventories higher than usual, to be able to secure supply during the COVID-19 lockdown period in the second quarter of 2021.

The growth has been fueled by several factors, including an increased frequency of orders from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020, and an expanding Active Customer base from 4.8 million in 2018 to 6.5 million in 2019 to 9 million in 2020.

As we continue to scale up Hepsiburada, we believe that these trends will continue to positively impact our business, with further Active Customer base growth, strong cohort performance and increasing operational efficiency driving improvement in unit economics and profitability.

**Our Strategy**

Our vision is to lead digitalization of commerce and our mission is to be the reliable, innovative, sincere companion in people's daily lives and to make each and every member of our community feel 'I am so happy I have Hepsiburada'. To this end, we aim to build on our leading position across existing product categories and services, launch new products and initiatives, and continue to scale our business. We plan to achieve this goal by pursuing the following objectives in our strategy:

***Attracting More Customers to Our Platform***

Turkish online retail market is at the early stage of its development. According to ADL, the Turkish online retail segment is expected to continue to experience strong growth in the coming years. Driven by a sustained consumer shift to e-commerce, online retail in Turkey is projected to have approximately 44 million annual online customers until 2025, according to ADL. We had 9 million Active Customers in 2020 and we plan to attract more customers to our platform and reactivate the existing customer base by continuing to enhance our value proposition through an expanded product catalogue as well as added convenient and affordable delivery options. In addition, we believe our recent expansion into new verticals such as HepsExpress and HepsFly will further support our growth, and consistently improve the overall customer experience. We believe the main drivers for our customer attraction will be increasing focus on hyper-personalization and hyper-localization aspects while scaling the full-fledged Loyalty Club.

### ***Increasing the Frequency of Our Customers on our Platform***

One of the main drivers of Hepsiburada's GMV growth has been the increase in our customers' order frequency as we expanded our product and service offerings. We aim to leverage the deep understanding of our customers' preferences which we have been building over the years and our advanced in-house lifecycle management engines powered by AI and deep-learning technologies to drive higher engagement, retention and frequency on our platform. As a result of these initiatives, we increased the frequency of orders on our platform from 3.1 in 2018 to 3.5 in 2019 and to 3.9 in 2020.

We also plan to focus on providing our customers an enhanced experience through additional value added services such as trade-in, card-splitting option (i.e., ability to pay for a single order via multiple credit cards) and same day delivery services, and additional verticals that will increase the daily interaction of our customers with Hepsiburada Super App by becoming the one-stop-shop of our customers' daily needs. As of March 31, 2021, approximately 5% of orders above TRY 5,000 were paid by card splitting option. Additionally, our customers applied for our trade-in option for more than 10% of mobile phones sold in the fourth quarter of 2020.

Our Loyalty Club aims to be one of the growth drivers of Hepsiburada and will expand its offerings with new partnerships and privileges such as wallet cashback capability. On average, from the launch of our Loyalty Club in August 2020 to December 31, 2020, members of our Loyalty Club shopped approximately 2.5 times more frequently on a monthly basis compared to our non-Loyalty Club customers.

We believe HepsExpress will be a key enabler to penetrate a wider range of customers through our grocery offerings, increasing retention and order frequencies of our existing customers and providing us with more data points to further benefit from cross-selling opportunities across all of our verticals and categories. According to ADL, of the approximate TRY 866 billion value of total Turkish retail market in 2020, Turkish supermarkets represented approximately TRY 430 billion (or 50%) of the total Turkish retail market, which had less than 4% online penetration. We believe the relatively low online penetration of such a large portion of the Turkish retail market represents an upside potential in the growth in the Turkish online groceries market as online penetration increases.

### ***Attracting More Merchants to our Platform***

We plan to attract more merchants to our platform by offering access to an increasing Active Customer base, expanding and continuously improving our fulfillment services, extending merchant financing and launching new tools, alongside recently developed HepsAd solutions. In addition, we launched our HepsLojistik fulfillment service in 2020, which attracts an increasing number of merchants due to our enhanced service offerings and has already built up a strong pipeline of merchants to onboard into our integrated system. Furthermore, HepsGlobal is also expected to help us strengthen our merchant base by expanding to international merchants.

### ***Investing Further into and Leveraging Logistics and Technology as Enablers***

We plan to invest further into our nationwide logistics network, to maintain and consistently improve our service levels to our customers and merchants.

- We invested into regional fulfillment centers where we prioritized providing our customers and merchants with the highest level of logistics services across the whole country.
- As of March 31, 2021, we have expanded our logistics footprint with 115 cross-docks, through which we have achieved approximately 95% population coverage for HepsJet.
- In the near and medium term, we plan to focus our efforts on going local with our scalable infrastructure and become the nearest commerce player to our customers and merchants.

Our unified and in-house technology platform has been a major enabler of scalable and reliable operations to support our growth. We plan to constantly innovate and develop new capabilities to improve the experience for merchants and customers and the operational performance of our platform.

### ***Continue Innovation and Expand New Services on the Platform***

In 2020, we expanded our commerce platform and developed an ecosystem of services centered on making people's lives easier. The ecosystem we have been building includes HepsExpress, HepsPay, HepsJet, HepsLojistik, HepsMat, HepsAd, HepsGlobal and HepsFly as of the date of this prospectus. We aim to take advantage of the natural synergies that exist between our services and increase adoption amongst our customer base. We believe that greater utilization of our resources will drive further improvements in our unit economics.

As a testament to our commitment to closely monitor the market and innovate to further address the daily needs of customers, we launched HepsExpress in 2020 to penetrate and lead the fast-growing grocery delivery market through our robust model combining instant and slotted delivery options in a hyper-local fashion. Water and flower delivery services were launched in 2021 as complementary products to provide a one-stop-shop solution to our customers.

In order to further increase our product selection and network effects regionally, we also started to offer an international shopping experience to our customers located in Turkey through the recently launched HepsGlobal, which allows them to discover products listed by merchants around the world.

In future, HepsGlobal will also have outbound operations, which will focus on product groups where Turkey has a competitive advantage, such as apparel, fashion, home textile, accessories, food, kitchenware, small domestic appliances and will establish exclusive partnerships with global players for logistics solutions.

In addition, we acquired a tourism agency license in February 2021 and are aiming to fully launch online airline tickets services once COVID-19-related restrictions on travel are lifted. HepsFly is designed to provide our customers with an option to buy airline tickets with competitive prices. We are aiming to further develop HepsFly by providing our customers with an option to make hotel bookings, buy package tours, travel insurance and cancellation policies.

### **Company History and Brand Development**

In 2000, Hanzade Vasfiye Doğan Boyner founded our company as a 1P-based e-commerce platform. We grew rapidly by adding new categories of products between 2000 and 2010.

In 2000, we became the first e-commerce platform in Turkey to collect customers' reviews, which enabled us to pursue a more customer-oriented approach. Although our story began with focusing on the sale of electronic devices, starting from 2010, we increased our focus on non-electronics products (based on our 1P-based Direct Sales model) and started widening the range of products we offer by not only introducing new categories such as home textile, cosmetics and gardening but also increasing product range in non-electronics categories such as fast moving consumer goods (FMCG), fashion and home and garden. See "*Our Business Model*." In the same year, we introduced the first "one click shopping" feature by becoming the first on-site audited and Payment Card Industry Data Security Standard (PCI DSS) certified firm in the Turkish e-commerce market.

At Hepsiburada, we have always followed new trends closely and identified at an early stage the migration of Internet usage and e-commerce consumption to mobile platforms. In 2011, we launched a mobile application for Hepsiburada for iOS and Android platforms, which were among the firsts in the Turkish e-commerce market.

By the end of 2015, we launched our 3P-based Marketplace and established our fulfillment center in Gebze, Kocaeli, which became the main logistics hub of our operations as well as the first dedicated e-commerce fulfillment center operating 24/7. Gebze fulfillment center has significantly expanded in the

following years to a total area of approximately 85 thousand square meters. Following the launch of our Marketplace, we reached more than 4,000 Active Merchants in 2016. In order to keep and grow the quality of our services and infrastructure, we established our first licensed technology research and development center, which became operational in 2017.

In 2017, we also launched HepsiJet, thus introducing our own delivery services, after noticing the need to provide efficient, fast and reliable delivery services to our customers. From the outset, HepsiJet was established as a dedicated delivery service for e-commerce customers, which was one of the market firsts in Turkey. With the launch of HepsiJet, we began providing last-mile delivery services (inclusive of scheduled same day and next day delivery) and, in the same year, Hepsiburada took leading steps in the Turkish e-commerce market to establish Turkey's first scalable customer financing services followed in 2018 by merchant and supplier financing services provided by an e-commerce platform. Along with these initiatives, in order to strengthen the place of women in business, Hepsiburada initiated the Women Entrepreneurs Program, by which we offer our experience and technology infrastructure to the service of entrepreneurial women by collaborating with non-governmental organizations to strengthen the place of women in business.

In 2018, we achieved in-house product search capability in our online platform. In the same year, to enhance our vision of expanding the e-commerce market, we launched our "click & collect" services enabling our customers to collect purchases from the collection points located throughout Turkey, which was rebranded to "HepsiMat" in 2020.

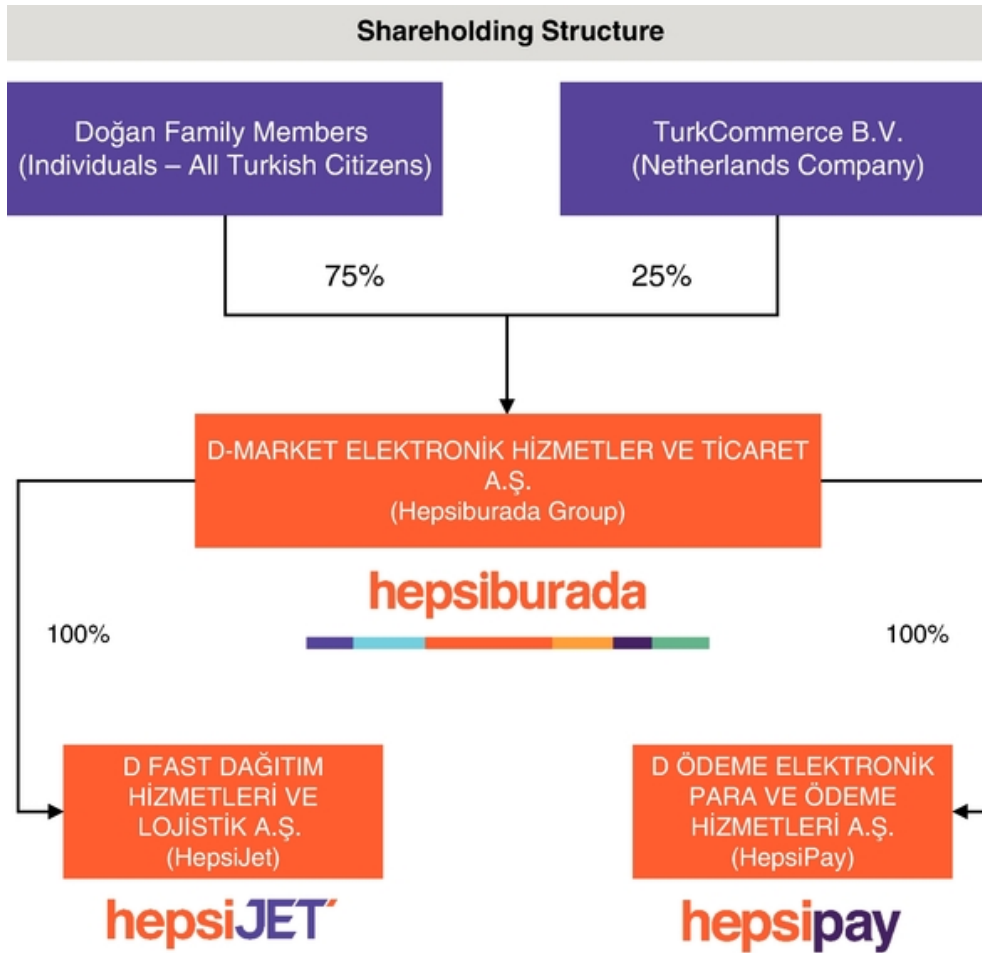
We exceeded the mark of US\$1 billion in GMV for the year ended December 31, 2018 (2018 average: U.S. dollar 1.00 = TRY 4.8134). We launched HepsiExpress and HepsiGlobal (only for inbound sales, i.e., from other countries into Turkey) in 2020. In the same year, we also launched HepsiLojistik while expanding our logistics infrastructure with five new fulfillment centers in the provinces of Ankara, İzmir, Adana, Diyarbakır and Erzurum. In 2020, we also became the first shipment and sourcing partner of Apple products in Turkey, which enabled us to directly source Apple products and sell them on-line to our customers. This strategic partnership was followed by other agreements with leading global and local brands, suppliers and banks. In 2021, we acquired tourism agency license to launch HepsiFly and began our efforts to leverage our online platform for enhanced advertisement capabilities by launching HepsiAd, which will be further developed as a programmatic advertisement platform by the end of 2021.

As of the date of this prospectus, the principal market in which we operate is Turkey and for the years ended December 31, 2018, 2019 and 2020, and for the three months ended March 31, 2021 almost all of our revenue was generated from our e-commerce operations performed in Turkey.

## **Corporate Structure**

We are an entity incorporated in Turkey as a joint stock company on April 11, 2000 and currently have two wholly-owned subsidiaries: D Fast Dağıtım Hizmetleri ve Lojistik Anonim Şirketi, which is the operating company for our delivery service business, HepsiJet, and D Ödeme Elektronik Para ve Ödeme Hizmetleri Anonim Şirketi, company through which we have developed our payment tool, HepsiPay. As of the date of this prospectus, our Founder beneficially owns Class A shares and Class B ordinary shares representing 74.6% of our voting power. TurkCommerce B.V., a special purpose vehicle company managed by Franklin Templeton Investments, beneficially owns Class B ordinary shares representing 8.4% of our voting power as of the date of this prospectus and Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ, whom, along with our Founder, are adult siblings, and Işıl Doğan, their mother, beneficially own Class B ordinary shares representing 5.7%, 5.7%, 5.2% and 0.2% of our voting power, respectively. For a detailed ownership structure, see "*Principal and Selling Shareholders*".

The following diagram illustrates our corporate structure as of the date of this prospectus:



*Note: Each company is incorporated under the laws of Turkey. The diagram excludes Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. ("Evmanya") and Altıncı Cadde Elektronik Ticaret A.Ş. ("Altıncı Cadde"), which are dormant companies as of the date of this prospectus. Evmanya and Altıncı Cadde terminated operations on September 4, 2018 and October 7, 2019, respectively. On April 14, 2021, we decided to merge Evmanya and Altıncı Cadde under our fully owned subsidiary, D Fast. As of the date of this prospectus, the merger process is ongoing.*

## Recent Developments

### COVID-19

To respond to the COVID-19 pandemic, we took strict measures to ensure the wellbeing of our employees and customers from the outset, while maintaining business continuity from a public interest point of view rather than a sole business-oriented approach. We accordingly collaborated with the Ministry of Health and Ministry of Internal Affairs and local authorities by donating medical supplies such as masks and gloves and providing food supplies to families in need. In addition, in early 2020, we formed a COVID-19 task force, cancelled all international travel, regularly disinfected our headquarters, fulfillment centers and vehicles used for transportation of our personnel, and switched to remote working for employees that were suitable for remote working.

Similar to the global trend, the COVID-19 pandemic caused consumers in the Turkish market to shift to e-commerce as a result of social distancing measures, which led to growth in demand for our products and services. This was primarily supported by the change in customer behavior, where consumers have adopted online shopping behavior during the pandemic, and which we expect to become permanent. Supported by this shift to online shopping and as a result of social distancing, e-commerce orders for grocery, consumer electronics, home improvement, personal care and other essential products have increased significantly.

Although COVID-19 has generally been a significant driver for customer adoption and growth of e-commerce services, the pandemic and the measures to contain its spread have resulted in business and manufacturing disruptions in Turkey, impacted the business activities of our e-commerce suppliers, merchants, and other ecosystem participants (such as logistics networks and payment channels in the affected markets), and disrupted the global supply chain. To overcome potential negative impacts to our results of operations, we took measures to ensure business continuity and uninterrupted service to customers by launching operational and employee initiatives in our fulfillment centers and optimizing our logistics operations as well as increasing the number of the personnel. We also took measures in relation to inventory availability and on boarded new suppliers. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Financial Condition and Results of Operations—COVID-19 Impact.*"

See "*Risk Factors—The COVID-19 pandemic has affected and may continue to negatively affect certain of our business activities and results. Any future occurrence of natural disasters, epidemics, pandemics or other outbreaks, or other catastrophic events could also materially and adversely affect our business, results of operations or financial condition.*"

#### **Corporate tax rate change**

The Turkish corporate tax rate on corporate earnings was increased from 22% for fiscal year 2020 to 25% and 23% for fiscal years 2021 and 2022, respectively.

#### **Our Business Model**

We operate on a hybrid business model which combines 3P and 1P models. Our core business, sales of products on our online platform, is primarily run on the "3P" or "third party" model marketplace (the "**Marketplace**") that we launched in late 2015 (see "*—Marketplace*"). Alongside the Marketplace, we list and sell products on our platform where "Hepsiburada" is the seller also known as "1P" or "first party" model, where suppliers (vendors) directly sell products to us on a wholesale basis, and we then store and sell such products to the customers ("**Direct Sales**") (see "*—Direct Sales*").

We believe we are Turkey's leading commerce platform, with 96% for aided brand awareness (with the two closest competitors in Turkey scoring 95% and 92%, respectively), 78% for spontaneous brand awareness (with the two closest competitors in Turkey scoring 74% and 63%, respectively) and 91% highest preference score (with the two closest competitors in Turkey scoring 89% and 87%, respectively) in 2020 (source: *FutureBright Research Brand Health Report*). Through our website and shopping app we brought together 33 million members, 9 million Active Customers and approximately 45 thousand Active Merchants as of December 31, 2020. In 2020, we had over 179 million average monthly visits and offered a wide selection of over 44 million SKUs across 32 different categories, combining 1P and 3P models. This is all enabled by our logistics network, which is one of the largest, fastest and most reliable in Turkey supported by in-house last-mile delivery capabilities and a platform built on proprietary technology. For the year ended December 31, 2020, 3P accounted for approximately 59% of our GMV, following the transformation of Hepsiburada from a 1P only business to its hybrid business model.

## Marketplace

### Overview

Our Marketplace enables us to connect users seeking to buy products with merchants offering a wide assortment of products. In our Marketplace, merchants who register to our online platform set up their own stores, list and sell their products. As of December 31, 2020, we had approximately 45 thousand Active Merchants operating in our Marketplace. As of December 31, 2018, 2019 and 2020 and March 31, 2021, Marketplace represented approximately 58%, 66%, 59% and 70% of our total GMV, respectively.

In our Marketplace operations, merchants remain the owners of the products that they list on our platform and are responsible for pricing and managing their inventory and sales and other activities. This allocation of responsibility allows us to dedicate our resources to enrich our platform, enhance customer experience, increase customer lifecycle through customer relationship management activities and improve our logistics infrastructure capacity towards providing high quality fulfillment and delivery services to a larger number of merchants and managing our Direct Sales business, for which we maintain inventory and manage the geographical reach and customer experience for key product categories.

### Merchants

We classify legal entities setting up their own stores, listing their products and selling through our marketplace platform as merchants, and further classify them as Active Merchants as described above. As of December 31, 2018, 2019 and 2020, we had approximately 12 thousand, 21 thousand and 45 thousand Active Merchants, respectively. As of December 31, 2020, of our approximately 45 thousand Active Merchants, approximately 42 thousand were SMEs, whereas the remaining approximately 3 thousand were key account merchants. Key account merchants enable us to provide products from top brands, high volumes and quality whereas SMEs provide us with product assortment and variety.

Under our merchant agreements, we collect payment from customers on behalf of our merchants, which is then payable by us to our merchants after deducting relevant commissions, fees and other charges within a certain period (21 days, on average). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*" Merchants may also elect to finance the amount payable by using our supplier and merchant financing services to receive payment on a shorter timeframe. See "*—Supplier and Merchant Financing.*"

Legal entities seeking to set up a storefront in our Marketplace are required to follow a registration process that can be completed directly on our online platform (see "*—Merchant Portal*") with their official documents. Becoming a merchant on our Marketplace is designed to be as straightforward as possible, without compromising our necessary security and know-your-customer procedures, in addition to our standard terms and conditions typically applicable to our merchants. Upon clearance, once the merchant's account is activated it can immediately start listing its products on our platform. Our typical engagements with our merchants, subject to our standard terms and conditions of the engagement, are for indefinite periods. We may unilaterally terminate the agreement without cause or compensation with 15-days' notice. Our merchants may terminate the agreement with 15 days' notice in the event that Hepsiburada amends the terms and conditions of the agreement with a unilateral announcement. However, there is no obligation for a merchant to actually upload and sell products using our platform. Our typical agreements include customary representations and warranties from our merchants. From time to time in the ordinary course of our operations we may negotiate deviations from, or we may enter into addendums to, our standard agreements with merchants that expand on or amend our standard terms and conditions.



We may unilaterally suspend a merchant's account under certain circumstances, including when the merchant's service quality (based on customer feedback and delivery performance) has fallen to a level that we determine warrants suspension, the merchant is in default in respect of its payments to us, or their product listings are misleading or inaccurate. We detect misleading or inaccurate listings upon our periodic reviews or receipt of complaints from our customers or trademark/brand owners, as well as upon requests from official authorities. We also examine and evaluate any claims that a merchant is engaged in unlawful or illegal activity or has posted unlawful or illegal content and if it appears that there has been a violation of law or our terms of services we stop the sale and remove the unlawful content or goods and services from our website. We also have the right to immediately terminate our agreement with any merchant without giving any notice in case of any breach of our terms of services, including infringements of third party intellectual property rights and the sale of counterfeit products. In addition, we also have the right to terminate our agreement with any merchant by delivering a 15-day notice without cause and compensation.

In our Marketplace, each merchant is individually rated, based on an algorithm combining the customers' feedback, timely dispatch, and fulfillment of merchant's obligations towards us, and their ratings are shown along with the products they list. In addition, the merchant's individual store can be viewed and all products listed by such merchant can be separately viewed by our users and customers, along with the complete tradename, registered email address, and Turkish central commercial registration system (MERSİS) number, as well as the city where their headquarters are located.

We also support non-governmental organizations (NGOs), and particularly women entrepreneurs in our Marketplace and follow a separate procedure for legal entities with 51% or more ownership held by women. These incentives include, among others, (i) free shipping, (ii) free online trainings, (iii) free studio shootings for marketing materials, and (iv) discounted rates applied. Since the launch of our Technology Empowerment for Woman Entrepreneurs program, we have reached more than 19,000 woman entrepreneurs from across Turkey (as of March 31, 2021) enabling more than 10,000 entities within the program to make sales through our platform. As of the same date, approximately 11,000 women entrepreneurs had benefited from the free shipping incentive and more than 13 million products had been listed on our platform within this program. This program has been awarded one national (*i.e.*, Felis Media Cat 2020 Social Responsibility Award) and one international (*i.e.*, U.K. Communicate Magazine's "Gold Award" within the "Best Execution" category) award.

Merchants setting up their stores benefit from our highly-attractive online platform that had 33 million members as of, and 9 million Active Customers for the twelve months ended December 31, 2020.

In addition, our Marketplace merchants benefit from our "integrated ecosystem", which provides the merchants with a wide range of value-added services, namely,

- (i) supplier and merchant financing options, see "*—Supplier and Merchant Financing*";
- (ii) advanced targeting and onsite and offsite advertisement solutions (*i.e.*, HepsiAd), see "*—Value Added Services—HepsiAd*";
- (iii) economical and seamless last-mile delivery (*i.e.*, HepsiJet), see "*—Value Added Services—HepsiJet*"; and
- (iv) fulfillment solutions (*i.e.*, HepsiLojistik), see "*—Value Added Services—HepsiLojistik*."

In addition, merchants in our Marketplace have access to our "Merchant Portal," which has automated campaign management, merchant support center, business intelligence and support, proprietary merchant store management, and online courses features. See "*—Merchant Portal*".

### **Merchant Portal**

Our merchant portal is a merchant interface through which our merchants control their listings and pricings, manage orders and sales, manage campaigns, track receivables, and benefit from online training courses on how to use our platform and increase their e-commerce sales (HepsiAkademi). Our merchant portal is designed to provide our merchants with a fast and efficient tool to manage their operations on our Marketplace to ensure an improved merchant experience and promote a highly engaged merchant base. For instance, merchants who implemented sponsored advertising through our merchant portal increased clicks by 318% after the sponsored advertisements feature went partially live in March 23, 2021 through April 16, 2021 (compared to February 26, 2021 through March 22, 2021).

### **Direct Sales**

We began our operations with the 1P model Direct Sales in 2000. As of December 31, 2018, 2019 and 2020 and March 31, 2021, Direct Sales represented 42%, 34%, 41% and 30% of our total GMV, respectively.

In our Direct Sales business, we purchase and usually hold inventory for a selection of products in our fulfillment centers or suppliers' warehouses to be sold directly to customers. We have dedicated sales teams that identify and track the demand for products in each product category on our platform. As our platform presents a competitive market for products, the same products may be sold by us on a Direct Sales basis and by our merchants on the Marketplace at the same time on a single catalogue (Buy Box) basis. Our single catalogue operates on an impartial basis and it ranks both Hepsiburada and third-party merchants on the basis of the same criteria.

For our Direct Sales business, we source products in bulk and aim to leverage our bargaining power as a leading and trustworthy Turkish e-commerce platform. We purchase our inventory for our Direct Sales with a payment term, split between those made on a purchase basis and on either on a consignment or "sell and pay" (i.e., similar to the consignment basis but with due payment date within 30 to 60 days after the inventory is sold) basis. Generally, we pay for inventory purchased on a purchase basis within a period of time after the inventory arrives at our fulfillment centers. We pay for inventory purchased on a consignment basis only after the products have been sold on our platform. The acquisition of inventory on a consignment basis allows us to use the proceeds of the sale of products to pay for the inventory of the products. Having a mix of the purchase basis and consignment basis for acquiring inventory gives us additional financial headroom for better cash management. In our online platform, Hepsiburada appears as the merchant for the products sold via Direct Sales.

We generally engage cargo companies in Turkey to provide long-haul transportation of products between our six fulfillment centers and our nine sorting hubs on an annual basis, which is renewable for further periods. Similar to all products sold through our Marketplace, products sold through Direct Sales are fulfilled at our fulfillment centers or suppliers' warehouses and channeled to the relevant sorting hubs. From our six fulfillment centers, parcels are delivered to customers through our various last-mile delivery channels (i.e., Hepsijet and other cargo firms).

### **Suppliers**

In our Direct Sales business, we benefit from long-lasting relationships (i.e., more than three years of business relationship with approximately 55% of our suppliers as of December 31, 2020) that we have built with our suppliers, who are either owners or licensees of global and local brands from whom we make direct sourcing or distributors of such brands. Our long-lasting relationships with a wide range of suppliers enable us to have a differentiated selection of products, including private label products. We make strategic procurements based on seasonality and competition. In addition, we benefit from direct procurement from key brands such as Apple, Casper, Oppo, Tefal, Rowenta, Eczacıbaşı, Spigen, Delta, Ülker Group, Dyson, Vestel, both for new launches and existing product portfolio, enabling us to

offer high-demand products through our Direct Sales simultaneously with the original equipment manufacturers as well as the ability to partner to offer value-added services, such as trade-in options for Apple and Samsung products, among others, delivery by appointment for Vestel products and live chat support from live agents from over 40 well-known brands, including Colgate-Palmolive, Apple and L'Oréal.

We also have access to exclusive products through direct business relationship with key suppliers and brands. In our Direct Sales business, we aim to maintain a cash generating and profitable inventory of products and use prominent forecasting tools to ensure efficient demand planning.

### ***Direct Sales Pricing Strategy***

We provide our customers with the best value proposition by offering products at competitive prices on our platform. We track available pricing information to match our prices for products sold through Direct Sales, with the most competitive prices offered for the same or similar products that can be found on the wider Turkish e-commerce market.

### **Pricing**

In our Direct Sales business, we charge to our customers the purchase value of the goods, which we define as "sales of goods" revenues. In addition, we charge our Direct Sales customers for delivery services, which we define as "charges for delivery services."

In our Marketplace, we do not charge merchants for setting up an online storefront on our Marketplace, but receive Marketplace commission and transaction fee if the merchants' sales are successful and depending on the type of service we provide. In addition, we charge our Marketplace customers for delivery services, which we also define as "charges for delivery services."

We also generate revenues from other services and define them as "other services revenues."

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Financial Condition and Results of Operations—Revenue.*"

Specifically, for services provided under the HepsiLojistik model, we also charge merchants fees related to the storage and handling of products.

Our variable fee structure seeks to incentivize merchants to better monitor and manage their inventory and improve and maintain the quality of their products and packaging and the accuracy of the listings of their products on our platform.

### **Product Assortment**

In our platform, we offer a wide assortment of products on our platform and intend to continue expanding our catalog to strengthen our position as a one-stop shop for all of our customers' shopping needs. We organize the listings in our marketplace in what we believe an intuitive and easy-to-use directory that facilitates the browsing and viewing of listings.

In our Direct Sales line of business, our commercial team decides on the content of the Direct Sales inventory based on certain strategic and financial criteria including profitability, ease of procurement, competitiveness, as well as operational capability.

As of December 31, 2020, there were over 44 million SKUs across 32 different categories grouped under 7 major domains on our platform. As of the date of this prospectus, listings on our platform cover the following selection domains:

- Mobile : This domain includes mobile phones and tablets.
- Supermarket : This domain includes fast moving consumer goods (FMCG), health and beauty, pet shop, cosmetics, and mother and baby products.
- Appliances : This domain includes consumer electronics (CE), major domestic appliances (MDA) and small domestic appliances (SDA).
- Home and Garden : This domain includes home textile, furniture, kitchenware, home improvement products and more.
- Technology : This domain includes computers, camera, PC and automobile accessories and parts.
- Fashion and Lifestyle : This domain includes apparel, shoes and bags, outdoor wear, sports equipment and watches, accessories, sunglasses, and jewelry.
- Books and Hobbies : This domain includes books, toys, stationery, consumer electronics and mobile devices accessories, gaming consoles, games and more.

The following table sets forth our GMV breakdown by product domain for the year ended December 31, 2020:

	<b>GMV</b>	<b>% to total</b>
	<b>(TRY billion)</b>	
Mobile	4.3	25
Technology	3.2	19
Appliances	2.8	17
Books and Hobbies	2.0	12
Supermarket	1.8	11
Home and Garden	1.6	9
Fashion and Lifestyle	1.3	7
<b>Total</b>	<b>17.0</b>	<b>100</b>



Below is a screenshot of our Buy Box section, where the highest ranked merchant is listed on top (item 1) and other merchants are listed on bottom of the page (item 2).

The screenshot shows the Hepsiburada website interface. At the top, there is a search bar and navigation links. The main content area features a product page for 'Maybelline New York Lash Sensational Yelpeze Etkili Siyah Maskara'. The product is displayed with an image and a price of 51,15 TL, which is a 5,46 TL discount from the original price of 99,99 TL. A 7% coupon is applied. The product is highlighted as the 'Buy Box Winner'. Below the product, there is a section for 'Diğer Satıcılar - Tümü (33)' (Other Sellers - All (33)), which lists two other sellers: 'EKOLAYAVIM' and 'samay kozmetik', both offering the product for 55,86 TL and 55,71 TL respectively.

## Delivery

We offer our customers a comprehensive selection of delivery options, including:

- (i) standard delivery by (a) our last-mile services (through Hepsijet) see "*Value Added Services—Hepsijet*", which is generally within two calendar days (and on the same-day in metropolitan areas), or (b) through Turkish cargo companies;
- (ii) same day/next day delivery through Hepsijet, where our customers pay additional delivery fees and schedule delivery for the same day or next day (in case of Fulfilled by Merchant (or FBM, as defined below), the merchant must be a member to our Hepsijet services); and
- (iii) collection from our offline network of pick-up and drop-off (PUDO) points for customers (through Hepsimat), see "*Value Added Services—Hepsimat*".

We also provide return pickup services from customer's address by Hepsijet.

While maintaining a broad range of delivery options and increasing the proportion of customers served by same-day and next-day deliveries, we also dedicate resources towards developing even better instant delivery services for customers' daily needs, such as grocery and water through our Hepsijet services. See "*Value Added Services—Hepsijet*".

For the years ended December 31, 2018, 2019 and 2020, we, as Hepsiburada, delivered approximately 25 million, 37 million and 62 million packages, respectively. This represented a year-to-year increase of 46% between 2018 and 2019 and 67% between 2019 and 2020.

The delivery fee charged to a customer depends on the delivery method, product volume and transaction amount. Delivery fees are waived for orders above TRY 100 (except mobile phones, tablets and computer products) for non-Loyalty Club customers and above TRY 25 for Loyalty Club members as of December 31, 2020. See "*Loyalty Club*."

## Order Fulfillment

The fulfillment process includes accepting goods, picking and storing products, consolidating them into batches and packing them into parcels for delivery as well as return operations. We operate on the basis of three fulfillment models, namely,

- (i) fulfilled-by-merchant ("**FBM**") model, where merchants perform fulfillment by their own means (only applicable to our 3P-based Marketplace operations);
- (ii) fulfilled-by-Hepsiburada (the "**HepsiLojistik model**"), where we, in case of 1P-based Direct Sales, or merchants, in case of 3P-based Marketplace operations, perform fulfillment through Hepsilojistik, using our logistics infrastructure; and
- (iii) drop-shipping (the "**Drop-shipping model**"), where we accept customer orders in our 1P-based Direct Sales and transfer orders to our suppliers, who in turn perform fulfillment by their own means (only applicable to 1P-based Direct Sales operations).

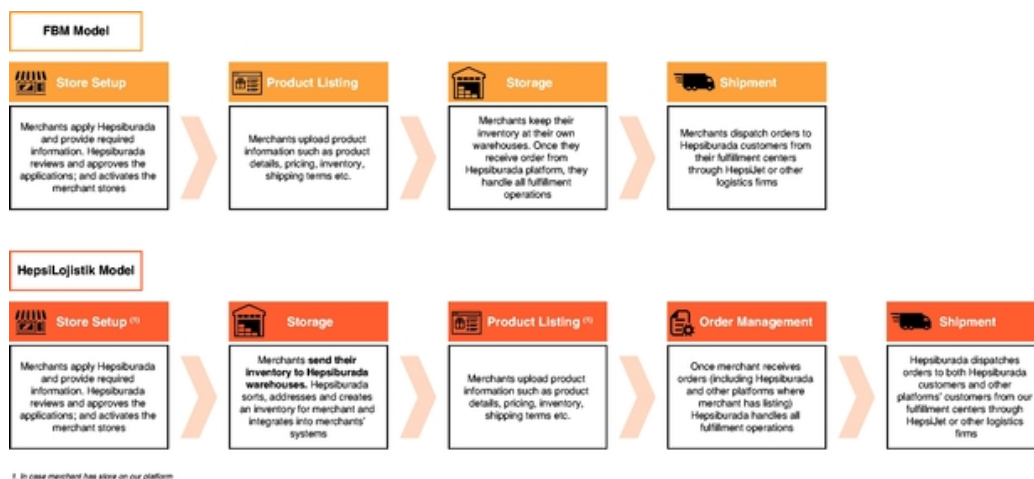
Accordingly, our Marketplace operations run either on a Hepsilojistik model or FBM based fulfillment whereas our Direct Sales operations run either on a Hepsilojistik model or Drop-shipping model based fulfillment.

In our Marketplace operations, Our FBM and Hepsilojistik models provide our merchants with the flexibility to choose a fulfillment and delivery method that best suits their business. With our FBM model, a merchant's products are listed on our Marketplace but are stored and fulfilled at the merchant's own warehouse facilities. Upon purchase, the parcel is transferred to the appropriate delivery channel, and either we carry out the "last-mile" delivery of the parcel to the customer or the merchant procures logistics services through third-party Turkish cargo companies.

We launched the Hepsilojistik model in late 2020 and continue to steadily on-board merchants into this model as of the date of this prospectus. Through the Hepsilojistik model, we provide fulfillment services on behalf of merchants through our fulfillment and logistics infrastructure, using our six fulfillment centers across Turkey and, thus, ensuring a 24/7 fulfillment operations capability. See "*Value Added Services—Hepsilojistik*."

Our Hepsilojistik model is typically preferred by merchants who do not have their own storage facilities or who are seeking higher service level at competitive prices or do not want to fulfill orders by themselves. With our Hepsilojistik model, merchants deliver their products to one or more of our fulfillment centers to be stored and, after a customer orders a merchant's product, we manage the packaging of the product into a parcel and the delivery of the parcel to the customer through either Hepsijet or other cargo companies. In our Hepsilojistik model, merchants are not under an obligation to commit a certain amount of inventory to us and customers are able to purchase through our platform or from the merchants' own website or other online platforms where merchants have stores. In addition, merchants making sales through other e-commerce platforms are enabled to perform fulfillment through our Hepsilojistik services. We only charge the merchants for the fulfillment services that we provided. Our Hepsilojistik model provides merchants with the ability to fulfil orders in a faster, reliable and cost-efficient manner and with increased quality standardization.

The phases of the FBM model and Hepsilojistik model are illustrated in the graphics below.



Both in our FBM model and Hepsilojistik model (excluding third parties using Hepsilojistik for their operations on other e-commerce platforms), throughout the entire order fulfillment process, from the moment the customer's order is confirmed on our platform to the time the parcel arrives at its destination, our customer support team manages customer requests and inquiries relating to their orders, along with aftersales services.

### Website and Mobile Application

Our online platform can be accessed via our website and our mobile applications providing our users constant real time access to our unified catalogue and tools at any time and in any place (except for Hepsijet which is available only on mobile application). All our access channels provide access to the same listings ensuring a consistent offering and user experience.

Our users can browse and search within our unified catalogue and retrieve specific listings without having to register for an account. We aim to offer our users a simple and precise searching and browsing experience. Our users are able to obtain product details page by (i) browsing from the content categories menu placed on top of the main page or the opening screen in mobile applications and then refining the search with further filtering options, (ii) conducting text searches in the header menu, (iii) conducting detailed searches within each category, (iv) scanning specific barcode of the product through mobile application, (v) taking and/or uploading a picture of the product through mobile application, and (vi) using speech-to-text feature to search products on our mobile app. Between March 15, 2021 and April 15, 2021, we received more than 700 thousand distinct queries on our search engine on a daily average basis.

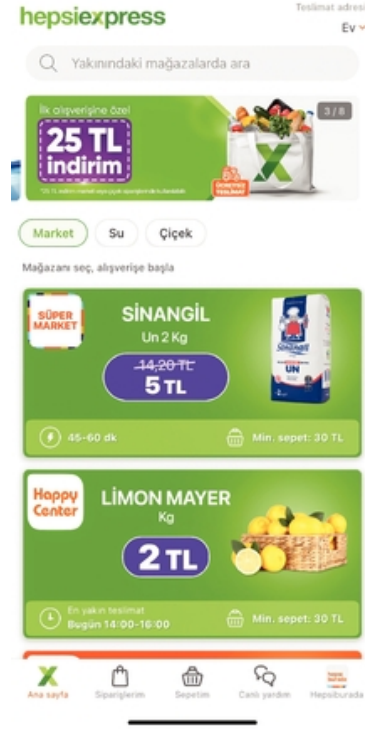
For the years ended December 31, 2018, 2019 and 2020, we received 77%, 83% and 86%, respectively, and for the three months ended March 31, 2021 we received 86% of total user traffic through mobile access channels (mobile application and mobile website) whereas the remainder pertained to desktop website.

We have teams of IT engineers (developers, testers and architects), designers, data analysts and product managers who are dedicated to enhancing the shopping experience. Our data science and machine learning teams embedded across product function teams analyze the data to identify trends in shopping patterns to tailor the shopping experience on our platform and make more relevant product recommendations. This, in turn, provides enhanced subsequent shopping experiences on our platform.





Below are screenshots from Hepsiburada and HepsExpress main pages on our iOS application:



### Our Value Added Services

In addition to our core business comprising Marketplace and Direct Sales, we offer value-added services to our clients.

### HepsExpress

HepsExpress is an on-demand delivery service focusing on delivering everyday needs for our customers, such as grocery and water, with an instant (30 to 60 minutes) and scheduled (within hourly intervals) model.

HepsExpress provides a delivery marketplace platform for major nationwide retail grocery chains and local independent stores where users can place order from nearby stores for their daily needs. As of March 2021, our HepsExpress offering covered 14 cities throughout Turkey covering a population of approximately 30 million. As of the same date, we had 15 business partners with 888 stores, leveraging a courier picker network of more than 900 full-time equivalent ("FTE") (which is an employee's scheduled hours divided by the employer's hours for a full-time workweek) within our HepsExpress offering. HepsExpress serves as one-stop shop for daily needs of our customers. Our HepsExpress services also include (i) water delivery services from Turkey's major bottled water companies and (ii) flower delivery services through flower shop networks in Turkey.

We charge our customers with a delivery fee based on the merchant and size of the basket and the minimum order value starting from TRY 25 as of March 31, 2021.

HepsiExpress will provide "quick-commerce" capabilities (i.e., being able to deliver everyday needs to customers almost instantly (less than 1 hour) whenever and wherever they need them) if and when demand for such service in other product categories occurs.

### **HepsiJet**

See "*Logistics Infrastructure—Last-mile Delivery*."

### **HepsiLojistik**

We believe fulfillment-as-a-service is one of our key assets and a strong proposition to strategic merchants. We launched HepsiLojistik in 2020 and as of the date of this prospectus, we provided fulfillment services to nine companies beginning from December 2020. While expanding our merchant base, we also aim to expand our fulfillment service to provide fulfillment in almost every category. See "*Logistics Infrastructure*".

### **HepsiMat**

As part of our delivery services, we established a network of customer collection points from which our customers are able to pick-up their purchases. As of March 2021, we have more than 950 HepsiMat points located in 13 cities, including Istanbul, Ankara, İzmir, Bursa and Antalya. Our HepsiMat points are generally located in small local businesses, which provide additional income for these establishments, prominent shopping centers and gas stations.

These collection points are Hepsiburada branded, and are available as long as the local business, shopping center and gas station that such points are located are open for business. We plan to expand the coverage of our HepsiMat points throughout Turkey in the upcoming years, while we also continuously aim to increase density of these points in the existing locations.

### **HepsiAd**

We offer advertisement services through banners placed on our main page and certain sub-sections of our online platform with high traffic for our merchants and strategic partners seeking to place advertisements. To provide an enhanced advertisement offering to our merchants, we are developing our HepsiAd service as an advertisement platform with a demand-side platform and search monetization capabilities for advertiser brands and merchants on our platform. Once fully-launched, HepsiAd will operate as an integrated function of our core business also through the Merchant Portal, providing our strategic partners and merchants with control over their advertisement expenditure with advanced targeting and reporting capabilities.

Our priorities for HepsiAd in 2021 include, establishing merchant onsite (i.e., advertisements within the Hepsiburada platform to users of our app, desktop site or mobile site) and offsite (i.e., advertisements relayed by external digital advertising platforms) advertising and brand onsite and offsite display features, as well as providing a subscription model analytics and insight offering for merchants and data sharing and monetization abilities for brand partners.

### **HepsiPay**

We are developing HepsiPay, which is a payment tool that will enable, upon its launch, instant money transfers between users, instant returns, cancellations and cashback and digital wallet and payment gateway capabilities. HepsiPay is designed to be a "companion wallet" to mobilize, spend, transfer and save money in a flexible manner across online and offline channels. HepsiPay acquired its license as an e-money and payment service provider in Turkey in February 20, 2016 and was the sole e-commerce platform holding such license as of December 31, 2020 (according to the Central Bank's

list of such providers). As of the date of this prospectus, Hepsipay is developed and maintained in-house by an experienced team of Hepsiburada. We target delivering Hepsipay's core capabilities by the end of 2021 with the goal, over time, of Hepsipay becoming the main payment facilitator for purchases on our platform, while also growing payment volumes in offline channels.

### ***HepsiGlobal***

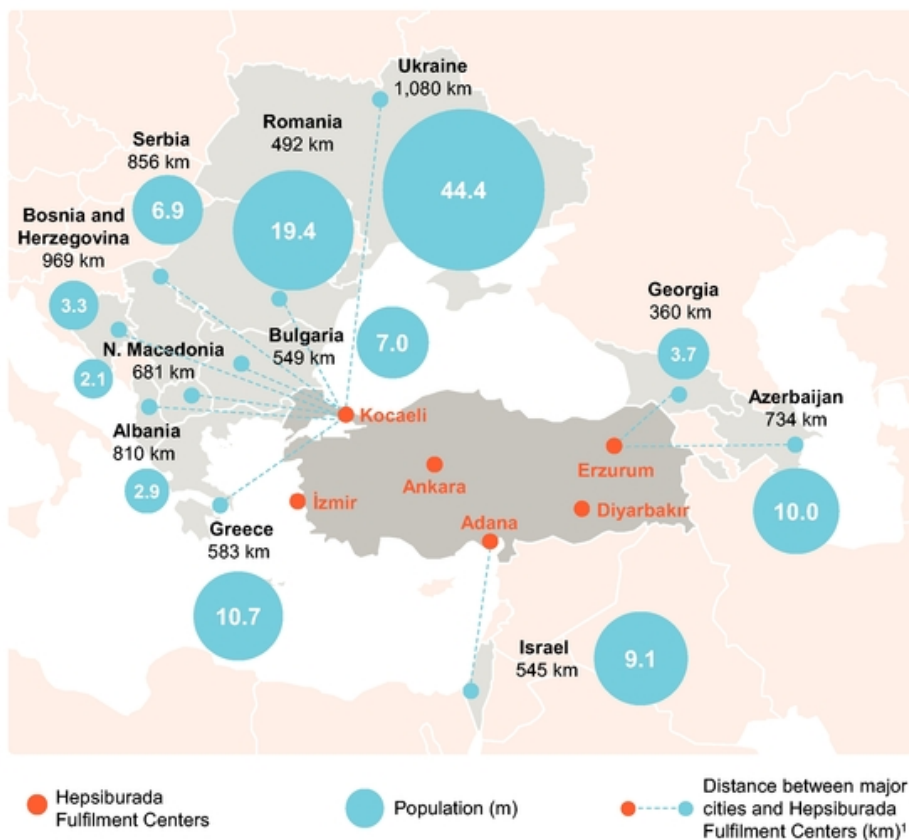
HepsiGlobal is designed as an international platform to enable cross-border (both inbound and outbound) sales operations. As of December 31, 2020, we launched the inbound limb of our Hepsiglobal offering where customers in Turkey are able to purchase products that are sold by merchants located outside of Turkey. From 2021 onwards, we are targeting to reinforce the outbound limb of this service to enable merchants in Turkey to make sales outside of Turkey.

HepsiGlobal is based on our Marketplace model and is designed to work as an international platform for merchants located in Turkey to sell their products to proximity geographies while also enabling Turkish customers to reach vast international merchandises offered by large merchant base located outside of Turkey through a platform in the Turkish language and operating in Turkish Lira integrated with logistics partners and customers for faster delivery with close proximity.

With our Hepsiglobal offering, we aim to offer to our customers (i) long tail selection (i.e., offer a large variety of hard-to-find items to many customers, each in small quantities, as opposed to focusing on bulk sales of popular items) with a target of more than 1,000 merchants and 1 million SKUs by the end of 2021, (ii) faster delivery with 80% of orders placed in March 2021 delivered within 10 days, with a further goal to decrease the delivery time to 3-4 days, (iii) transparent order costs with unchanged customs and shipment fees informed to customers at order, (iv) cheaper prices with high quality, compared to substitute goods that are already available in Turkey, and (v) local customer service with multilanguage customer and merchant support features.

The below map indicates our priority markets in relation to our outbound Hepsiglobal offering, with further information on population, distance between major cities and Hepsiburada fulfillment centers, and cross-border ratio in e-commerce in 2020 for the indicated countries.

## Outbound Market Opportunity in the Priority Markets



Sources: Google Maps (Distance between major cities and Hepsiburada Fulfillment Centers), World Bank (Population, 2019).

(1) Distance between capital cities of outbound markets and cities that have the closest Hepsiburada fulfillment center. For Israel, the distance between Adana and Tel Aviv is presented.

### HepsiFly

HepsiFly is designed to provide travel agency services to our customers with major local and global airlines. HepsiFly is intended to present our customers with an option to buy airline tickets, travel insurance and cancellation policies with competitive prices. We are aiming to fully launch online airline tickets services once COVID-19-related restrictions on travel are lifted. As a future further development of this product, we are targeting to provide our customers with an option to make hotel bookings, buy package tours, travel insurance and cancellation policies. For our HepsiFly services, we acquired a tourism agency license in February 2021.

### Our Customers

We define all persons accessing to our online platform (either through website or mobile application) as users. Users are able to view all the content of our online platform and buy products without the need to register. If users choose to register, we define such registered users as members.

We classify users (either registered or unregistered) who purchased an item on our Marketplace or through Direct Sales within the 12-month period preceding the relevant date, as Active Customers.

As of December 31, 2018, 2019 and 2020, we had approximately 19.6 million, 25.1 million and 33 million members. As of the same dates, we had 4.8 million, 6.5 million and 9 million Active Customers.

For the three months ended March 31, 2021, we had an NPS, an index ranging from (100) to 100 that measures the willingness of customers to recommend a company's products or services to others, NPS, of 66 (according to the company's internal reporting records), which we believe is an indicator of our strong customer satisfaction.

### ***Loyalty Club***

In August 2020, we launched our Loyalty Club. As of December 31, 2020, we had more than 230 thousand customers admitted to our Loyalty Club since its launch. Admissions to our Loyalty Club are made to create sustainable and recurring revenue, by the frequency of purchases of our customers. On average, since its launch until December 31, 2020, Loyalty Club members bought approximately 2.5 times more frequently on a monthly basis compared to our non-Loyalty Club customers.

As of March 31, 2021 customers whose purchases (i) exceed TRY 2,000 within the last 90 days (except the last 15 days) and (ii) consist of at least 20 products are automatically admitted to the Loyalty Club as free members. Loyalty Club members are enrolled in the program for 90 days and existing Loyalty Club members who wish to retain their memberships must fulfil these conditions on an ongoing basis. Admission criteria parameters could change as the Loyalty Club program evolves.

Our Loyalty Club benefits include, free delivery for orders exceeding TRY 25, Loyalty Club specific campaigns and discounts and call center priority. In addition, we plan in future to execute partnership deals such as music, streaming and booking services, and also to adopt the wallet integration with cashback feature.

### ***Customer Payment Methods***

Customers can pay for their purchases by credit card, debit card, wire-money-transfer, instant money-transfer (enabling transfers through the interfaces of selected banks), digital wallets of selected banks, and Google Pay (for customers using apps on their Android-based mobile phones). Customers purchasing with credit cards are able to pay in installments depending on the bank issuing their credit cards. In addition, customers are able to pay via multiple credit cards in case their credit limits are insufficient to place an order with a single credit card.

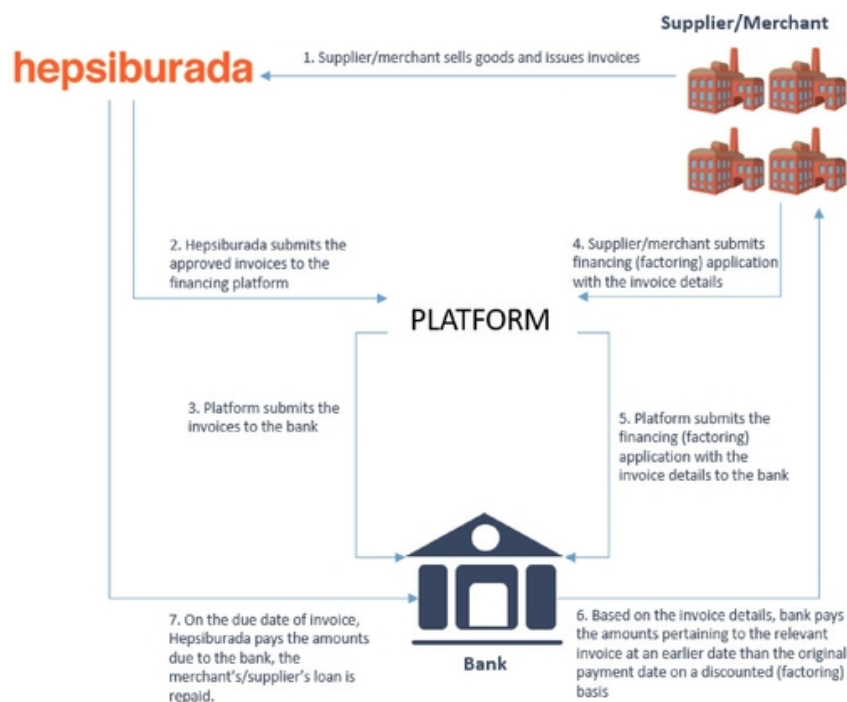
We also facilitate online consumer loans to our customers, where we act as the intermediary between leading Turkish banks that we have agreements with and the customers. As of March 31, 2021, we had agreements with major Turkish banks to act as an intermediary between our customers and such banks. Using this facility, customers instantly apply for consumer loans on our payment screen and once the bank approves lending, an amount equal to the purchase price of the relevant product is transferred to our accounts and our customers' orders are placed. This method is available only for baskets between TRY 750 and TRY 25,000 and up to a maturity of 36 months. We receive commission based on the amount of the loan from the banks once the loan is drawn by our customers. Between April 2018 and March 31, 2021, more than 100 thousand customers benefitted from consumer loans that we facilitated.

From 2016 to March 31, 2021, the number of credit cards stored in our platform for "one-click" check-out increased by 26 times, from 0.3 million to 7.1 million.

## Supplier and Merchant Financing

We facilitate financing to merchants (in the case of Marketplace) and suppliers (in the case of Direct Sales) enabling them to optimize their cash flow management. Through our supplier and merchant financing service, merchants and suppliers can collect their receivables on a discounted basis (*i.e.*, reduced to account for commission and interest relating to the service) at a date earlier than their original collection date. To enable this, the suppliers and merchants use our service to access and collect funds equivalent to their receivables (with a discount subtracted), either from us, in which case we coordinate with our partner banks to borrow short-term financing, or directly from one of our partner banks under outstanding lines of credit. Concomitantly, our platform submits the respective suppliers' or merchants' invoices to the relevant bank as evidence of receivables. Until the due dates of the relevant receivables, we either incur a short-term borrowing liability or a trade payable, depending on whether we borrow funds on the supplier's or merchant's behalf or such supplier or merchant borrows directly from one of our partner banks, respectively. We then repay the principal amount pertaining to the short-term financing on their original collection date. We generate a commission income from merchant and supplier financing transactions. Such commission is embedded in the interest rate that is charged by the bank to the relevant suppliers and/or the merchants. We receive our commission based on the amount of the loan from the banks once the loan is drawn by our suppliers or merchants.

The phases of merchant financing are illustrated in the graphics below.



For the years ended December 31, 2018, 2019 and 2020, total financing volume of merchant and supplier financing amounted to TRY 118 million, TRY 236 million and TRY 1,349 million, each on a revolving basis.

## Logistics Infrastructure

### *Fulfillment Center Network*

Our logistics infrastructure comprises a network of six fulfillment centers across Turkey, including our Gebze fulfillment center which is one of the largest dedicated e-commerce operation centers in the neighbouring region. Our fulfillment centers, including regional warehouses encompass a total area of more than 120 thousand square meters and more than 90% of the population in Turkey fall within a 250 kilometer radius of our fulfillment centers, according to Turkstat data as of December 31, 2020.

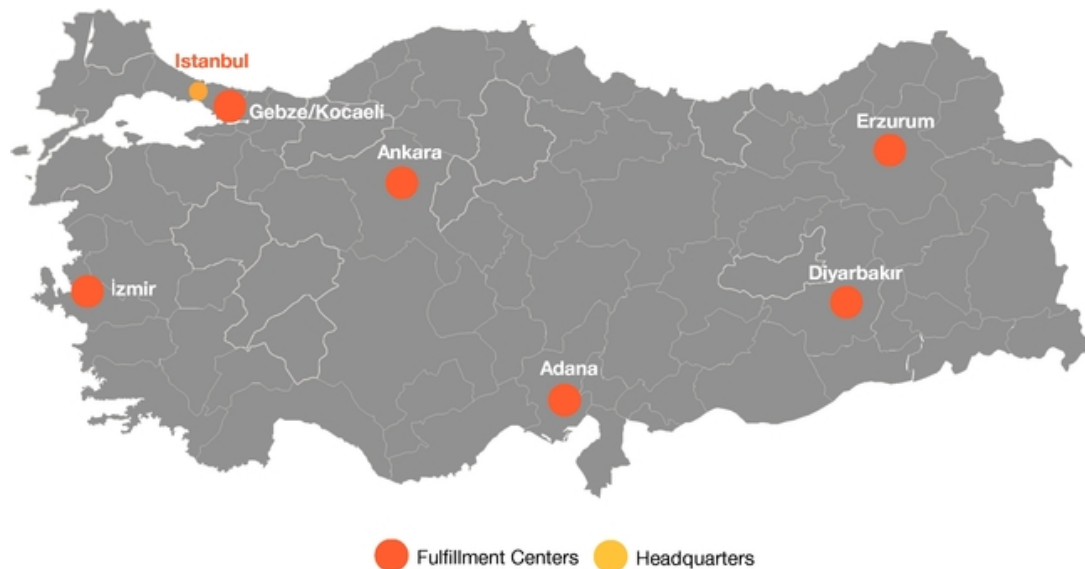
Our logistics infrastructure serves both our Marketplace and Direct Sales functions. By means of our Hepsilojistik model, we enabled merchants to benefit from our nationwide logistics infrastructure. For such merchants selecting the Hepsilojistik model, we provide storage and fulfillment services. The fulfillment process involves the acceptance, storage, picking, consolidation and packaging of ordered products into parcels at our fulfillment centers located in our fulfillment centers. With our Hepsilojistik model, merchants deliver their products to one or more of our fulfillment centers to be stored and after a customer orders a merchant's product, we manage the fulfillment of the product into a parcel. This is performed by our Hepsilojistik service. See "*Value Added Services—Hepsilojistik*."

For the three months ended March 31, 2021, our logistics infrastructure has enabled us to reach over 95% on time dispatch performance for orders coming from our Gebze fulfillment center. For the year ended December 31, 2020, we had 492 full time equivalent ("**FTE**") (which is an employees' scheduled hours divided by the employer's hours for a full time workweek) including employees on our payroll as well as outsourced resources, on average (and 1,098 FTEs in the peak time)," working in our fulfillment centers enabling 24/7 operations with fulfillment, shipment and same day, weekend and evening deliveries.

In 2020, our fulfillment centers enabled us to dispatch four times the volume of products at peak times (calculated as the ratio of products handled at Legendary Friday to the average daily number of products handled in 2020). Our fulfillment centers and the ability to quickly setup new temporary fulfillment centers for short periods enabled us to store more than 7 million items at peak times, as of November 2020, with storage at peak times of 1.7 times more than the usual number of items, based on peak volumes in November 2020 compared to the 2020 average.



The below map indicates the locations of our fulfillment centers through Turkey as of December 31, 2020.



We operate the Gebze/Kocaeli's approximately 85 thousand square meters of fulfillment center space under a lease agreement dated April 2014 with Megeye Lojistik Anonim Şirketi for a ten-year extendable term from May 2015.

We operate Ankara's approximately 11.5 thousand square meters of fulfillment center space under a lease agreement dated August 10, 2020 (effective as of September 1, 2020) with A. Vedat Yakupoğlu Gayrimenkul Yatırımcılığı for a five-year term, which is automatically renewed for additional one-year period and which we can terminate unilaterally with three months' written notice.

We operate İzmir's approximately 15 thousand square meters of fulfillment center space under a lease agreement dated August 28, 2020 (effective as of September 1, 2020) with Üstünkarlı Makine A.Ş. for a two-year term, which is automatically renewed for additional one-year periods unless we terminate with 15-days' notice prior to termination and which we can terminate unilaterally during the effective period with three months' written notice.

We operate Erzurum's approximately 2.3 thousand square meters of fulfillment center space under a lease agreement dated August 7, 2020 with Murat Ozan, Tugba Ozan, Muhterem Ozan, Fatih Ozan for a one-year term, which is automatically renewed for one-year periods with rent increased with inflation.

We operate Adana's approximately 4.5 thousand square meters of fulfillment center space under a lease agreement dated August 2020 with Ermenes Orman Ürünleri Sanayi ve Ticaret Ltd. Şti for a five-year term, which we may terminate at any time with 60-days' notice (although we agree to operate the warehouse as lessee for a minimum five-year term) and is automatically renewed for one-year at the end of the term.

We operate Diyarbakır's approximately 4.4 thousand square meters of fulfillment center space under a lease agreement dated August 18, 2020 with a two-year term, which is automatically renewed for additional one-year period unless we terminate with one month notice prior to termination.

The terms of our leases for our fulfillment center facilities in İzmir, Adana, Erzurum and Gebze/Kocaeli permit us to sub-lease these fulfillment warehouse facilities to related parties owned by our

Founder, Vuslat Dođan Sabancı, Yařar Begümhan Dođan Faralyalı and Arzuhan Dođan Yalçındađ and Iřil Dođan.

The below pictures illustrate our fulfillment center located in Gebze, Kocaeli.





### ***Last-mile Delivery***

To complement our logistics infrastructure responsible for delivery and fulfillment, we also provide last-mile delivery services, which is the delivery of the products to their final destination from our fulfillment centers (in cases of Direct Sales and Marketplace operations run on a HepsiLojistik model basis) or from our merchants' warehouses (in case of Marketplace operations run on a FBM basis). We also serve external third parties (i.e., parties that are not merchants or customers) as a last-mile delivery service (which represented approximately 20% of the total volume handled by HepsiJet in 2020).

Our last-mile delivery service is based on an asset-light business model where we do not incur substantial capital expenditure but instead benefit from our cross-docks (parcel transfer centers) throughout Turkey and a crowd-sourced model where we subcontract carriers who use their own vehicles for this service. HepsiJet subcontracts independent contractors to operate its business on a crowd-sourced basis. While HepsiJet does not employ such persons, it enables creation of new jobs for families and individuals who wish to join our operations which indirectly supports the Turkish economy.

As of March 31, 2021, HepsiJet services were available in 63 cities in Turkey serving to approximately 95% of Turkey's population. By June 30 2021, we target HepsiJet to serve in all 81 cities in Turkey. As of March 31, 2021, HepsiJet operated 115 cross-docks, with a target to expand to over 150 cross-docks with approximately 3,500 carriers by the end of 2021 (noting that our carriers increased 13 times from December 2017 to December 2020). All our carriers (i.e., motorcycle and truck carriers) are crowd-sourced.

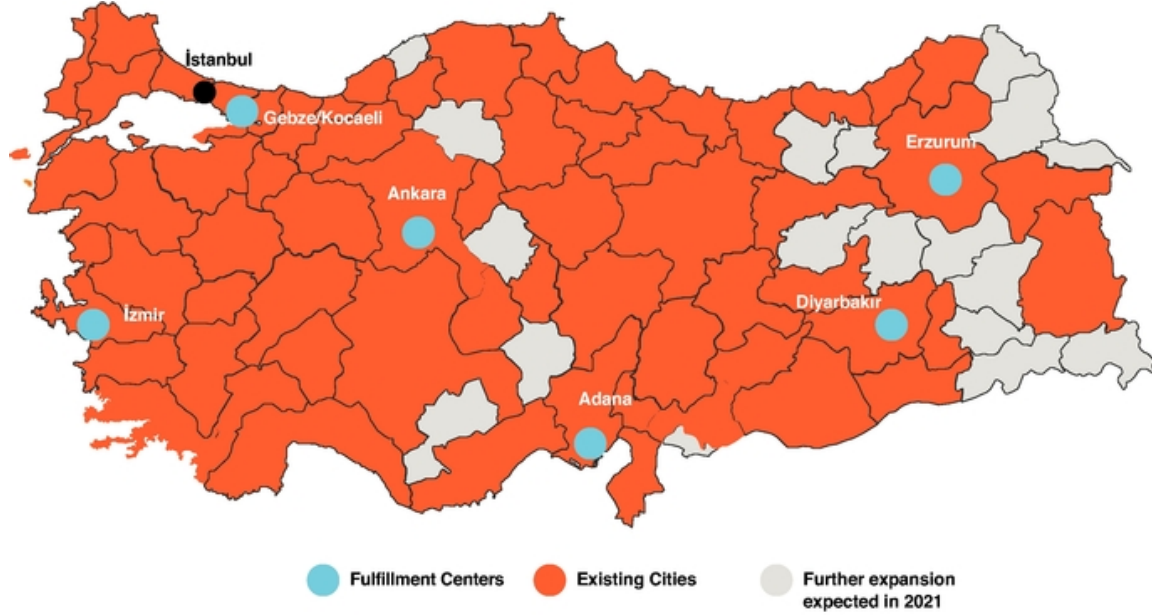
For the year ended December 31, 2020, HepsiJet reached 95% on-time delivery performance and we target to improve this to 97% by the end of 2021. For the same period, HepsiJet reached

approximately 75% penetration in Direct Sales and 25% in Marketplace sales. Average delivery times for the years ended December 31, 2019 and, 2020 and for the three months ended March 31, 2021 were 3.1, 2.2, and 1.8 days respectively, as compared to the average delivery time of 2.8 days for 2020 among of third party last mile delivery services providers. HepsiJet delivered approximately 65% of its orders within the next day (during the first quarter of 2021).

As of December 31, 2020, HepsiJet was the only last-mile delivery company in Turkey that provided a return pick-up service at customer's address. HepsiJet also enables us to perform same-day and next-day delivery services in return of an extra delivery fee and by appointment.

We also have plans to initiate the "2-Man Handling" service, which is the service of two-man teams employed to lift and deliver large appliances, furniture, and consumer electronics.

The below map indicates the coverage of HepsiJet in Turkey as of March 31, 2021.



## Technology

### Organization and Culture

Our business has been driven by technology and data since its inception and we aim to leverage data and technology to provide the best experience to our users. For this purpose, our engineering and technology teams focus on security, availability, scalability and performance of our technology infrastructure while preparing new product features across our website and mobile applications. Our technology department is essential to our ability to implement our strategy and maintain our leading position in the Turkish e-commerce market.

We have dedicated and aligned our technology teams across core product functions and features of our online platform, such as product catalogue, search, order management system, shipping, one click payment, and fulfillment center management system. Our technology team is a data driven and cross functional team comprising developers, testers, product owners working as a single team to maintain an "agile" technology culture with product mindset at the core of our business.



As part of our technology organization, we focus on security by design functions where we operate with a "fast delivery cycle" and "minimal viable product" mindset, meaning that we optimize our technology infrastructure with continuous improvements supported by data and user experience tests (i.e., A/B tests, also called split tests, which involve comparing two versions of a webpage or app to determine which one performs better).

As of the date of this prospectus, we had approximately 500 employees dedicated for technology operations (approximately 400 of which are part of the "Hepsiburada technology" team and the remaining are part of the "Hepsiburada operations" team which partly comprises the Hepsijet technology team). In addition, as of the same date, we had more than 40 product function teams dedicated to a particular technology product. Our technology organization is directly supported by our three state-registered research and development centers in strong cooperation with Turkish universities, which position us as one of main destinations for top engineering and product talent.

### ***Technology Infrastructure***

We rely on two separate and synchronized data centers located in Istanbul, Turkey, which are located in the two different sides of the city (Asian side and European side) with view to ensuring operational continuity. We own and operate the server hardware, network, storage devices and backup systems in both data centers. We employ redundancy architectures, outage procedures and data protection practices on all our technology systems which enabled us to reach 99.9% availability in 2018, 2019 and 2020. As part of our technology infrastructure, we established an incident management team that monitors, documents and addresses all incidents and alerts across the online platform on a 24/7 basis. In order to maintain capacity management flexibility, we have established access to cloud systems allowing us to utilize cloud services whenever extra capacity needed. Within the last 5 years, we upgraded our technology infrastructure through our in-house product function teams to ensure high customer experience on our platform. For example, we replaced the search and navigation system with an in-house system, implemented a new recommendation engine, replaced our central order management system and improved customer checkout systems.

In connection with the operation of our data centers and backup systems we work directly with the two major internet service providers of Turkey. We receive data center and cloud services from Superonline İletişim Hizmetleri A.Ş. ("**Turkcell Superonline**") and Türk Telekomünikasyon A.Ş. ("**Türk Telekom**"), who together provide over 80% of Turkey's internet services. If services were to be disrupted with one of these two providers, we would rely on the other to continue our operations. We entered into a framework agreement with Turkcell Superonline dated May 24, 2021 under which we may from time to time contract for services, such as for necessary infrastructure and devices. We entered into a server hosting service agreement with Türk Telekom dated June 19, 2017 with an indefinite term that we may terminate at any time upon written notice to Türk Telekom.

### ***Product***

Our technology teams develop almost all key functions and features of our online platform with in-house capabilities, where such teams from time to time benefit from selected third-party tools and technologies such as SAP (system application and products in data processing).

We design and build products with an emphasis on security, scalability and ability to provide uninterrupted services. Also, we develop new capabilities based on machine learning and in-house data algorithms with search, recommendation and demand forecasting features. We adopted various open source technologies and have invested in quality assurance, test automation, micro-services, micro-frontend architecture, software development and delivery lifecycle improvements. To ensure quality of service, we perform extensive monitoring ranging from application-level metrics to operating system and hardware-level metrics subsequent to new product releases and bug fixes.

Our technology infrastructure's ability to scale quickly and efficiently has been tested and showed strong performance in peak seasons such as Legendary Friday and unexpected demand shifts such as the COVID 19 pandemic, and provides sufficient scalability for us to direct fulfillment operations among our fulfillment centers in case of a disruption.

### **Cybersecurity**

We have a dedicated cybersecurity team performing application security, cyber defense, security operations, access & data security and governance risk compliance functions. Our cybersecurity team uses various technical means and procedures to protect our technology systems from cyber threats, such as perimeter protection tools, perimeter scanning, user rights restrictions on workstations, antivirus protection, software update controls, code review and anomaly detections. Our technology infrastructure is also protected from multilayered external denial-of-service attacks by malicious traffic filtering systems.

Our data processing operations are in compliance with the Turkish data privacy laws and are regularly screened to avoid or detect data leakages. The changes in the applicable regulatory regimes are constantly monitored to keep our data processing policies and procedures up to date.

We are the first on-site audited and PCI DSS (Payment Card Industry Data Security Standard) certified firm in the Turkish e-commerce market and we maintain the ISO 27001 (Information Security Management System) certificate. We have developed a multi-level data security framework and secure data with a mix of analytical processes and development tools. As of the date of this prospectus, we have not experienced any material security incidents involving data held by us or our technology infrastructure.

### **Marketing**

We have dedicated marketing teams that cover our advertising and marketing needs across all product categories and channels. Our marketing organization is designed to explicitly address brand marketing, growth and data and commercial marketing functions across teams. Accordingly, our key marketing functions include the following:

- (i) Brand marketing: We benefit from our strong brand name with a presence of more than 20 years and leading aided brand awareness (96% in 2020 (Source: *FutureBright Research Brand Health Report*). Our brand marketing capabilities include our efforts across marketing communications, corporate communications, PR, and in-house creative production.
- (ii) Growth and data marketing: We benefit from our centralized data science and growth units to constantly improve customer experience and growth decisions. Our growth and data capabilities include performance and mobile growth marketing, data and analytics, user experience, loyalty and lifecycle marketing.
- (iii) Commercial marketing: Our commercial marketing capabilities are deeply integrated into daily sales operations and include campaign management, trade marketing and influencer marketing efforts. Our sales organization comprises individual units each dedicated to specific product categories and operates on tailored incentive programs based on key performance indicators driving growth.

We allocate a majority of our marketing budget to online marketing channels. For the three months ended March 31, 2021, 81% of our marketing budget was allocated to online marketing channels (e.g., website advertisements), the remainder being allocated to offline marketing channels (e.g., billboards).

**Employees**

As of March 31, 2021, we had 2,572 employees and more than 6,000 outsourced FTEs supporting our business.

The following table sets forth information on the number of employees by function as of the dates indicated, excluding the outsourced personnel:

	As of <b>March 31,</b>	<b>As of December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Technology	390	385	204	199
Operations(1)	821	840	330	293
Call center	527	451	170	109
Other <sup>(2)</sup>	834	756	514	418
<b>Total</b>	<b><u>2,572</u></b>	<b><u>2,432</u></b>	<b><u>1,218</u></b>	<b><u>1,019</u></b>

(1) Operations include Hepsiburada operations team and HepsiJet with its dedicated technology team.

(2) Other includes other departments not specifically mentioned in the table as well as new businesses.

The cost of some employees in technology team who are working on the development of the web site are capitalized in our IFRS financial statements.

In 2020, the growth in the number of our employees has been primarily attributable to growth in our sales due to the COVID-19 pandemic, which resulted in a major increase in demand for e-commerce services, as well as our expansion into new services.

We believe that a motivated and well-trained workforce is essential to our business operations. Our employees undergo a training program before their employment commences, and we conduct further training programs on a periodic basis for technical and other specific areas, such as data protection and competition law. In 2020, we provided more than 4,500 hours of training to our employees.

We also believe that our future success depends on our continued ability to identify, hire, train and retain qualified personnel. Our people and culture strategy has the objectives of attraction, retention and social responsibility and sustainability. In pursuit of these objectives, we have ten people and culture strategic programs in place with over 60 ongoing projects. We believe our targeted talent acquisition approach is responsible for our approximately 90% offer acceptance rate among white collar recruits at our headquarters during 2020.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes. Our employees are not represented by any labor unions.

We encourage high employee performance by offering bonuses and providing other incentives generally based on their contributions to our business operations. Employee well-being and engagement is also an important component of our human resources policy.

**Intellectual Property**

Our intellectual property, including trademarks, is an important component of our business. We protect our intellectual property rights by relying on a combination of Turkish intellectual property laws and regulations in addition to contractual restrictions that protect our rights in our brands, technology, products and services. We enter into confidentiality and invention assignment agreements with our employees, and require other third parties with whom we do business to maintain the confidentiality of

our proprietary information. In addition, we require all customers and merchants with access to our online platform to accept our terms and conditions, which contain specific provisions in connection with protection of intellectual property, and confidentiality. We seek to control access to, and distribution of, our proprietary information in a commercially reasonable manner.

We rely on our trademark to protect our brand name and logo, which is used on our online platform, internal and external communications, corporate identity and invoices. Our "hepsiburada" and "hepsiburada.com", as well as our "hepsiglobal", "hepsijet", "hepsipay", "hepsiexpress", "hepsimat", and "hepsifly" brands and logos are protected as registered trademarks with the Turkish Patent and Trademark Office ("TPTO") under various classes and forms, and we own the "hepsiburada.com", "hepsipay.com.tr", "hepsipay.com", "hepsijet.com.tr", "hepsijet.com", "hepsiexpress.com.tr", "hepsiexpress.com", "hepsifly.com.tr", "hepsifly.com", "hepsiglobal.com", "hepsiglobal.com.tr", and "hepsiad.com" domain names.

To protect our intellectual property rights, we register trademarks that have adjacent orthography or are related to our business operations. As of December 31, 2020, we had 100 registered trademarks with the TPTO. In addition, our "Hepsiburada.com" trademark is registered with the TPTO as a well-known trademark providing us with enhanced protection in other business activity classes in Turkey. If we detect any breach of our intellectual property rights by third parties, in particular breaches related to our trademark, we actively seek to take appropriate protective measures.

Along with our existing trademarks and pending trademark filings, certain components of our website and mobile applications, including the design, codes, website and mobile application contents, images, software integrations and interfaces are under copyright protection under Turkish copyright regulations. As of December 31, 2020, we did not own any patents or industrial designs but had a total of five pending patent application.

## Facilities

Our principal office is located at Kuştepe Mah. Mecidiyeköy Yolu Cad. Kule 2 Kat:2 No:12 34387 Şişli/Istanbul. All our fulfillment centers are leased from third parties.

The following table provides an overview of our fulfillment centers:

	Approximate size of total area as of March 31, 2021 (in thousand square meters)
Gebze/Kocaeli	85
Ankara	11.5
İzmir	15
Erzurum	2.3
Adana	4.5
Diyarbakır	4.4
<b>Total</b>	<b>122.7</b>

## Insurance

We maintain insurance coverage for the IT and logistics infrastructure on which we rely for our operations that we believe is consistent with industry standards. Our insurance policies provide coverage against a number of risks in connection with our operational assets, including certain server hardware, network, and storage devices and back-up facilities in our data centers. Our insurance policies for our logistics infrastructure include fulfillment center policy for fire, earthquake, flooding, storms, traffic accidents and theft. In addition, we maintain insurance coverage for our directors and officers. Our insurance policies usually last for a period of one year and are renewed annually upon



expiration. We renewed all of our insurance policies in 2020 for a one year period, and plan to renew our current insurance policies in 2021 on their renewal dates.

We have not been subject to any material natural disasters, accidents or other events that led to a significant repair or replacement expense or permanent interruption of our online services. In addition, we have not experienced any material disputes with our insurance companies in respect of our insurance claims. In 2020, our insurance expenses were approximately TRY 3.9 million (excluding employee health insurance policy expenses). See "*Risk Factors—Risks Related to Our Industry and Business—We may not be able to, or may choose not to, insure against all risks we face and may incur losses not covered by insurance, which could have a material adverse effect on our business, financial condition, results of operations and prospects.*"

## Regulatory Overview

Various aspects of our business are subject to Turkish laws and regulations, including:

- (i) the Law on Protection of Personal Data (Law No. 6698) published in the Official Gazette dated April 7, 2016 and numbered 29677 (the "**Law on Protection of Personal Data**"), which is applicable to all of our online services that involve the retrieval of personal data from our users—we are required to retrieve, process, store, and destroy personal data in accordance with the relevant provisions of the Law on Protection of Personal Data;
- (ii) the Law on Protection of Consumers (Law No. 6502) published in the Official Gazette dated November 28, 2013 and numbered 28835 (the "**Law on Protection of Consumers**"), which is applicable to all of our online services to the extent our users are qualified as consumers under Turkish law—we are required to protect our users' rights in accordance with the relevant provisions of the Law on Protection of Consumers;
- (iii) the Regulation of Broadcasts via Internet and Combating Crimes Committed by Means of Such Publications (Law No. 5651) published in the Official Gazette dated May 4, 2007 and numbered 26530 (the "**Law on Internet Crimes**") which is applicable to all of our online services to the extent we act as a hosting services provider—we are required to comply with the relevant provisions in relation to illegal content that might be posted on our online platform and notification requirements envisaged under the Law on Internet Crimes;
- (iv) the Law on Regulation of E-Commerce (Law No. 6563) published in the Official Gazette dated November 5, 2014 and numbered 29166 (the "**E-Commerce Law**") which is applicable to all our online services to the extent we provide commercial services to our users through our online platform—we are subject to various obligations in relation to notification requirements, commercial communications, and e-mails envisaged under the E-Commerce Law;
- (v) the Regulation on Commercial Communication and Commercial Electronic Communications published in the Official Gazette dated July 15, 2015 and numbered 29417 (the "**Regulation on Commercial Communication**") which is applicable to all our online services—we are subject to various obligations in relation to notifications, commercial communications, complaints, and e-mails envisaged under the Regulation on Commercial Communication;
- (vi) the Regulation on Service Providers and Intermediary Service Providers in E-Commerce published in the Official Gazette dated August 26, 2015 and numbered 29457 (the "**Regulation on Service Providers**") which is applicable to our online services, we are required to comply with various provisions envisaged under the Regulation on Service Providers; and
- (vii) the Regulation on Distance Contracts published in the Official Gazette dated November 27, 2014 and numbered 29188 (the "**Regulation on Distance Contracts**") which is applicable to

our operations to the extent we execute distance contracts with our users (that are defined as consumers under Turkish law) while we are providing services—we are required to comply with various obligations envisaged under the Regulation on Distance Contracts.

Hepsiburada is defined as a "hosting services provider" according to the Law on Internet Crimes and "intermediary service provider" according to the E-Commerce Law. According to these regulations, we, as a hosting service provider and as intermediary service provider, have no liability in relation to the content listed by third parties as well as any illegality related to goods listed or services provided by such third parties on our platform, unless we receive a notification of the unlawful or illegal content and do not take any action (including removing unlawful content). If we receive a complaint related to an illegal activity and/or content (including intellectual property infringement or sale of counterfeit product), we request information and documents from the relevant third party that is subject to the mentioned complaint. As a result of our examination and evaluation process, if we detect a violation, we remove the relevant content from our platform. We may also unilaterally suspend a merchant's account or terminate a merchant's agreement if we receive a claim and detect that such merchant has engaged in unlawful or illegal activity or posted unlawful or illegal content (including by infringing third party intellectual property rights or selling counterfeit products). See "*—Merchants*".

All regulations that are applicable to Hepsiburada are also applicable for HepsExpress, as HepsExpress is a function of our platform enabling instant delivery of products such as water, flowers and meals, with the same operating model.

In addition,

- (a) HepsJet carries out its activities under the licenses issued by the Turkish Information Technologies Authority and the Ministry of Transportation, and is under the regulatory oversight of such governmental authorities;
- (b) HepsPay carries out its activities under the license issued by the Turkish Banking Regulation and Supervision Agency, and is under the regulatory oversight of Central Bank of Republic of Turkey;
- (c) HepsFly carries out its activities under the license issued by the Turkish Ministry of Culture and Tourism and is under the regulatory oversight of such governmental authority; and
- (d) HepsGlobal is subject to consumer protection regulations as well as relevant customs regulations. For its inbound operations, Turkish customs regulations are applied. For its outbound operations (that are targeted to be launched from 2021 onwards) applicable customs regulations of the relevant country will be applicable.

Accordingly, HepsPay, HepsJet, HepsFly and HepsGlobal are under an obligation to comply with the regulations issued by the abovementioned authorities as well as the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions No: 6493 (HepsPay), Highway Transportation Law No. 4925 and Law on Postal Services No: 6475 (HepsJet), and Law on Travel Agencies and the Association of Travel Agencies No: 1618 (HepsFly). HepsPay and HepsJet are also subject to the Turkish Financial Crimes Investigation Board (MASAK) rules and regulations. Please see "*Risk Factors—We are subject to extensive laws and government regulations across our business, and changes to these laws or any actual or perceived failure by us to comply with such laws and regulations could materially and adversely affect our business*".

Failure to comply with regulations may result in the limitation, suspension or termination of services and/or the imposition of civil and criminal penalties, including fines. In addition, as we conduct our business operations through a hosting provider certificate (*yer sağlayıcılığı faaliyet belgesi*) issued by the Information and Communication Technologies Authority of Turkey ("**ICTA**") which grants us the

right to provide content and services in our online platform, failure to comply with the applicable provisions may result in the suspension of our internet access services upon a decision of ICTA.

**Legal Proceedings**

We are not currently involved in any material litigation or regulatory actions that we believe would have a material adverse effect on our financial condition or results of operation, nor are we aware of any such material litigation or regulatory actions threatened against us. From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business.

## MANAGEMENT

We are managed by our board of directors and by our senior management, pursuant to TCC and our articles of association.

### Board of Directors

Our board of directors is composed of nine members. The following table sets forth the name, age, position, initial year of appointment and expiration of current term for the current members of our board of directors as of the date of this prospectus. Unless otherwise stated, the business address of all directors is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli İstanbul, Turkey.

<u>Name(1)</u>	<u>Age</u>	<u>Position</u>	<u>Expiry of term</u>
Hanzade Vasfiye Doğan Boyner <sup>(1)</sup>	48	Chairwoman	May 25, 2024
Erman Kalkandelen <sup>(2)</sup>	39	Deputy Chair	May 25, 2024
Mehmet Murat Emirdağ	42	Board Member, Chief Executive Officer	May 25, 2024
Halil Korhan Öz	51	Board Member, Chief Financial Officer	May 25, 2024
Mehmet Erol Çamur <sup>(3)</sup>	55	Board Member	May 25, 2024
Cemal Ahmet Bozer	60	Board Member	May 25, 2024
Vuslat Doğan Sabancı <sup>(1)</sup>	50	Board Member	May 25, 2024
Mustafa Aydemir <sup>(2)(3)</sup>	44	Board Member	May 25, 2024
Tolga Babalı	46	Board Member	May 25, 2024

- (1) Hanzade Vasfiye Doğan Boyner and Vuslat Doğan Sabancı are siblings.
- (2) Erman Kalkandelen and Mustafa Aydemir are representatives of Franklin Templeton Turkey, and each is also a director of TurkCommerce B.V., one of our principal shareholders. See "*Principal and Selling Shareholders.*"
- (3) Each of Mehmet Erol Çamur and Mustafa Aydemir is expected to resign from his current position on the board of directors subsequent to this offering and each is expected to be replaced by an independent director.

The following is a brief summary of the business experience of our directors.

#### ***Hanzade Vasfiye Doğan Boyner***

Hanzade Vasfiye Doğan Boyner is our founder and has served as the chair of our board of directors since she founded Hepsiburada Group in 2000. Ms. Doğan is an experienced entrepreneur and leader of e-commerce and technology businesses as well as blue-chip companies. In 2002, Ms. Doğan founded Nesine, one of Turkey's leading sports betting platform, and currently holds the position of chairwoman. From 2003 to 2007, Ms. Doğan was the chairwoman of Doğan Publishing, Turkey's largest publishing company in terms of circulation at the time. From 2006 to 2010, Ms. Doğan was first a board member and then the chairwoman of Petrol Ofisi, Turkey's main fuel-products distribution company and second largest corporation by revenue throughout that period.

Ms. Doğan is the founding board member and served as the Vice-Chairwoman of Global Relations Forum between 2009 and 2020. She has been a member of the Brookings Institute Board of Trustees since 2014. Ms. Doğan is a regular participant at the World Economic Forum and a Committee Member of the Digital Platforms and Ecosystems Initiative. Since 2012, Ms. Doğan has served as the chairwoman of the Aydın Doğan Foundation a not-for-profit organization with a social mobility mission.

Ms. Doğan holds a Bachelor's degree in Economics from the London School of Economics and a Master of Business Administration from Columbia University where she continues to serve as a member of the Business School Board of Overseers.

***Erman Kalkandelen***

Erman Kalkandelen has served as a member of our board since August 2020. Mr. Kalkandelen currently serves as the CEO and Chairman of Franklin Templeton Turkey. Since joining Franklin Templeton, Mr. Kalkandelen has focused on small-cap companies in emerging markets and the CEE region. He is a member of the board of directors of Netlog Lojistik, Gözde Girişim, DeFacto, Şok Marketler and Bizim Toptan.

Mr. Kalkandelen holds a Master of Business Administration, with honors, from Sabanci University. During his MBA, he also studied strategic management at the Warrington School of Business Management, Florida University and graduated with honors from the Labor Economics Department of the Political Sciences Faculty, Ankara University.

***Mehmet Murat Emirdağ***

Mehmet Murat Emirdağ has served as Chief Executive Officer (CEO) since February 2019 and is a member of our board of directors. From 2017 until becoming CEO, Mr. Emirdağ served as an advisory member of our board.

Prior to Hepsiburada, Mr. Emirdağ held different executive and management roles at leading companies such as Instacart, Zynga, Microsoft and Unilever.

Mr. Emirdağ holds a Master of Business Administration from Columbia Business School and holds degrees in Chemical Engineering and Mechanical Engineering from Bosphorus University in Istanbul. Mr. Emirdağ is currently a member of World Economic Forum's Digital Payments Advisory Committee.

***Halil Korhan Öz***

Halil Korhan Öz has served as Chief Financial Officer (CFO) and member of the board of directors with Hepsiburada Group Companies since 2014. Prior to Hepsiburada, Mr. Öz worked for Ernst & Young from 1994 to 2003, after which he worked as the CFO for Shell/Bechtel Joint Venture Energy Company, Nokia Networks, Real Estate Investment Fund by Merrill Lynch, Levi Strauss and Media Markt GmbH.

Mr. Öz holds a Economics (BA) degree from Istanbul University Economics and since 2000 has been a member of the Turkish Chartered Public Accountants (CPA). Mr. Öz is the recipient of various awards including being listed as one of the 50 most Forceful CFOs in Turkey three times between 2016 and 2020.

***Mehmet Erol Çamur***

Mehmet Erol Çamur has been a member of our board of directors since 2015. Mr. Çamur worked for the Ministry of Finance from 1986 to 1995, and held management positions in the private sector for 5 years before joining Doğan Group in 2000. Mr. Çamur has been responsible for finance organizations at several Doğan Group companies. Currently, he serves as the Financial Affairs Coordinator for multiple entities under the Doğan Group.

Mr. Çamur holds a Bachelor's degree in Political Science from Ankara University.

Mr. Çamur is expected to resign from his current position on the board of directors subsequent to this offering and is expected to be replaced by an independent director.

***Cemal Ahmet Bozer***

Cemal Ahmet Bozer has been a member of our board of directors of since 2016. Mr. Bozer started his career at DeVry Institute of Technology in 1983 as an Assistant Professor. He joined the audit firm Coopers & Lybrand in Atlanta in 1985, serving in a variety of audit, consultancy & management roles. He later joined Coca-Cola in and served in financial roles from 1990 to 1997. In 1994, he took a leadership role at Coca-Cola Bottlers of Turkey (now Coca-Cola Icecek) and became its Managing Director, reporting to a board of JV partners. Returning to Coca-Cola in 2000 as Division President, Eurasia, he soon assumed Middle East responsibilities, and in 2007 became Group President for Eurasia. In 2008 Mr. Bozer was named Group President & COO, Eurasia & Africa, where he led business activities in 90 countries and in 2012, he was named as President of Coca-Cola International in more than 200 countries/territories.

Mr. Bozer has a Bachelor's degree in Management from the Middle East Technical University, Ankara, and a Master's degree in Business in Information Systems from Georgia State.

***Vuslat Doğan Sabancı***

Vuslat Doğan Sabancı has been a member of our board of directors since 2020. Ms. Sabancı has over twenty years of experience in publishing and media. From 2004 to 2008, she served as the CEO of Hürriyet Publishing, Turkey's foremost newspaper group, and as publisher from 2008 to 2018, during which time Hürriyet became a widely read and influential newspaper and Turkey's largest digital content company. Prior to joining Hürriyet, Ms. Sabancı worked at The New York Times and The Wall Street Journal. Ms. Sabancı founded Hürriyet Emlak, one of Turkey's leading real estate websites in 2016, and has been chairwoman since 2019. Ms. Sabancı sits on the board of a number of companies, including Doğan Group. Ms. Sabancı is a lifetime honorary board member of the International Press Institute (IPI) and serves on the Advisory Board of Columbia University's Global Centers, as well as on the Columbia Global Leadership Council.

Ms. Sabancı is the recipient of a lifetime honorary board member of the International Press Institute and in 2006 received UN Grand Award for outstanding achievement for her social justice campaigns. She is Vice President of the non-for-profit Aydın Doğan Foundation and a founding board member of Turkish Businesswomen Association and the not-for-profit organization Endeavor Turkey.

Ms. Sabancı holds a Bachelor's degree in Economics from Bilkent University and completed her graduate studies in International Media and Communications at Columbia University's SIPA.

***Mustafa Aydemir***

Mustafa Aydemir has served as a member of our board since August 2020. Mr. Aydemir currently serves as the managing director of Franklin Templeton Turkey. From 2014 to 2018, he served as CEO of Gözde Girişim, the largest listed private equity firm in Turkey and he was an executive board member in a number of portfolio companies. Mr. Aydemir has held several managerial roles at Yıldız Holding from 2010 to 2014, and worked at PwC from 2003 to 2010, Mazars from 2001 to 2003 in audit and consulting roles.

Mr. Aydemir is a Chartered Accountant in Turkey and holds a Bachelor's degree in Economics from Middle East Technical University.

Mr. Aydemir is expected to resign from his current position on the board of directors subsequent to this offering and is expected to be replaced by an independent director.

**Tolga Babalı**

Tolga Babalı has been a member of our board of directors since May 2021. Since 2008 he has held several management roles in Doğan Holding and related companies in the Doğan Group and, since 2017, Mr. Babalı has served as a member of the executive committee of Doğan Holding, with responsibility for financial and operational management. He has also served as board member or chairman of the board of directors of a number of Doğan Group companies.

Prior to joining the Doğan Group, Mr. Babalı worked for the Tax Inspection Board and Revenue Administration at the Ministry of Finance of Turkey from 1998 to 2008.

Mr. Babalı holds a Bachelor's degree in Economics from Gazi University, Ankara, and is certified as a Sworn-in Certified Public Accountant and an Independent Auditor.

**Senior Management**

Our executive officers are responsible for the management and representation of our company and were appointed by our board of directors.

The table below lists our senior management team, and sets forth certain information regarding each current member of our senior management as of the date of this prospectus:

<u>Name(1)</u>	<u>Age</u>	<u>Position</u>
Mehmet Murat Emirdağ	42	Chief Executive Officer (CEO)
Halil Korhan Öz	51	Chief Financial Officer (CFO)
Murat Büyümez	35	Chief Strategy & Business Officer (CSBO)
Galip Furkan Anarat	35	Chief Growth & Data Officer (CGDO)
Mutlu Erturan	45	Chief Commercial Officer (CCO)
Gürkan Çoskuner	42	Chief Technology Officer (CTO)
Esra Beyzadeoğlu	43	Chief People & Culture Officer (CPCO)
Taner Timirci	45	Chief Operating Officer (COO)

(1) The business address for each of our officers is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli İstanbul, Turkey.

**Mehmet Murat Emirdağ,**

See above under "Board of Directors."

**Halil Korhan Öz**

See above under "Board of Directors."

**Murat Büyümez**

Murat Büyümez has served as Hepsiburada's Chief Strategy & Business Officer (CSBO) since January 2019. Mr. Büyümez was the Chief Investment Officer for Doğan Online in 2018. He started his

career at J.P. Morgan in London and later worked for Mid Europa Partners in London and Istanbul offices. During this period, Mr. Büyümez served as a board member for several Mid Europa Partners' portfolio companies.

Mr. Büyümez holds a Bachelor's degree in Industrial Engineering from Bilkent University.

#### ***Galip Furkan Anarat***

Galip Furkan Anarat has served as the Chief Growth & Data Officer (CGDO) since February 2021. Mr. Anarat has more than ten years of experience in developing technology companies and startups. In 2020, Mr. Anarat worked at Al Tayer Group, a UAE based holding company in the Middle East, as Head of Growth. Prior to Al Tayer, Mr. Anarat served as the Head of Customer Growth Engagement from 2016 to 2018 and Director of Customer Growth and Marketing Technologies at Careem from 2018 and 2020, leading Careem's growth initiatives in 14 countries in MENA-Turkey-Pakistan region and eventual acquisition by Uber. Mr. Anarat also worked at Peak Games, Rocket Internet, Ashmore, Ak Asset Management and Finansbank.

Mr. Anarat holds a Bachelor's degree in Business Administration from Koc University and a Master's degree in Financial Engineering from Bosphorus University.

#### ***Mutlu Erturan***

Mutlu Erturan has served as Chief Commercial Officer (CCO) since March 2019. From 2015 to 2018, Mrs. Erturan served as the Chief Business Officer at Doğan Online. Prior to Hepsiburada, Mrs. Erturan held different executive and management roles at leading technology and finance companies such as IBM and Yapı Kredi Bank.

Mrs. Erturan holds a Master of Business Administration from University of Nottingham and holds a Bachelor's degree in Economics from the Middle East Technical University in Ankara.

#### ***Gürkan Çoskuner***

Gürkan Coskuner has served as Chief Technology Officer (CTO) since April 2018. Mr. Coskuner joined Hepsiburada in 2004, and has held various management roles since then, such as Chief Product Officer and Head of Technology and Software Development Manager.

Mr. Coskuner has a Bachelor's degree in Business Informatics from Marmara University.

#### ***Esra Beyzadeoğlu***

Esra Beyzadeoglu has served as Chief People & Culture Officer (CPCO) since January 2021. From 2018 to 2021, Mrs. Beyzadeoglu was COO, IT, Digital Banking, CRM and Operations at Aternatifbank. Mrs. Beyzadeoğlu has held a number of executive and management roles at leading banks and consultancy firms, such as Alternatifbank, Akbank, Accenture, Ziraat Technology and Osmanli Bank, including roles leading the digital transformation projects for such companies.

Mrs. Beyzadeoğlu holds an Executive Master of Business Administration from Sabanci University as well as a Bachelor's degree in Industrial Engineering from Galatasaray University. She also participated in the Leadership Development Program of Koç University.

#### ***Taner Timirci***

Taner Timirci has served as Chief Operations Officer (COO) since June 2016. Mr. Timirci started his career at Procter & Gamble (P&G) as a logistics engineer in 1997, where he spent 9 years, serving as Packaging Department Head as well as Customer Service and Logistics Group Manager in Turkey and South Africa. After his time at P&G, Mr. Timirci transferred to Reckitt Benckiser as a Supply



Chain Director, leading the supply chain operation in Turkey and Dubai, UAE, and was also the Supply President of Evyap.

Mr. Timirci received his Bachelor's degree in Industrial Engineering from Bosphorus University.

## **Board of Directors**

Pursuant to the TCC and our articles of association, the board of directors is responsible for our management and establishes the principles of our strategy, organization, accounting and financial control. Our board of directors convenes as frequently as necessary, and in any event once in every three months, to discharge its responsibilities. Our board of directors is authorized to appoint our executive officers as it deems appropriate.

Under Turkish law, members of the board of directors can be appointed from among shareholders as well as non-shareholders, and both natural persons and legal entities can be appointed as members of the board of directors. In the event a legal entity is appointed as a member of the board of directors, a natural person must be appointed by the legal entity member of the board of directors as its representative to exercise all rights and fulfill all duties of a member of the board of directors on behalf of such legal entity.

According to our articles of association, the board of directors must consist of a minimum of 6 and maximum of 12 directors, at least 1/3 of which shall be independent members bearing the requirements set forth under Communiqué on Corporate Governance Principles promulgated by the Turkish Capital Markets Board, and a requirement which we adopted voluntarily. However, from time to time, we may opt out from the requirement to have a majority of the independent directors as Turkish residents (to be decided as per Turkish tax regulations), and have a majority of our independent directors as residents of other countries. As per our articles of association, to the extent permitted by regulations, the obligation to appoint independent directors will apply starting from the annual general meeting of shareholders to be held in 2022 related to the 2021 fiscal period.

All of the directors will serve for the term fixed by the shareholders or board of directors that appoints such director or until the earlier of his or her death, resignation or removal. Our director's current terms of office will end on May 25, 2024. Our directors do not have a retirement age requirement under our articles of association. If a director resigns from our board of directors for any reason, our board of directors may appoint an interim director to serve until our next scheduled general meeting of shareholders. If approved by the next scheduled general meeting of shareholders, such interim director will continue its duty for the remainder of the term of the original director who resigned. Otherwise, the general meeting of shareholders will elect another replacement director nominee for the remainder of the term of the original director who resigned. A member of our board of directors whose term of duty has expired may be re-elected.

As of the date of this prospectus, the board of directors consists of nine members, one of whom is an independent member. We determined that Cemal Ahmet Bozer is an "independent" director as that term is used in the Nasdaq's listed company manual. As a "foreign private issuer," and a "controlled company" we may take advantage of exemptions from certain corporate governance requirements of Nasdaq. Accordingly, investors will not have the same protection afforded to shareholders of companies that are subject to all of the Nasdaq's corporate governance requirements. The current members of the board of directors were appointed at a shareholders' meeting held on May 25, 2021 to serve until their successors are duly elected and qualified. See "*Description of Share Capital and Articles of Association.*"

Director nominees will be elected at our annual general meeting of shareholders. The meeting quorum for such meeting will be the presence of shareholders holding 25% of the shares; the decisions will be taken by the affirmative votes of the holders of simple majority of shares present in the meeting.

## Legal Proceedings Relating to Senior Management

Our founder and chairwoman Hanzade Vasfiye Doğan Boyner was a board member at Petrol Ofisi A.Ş. (a major fuel company in Turkey which was listed on Borsa İstanbul until 2014) ("**Petrol Ofisi**") as a representative of Doğan Şirketler Grubu Holding A.Ş. ("**Doğan Holding**"), a position she only held between May 2007 and December 2010. Following an investigation covering the period between 2004 and 2007, an investigation report was prepared in 2010 by inspectors of the Customs Ministry of the Republic of Turkey ("**2010 Customs Investigation**") alleging that Petrol Ofisi deliberately misreported information relating to the total value of 56 import units of oil cargo imported between 2004 and 2007 in order to evade value added taxes of a total of approximately \$1.2 million. This amount constituted less than 0.02% of the total taxes paid by Petrol Ofisi in the four years covered by the 2010 Customs Investigation. A total of three of the 56 import units of oil cargo within the scope of the 2010 Customs Investigation were imported during the time in which Ms. Doğan had become a board member of Petrol Ofisi. The alleged tax evasion for such three units of oil cargo corresponded to less than \$15,000 in alleged value added tax evasion.

Approximately six years following the conclusion of Ms. Doğan's board membership at Petrol Ofisi, in March 2016, an Istanbul prosecutor submitted an indictment (the "**2016 Indictment**"), which was prepared based on the 2010 Customs Investigation. As per the 2016 Indictment, a total of 47 executives and board members, including among others, Aydın Doğan (the honorary chairman of Doğan Holding) and Ersin Özince (the former chairman of İş Bank, one of Turkey's largest banks), neither of whom had no executive positions at Petrol Ofisi between 2004 and 2007, were accused of establishing an illegal organization for the purpose of engaging in criminal activities and violating Turkish anti-smuggling law (specifically, being involved in and financing an organization linked to claims of evasion of taxes on oil products). Doğan Holding is a family owned Turkish conglomerate, and until its full exit from the industry in May 2018, was one of Turkey's largest media and broadcasting groups at the time of the 2016 Indictment, founded by Aydın Doğan, the father of our Founder.

In addition, according to publicly available documentation, the defendants also include various senior executives of the OMV Group (an Austrian multinational oil and gas company listed on the Austrian Stock Exchange), which purchased the shares of Petrol Ofisi from Doğan Holding in 2006 and 2010.

Within the scope of the 2016 Indictment, a total of 47 executives have been accused of being members of the alleged illegal organization, including our Founder on the basis that she was a board member at Petrol Ofisi, a position she held between May 2007 and December 2010. Pursuant to Turkish law, all board members of companies allegedly involved in criminal activities can be *ex officio* charged with the crime despite any lack of actual or alleged personal involvement.

In addition to the 2016 Indictment prepared by the Public Prosecutor on the basis of the alleged findings in the 2010 Customs Investigation, five customs offices (at various locations in Turkey into which the 56 units of cargo were imported) notified Petrol Ofisi for the payment of the unpaid value added taxes as well as the penalties. Subsequently, Petrol Ofisi sought to cancel these payment notifications by filing five administrative lawsuits in the relevant courts ("**Tax Lawsuits**"). As of the date of this prospectus, three of Tax Lawsuits have been completed with decisions in favor of Petrol Ofisi and are not subject to further appeal. Ms. Doğan and her legal advisors believe that the remaining two lawsuits are likely also to be resolved in favor of Petrol Ofisi, which would evidence the lack of any breach of tax or customs regulations alleged in the 2010 Customs Investigation (which was the basis of the 2016 Indictment).

As of the date of this prospectus, the hearings relating to the charges contained in the 2016 Indictment continue, and although more than five years have passed since the start of the proceedings, the Istanbul 1<sup>st</sup> High Criminal Court still has not completed the taking of initial statements from all defendants. Under Turkish law, the initial statements must be taken before the court can proceed. The

next hearing of the court is scheduled for December 2021. Ms. Doğan, her legal advisors and our management believe the allegations are entirely without merit. However, in case of an adverse result, she would be required to step down from her position as a director of the Company. See "*Risk Factors—Risks Relating to Our Business and Industry—We depend upon our Founder and chairwoman, our senior management, our IT specialists and other talented employees to grow, operate and improve our business; if we fail to retain our Founder as a result of ongoing litigation or if we fail to attract, retain and motivate key personnel, our business could be adversely affected.*"

## Corporate Governance

Matters related to corporate governance in Turkey are regulated by the Turkish Commercial Code, or the "TCC". As a part of this initial public offering, the Company will not be listed on Borsa Istanbul. Accordingly, it will not be a publicly held company for purposes of the Turkish Capital Markets Laws and Regulations unless and until the number of shareholders holding our shares amounts to 500 or more and such number is confirmed by the attendance of such number of shareholders in person or by proxy at a general assembly of shareholders.

We have chosen to voluntarily adopt, by amending our articles of association and by adopting necessary resolutions at the board of directors, some of the principles to which publicly held companies are subject under Turkish Capital Markets Laws and Regulations, namely the requirements that:

- 1/3 of the members of the Board of Directors be independent in accordance with the requirements of Turkish Capital Markets Laws and Regulations (we will phase-in our voluntary compliance with such independence requirements such that we will have only one independent director at the time of the offering, and, on a date subsequent to the offering, two directors will be replaced with independent directors); and
- The Board of Directors establish an Audit Committee, Risk Committee and Corporate Governance Committee for the effective functioning of the Board of Directors pursuant to the Turkish Capital Markets Board's Communiqué on Corporate Governance Principles.

However, unless and until such time as we attain publicly held company status under Turkish Capital Markets Laws and Regulations, we will not be subject to the general provisions thereof, including the Corporate Governance Communiqué numbered II 17.1, which was published in the Official Gazette dated January 3, 2014, or the CMB Principles.

The following summarizes the main rules under the Turkish Capital Markets Laws and Regulations:

- The number of independent members in the Board shall not be less than one third of the total number of the members of the board of directors. In calculating the number of independent board members, a fraction would be rounded up to the nearest integer. In any case the number of the independent board members shall not be less than two. The term of office of independent members of the board of directors is up to three years. Such members are eligible to be nominated again and re elected.
- The CMB sets forth certain independence criteria for independent board members.
- The following Board committees shall be established by listed companies:
  - Audit Committee;
  - Corporate Governance Committee; and
  - Risk Committee.

- Each of the corporate governance committee and the risk committee should consist of at least two members and the audit committee should consist of at least three members. It is mandatory that both (in case of two member committees) or the majority of the members of the committees be non-executive board members except that all of the members of the Audit Committee must be independent members. Expert people who are not board members may be elected as committee members except for the Audit Committee. The chief executive officer should not hold a position at the committees. Terms of reference, working principles and members of the committees shall be determined and disclosed to the public by the board of directors.
- Mandatory rules relating to enhanced shareholder information:
  - There are enhanced requirements as to the contents of the General Assembly notice.
  - A written remuneration policy for board members and senior management must be prepared. This policy must be posted on the company's website and submitted at the ordinary General Assembly as a separate agenda item for information. Payment plans, such as stock options or those based on company performance, are not used in the remuneration of independent board members. Remuneration of independent board members must safeguard their level of independence.
- There are rules relating to mandatory tender offer, material transactions and related party transactions or guarantees to third parties, that:
  - require any person acquiring "control" of the Company within the meaning of Turkish Capital Markets Laws and Regulations to make a mandatory tender offer to the minority shareholders;
  - require any person acquiring 5%, 10%, 25%, 33%, 50% and 66 67% of our ordinary shares to notify both our company and the public; provide for approval by the general assembly of shareholders of any "material transactions" within the meaning of the Turkish Capital Markets Laws and Regulations;
  - require approval of material related party transactions by a majority of independent directors;
  - impose a "short-swing" profits rule on transactions in our ordinary shares by directors or senior management occurring within a six-month period;
  - require approval by the general assembly of shareholders of any transactions by a related parties in the same field activity as the field of activity of our Company or our subsidiaries;
  - require the adoption of specified policies and procedures governing the distribution of dividends; and
  - permit the squeeze-out of minority shareholders by any shareholder who holds more than 98% of our outstanding ordinary shares.

These provisions would apply to us from such time as the number of shareholders holding our ordinary shares amounts to 500 or more and such number is confirmed by the attendance of such number of shareholders in person or by proxy at a general assembly of shareholders.

As a foreign private issuer and a controlled company whose ADSs will be listed on Nasdaq, we will have the option to follow certain Turkish corporate governance practices rather than those of Nasdaq, except to the extent that such laws would be contrary to U.S. securities laws and provided that we disclose the practices we are not following and describe the home country practices we are following.

We intend to rely on these exemptions with respect to the following Nasdaq requirements:

- we do not intend to comply with the requirement under Nasdaq Listing Rule 5605(b)(1) that a majority of the members of our board of directors be independent (although all of the members of the audit committee must be independent under the Exchange Act);
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5605(b)(2) to have regularly scheduled meetings at which only independent directors attend and will follow home country practice that permits us not to hold regular executive sessions where only independent directors are present;
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5605(d) to have a compensation committee composed entirely of independent directors, with a written charter that covers certain minimum duties, subject to certain exceptional and limited circumstances (our Corporate Governance Committee will carry out the functions of a compensation committee, and will consist of a majority of independent directors);
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5605(e) that director nominees be selected or recommended by either (i) a nominations committee comprised solely of independent directors with a written charter or (ii) independent directors constituting a majority of the board's independent directors in a vote in which only independent directors participate pursuant to a process adopted in a board resolution;
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5620(b) that a company solicit proxies for all shareholder meetings and will follow home country practice that permits us not to solicit proxies;
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5620(c) that an issuer provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than 33<sup>1</sup>/<sub>3</sub>% of the outstanding voting stock (under Turkish law one-fourth of the outstanding voting stock of a company is adequate for a meeting of the shareholders, except in specific circumstances where Turkish law exceptionally requires a higher quorum);
- we do not intend to comply with the requirement under Nasdaq Listing Rule 5630 that the audit committee or another independent body of the board of directors review and oversee all related party transactions (Turkish law only requires approval by a majority of independent directors for material related party transactions and such rule would only apply to us from such time as the number of shareholders holding our ordinary shares amounts to 500 or more and such number is confirmed by the attendance of such number of shareholders in person or by proxy at a general assembly of shareholders); and
- we do not intend to comply with the requirements under Nasdaq Listing Rule 5635 relating to matters requiring shareholder approval (Turkish law and our articles of association generally permit us, with approval of our board of directors and without shareholder approval, to take the actions set out in Nasdaq Listing Rule 5635).

Except as stated above, we intend to comply with the rules generally applicable to U.S. domestic companies listed on Nasdaq. We may in the future decide to use other exemptions with respect to some or all of the other Nasdaq listing requirements. Accordingly, holders of our ADSs may not be afforded the same protection as provided under Nasdaq corporate governance rules to the extent Turkish law does not provide similar protections. For more information, see *"Risk Factors—Risks Relating to Our Initial Public Offering and Ownership of the ADSs—As we are a "foreign private issuer" and intend to follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements"* and *"Risk Factors—We are a "controlled company" within the meaning of the Nasdaq listing*

rules. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements."

## **Committees of the Board of Directors**

Prior to listing on Nasdaq, our board of directors will have established an audit committee, a risk committee and a corporate governance committee to support it in its decision-making process and intends to adopt a written charter for each of the committees. Each committee's members and functions are described below.

### ***Audit Committee***

Our board of directors is assisted by the Audit Committee. The Audit Committee will consist of a minimum of three independent board members.

The Audit Committee consists of Cemal Ahmet Bozer, Halil Korhan Öz and Mustafa Aydemir.

The Audit Committee assists our board of directors in its responsibility for oversight of (i) the integrity of our financial statements, (ii) the statutory auditors' qualification and independence, (iii) the performance of the independent audit firm and our internal audit function, and (iv) our compliance with legal and regulatory requirements and environmental and social responsibilities. The Audit Committee is entitled to review information on any point it wishes to verify, and is authorized to acquire such information from any of our employees. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent audit firm. It also establishes procedures for confidential complaints regarding questionable accounting or auditing matters. It is also authorized to obtain independent advice, including legal advice, if this is necessary for an inquiry into any matter under its responsibility. It is entitled to call on the resources that will be needed for this task. It is entitled to receive reports directly from the independent audit firm, including reports with recommendations on how to improve our control processes.

The Audit Committee will hold meetings at least once every fiscal quarter. The Audit Committee's members will be appointed by the Board from among the independent directors. Each of our Audit Committee members will be independent under Rule 10A-3 under the Exchange Act and the Nasdaq listing rules, subject to the phase-in described below. The members of our Audit Committee will meet the requirements for financial literacy under the applicable rules and regulations of the Exchange Act and Nasdaq. Moreover, our board has determined that Cemal Ahmet Bozer is an Audit Committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of Nasdaq. The Audit Committee will operate under a written charter that satisfies the applicable standards of the SEC and Nasdaq. You will be able to view our Audit Committee Charter on the corporate governance section of our website.

Under Rule 10A-3 of the Exchange Act, we are permitted to phase-in our compliance with independent audit committee requirements set forth in Nasdaq Rule 5606(c) and Rule 10A-3 as follows: (1) one independent member at the time of listing, (2) a majority of independent members within 90 days of listing and (3) all independent members within one year of listing. Our board of directors has determined that Cemal Ahmet Bozer satisfies the "independence" requirements set forth in Rule 10A-3 under the Exchange Act and we are relying on the independence phase-in rules with respect to the other two members of the Audit Committee.

### ***Risk Committee***

The risk committee will consist of a minimum of two board members, a majority of which shall be independent directors, subject to the phase-in described below. The members of the risk committee shall be elected from among the members of our board of directors or persons, not necessarily a

member of the board of directors, but possessing the required skills for this position. At the time of the completion of this offering, our risk committee will consist of Cemal Ahmet Bozer, Mehmet Erol Çamur and Tolga Babalı. This committee is responsible for the early detection of risks that pose a threat to the existence, development and continuation of the Company. Our risk committee conducts a review of the Company's risk management policies at least once a year.

We will phase-in the independence of our risk committee such that we will have only one independent director at the time of listing. Our board of directors has determined that Cemal Ahmet Bozer is independent, and one or both of Mehmet Erol Çamur and Tolga Babalı will resign from the Risk Committee and be replaced with one or more independent directors on a date subsequent to the offering.

#### **Corporate Governance Committee**

The governance committee will consist of a minimum of two board members, a majority of which shall be the independent directors, subject to the phase-in described below. The members of the governance committee shall be elected from among the members of our board of directors or persons, not necessarily members of the board of directors, but possessing the required skills for this position. At the time of the completion of this offering, our governance committee will consist of Cemal Ahmet Bozer, Erman Kalkandelen and Tolga Babalı. In addition, our CEO, Mr. Murat Emirdağ, will participate, in meetings of the corporate governance committee as an observer. Our governance committee is responsible for periodically reviewing the application of corporate governance principles by our board of directors and making recommendations to the board on corporate governance matters. Our governance committee also carries out the functions of a compensation committee, advising the board on compensation policies for the board and executives.

We will phase-in the independence of our corporate governance committee such that we will have only one independent director at the time of listing. Our board of directors has determined that Cemal Ahmet Bozer is independent, and one or both of Erman Kalkandelen and Tolga Babalı will resign from the Corporate Governance Committee and be replaced with one or more independent directors on a date subsequent to the offering.

#### **Code of Business Conduct and Ethics**

We expect our board of directors to update our Code of Business Conduct and Ethics applicable to our employees, directors and officers to meet the standards of the Nasdaq. Following adoption, a current copy of the Code of Business Conduct and Ethics will be posted on our website.

#### **Duties of Directors**

Pursuant to our articles of association and the TCC, our board of directors is responsible for our management and establishes the principles of our strategy, organization, accounting and financial control. Under Turkish law, members of the board of directors can be natural persons or legal entities and are not required to own shares to serve on the board of directors. For a legal entity to serve as a member of the board of directors, it must appoint a natural person to exercise the director's rights and duties on behalf of the legal entity.

Under Turkish law, members of the board directors cannot attend negotiations or vote on matters in which such members of the board of directors themselves, their spouses or their relatives (up to and including second degree) have an interest or if their attendance would otherwise be contrary to objective principles of good faith. According to the TCC, members of the board of directors cannot enter into commercial relationships with us or engage in any competing activities, unless permitted by the general assembly.

Under Turkish law, our directors have a duty of loyalty to act honestly in good faith for a proper purpose and with a view to our best interests. Our directors also have a duty to exercise the skills they effectively possess and to exercise such care and diligence that a reasonably prudent person would in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our articles of association. Our company has the right to seek damages if our directors breach a duty owed to us.

## **Compensation of Directors and Officers**

### ***Cash Compensation***

The compensation for each of our executive officers consists of the following elements: base salary and bonus based on the Company's performance. The total amount of compensation paid and benefits in kind provided to our executive officers and members of our board for the year ended December 31, 2020 was TRY 63,165,182.

### ***Share-Based Awards Held by Our Directors and Officers***

No awards under our LTI Plan will be granted to our directors and executive officers until completion of this offering.

## **Incentive Plan**

### ***General***

On March 24, 2021, the board of directors adopted an Incentive Plan ("**Incentive Plan**") for key executives and employees who contribute to our performance. The Incentive Plan will take effect upon the company's listing its ordinary shares or ADSs representing ordinary shares in connection with its initial public offering, with such shares representing at least 20.0% of our capital stock by December 31, 2021 (the "**IPO condition**").

In accordance with the Incentive Plan, key executives and employees as determined by our board of directors, may be awarded (i) a cash based award, (ii) restricted stock units or (iii) performance stock units, as individual awards or in combination, to motivate and reward employees, attract and retain talent, and promote the success of the business.

- (i) *Cash Based Award*: Key executives and employees who are in the scope of the Incentive Plan and contributed to the works relating to the execution of this initial public offering of our ADSs may be entitled to cash award at the end of the 3<sup>rd</sup> month following the date of this initial public offering.
- (ii) *Restricted Stock Units ("RSUs")*: Key executives and employees who are in the scope of the Incentive Plan may be entitled to RSUs to encourage them to work in the Company for the periods specified below after the initial public offering.
- (iii) *Performance Stock Units ("PSUs")*: Key executives and employees who are in the scope of the Incentive Plan may be entitled to PSUs depending on their performance in the relevant period.

### ***Plan administration***

Our Incentive Plan is administered by the board of directors. Following this initial public offering, we expect our board of directors to consult with our corporate governance committee (which undertakes duties relating to remunerations) to receive their recommendations on the distribution of the awards under the Incentive Plan.



### **Eligibility**

We may grant awards to key executives and employees (including our subsidiaries), consisting of c-level executives, directors, managers, officers, employees, consultants and board members of our Company to be determined by the board of directors. As of March 25, 2021, we entered into individual agreements with ten of our key executives granting them the right to participate to the Incentive Plan.

### **Reserved Pool**

As of the date of this prospectus, the board of directors has reserved up to a maximum amount of:

- (i) *Cash pool*: USD 30 million for the cash award consisting of the "Cash Based Award" described above,
- (ii) *Share pool*: 6,500,000 of our Class B ordinary shares (which may be represented by ADSs), constituting the total of RSUs and PSUs described above, to be used within the scope of the Incentive Plan. This constitutes approximately 2.3% of our share capital prior to the initial public offering, and approximately % of our share capital following the initial public offering.

The maximum amounts specified above are subject to change based on the market capitalization of the Company on the date of the initial public offering.

### **Vesting schedule**

RSUs and PSUs will generally vest in the three-year-period as specified below, following the end of 18 months after the date of the initial public offering:

- *First Period*: In the eighteenth (18<sup>th</sup>) month following the date of the initial public offering, up to 3,250,000 Class B ordinary shares may be issued;
- *Second Period*: In the twelfth (12<sup>th</sup>) month following the end of the First Period, up to 1,750,000 Class B ordinary shares may be issued;
- *Third Period*: In the twelfth (12<sup>th</sup>) month following the end of the Second Period, up to 1,500,000 Class B ordinary shares may be issued.

If fewer shares are issued for a specific period as a result of changes in the number of the Incentive Plan participants, duration of employment of such Incentive Plan participants and the actual performance recorded for a given period, the remaining shares allocated for a specific period can be used in the following period(s).

### **Terms of Awards**

#### *General*

Any payment under the Incentive Plan (i.e. all of the cash based award, RSUs and the PSUs) is contingent upon the IPO Condition and on the employee's continuing employment with the Company on the date of payment.

#### *Cash Based Awards*

No other specific terms of awards are specified for cash based awards.

#### *RSUs*

The RSU award is conditioned on the employee actually working for the Company on the date of payment specified above. At the discretion of the plan administrator, eligible employees whose

employment will cease, other than those terminated for cause, may continue to receive RSUs until the date of the termination of employment.

#### *PSUs*

The PSU award is conditioned on the employee actually working for the Company on the date of payment specified above and that he or she performs the KPIs as determined by the board of directors in these periods.

#### ***Transfer Restrictions***

All rights relating to vesting and cash awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge except in certain situations.

#### ***Amendment, Suspension and Termination***

The board of directors, which is the plan administrator, has unilateral authority to change, suspend and terminate the Incentive Plan conditions. The Incentive Plan shall automatically expire on the tenth anniversary of the date of the initial public offering. Our board of directors and shareholders may terminate the plan at any time, in whole or in part.

#### ***Prior Incentive Plans***

We have not implemented any incentive plan for employees until March 2021. We have only signed agreements with certain executives in the prior periods, including an exit bonus for the sale of the Company, but did not make any payments thereunder since the conditions were not met. With the establishment of the Incentive Plan in March 2021, all of these prior agreements have been terminated.

#### ***Family Relationships***

Our Founder, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı and Arzuhan Doğan Yalçındağ are all siblings and Işıl Doğan is their mother. See "*Principal and Selling Shareholders*."

## PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information relating to the beneficial ownership of our ordinary shares (i) prior to the filing of this prospectus, and (ii) as adjusted to reflect the sale of our ADSs in this offering for:

- each person, or group of affiliated persons, known by us to beneficially own 5% or more of our outstanding ordinary shares;
- each of our executive officers and members of our board of directors individually;
- all of our executive officers and members of our board of directors as a group; and
- each Selling Shareholder.

For further information regarding material transactions between us and principal shareholders, see "*Related Party Transactions*."

The number of ordinary shares beneficially owned by each entity, person, executive officer or board member is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power, or the right to receive the economic benefit of ownership, as well as any shares that the individual has the right to acquire within 60 days through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power and the right to receive the economic benefit of ownership with respect to all ordinary shares held by that person. There is no agreement or arrangement between the shareholders other than the Pre-IPO SHA (as defined in "*Related Party Transactions—Pre-IPO Shareholders' Agreement*").

The percentage of shares beneficially owned before the offering is computed on the basis of            ordinary shares outstanding prior to the filing of this prospectus. The percentage of shares beneficially owned after the offering is based on the number of our ordinary shares to be outstanding after this offering, including the            of our ADSs representing ordinary shares that the Selling Shareholders are selling in this offering, and assumes no exercise of the underwriters' option to purchase additional ADSs from us and the Selling Shareholders. If the underwriters exercise in full their option to purchase additional ADSs, we have agreed to sell to the underwriters up to an additional            ADSs, and the Selling Shareholders have agreed to sell to the underwriters up to an additional            ADSs.

Ordinary shares that a person has the right to acquire within 60 days are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all executive officers and board members as a group. Prior to the filing of this prospectus, none of our ordinary shares were held by U.S. record holders. Unless

otherwise indicated below, the address for each beneficial owner is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli İstanbul, Turkey.

Name of shareholder	Shares beneficially owned before the offering					Shares beneficially owned after the offering					
	Class A shares		Class B ordinary shares		% of total Voting power before the offering	Number of shares offered	Class A shares		Class B ordinary shares		% of total voting power after the offering
	Number	%	Number	%			Number	%	Number	%	
<b>Executive Officers and Board Members</b>											
Hanzade Vasfiye Doğan Boyner(1)(2)	40,000,000	14.1	29,864,015	10.5	74.6	40,000,000					
Erman Kalkandelen(3)	—	—	—	—	—	—	—	—	—	—	—
Tolga Babalı	—	—	—	—	—	—	—	—	—	—	—
Halil Korhan Öz	—	—	—	—	—	—	—	—	—	—	—
Mehmet Erol Çamur	—	—	—	—	—	—	—	—	—	—	—
Cemal Ahmet Bozer	—	—	—	—	—	—	—	—	—	—	—
Vuslat Doğan Sabancı(1)	—	—	48,539,180	17.1	5.7	—	—	—	—	—	—
Mustafa Aydemir(3)	—	—	—	—	—	—	—	—	—	—	—
Mehmet Murat Emirdağ	—	—	—	—	—	—	—	—	—	—	—
Murat Büyümez	—	—	—	—	—	—	—	—	—	—	—
Galip Furkan Anarat	—	—	—	—	—	—	—	—	—	—	—
Mutlu Erturan	—	—	—	—	—	—	—	—	—	—	—
Gürkan Çoskuner	—	—	—	—	—	—	—	—	—	—	—
Esra Beyzadeoğlu	—	—	—	—	—	—	—	—	—	—	—
Taner Timirci	—	—	—	—	—	—	—	—	—	—	—
<b>All executive officers and board members as a group (persons)</b>	<b>40,000,000</b>	<b>14.1</b>	<b>78,403,195</b>	<b>27.6</b>	<b>80.3</b>	<b>40,000,000</b>					
<b>Other Principal and Selling Shareholders</b>											
Yaşar Begümhan Doğan Faralyalı(1)	—	—	48,539,170	17.1	5.7	—	—	—	—	—	—
Arzuhan Doğan Yalçındağ(1)	—	—	44,271,070	15.6	5.2	—	—	—	—	—	—
Işıl Doğan(1)	—	—	2,032,785	0.7	0.2	—	—	—	—	—	—
TurkCommerce B.V.(4)	—	—	71,082,070	25.0	8.4	—	—	—	—	—	—
<b>Total</b>	<b>40,000,000</b>	<b>14.1</b>	<b>244,328,290</b>	<b>85.9</b>	<b>100.0</b>	<b>40,000,000</b>					

- (1) Hanzade Vasfiye Doğan Boyner, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı and Arzuhan Doğan Yalçındağ are all siblings, and Işıl Doğan is their mother. Each of the siblings and their mother is of legal age, is an independent adult with sole voting and dispositive control over her shares and each disclaims any beneficial ownership of the shares reported herein that are held by her relatives.
- (2) Represents 40,000,000 Class A shares with fifteen votes per share and 29,864,015 Class B ordinary shares with one vote per share, in each case directly held by Hanzade Vasfiye Doğan Boyner.
- (3) Erman Kalkandelen and Mustafa Aydemir are representatives of Franklin Templeton Turkey on our board of directors, and each is also a director of TurkCommerce B.V. Each disclaims beneficial ownership of the shares held by TurkCommerce B.V., except to the extent, if any, of his pecuniary interest therein. See footnote (2) below.
- (4) Represents 71,082,070 Class B ordinary shares directly held by TurkCommerce B.V., an investment vehicle incorporated under the laws of the Netherlands. TurkCommerce B.V. is beneficially owned and controlled by TurkCommerce 3 Coöperatief U.A., a company incorporated under the laws of the Netherlands. TurkCommerce 3 Coöperatief U.A. is owned by Templeton Turkey Fund GP Ltd. and is managed pursuant to a limited partnership agreement among Templeton Turkey Fund GP Ltd., Templeton Turkey Fund, L.P. and Templeton Asset Management Ltd. Each of Erman Kalkandelen and Mustafa Aydemir is a director of TurkCommerce B.V. with the right to vote or dispose of such shares.

Each of the foregoing entities and the individuals, as a result, and by virtue of the relationships described above, may be deemed to beneficially own the shares owned by TurkCommerce B.V. Each of Templeton Turkey Fund GP Ltd., Templeton Asset Management Ltd., Erman Kalkandelen and Mustafa Aydemir disclaims beneficial ownership of the shares held by TurkCommerce BV except to the extent, if any, of its or his pecuniary interest therein.

The address for TurkCommerce B.V. and TurkCommerce 3 Coöperatief U.A. is Amstelvenneweg 760, 1081JK Amsterdam. The address for Templeton Turkey Fund GP Ltd. and Templeton Turkey Fund, L.P. is Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. The address for Templeton Asset Management Ltd. is 7 Temasek Boulevard, Suntec Tower One, #38-01, Singapore 038987.

## RELATED PARTY TRANSACTIONS

The following is a description of related party transactions we have entered into since January 1, 2018 with any of our members of our board or executive officers and the holders of more than 5% of our ordinary shares.

### Transactions with Related Parties

During each of the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021, we entered into or were parties to various transactions with companies whose shareholders include (among others) our Founder, Vuslat Doğan Sabancı, a member of our board, and Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ and Işıl Doğan, each of whom are our shareholders (see "*Principal and Selling Shareholders*"). These individuals are relatives and members of the Doğan family (collectively, the "**Doğan family**").

These transactions consisted of sales and purchases of goods and services from entities controlled by the members of the Doğan family in the ordinary course of our business. These transactions are on terms and at prices that management believes represent market prices. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021, we recognized no provision for expected credit losses relating to amounts owed by related parties.

In total, we engaged in sales to companies controlled by members of the Doğan family of TRY 4.3 million, TRY 5.6 million and TRY 7.8 million for the years ended December 31, 2018, 2019 and 2020, respectively, and TRY 1.3 million and TRY 3.2 million for the three months ended March 31, 2020 and 2021, respectively, and purchases from companies controlled by members of the Doğan family of TRY 23.9 million, TRY 32.2 million and TRY 67.9 million, for the years ended December 31, 2018, 2019 and 2020, respectively, and TRY 18.4 million and TRY 22.4 million for the three months ended March 31, 2020 and 2021, respectively. As of December 31, 2018, 2019 and 2020 and March 31, 2021, TRY 1.7 million, TRY 3.3 million, TRY 3.4 million and TRY 1.3 million, respectively, were due from related entities controlled by members of the Doğan family and TRY 1.5 million, TRY 2.6 million, TRY 3.9 million and TRY 7.0 million, respectively, were due to related entities controlled by members of the Doğan family.

Specifically, we have purchased goods and services at market prices from Doğan Dış Ticaret ve Mümessillik A.Ş., an entity controlled by members of the Doğan family, primarily inventory and importation services in relation to our Direct Sales, in the amount of TRY 4.3 million, TRY 12.2 million, TRY 35.3 million and TRY 14.3 million for each of the years ended December 31, 2018, 2019 and 2020, and for the three months ended March 31, 2021, respectively. We leased the real estate and office space for our corporate headquarters (on an annual basis with monthly rental payments) and purchased office-related services from D Gayrimenkul Yatırımları ve Ticaret A.Ş., ("**D Gayrimenkul Yatırımları**") an entity controlled by members of the Doğan family for TRY 2.4 million, TRY 11.2 million, TRY 14.9 million and TRY 3.1 million for the years ended December 31, 2018, 2019 and 2020 and three months ended March 31, 2021, respectively under a lease agreement entered into with D Gayrimenkul Yatırımları on June 15, 2019 (prior to the acquisition of the property by D Gayrimenkul Yatırımları, we previously leased such real estate and office space and purchased office-related services from Ortadoğu Otomotiv Ticaret A.Ş., another company controlled by members of the Doğan family, for TRY 6.2 million in the year ended December 31, 2018.). On November 11, 2020 we also entered into a financing agreement with Doruk Faktoring A.Ş., a Turkish financial institution controlled by members of the Doğan family, in connection with our supplier and merchant financing services to establish a line of credit of up to TRY 2.0 million which was fully drawn as of March 31, 2021 (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Borrowings*"),

"Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Business—Supplier and Merchant Financing"). Other transactions with entities controlled by members of the Doğan family have included sales of goods and services in our Direct Sales and through our Marketplace, consultancy services, fulfillment services and gift checks, and other purchases of inventory for our Direct Sales, vehicle lease services, advertising services and internet data services.

Starting in 2020, we have also received insurance brokerage services from Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş., an insurance brokerage firm owned by the sibling of Işıl Doğan, for TRY 6.9 million for the year ended December 31, 2020.

For additional detail on our transactions with related parties, including tables setting forth the related parties with which we have entered into service and product sales transactions, see note 21 to our annual financial statements and note 15 to our interim financial statements, each included elsewhere in this prospectus. The related party transactions not specifically discussed in this section, represent transactions immaterial in amount.

#### **Transaction with Executive Officer**

In September 2020, we extended a non-interest bearing loan of TRY 1,500,000 to an executive officer. TRY 1,500,000 remained outstanding as of December 31, 2020. The loan was fully repaid by March 5, 2021.

#### **Equity Injection**

In June 2019, we completed a private injection of additional capital amounting to TRY 180 million from our shareholders, our Founder, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ and Işıl Doğan, each a member of the Doğan family, and TurkCommerce B.V., for 10,727,492 ordinary shares.

#### **Shareholder Restructuring**

In May 2019, we restructured our shareholders structure through a capital reorganization whereby we merged with our parent entity, D Portal Yatırımları A.Ş., a company that was owned by our Founder, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ and Işıl Doğan that had no business activity or investments other than its holding in us.

#### **Pre-IPO Shareholder Agreement**

In February 2015, the Abraaj Turkey Fund I acquired 25.0% of the Group. In January 2020, Franklin Templeton took over the management of Abraaj Turkey Fund I (which was renamed Templeton Turkey Fund), including the interest in the Group. As a result on August 7, 2020, we entered into a shareholders' agreement (the "**Pre-IPO SHA**") between our Founder, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ, Işıl Doğan and TurkCommerce B.V. (which is indirectly owned by Templeton Turkey Fund GP Ltd. and is managed pursuant to a limited partnership agreement).

As of the date of this prospectus, all of our existing shareholders are parties to the Pre-IPO SHA, which sets out rights and obligations of the parties and corporate governance regulations with regard to us and our subsidiaries. The Pre-IPO SHA contains our reporting undertakings towards the shareholders, regulations on composition of the decision-making authorities of the Group, including appointment rights of the shareholders and board level representation, veto rights, customary exit rights (such as tag-along and right of first refusal) and also provisions related to issuance and transfer of our shares. The Pre-IPO SHA will terminate upon the consummation of this offering.

## DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

### General

Our legal and commercial name is D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi. We are a joint stock company incorporated in Turkey in 2000 and organized under the laws of Turkey and our affairs are governed by our articles of association, as amended from time to time, and the TCC. We are registered in the Istanbul Trade Registry under the trade registry number 436165-0. Our principal executive offices are located on Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli, Turkey, Istanbul, Turkey and our telephone number at this address is +90 (0) 212 304 20 00. Our agent for service of process in the United States is Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168 and the telephone number at this address is +1 800-221-0102.

The following descriptions of share capital and provisions of our articles of association are summaries and are qualified by reference to the articles of association to be effective upon the closing of this offering. Copies of these documents will be filed with the Commission as exhibits to our registration statement, of which this prospectus forms a part. The description of the ordinary shares reflects changes to our capital structure that will occur upon the closing of this offering.

### Share Capital

#### General

As of the date of this prospectus, our share capital consists of 40,000,000 Class A shares and 244,328,290 Class B ordinary shares with a nominal value of TRY 0.20 each. Our articles of association authorize the issuance of up to 1,400,000,000 shares. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders may freely hold and vote their shares. Upon the completion of this offering, we will have 40,000,000 Class A shares and Class B ordinary shares issued and outstanding, assuming the underwriter does not elect to exercise its over-allotment for additional ordinary shares. Our share capital is denominated in TRY.

#### Changes in Our Share Capital During the Last Three Fiscal Years

Since January 1, 2018, our share capital has changed as follows:

- on June 28, 2019, we completed the share issue of 10,727,492 shares, which resulted in an increase in our share capital from 46,138,166 shares up to 56,865,658 shares as of December 31, 2019;
- at the extraordinary general assembly of shareholders on May 25, 2021, we split our shares subdividing each ordinary share of TRY 1.00 into five ordinary shares of TRY 0.20 each (resulting in an increase in our number of shares by five times) and restructured our share classes and privileges attached to them in a manner that resulted in our Founder holding 40,000,000 Class A shares, which resulted in an increase in the number of shares representing our share capital to 40,000,000 Class A shares and 244,328,290 Class B ordinary shares as of the date of this prospectus. (our total paid-in capital amount remained at TRY 56,865,658); and
- on 2021, in connection with this offering, our board of directors decided to increase our share capital by Class B ordinary shares to account for the offering.

#### Listing

We intend to apply to list our ADSs on Nasdaq under the symbol "HBX."

*Transfer Agent and Registrar*

Upon the closing of this offering, the transfer agent and depository for the ADSs will be \_\_\_\_\_.

**Share Classes**

*General*

Pursuant to our articles of association, our issued share capital is divided into two share classes, and prior to the Offering and the Capital Increase, namely consist of the following:

- Privileged Class A shares representing 14.1% of our issued share capital, and
- Ordinary Class B shares representing 85.9% of our issued share capital.

Following the Offering, assuming all ADSs are sold, all of our Class A shares and \_\_\_\_\_ of our Class B ordinary shares will be owned by our Founder. See "*Principal and Selling Shareholders*." \_\_\_\_\_ ADSs representing our Class B ordinary shares will be listed and trading on Nasdaq.

*Privileges attached to Class A Shares*

Holders of our Class A shares are entitled to 15 votes per share.

Holders of our Class B ordinary shares, which is the class of shares that is being offered pursuant to this prospectus and is the only class that will be represented by ADSs that are publicly traded and listed, will be entitled to one vote per share.

*Sunset Provisions*

Pursuant to our articles of association, our Class A shares may convert into Class B ordinary shares under the circumstances described below. To ensure compliance with Turkish law, the sunset provisions in our articles of association refer to the "holder of Class A shares", which restricts privileges to be directly granted to specific shareholders and require privileges to be attached to shares. However, as of the date of this prospectus, the totality of our Class A shares are owned by our Founder. Therefore, as of the date of the prospectus, references to "Class A Shareholders" below, refer to our Founder, but may in the future also include Permitted Transferees (as defined below).

The totality of outstanding Class A shares will convert into Class B ordinary shares upon, and our articles of association will be subject to amendment at the first general assembly of shareholders following, the earliest to occur of:

- the date that is the 20<sup>th</sup> anniversary of this offering;
- the date that is 180 days following the date on which the Class A Shareholders hold shares (including both Class A shares and Class B ordinary shares) that represent less than 7.5% of the total paid-in capital of the Company;
- the date that is 180 days following the death or permanent incapability (for health reasons) of our Class A Shareholders; and
- the date that is one calendar year following the date on which:
  - the Class A Shareholders have voluntarily resigned from the board of directors, or
  - the Class A Shareholders have voluntarily decided not to be nominated as director at a general assembly of shareholders, and
  - the date on which the Class A Shareholders have ceased to hold any employment or consultancy positions at the Company.



Class A shares will each convert into Class B ordinary shares upon:

- a transfer of such Class A shares to a third party, except for the "Permitted Transfers" (as defined below); or
- an application to the Central Registry Agency, the central registry and securities depository of Turkey, by the Class A Shareholders holding such Class A shares for conversion into tradable form (which would only apply in the event that the Company pursues a Borsa İstanbul listing in the future).

The following transactions would not cause the conversion of Class A shares into Class B ordinary shares for the purposes of our articles of association, and therefore, the Class A Shareholders is permitted to transfer such Class A shares to "Permitted Transferees" in the following "Permitted Transfers:"

- to first or second degree blood relatives as a result of legal (such as inheritance) or voluntary transfers, and
- to legal entities controlled by either (i) the holder of such Class A shares or (ii) her first or second degree blood relatives, as a result of legal (such as inheritance) or voluntary transfers.

#### **Articles of Association**

Set forth below is a summary of relevant information concerning our share capital and material provisions of our articles of association and applicable Turkish law. This summary does not contain all the information relating to ADSs that may be important to you, and we urge you to read this summary in conjunction with the "Description of American Depositary Shares" included elsewhere in this prospectus, before deciding to invest in the ADSs. This summary does not constitute legal advice regarding those matters and should not be regarded as such. For a description of matters related to our board of directors, see "*Management—Board of Directors.*"

#### *Dividends*

The payment of dividends is regulated by Turkish Commercial Code (Law No. 6102) and our articles of association. The following is a description of certain information relating to the payment of dividends, including requirements under the Turkish Commercial Code (Law No. 6102) and our articles of association.

In line with the dividend distribution policy to be determined by our general assembly of shareholders (the "**General Assembly**") and the provisions of Turkish law, the distribution of profits and the payment of any annual dividend in respect of the preceding financial year will be recommended by our board of directors each year for approval by the shareholders at the annual (ordinary) General Assembly. Each ordinary share entitles its holder to a pro rata share of any dividends distributed and dividend distributions are made to all shares existing as of the distribution date, regardless of their date of issuance.

Distributable earnings are calculated in accordance with our articles of association after deducting all expenses, depreciation and similar payments and setting aside legally required reserves, taxes and the previous year's losses, if any, from the revenue for the prior fiscal period. The amount of distributable earnings is the lesser of the amounts derived by performing this calculation using our statutory financial statements, which are prepared in accordance with the TCC and Turkish tax legislation.

Distributable earnings are then allocated in the following order:

- 5.0% of the distributable earnings is allocated to a first legal reserve until the first legal reserve reaches 20.0% of our paid-in capital;
- the remainder of the first dividend shall be set aside within the framework of the Company's profit distribution policy and in line with the TCC, based on the amount to be calculated by addition of the donation made within the year, if any. After the above deductions, the General Assembly is entitled to decide for distribution of the dividend to board members, partnership employees and persons other than shareholders;
- the remainder of the distributable earnings may be (i) distributed in full or in part to our shareholders as a second dividend or (ii) set aside as year-end profits or as part of non-mandatory reserves; and
- after setting aside an amount equal to 5.0% of the distributable earnings at the fiscal year-end from the amount to be distributed to shareholders and other persons participating in profit as stated above, we allocate 10.0% of the remaining amount as a second legal reserve and add it to the statutory reserve if and when a second dividend is distributed as stated above.

Unless and until the statutory funds and other financial obligations required by law are set aside and the dividend determined in accordance with the articles of association is distributed in cash or as bonus shares, we cannot resolve (i) to set aside any reserve, (ii) to transfer a dividend to the next year or (iii) to make distributions to the members of our Board of Directors, managers, employees and foundations or similar institutions established for various purposes.

If the calculated first dividend amount is less than 5.0% of the paid-in capital, we may not distribute the first dividend. However, the amount retained will be added to the calculation of the first dividend for the following fiscal year.

We may distribute advance dividends in line with the provisions of the TCC. The General Assembly may grant advance dividend distribution authority to the board of directors provided that such power is limited to the relevant financial period. A dividend distribution resolved by the general assembly in line with our articles of association may not be revoked.

#### *Shareholders' Meetings*

Any shareholder not wishing to attend a general assembly in person may appoint another person as a proxy and may exercise its voting rights through its proxy. Under the TCC, the general assembly of shareholders of a joint stock company must convene for ordinary meetings which must be held within three months after the end of each financial year. If necessary, the general assembly of shareholders of a joint stock company may convene for extraordinary meetings. The general assembly convenes upon notice by the board of directors to our shareholders at least three weeks prior to the date of the general assembly.

Shareholders representing at least 10.0% of our share capital may, by written notice to be served through the notary public, require any additional matters to be included on the agenda for discussions at any of general assembly. If the board of directors does not fulfil such request, such shareholders may ask permission from the court to include additional items on the agenda. Pursuant to our articles of association, the General Assembly is to be held at the Company's headquarters, located at Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli, Turkey, Istanbul, Turkey, or another location in Istanbul, or another location that is convenient in the city in which the headquarters are located.

Extraordinary meetings of the General Assembly may be convened by the board of directors or upon request of the shareholders representing at least 10.0% of our share capital. If the board of directors does not fulfil the request of the shareholders, such shareholders may ask permission from the court to convene the general assembly. Shareholders representing at least 10.0% of our share capital may, by written notice to be served through the notary public, require any additional matters to be included on the agenda for discussions at any of general assembly. If the board of directors does not fulfil such request, such shareholders may ask permission from the court to include additional items on the agenda. According to the TCC, resolutions adopted at a duly convened general assembly of shareholders are valid and binding on the shareholders who did not attend the meeting.

In accordance with the requirements of the TCC, following the offering, our shareholders will be entitled to participate in general assemblies through the electronic platform operated by where such General Assemblies are streamed in real time. Shareholders who request to participate in a general assembly through the electronic platform one day prior to the relevant general assembly may attend the meeting by using the electronic platform, provided that they obtain electronic signatures from one of the Turkish service providers in advance. All announcements and other documents that must be submitted for the review of our shareholders will also be made available through the electronic platform.

#### *Appointment and Removal of Directors*

Pursuant to the TCC and our articles of association, the board of directors is responsible for our management and establishes the principles of our strategy, organization, accounting and financial control. According to our articles of association, the board of directors must consist of a minimum of 6 and a maximum of 12 members appointed by our shareholders and our board of directors is authorized to appoint officers as it deems appropriate. All of the directors will serve for the term fixed by the shareholder or board of directors that appoints such director, which cannot be longer than three years, or until the earlier of his or her death, resignation or removal. Our directors do not have a retirement age requirement under our articles of association.

Any director may be appointed or removed by a general assembly resolution of the company. Under Turkish law, members of the board of directors can be appointed from among shareholders as well as non-shareholders, and both natural persons and legal entities can be appointed as members of the board of directors. In the event a legal entity is appointed as a member of the board of directors, a natural person must be appointed by the legal entity member of the board of directors as its representative to exercise all rights and fulfil all duties of a member of the board of directors on behalf of such legal entity.

#### *Transfer of Shares*

Save as otherwise discussed herein, the transfer of shares is permitted under the articles of association and must be made in accordance with the relevant legislation.

#### *Issuance of Shares*

The Company's authorized share capital limit is TRY 280,000,000 (constituting a total of 1,400,000,000 shares each with a nominal value of TRY 0.20), and the board of directors is authorized to issue new shares up to this limit without the approval of the general assembly. Within this authorized share capital limit, the board of directors is also authorized to issue new shares at a premium to their nominal value of TRY 0.20 per share. The Board of directors is also authorized to restrict the pre-emption rights of the company's shareholders (including Class A shareholders) in connection with such new share issuances.

### *Repurchase of Shares*

Pursuant to the TCC, the Company is allowed to repurchase its own shares, accept its own shares as pledge, and sell such repurchased shares to third parties or pay the consideration for the shares that are bought back. Only fully paid shares can be subject to repurchase by the Company. The general assembly must also authorize the board of directors to perform the transaction. This authorization, when issued, is valid for 5 years at most. The Company may, subject to certain statutory requirements, terms and conditions, repurchase outstanding shares not exceeding 10% in nominal value of the entire issued share capital of the Company. After deducting the value of the shares to be repurchased, the remaining net assets of the company shall be at least the sum of the registered or issued capital and the reserve funds that are not allowed to be distributed in accordance with the law and articles of association.

### *Pre-emption Rights*

Pursuant to the TCC, the Company may increase its share capital through various methods, including through the issuance of new shares. Absent an authorized corporate resolution stating otherwise, our existing shareholders are entitled to subscribe for new shares, also known as pre-emptive rights, in proportion to their respective shareholdings each time the Company undertakes a capital increase.

### *Liquidation*

Pursuant to the TCC, our shareholders have the right to receive a *pro rata* share of any proceeds arising from our liquidation. The articles of association, however, may restrict this right. As of the date of this prospectus, no shareholder or class of shareholders are granted preferred shares with regards to liquidation rights.

### *Voting Rights*

The holders of our Class B ordinary shares (or the ADSs representing them, in accordance with the provisions of the Deposit Agreement) are entitled to one vote per share held on all matters submitted to a shareholder vote, whereas the holders of our Class A shares are entitled to fifteen votes per share held on all matters submitted to a shareholder vote.

### *Reports to Shareholders*

Upon completion of this offering, we will become subject to the informational and current reporting requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K.

Pursuant to the provisions of the TCC, the balance sheet, the profit and loss account, the annual activity report and proposals regarding the distribution of profits, as well as the auditors' report, must be made available to the shareholders at our head office at least three weeks in advance of the annual shareholders' general assembly. The balance sheet, the profit and loss account and the annual activity report are to be kept available to our shareholders at our head office for a period of one year from the date of the relevant general assembly.

The Company's fiscal year starts on the first day of January and ends on the last day of December.

### **Comparison of Turkish Corporate Law and Delaware Corporate Law**

The applicable provisions of the TCC differ from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain differences between the provisions of the TCC applicable to us and the General Corporation Law of the State of Delaware relating to shareholders'

rights and protections. This summary is not intended to be a complete discussion of the respective rights and it is qualified in its entirety by reference to Delaware law and Turkish law.

**Number of Directors**

Turkish law

Under Turkish law, a corporation must have at least one director and the number of directors shall be regulated in the articles of association. The number of directors shall be fixed by or in the manner provided in the articles of association.

Delaware law

Under Delaware law, a corporation must have at least one director and the number of directors shall be fixed by or in the manner provided in the bylaws.

**Removal of Directors**

Under Turkish law, any director or the entire board of directors may be removed, with cause or without cause, by the holders of a majority of the shares in a shareholders' meeting convened with such agenda, except a higher voting quorum is set for such removal in the articles of association. If there is cause, any director may be removed without such specific item in the agenda of the shareholders' meeting.

Under Delaware law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except (a) unless the certificate of incorporation provides otherwise, in the case of a corporation whose board of directors is classified, shareholders may effect such removal only for cause, or (b) in the case of a corporation having cumulative voting, if less than the entire board of directors is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the entire board of directors, or, if there are classes of directors, at an election of the class of directors of which he is a part.

	<u>Turkish law</u>	<u>Delaware law</u>
<b>Vacancies on the Board of Directors</b>	<p>Under Turkish law, vacancies may be filled by a majority of the directors at the meeting, with the meeting quorum being the majority of the directors then at office; unless otherwise provided in the articles of association of the corporation. Such new director should be approved by the first shareholders' meeting to be convened.</p>	<p>Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director unless (a) otherwise provided in the certificate of incorporation or by-laws of the corporation or (b) the certificate of incorporation directs that a particular class of stock is to elect such director, in which case a majority of the other directors elected by such class, or a sole remaining director elected by such class, will fill such vacancy.</p>
<b>Annual General Meeting</b>	<p>Under Turkish law, the annual shareholders' meeting shall be held at the registered office of the corporation, on such date and at such time as may be designated from time to time by the board of directors or as provided in the articles of association.</p>	<p>Under Delaware law, the annual meeting of stockholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors or as provided in the certificate of incorporation or by the bylaws.</p>
<b>General Meeting</b>	<p>Under Turkish law, extraordinary shareholders' meeting may be called by the board of directors, courts following the shareholder application in certain cases, insolvency practitioners, or shareholders' holding 10% (or less, if set out by the articles of association) of the shares.</p>	<p>Under Delaware law, special meetings of the stockholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws. Stockholders generally do not have the right to call meetings of stockholders, unless that right is granted in the certificate of incorporation or the by-laws.</p>
<b>Notice of General Meetings</b>	<p>Under Turkish law, unless otherwise provided in the articles of association, written notice of any meeting of the shareholders must be given to each shareholder entitled to vote at the meeting not less than two (2) weeks before the date of the meeting and shall specify the place, date, hour, and agenda of the meeting.</p>	<p>Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting and shall specify the place, date, hour and, in the case of a special meeting, the purpose of the meeting.</p>

	<u>Turkish law</u>	<u>Delaware law</u>
<b>Proxy</b>	Under Turkish law, at any shareholders' meeting, a shareholder may designate another person to act for such shareholder by proxy. The proxy is valid only for one shareholders' meeting, and meetings that are continuation of such shareholders' meeting.	Under Delaware law, at any meeting of stockholders, a stockholder may designate another person to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A director of a Delaware corporation may not issue a proxy representing the director's voting rights as a director.
<b>Pre-emptive Rights</b>	Under Turkish law, shareholders have preemptive rights to subscribe to additional share issues <i>pro rata</i> their existing shareholding, unless another rate is stipulated under the articles of association.	Under Delaware law, shareholders have no preemptive rights to subscribe to additional issues of stock or to any security convertible into such stock unless, and except to the extent that, such rights are expressly provided for in the certificate of incorporation.
<b>Authority to Allot</b>	Under Turkish law, the general assembly may allot the shares to be issued under certain conditions by limiting the usage of the pre-emptive rights of the existing shareholders in specific share issues. To limit the usage of such preemptive rights and allot the shares to be issued, (i) at least, a qualified quorum of 60% should approve, and (ii) a just cause for such allotment (e.g. an IPO) should exist.	Under Delaware law, if the corporation's charter or certificate of incorporation so provides, the board of directors has the power to authorize the issuance of stock. It may authorize capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the corporation or any combination thereof. It may determine the amount of such consideration by approving a formula. In the absence of actual fraud in the transaction, the judgment of the directors as to the value of such consideration is conclusive.
<b>Liability of Directors and Officers</b>	Under Turkish law, directors are personally liable for damages arising from a breach of any obligation imposed on the directors under any law or the articles of association of the corporation, under the condition that such breach is conducted by negligence or intentional misconduct.	Under Delaware law, a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of a director to the corporation and its stockholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for:

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Turkish law

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Delaware law

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**Voting Rights**

Turkish law provides that, unless otherwise provided in the articles of association, each shareholder is entitled to one vote for each share of capital share held by such shareholder.

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or
- any transaction from which the director derives an improper personal benefit.

Delaware law provides that, unless otherwise provided in the certificate of incorporation, each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

**Shareholder Vote on Certain Transactions**

Generally, under Turkish law, unless the articles of association provides for the vote of a larger portion of the share capital, merger with another corporation, disposal of all or substantially all of a corporation's assets or dissolution requires

- affirmative vote of the shares representing 75% of the share capital.

Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires

- the approval of the board of directors; and
- approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.



**Standard of Conduct for Directors**

**Turkish law**

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Under Turkish law, the directors and managers are under obligation to execute their duty with the care of a prudent manager, i.e. with the care that an ordinarily prudent manager would exercise under similar circumstances. In case that the risk that results in damages had arisen from an act of the director that was in compliance with the "business judgment rule," the director would not be personally liable of such damages. Under the "business judgment rule," the director is liable to conduct the relevant research for each act. Additionally, directors have a duty to act by protecting the interest of the corporation in good faith.

**Delaware law**

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Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the stockholders.

Directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The duty of care generally requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of all material information reasonably available regarding a significant transaction.

The duty of loyalty requires that a director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. In general, but subject to certain exceptions, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation.

However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation.

**Stockholder Suits**

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**Turkish law**

Under Turkish law, a shareholder may initiate an action to claim damages from the directors who are personally liable, against such directors and managers. In such action initiated by a shareholder, the compensation would be nevertheless awarded in favor of

the corporation. In the event of bankruptcy, if the insolvency practitioner fails to enforce a right on behalf of a corporation; a shareholder or a creditor of corporation may initiate an action to enforce a right of a corporation to claim damages from the directors who are personally liable, against such directors and managers. In such action initiated by a shareholder or a creditor, the compensation would be nevertheless awarded in favor of the corporation. The conditions of such claims are same as the lawsuits initiated by corporation itself.

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**Delaware law**

In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the shareholders.

Under Delaware law, a stockholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must:

- state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and
- allege with factual particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or
- state the reasons for not making the effort.

Additionally, the plaintiff must remain a stockholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent Class B ordinary shares (or a right to receive Class B ordinary shares) deposited with , as custodian, for the depositary in . Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at .

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Turkish law governs shareholder rights. The depositary will be the holder of Class B ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders, and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Directions on how to obtain copies of those documents are provided on page [ · ] under "*Where You Can Find More Information.*"

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on Class B ordinary shares?*

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- *Cash.* The depositary will convert any cash dividend or other cash distribution we pay on the Class B ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "*Material Tax Considerations.*" The depositary will distribute only whole U.S.

dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depository cannot convert the foreign currency, you may lose some of the value of the distribution.

- *Shares.* The depository may distribute additional ADSs representing any Class B ordinary shares we distribute as a dividend or free distribution. The depository will only distribute whole ADSs. It will sell Class B ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those Class B ordinary shares) and distribute the net proceeds in the same way as it does with cash. If the depository does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depository may sell a portion of the distributed Class B ordinary shares (or ADSs representing those Class B ordinary shares) sufficient to pay its fees and expenses in connection with that distribution.
- *Rights to Purchase Additional Class B Ordinary Shares.* If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depository may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depository does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depository will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depository that it is legal to do so. If the depository will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depository. U.S. securities laws may restrict the ability of the depository to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer
- *Other Distributions.* The depository will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depository has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depository is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depository may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depository to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depository is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, Class B ordinary shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our Class B ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

#### **Deposit, Withdrawal and Cancellation**

##### ***How are ADSs issued?***

The depository will deliver ADSs if you or your broker deposit Class B ordinary shares or evidence of rights to receive Class B ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depository will

register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs to the depository for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depository will deliver the ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depository will deliver the deposited securities at its office, if feasible. However, the depository is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depository may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

***How do ADS holders interchange between certificated ADSs and uncertificated ADSs?***

You may surrender your ADR to the depository for the purpose of exchanging your ADR for uncertificated ADSs. The depository will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depository of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depository will execute and deliver to the ADS holder an ADR evidencing those ADSs.

**Voting Rights**

***How do you vote?***

ADS holders may instruct the depository how to vote the number of deposited shares their ADSs represent. If we request the depository to solicit your voting instructions (and we are not required to do so), the depository will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depository how to vote. For instructions to be valid, they must reach the depository by a date set by the depository. The depository will try, as far as practical, subject to the laws of Turkey and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depository to solicit your voting instructions, you can still send voting instructions, and, in that case, the depository may try to vote as you instruct, but it is not required to do so.

*Except by instructing the depository as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares.* However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depository will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your Class B ordinary shares. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depository as to the exercise of voting rights relating to deposited securities, if we request the depository to act, we agree to give the depository notice of any such meeting and details concerning the matters to be voted upon at least     days in advance of the meeting date.

**Fees and Expenses**

<u>Persons depositing or withdrawing Class B ordinary shares or ADS holders must pay:</u>	<u>For:</u>
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"><li>• Issuance of ADSs, including issuances resulting from a distribution of Class B ordinary shares or rights or other property</li><li>• Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</li></ul>
\$0.05 (or less) per ADS	<ul style="list-style-type: none"><li>• Any cash distribution to ADS holders</li></ul>
A fee equivalent to the fee that would be payable if securities distributed to you had been Class B ordinary shares and the Class B ordinary shares had been deposited for issuance of ADSs	<ul style="list-style-type: none"><li>• Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders</li></ul>
\$0.05 (or less) per ADSs per calendar year	<ul style="list-style-type: none"><li>• Depositary services</li></ul>
Registration or transfer fees	<ul style="list-style-type: none"><li>• Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw ordinary shares</li></ul>
Expenses of the depositary	<ul style="list-style-type: none"><li>• Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)</li><li>• Converting foreign currency to U.S. dollars</li></ul>
Taxes and other governmental charges the depositary or the custodian has to pay on any ADS or shares underlying an ADSs, such as stock transfer taxes, stamp duty or withholding taxes, if applicable	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from the us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

#### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

#### **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any

other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

## **Amendment and Termination**

### ***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

### ***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest,



for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

### **Limitations on Obligations and Liability**

#### ***Limits on our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

### **Requirements for Depositary Actions**

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of Class B ordinary shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any Class B ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

### **Your Right to Receive Class B Ordinary Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of Class B ordinary shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our Class B ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of Class B ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

**Shareholder communications; inspection of register of holders of ADSs**

The depositary will make available for your inspection at its office all other communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

**Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depositary's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

## SHARES AND AMERICAN DEPOSITARY SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our ordinary shares or ADSs, and we cannot assure you that a significant public market for our ADSs will develop or be sustained after this offering. Future sales of substantial amounts of our ADSs in the public market after this offering, or the possibility of these sales occurring, could adversely affect market prices prevailing from time to time. Furthermore, because only a limited number of ordinary shares or ADSs will be available for sale shortly after this offering due to existing contractual and legal restrictions on resale as described below, there may be sales of substantial amounts of our ordinary shares or ADSs in the public market after such restrictions lapse. This may adversely affect the prevailing market price of our ADSs and our ability to raise equity capital in the future.

Upon the completion of this offering, we will have                    ordinary shares outstanding, or                    ADSs. Our ADSs will be available for sale in the public market after the expiration or waiver of the lock-up agreements described below, subject to limitations imposed by U.S. securities laws on resale by our "affiliates," as that term is defined in Rule 144 under the Securities Act.

We expect that all of our ADSs and ordinary shares will be freely transferable without restriction or registration, except for any ADSs or ordinary shares purchased by one of our existing affiliates. ADSs or ordinary shares purchased by our affiliates may not be resold except pursuant to an effective registration statement or an exemption from registration, including the safe harbor under Rule 144 under the Securities Act, as described below. In addition, following this offering and the expiration or waiver of the lock-up agreements described below, ordinary shares issuable pursuant to awards granted under certain of our equity plans will eventually be freely tradable in the public market.

The remaining ordinary shares and ADSs are "restricted shares" as defined in Rule 144. We expect that substantially all of these restricted shares will be subject to the lock-up agreements described below. These ordinary shares or ADSs may be sold in the public market only if the sale is registered or pursuant to an exemption from registration, such as the safe harbor provided by Rule 144 and Rule 701 under the Securities Act.

### Rule 144

In general, under Rule 144 under the Securities Act, as currently in effect, a person who has beneficially owned our ordinary shares that are restricted securities for at least six months would be entitled to sell those ordinary shares, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned our ordinary shares that are restricted securities for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions that would limit the number of ordinary shares such person would be entitled to sell within any three month period to the greater of either of the following:

- 1% of the number of our ordinary shares then outstanding; or
- the average weekly trading volume of our ordinary shares represented by ADSs on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144 to the extent applicable.

## **Rule 701**

In general, under Rule 701 under the Securities Act, any of our employees, board members, officers, consultants or advisors who purchase ordinary shares or ADSs from us in connection with a compensatory share or option plan or other written agreement before the effective date of this offering is entitled to resell those securities 90 days after the effective date of this offering in reliance on Rule 701, without having to comply with the holding period requirements or other restrictions contained in Rule 144.

The SEC has indicated that Rule 701 will apply to typical share options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described below, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement.

## **Regulation S**

Regulation S under the Securities Act ("**Regulation S**") provides generally that sales made in offshore transactions are not subject to the registration or prospectus-delivery requirements of the Securities Act.

## **Registration rights**

Upon completion of this offering, we and certain of our existing shareholders will enter into the Registration Rights Agreement. The Registration Rights Agreement will provide such shareholders certain registration rights relating to our ordinary shares held by them, subject to customary restrictions and exceptions. Registration of such registrable securities would result in registration of ADSs under the Securities Act and would result in these ADSs becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for ADSs purchased by affiliates. See "*Related Party Transactions—Registration Rights Agreement*."

## **Lock-up agreements**

We, substantially all of our shareholders, including the Selling Shareholders, our executive officers and our board members have agreed, subject to limited exceptions, not to directly or indirectly sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, purchase, contract or grant any option, right or warrant to purchase, or otherwise dispose of any of our shares or ADSs, or securities convertible into or exchangeable or exercisable for our shares or ADSs currently or hereafter owned either of record or beneficially; or publicly announce an intention to do any of the foregoing; or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our shares or ADSs or such other securities for a period of \_\_\_\_\_ days after the date of this prospectus, subject to certain exceptions, without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC. See "*Underwriting*."

## MATERIAL TAX CONSIDERATIONS

The following summary contains a description of the material Turkey and U.S. federal income tax consequences of the acquisition, ownership and disposition of ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase ADSs. The summary is based upon the tax laws of Turkey and regulations thereunder and on the tax laws of the United States and regulations thereunder as of the date hereof, which are subject to change.

### **Material Turkey Tax Considerations**

#### ***Tax Status of Shareholders***

Under Turkish income tax laws, there are two types of tax status in determination of income tax liabilities of taxpayers. "Residents" are subject to Turkish income taxation on their worldwide income as taxpayers with full liability. "Non-Residents", who are considered taxpayers with limited liability are subject to Turkish income taxation on their taxable income sourced from Turkey, if applicable.

Real persons are considered Residents in Turkey, if (i) they are domiciled in Turkey in accordance with the Turkish Civil Code or (ii) excluding temporary departures, they stay in Turkey for more than six months in a calendar year. If neither of the given two conditions is satisfied, real persons are considered Non Residents for Turkish tax purposes.

Legal entities are treated as Residents in Turkey if they are incorporated in Turkey under relevant Turkish laws or if their effective places of management are in Turkey despite the fact that they are incorporated outside of Turkey. If neither of the given two conditions is satisfied, legal entities are considered Non-Residents for Turkish tax purposes.

Dividend income is considered "Turkish source income" if the capital is invested in Turkey. As for capital gains, they are treated as Turkish source income if the transaction leading to the gains is concluded in Turkey, the payment for consideration is made in Turkey or the payment is accounted for in Turkey even if the payment is made outside of Turkey. The term "accounted for" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey or is made from the profits of the payer or the person on whose behalf the payment is made in Turkey.

#### ***Distributions on the Shares***

Dividends distributed by Turkish resident companies are subject to an income withholding tax of 15.0% if they are paid to Resident or Non-Resident individuals, either in cash terms or on account, or to Non-Resident entities which do not hold such shares through a fixed place of business or a permanent representative which constitutes a permanent establishment in Turkey (the "Permanent Establishment"). Under Turkish income tax laws, if the dividend is not distributed in cash but converted to share capital, obtaining the bonus shares issued to such effect is not subject to withholding tax.

If a double taxation treaty is in effect between Turkey and the country where the recipient or beneficial owner of the dividend is resident for fiscal purposes, and if that treaty provides a reduced rate lower than the local rate, then a treaty-reduced withholding tax rate set forth in the double taxation treaty may apply under certain conditions.

In order to benefit from lower tax rates applicable under the double tax treaties, the tax residency certificate of the recipient or beneficial owner approved and signed by the competent authorities should be provided to the company making the dividend distribution. The tax residency certificate will be valid until the fourth month of the following year and should be renewed every year for non-resident individuals and every three years for non-resident entities.

Within the framework of the taxation regime, withholding tax is the final tax for dividend income earned from Turkey by Non-Residents. Non-Residents without any Permanent Establishment in Turkey are not required to file an annual or special tax return for their Turkey-sourced dividends that are taxed through withholding at the level of the company making the distribution.

Dividend income distributed by a Resident company and received by Resident entities and Non-Resident entities with a Permanent Establishment in Turkey is not subject to withholding tax and is also exempted from corporate income tax at the level of the recipient in Turkey. Non-Resident entities holding shares through their Permanent Establishments in Turkey will be required to apply a branch profits repatriation withholding tax at a rate of 15.0% upon remittance of such profits to their headquarters unless a lower tax rate in the relevant tax treaty is available for such income repatriation.

Resident individuals are required to file an annual tax return for their dividend income. One half of the gross amount of dividends derived by Resident individuals from Resident companies is exempt from income tax. If the remaining amount exceeds the monetary threshold (TRY 53,000 for 2021) together with other income subject to declaration, this remaining amount should be declared in the annual tax return. Withholding tax charged on the gross amount of such dividend will be credited against income tax calculated on the tax return. If the dividend is distributed as bonus shares, acquisition of such bonus is not subject to declaration.

#### ***Tax Treaty with the United States***

A generally applicable tax treaty for the prevention of double taxation of income between Turkey and the United States (the "**Turkey-U.S. Treaty**") applies to all types of income.

Under Article 10 of the Turkey-U.S. Treaty, withholding tax on dividends paid to a company resident in the United States which beneficially owns at least 10.0% of the voting stock of a Turkish company paying the dividend is limited to 15.0% of gross dividends paid. In all other cases, the withholding tax rate is limited to 20.0% of the gross dividend paid. However, as there is no reduced rate under the Turkey-U.S. Treaty, the local withholding tax rate will be applicable. See "*Distributions on the Shares.*"

#### **Material U.S. Federal Income Tax Considerations for U.S. Holders**

The following is a description of the material U.S. federal income tax consequences to the U.S. Holders (as defined below) of owning and disposing of ADSs.

This summary applies only to U.S. Holders that acquire ADSs in exchange for cash in this offering, hold ADSs as capital assets within the meaning of Section 1221 of the Code (as defined below) and have the U.S. dollar as their functional currency.

This discussion is based on the tax laws of the United States as in effect on the date of this prospectus, including the Internal Revenue Code of 1986, as amended (the "**Code**"), and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and any such change could apply retroactively and could affect the U.S. federal income tax consequences described below. The statements in this prospectus are not binding on the U.S. Internal Revenue Service (the "**IRS**") or any court, and thus we can provide no assurances that the U.S. federal income tax consequences discussed below will not be challenged by the IRS or will be sustained by a court if challenged by the IRS. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. Furthermore, this summary does not address any estate or gift tax consequences, any state, local or non-U.S. tax consequences or any other tax consequences other than U.S. federal income tax consequences.

The following discussion does not describe all of the tax consequences that may be relevant to any particular investor or to persons in special tax situations such as:

- banks and certain other financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker-dealers;
- traders that elect to mark to market;
- tax-exempt entities or governmental organizations;
- individual retirement accounts or other tax-deferred accounts;
- persons liable for alternative minimum tax or the Medicare contribution tax on net investment income;
- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding ADSs as part of a straddle, hedging or other risk reduction strategy, constructive sale, conversion or integrated transaction or investment;
- persons that actually or constructively own 10% or more of our stock by vote or value;
- persons subject to special tax accounting rules as a result of gross income with respect to the ADSs being taken into account in an applicable financial statement;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired ADSs pursuant to the exercise of any employee share option or otherwise as compensation; and
- partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) or other pass-through entities and persons holding ADSs through partnerships or other pass-through entities.

**PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL INCOME TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs.**

As used herein, the term "U.S. Holder" means a beneficial owner of ADSs that, for U.S. federal income tax purposes, is or is treated as:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.



The tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds ADSs generally will depend on such partner's status, the activities of the partnership and certain determinations made at the partner level. Partnerships that hold our ADSs and U.S. Holders that are partners in such partnership should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of ADSs.

### ***Exchange of ADSs for Ordinary Shares***

Generally, holders of ADSs should be treated for U.S. federal income tax purposes as holding the ordinary shares represented by the ADSs and the following discussion assumes that such treatment will be respected. If so, no gain or loss will be recognized upon an exchange of ordinary shares for ADSs or an exchange of ADSs for ordinary shares.

### ***Dividends and Other Distributions on ADSs***

As described in the section entitled "*Dividend Policy*," we do not currently anticipate paying any cash dividends on our ordinary shares. If we make distributions of cash or property on our ordinary shares, subject to the passive foreign investment company rules discussed below, the gross amount of distributions made by us with respect to ADSs (including the amount of any non-U.S. taxes withheld therefrom, if any) generally will be includible as dividend income in a U.S. Holder's gross income in the year actually or constructively received by the U.S. Holder, to the extent such distributions are paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts, if any, not treated as dividend income will constitute a return of capital and will first be applied to reduce a U.S. Holder's tax basis in its ADSs, but not below zero, and then any excess will be treated as capital gain realized on a sale or other disposition of the ADSs. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions to be reported as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to U.S. corporations with respect to dividends received from other U.S. corporations. Dividends received by non-corporate U.S. Holders may be "qualified dividend income," which is taxed at the lower applicable long-term capital gains rate, provided that (1) either the ADSs are readily tradable on an established securities market in the United States or we are eligible for the benefits of the income tax treaty between the United States and Turkey (2) we are not a passive foreign investment company (as discussed below) for either the taxable year in which the dividend was paid or the immediately preceding taxable year and (3) certain other requirements are met. In this regard, the ADSs will generally be considered to be readily tradable on an established securities market in the United States if they are listed on The Nasdaq Global Select Market, as we intend the ADSs will be. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to ADSs.

Because the shares are not themselves listed on a U.S. exchange, dividends received with respect to shares that are not represented by ADSs may not be treated as qualified dividends. U.S. Holders should consult their own tax advisors regarding the potential availability of the reduced dividend tax rate in respect of shares.

The amount of any distribution paid in foreign currency will be equal to the U.S. dollar value of such currency, translated at the spot rate of exchange on the date such distribution is received, regardless of whether the payment is in fact converted into U.S. dollars at that time. If dividends received in foreign currency are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

Dividends on ADSs generally will constitute foreign source income for foreign tax credit limitation purposes. Subject to certain complex conditions and limitations, foreign taxes withheld at the rate applicable to the U.S. Holder on any distributions on ADSs, if any, may be eligible for credit against a U.S. Holder's federal income tax liability. If a refund of the tax withheld is available under the laws of the applicable foreign jurisdiction or income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's U.S. federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to ADSs will generally constitute "passive category income." The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

#### ***Sale or Other Taxable Disposition of ADSs***

Subject to the passive foreign investment company rules discussed below, upon a sale or other taxable disposition of ADSs, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in such ADSs (generally the cost of such ADSs to the U.S. Holder). Any such gain or loss generally will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the ADSs exceeds one year. Non-corporate U.S. Holders (including individuals) generally will be subject to U.S. federal income tax on long-term capital gain at preferential rates. The deductibility of capital losses is subject to significant limitations. Gain or loss, if any, realized by a U.S. Holder on the sale or other disposition of ADSs generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes.

#### ***Passive Foreign Investment Company Rules***

We will be classified as a passive foreign investment company (a "PFIC") for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For these purposes, passive income includes interest, dividends and other investment income, with certain exceptions. For these purposes, cash and other assets readily convertible into cash generally are considered passive assets, and the company's goodwill and other unbooked intangibles are generally taken into account. The PFIC rules also contain a look-through rule whereby the Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

Under the PFIC rules, if we were considered a PFIC at any time that a U.S. Holder holds ADSs, we would continue to be treated as a PFIC with respect to such investment unless (i) we cease to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

Based on the anticipated market price of the ADSs in this offering and the current and anticipated composition of the income, assets and operations of us and our subsidiaries, and we do not expect to be treated as a PFIC for the current taxable year or in the foreseeable future. This is a factual determination, however, that depends on, among other things, the composition of the income and assets, and the market value of the assets, of us and our subsidiaries from time to time, and thus the determination can only be made annually after the close of each taxable year. Because the market value of the assets for the purposes of the asset test will generally be determined by reference to the aggregate value of our outstanding ADSs, our PFIC status will depend in large part on the market price of our ADSs, which may fluctuate significantly. Therefore there can be no assurances that we will not be classified as a PFIC for the current taxable year or for any future taxable year.

If we are considered a PFIC at any time that a U.S. Holder holds ADSs, any gain recognized by the U.S. Holder on a sale or other disposition of the ADSs, as well as the amount of any "excess distribution" (defined below) received by the U.S. Holder, would be allocated ratably over the U.S. Holder's holding period for the ADSs. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For the purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on ADSs exceeds 125% of the average of the annual distributions on the ADSs received during the preceding three years or the U.S. Holder's holding period, whichever is shorter.

If we are treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own equity in any of the foreign corporations in which we directly or indirectly own equity that are also PFICs ("**lower-tier PFICs**"). In such case, a U.S. Holder may also be subject to the adverse tax consequences described above with respect to any gain or "excess distribution" realized or deemed realized in respect of a lower-tier PFIC.

A U.S. Holder may, in certain circumstances, avoid certain of the tax consequences generally applicable to holders of stock in a PFIC by electing to mark the ADSs to market, provided the ADSs are "marketable stock." As a result of such an election, in any taxable year that we are a PFIC, a U.S. Holder would generally be required to report gain or loss to the extent of the difference between the fair market value of the ADSs at the end of the taxable year and such U.S. Holder's tax basis in such ADSs at that time. Any gain under this computation, and any gain on an actual disposition of the ADSs in a taxable year in which we are a PFIC, would be treated as ordinary income. Any loss under this computation, and any loss on an actual disposition of the ADSs in a taxable year in which we are a PFIC, would be treated as ordinary loss to the extent of the cumulative net-mark-to-market gain previously included. Any remaining loss from marking the ADSs to market will not be allowed, and any remaining loss from an actual disposition of the ADSs generally would be capital loss. A U.S. Holder's tax basis in the ADSs would be adjusted annually for any gain or loss recognized under the mark-to-market election. There can be no assurances that the ADSs will be marketable stock for these purposes. In addition, an election for mark-to-market treatment would likely not be available with respect to any lower-tier PFICs. A mark-to-market election is made on a shareholder-by-shareholder basis, applies to all of the ADSs held or subsequently acquired by an electing U.S. Holder and can only be revoked with consent of the IRS (except to the extent the ADSs no longer constitute "marketable stock").

We do not intend to supply U.S. Holders with the information needed to make a qualified electing fund election with respect to the ADSs if we were a PFIC.

If we are considered a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. Failure to comply with such information reporting requirements may result in significant penalties and may suspend the running of the statute of limitations. U.S. Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in ADSs.

#### ***Information Reporting and Backup Withholding***

Dividend payments with respect to ADSs and proceeds from the sale, exchange or redemption of ADSs may be subject to information reporting to the IRS and U.S. backup withholding. A U.S. Holder may be eligible for an exemption from backup withholding if the U.S. Holder furnishes a correct taxpayer identification number and makes any other required certification or is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status may be required to provide such certification on IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

***Information with Respect to Foreign Financial Assets***

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in "specified foreign financial assets" (which may include the ADSs) with an aggregate value in excess of \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year are required to report information relating to such assets, subject to certain exceptions (including an exception for ADSs held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this and any other information reporting requirement on their acquisition, ownership and disposition of the ADSs.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN ADSs UNDER THE INVESTOR'S OWN CIRCUMSTANCES.**

**UNDERWRITING**

We are offering the ADSs described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC are acting as representatives of the underwriters. We, the Selling Shareholders and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to the terms and conditions of the underwriting agreement, we and the Selling Shareholders have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of ADSs listed next to its name in the following table:

<u>Underwriters</u>	<u>Number of ADSs</u>
Morgan Stanley & Co. LLC	
J.P. Morgan Securities LLC	
Goldman, Sachs & Co. LLC	
BofA Securities, Inc.	
UBS Securities LLC	
Total	

The underwriters are committed to purchase all the ADSs offered by us if they purchase any ADSs. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated. The underwriters propose to offer the ADSs directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of US\$        per ADS. Any such dealers may resell ADSs to certain other brokers or dealers at a discount of up to US\$        per ADS from the initial public offering price. After the initial offering of the ADSs to the public, if all of the ADSs are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The offering of the ADSs by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. Sales of any ADSs made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to        additional ADSs from us and the Selling Shareholders to cover sales of ADSs by the underwriters which exceed the number of ADSs specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional ADSs. If any ADSs are purchased with this option to purchase additional ADSs, the underwriters will purchase ADSs in approximately the same proportion as shown in the table above. If any additional ADSs are purchased, the underwriters will offer the additional ADSs on the same terms as those on which the ADSs are being offered. The underwriting fee is equal to the public offering price per ADS less the amount paid by the underwriters to us per ADS. The following table shows the per ADS and total public offering price, underwriting discounts and commissions to be paid to the underwriters by us and by the Selling Shareholders, and proceeds before expenses to us and to the Selling Shareholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

	<u>Per ADS</u>	<u>Total</u>	<u>Full Exercise</u>
		<u>No Exercise</u>	<u>(US\$)</u>
Initial public offering price			
Underwriting discounts and commissions to be paid by us			
Underwriting discounts and commissions to be paid by the Selling Shareholders			
Proceeds, before expenses, to us			
Proceeds, before expenses, to the Selling Shareholders			

We estimate that our share of the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately US\$ . We have agreed to reimburse the underwriters for the expenses related to the Financial Industry Regulatory Authority ("**FINRA**") incurred by them in connection with this offering.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of ADSs to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the SEC a registration statement under the Securities Act relating to, any ADSs or ordinary shares or securities convertible into or exercisable or exchangeable for any ADSs or ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, loan, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any ADSs or ordinary shares or any such other securities, or publicly disclose the intention to undertake any of the foregoing (regardless of whether any of these transactions are to be settled by the delivery of ADSs or ordinary shares or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC for a period of days after the date of this prospectus, other than the ADSs to be sold in this offering.

The restrictions on our actions, as described above, do not apply to certain transactions, including (i) the issuance of ordinary shares or ADSs or securities convertible into or exercisable for ordinary shares or ADSs pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options (including net exercise) or the settlement of RSUs (including net settlement), in each case outstanding on the date of the underwriting agreement and described in this prospectus; (ii) grants of stock options, stock awards, restricted stock, RSUs, or other equity awards and the issuance of ordinary shares or ADSs or securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (whether upon the exercise of stock options or otherwise) to our employees, officers, directors, advisors, or consultants pursuant to the terms of an equity compensation plan in effect as of the closing of this offering and described in this prospectus, provided that such recipients enter into a lock-up agreement with the underwriters; or (iii) our filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to any plan in effect on the date of the underwriting agreement and described in this prospectus or any assumed benefit plan pursuant to an acquisition or similar strategic transaction.

We, our directors and executive officers and the Selling Shareholders (such persons, the "**lock-up parties**") have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each lock-up party, with limited exceptions, for a period of days after the date of this prospectus (such period, the "**restricted period**"), may not (and may not cause any of their direct or indirect affiliates to), without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ADSs or ordinary shares or any securities convertible into or exercisable or exchangeable for our ADSs or ordinary shares (including, without limitation, ADSs or ordinary shares or such other securities which may be deemed to be beneficially owned by such lock-up parties in accordance with

the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant (collectively with the ADSs and ordinary shares, the "lock-up securities")), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the lock-up securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of lock-up securities, in cash or otherwise, (3) make any demand for, or exercise any right with respect to, the registration of any lock-up securities, or (4) publicly disclose the intention to do any of the foregoing. Such persons or entities have further acknowledged that these undertakings preclude them from engaging in any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition or transfer (by any person or entity, whether or not a signatory to such agreement) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any lock-up securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of lock-up securities, in cash or otherwise.

The restrictions described in the immediately preceding paragraph and contained in the lock-up agreements between the underwriters and the lock-up parties do not apply, subject in certain cases to various conditions, to certain transactions, including (a) transfers of lock-up securities: (i) as *bona fide* gifts, or for *bona fide* estate planning purposes, (ii) by will or intestacy, (iii) to any trust for the direct or indirect benefit of the lock-up party or any immediate family member, (iv) to a partnership, limited liability company or other entity of which the lock-up party and its immediate family members are the legal and beneficial owner of all of the outstanding equity securities or similar interests, (v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (iv), (vi) in the case of a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of the lock-up party, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the lock-up party or its affiliates or (B) as part of a distribution to members or stockholders of the lock-up party; (vii) by operation of law, (viii) to us from an employee upon death, disability or termination of employment of such employee, (ix) as part of a sale of lock-up securities acquired in open market transactions after the completion of this offering, (x) to us in connection with the vesting, settlement or exercise of restricted stock units, options, warrants or other rights to purchase ordinary shares or ADSs (including "net" or "cashless" exercise), including for the payment of exercise price and tax and remittance payments, or (xi) pursuant to a *bona fide* third-party tender offer, merger, consolidation or other similar transaction approved by our board of directors and made to all shareholders involving a change in control, provided that if such transaction is not completed, all such lock-up securities would remain subject to the restrictions in the immediately preceding paragraph; (b) exercise of the options, settlement of RSUs or other equity awards, or the exercise of warrants granted pursuant to plans described in in this prospectus, provided that any lock-up securities received upon such exercise, vesting or settlement would be subject to restrictions similar to those in the immediately preceding paragraph; (c) the conversion of outstanding preferred stock, warrants to acquire preferred stock, or convertible securities into ordinary shares or ADSs or warrants to acquire ordinary shares or ADSs, provided that any ordinary shares or ADS or warrant received upon such conversion would be subject to restrictions similar to those in the immediately preceding paragraph; and (d) the establishment by lock-up parties of trading plans under Rule 10b5-1 under the Exchange Act, provided that such plan does not provide for the transfer of lock-up securities during the restricted period.

J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Goldman, Sachs & Co. LLC, in their sole discretion, may release the securities subject to any of the lock-up agreements with the underwriters described above, in whole or in part at any time.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. The initial public offering price will be determined by negotiations between us, the Selling Shareholders and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our ADSs, or that the ADSs will trade in the public market at or above the initial public offering price.

We and the Selling Shareholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

We intend to apply to list our ADSs on the Nasdaq Global Select Market under the symbol "HBX."

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling ADSs in the open market for the purpose of preventing or retarding a decline in the market price of the ADSs while this offering is in progress. These stabilizing transactions may include making short sales of ADSs, which involves the sale by the underwriters of a greater number of ADSs than they are required to purchase in this offering, and purchasing ADSs on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional ADSs referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional ADSs, in whole or in part, or by purchasing ADSs in the open market. In making this determination, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market compared to the price at which the underwriters may purchase ADSs through the option to purchase additional ADSs. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase ADSs in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ADSs, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase ADSs in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those ADSs as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs, and, as a result, the price of the



ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and if the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the Nasdaq, in the over the counter market or otherwise.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

### **Selling Restrictions**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

### **Canada**

The ADSs may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### **European Economic Area**

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no offer of the ADSs that are subject to this offering may be made to the public in that Relevant State, except that offers of the ADSs that are subject to this offering may be made under the following

exemptions under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"):

- to any legal entity that is a "qualified investor" as defined in Article 2 of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the underwriters for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of ADSs shall result in a requirement for the publication by we, the Selling Shareholders, or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offer to the public" in relation to any ADSs that are subject to this offering in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offering and the ADSs that are subject to this offering so as to enable an investor to decide to purchase or subscribe for any such ADSs.

#### **United Kingdom**

No offer of ADSs that are subject to this offering may be made to the public in the United Kingdom, except that offers of the ADSs that are subject to this offering may be made under the following exemptions under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"):

- to any legal entity that is a "qualified investor" as defined in Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), in the United Kingdom, subject to obtaining the prior consent of the underwriters for any such offer; or
- in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (the "**FSMA**"),

provided that no such offer of ADSs that are subject to this offering shall result in a requirement for the publication by we, the Selling Shareholders, or any underwriter of a prospectus pursuant to section 85 of the FSMA or of a supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "offer to the public" in relation to any ADSs that are subject to this offering in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offering and the ADSs that are subject to this offering so as to enable an investor to decide to purchase or subscribe for any such ADSs.

Further, no invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) can be communicated or caused to be communicated in connection with the issue or sale of the ADSs that are subject to this offering, and all provisions of the FMSA must be observed with respect to any action taken in, from or otherwise involving the United Kingdom in relation to the ADSs.

This prospectus can only be distributed to and is only directed at, and investment or investment activity to which this document relates can be available only to, and be engaged only with persons in the United Kingdom who: (i) have professional experience in matters relating to investments falling

within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, and/or (iii) are persons to whom invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to and will be engaged in only with relevant persons.

### **Turkey**

The ADSs that are subject to this offering shall not be offered, sold or otherwise made available to any retail investor in Turkey. The offering of the ADSs has been authorized by the Capital Markets Board ("**CMB**") with its decision dated May 27, 2021 and numbered 27/803 through the approval of the issuance certificate (*ihrac belgesi*) dated May 28, 2021 and numbered 55/HA-803 only for the purpose of the sale of the ADSs outside Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency ("**Decree 32**") and Article 5/2 of the Prospectus and Issuance Certificate Communiqué No. II-5.1. The ADSs (or beneficial interests therein) have to be offered or sold outside Turkey and the CMB has approved the issuance certificate (*ihrac belgesi*); provided that, following the primary sale of the ADSs, no transaction that may be deemed as a sale of the ADSs (or beneficial interests therein) in Turkey by way of private placement or public offering may be engaged in. Pursuant to Article 15(d)(ii) of Decree 32, there is no restriction on the purchase or sale of the ADSs (or beneficial interests therein) in offshore transactions on an unsolicited basis by residents of Turkey; provided that such sale or purchase is made through banks authorized by the Banking Regulation and Supervisory Agency and/or licensed brokerage institutions authorized pursuant to CMB regulations and the purchase price of the ADSs is transferred abroad through such licensed banks.

There shall be no directed selling efforts within Turkey in connection with the ADSs, nor any form of general solicitation or general advertising in connection with any offer and sale of the ADSs in Turkey, and no disclosure shall be made in Turkey in relation to the issuer, the ADSs or the disclosure documents, save as may be required by applicable law, court order or regulation.

### **Japan**

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

### EXPENSES OF THE OFFERING

We estimate that our expenses in connection with this offering, other than underwriting discounts and commissions, will be as follows:

<u>Expenses</u>	<u>Amount</u>
SEC registration fee	\$ *
FINRA filing fee	\$ *
Stock exchange listing fee	\$ *
Printing and engraving expenses	\$ *
Legal fees and expenses	\$ *
Accounting fees and expenses	\$ *
Miscellaneous costs	\$ *
<b>Total</b>	<b>\$ *</b>

\* To be completed by amendment.

All amounts in the table are estimates except the SEC registration fee, the stock exchange listing fee and the FINRA filing fee. We will pay all of the expenses of this offering.

## LEGAL MATTERS

Certain legal matters with respect to the offering will be passed upon for us by White & Case LLP as to United States federal law. Certain legal matters relating to Turkish law will be passed upon for us by GKC Partners. Certain legal matters with respect to the offering will be passed upon for the underwriters by Cleary Gottlieb Steen & Hamilton LLP as to United States federal law. Certain legal matters relating to Turkish law will be passed upon for the underwriters by Paksoy Ortak Avukat Bürosu.

## EXPERTS

The consolidated financial statements of D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. as of December 31, 2018 and 2019 and for the years then ended included in this prospectus have been so included in reliance on the report of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("PwC") an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The current address of PwC is Süleyman Seba Cad. No: 48 BJK Plaza Kat: 9 Akaretler Beşiktaş İstanbul Turkey.

The consolidated financial statements of D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. at December 31, 2020, and for the year ended December 31, 2020, appearing in this prospectus and registration statement have been audited by GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S., independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing. GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. is located at Orjin Maslak Plaza, Maslak Mahallesi Eski Büyükdere Caddesi No: 27 Kat: 1-5 34485 Sarıyer, İstanbul, Turkey and is registered as a corporate body with the Public Oversight Accounting and Auditing Standards Authority.

Certain statistical data contained herein has been derived from and included herein in reliance upon a research report titled "Turkey's e-retail market assessment" prepared by ADL, an independent provider of research and analysis, commissioned by us, and issued as of March 15, 2021, upon the authority of said firm as experts with respect to the matters covered by its report. ADL does not have any interest in our securities.

## CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On August 17, 2020, following a resolution of the General Assembly Meeting of the Company, the Company dismissed PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("PwC") and appointed GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. as its statutory independent auditor. The Company changed its independent audit firm due to the local mandatory independent auditor rotation regulations.

The reports of PwC on the consolidated financial statements of the Company for the fiscal years ended December 31, 2018 and 2019 prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

PwC was reengaged to audit these consolidated financial statements as of and for the years ended December 31, 2018 and 2019 in accordance with PCAOB standards on February 15, 2021 and completed its PCAOB audit on March 17, 2021.

During the fiscal years ended December 31, 2018 and 2019 and the interim period through March 17, 2021, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its report. During the fiscal years ended December 31, 2018 and 2019 and the subsequent period through March 17, 2021, there were no reportable events as described in Item 4(d) of Form F-1, except for the material weakness related to information technology general controls (see "*Risk Factors—If we fail to implement and maintain an effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud and investor confidence in our company and the market price of our ADSs may decline*").

The Company has requested that PwC furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of such letter, dated May 28, 2021, is filed as Exhibit 16.1 to this registration statement on Form F-1.

GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. has served as our independent auditor since 2020. During the two most recent fiscal years ended December 31, 2018 and 2019 prior to 2020, neither we nor anyone on our behalf consulted with GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. on the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements or any matter that was the subject of a disagreement, as described in Item 4(d) of Form F-1.

## ENFORCEMENT OF CIVIL LIABILITIES

The Company is a joint stock company organized under the laws of Turkey. All of our directors and executive officers are resident in Turkey, and all of our assets are located outside the United States, principally in Turkey.

The courts of Turkey will not enforce a judgment obtained in a court established in a country other than Turkey unless:

- there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments;
- there is *de facto* enforcement in such country of judgments rendered by Turkish courts; or
- there is a provision in the laws of such country that provides for the enforcement of judgments of the Turkish courts.

There is no treaty between the United States and Turkey providing for reciprocal enforcement of judgments. There is no *de facto* reciprocity between the United States and Turkey. Moreover, there is uncertainty as to the ability of a shareholder to bring an original action in Turkey based on U.S. federal or non-Turkish securities laws.

Turkish courts have rendered at least one judgment in the past confirming *de facto* reciprocity between the New York State and Turkey. However, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States by Turkish courts.

In addition, the Turkish courts will not enforce any judgment obtained in a court established in a country other than Turkey if:

- the defendant was not duly summoned or represented;
- the defendant's fundamental procedural rights were not observed and the defendant brings an objection before the Turkish court against the request for enforcement on either of these grounds;
- the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the Turkish courts;
- the judgment is incompatible with a judgment of a Turkish court between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey;
- the judgment is not of a civil nature;
- the judgment is clearly against public policy rules of Turkey;
- the court rendering the judgment did not have jurisdiction to render such judgment;
- the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered; or
- the judgment was rendered by a foreign court which treated itself as competent even though it had no actual relationship with the parties or the subject matter at hand and the defendant brings an objection before the Turkish court against the request for enforcement on this ground.

Furthermore, to be enforceable under the laws of Turkey, the choice of laws of a foreign jurisdiction or submission to the jurisdiction of the courts of such a foreign jurisdiction should indicate the competent courts with sufficient precision. Therefore, lack of precision while determining the competent court of a foreign jurisdiction may render the choice of foreign court unenforceable. Also,



Turkish law enables the parties' ability to choose the law applicable to claims relating to tort and/or unjust enrichment only after the commitment or occurrence of the relevant tortious act or the relevant unjust enrichment.

As a result, it may not be possible to:

- effect service of process outside Turkey upon any of the directors and executive officers named in this offering circular; or
- enforce, in Turkey, court judgments obtained in courts of jurisdictions other than Turkey against us or any of the directors and executive officers named in this offering circular in any action.

In addition, it may be difficult or impossible to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon securities laws of the United States.

In any suit or action against the Company before the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*); provided, however, that the court may in its discretion waive such requirement for security if the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Turkey by Law No. 1574), save for the legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Turkey which is duly ratified and contains, inter alia, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

Also, the Enforcement and Bankruptcy Law No. 2004 prevents a contractual arrangement by which a contractual event of default clause is stipulated to be triggered in case of any application is made by a Turkish company for debt restructuring upon settlement (*uzlaşma yoluyla yeniden yapılandırma*) within the scope of Turkish Enforcement and Bankruptcy Law No. 2004. In addition to this, the contractual termination, default and acceleration clauses of an agreement cannot be triggered in case the debtor makes a concordat application and such application not to constitute a breach of such agreement.

Furthermore, any claim against the Company which is denominated in a foreign currency would, in a bankruptcy situation, only be payable in Turkish Lira. The relevant exchange rate for determining the Turkish Lira amount of any such claim would be the Central Bank's exchange rate for the purchase of the relevant currency which is effective on the date when the relevant court's decision on the bankruptcy is rendered in accordance with Turkish law. Such exchange rate may be less favorable to investors than the rate of exchange prevailing at the relevant time.

## WHERE YOU CAN FIND MORE INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon completion of this offering, we will become subject to the informational and current reporting requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our board members and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the Securities and Exchange Commission within four months after the end of each fiscal year (which is currently four months from December 31, the end of our fiscal year), or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements, which will be examined and reported on with an opinion expressed by an independent public accounting firm and we intend to submit to the SEC a quarterly report on Form 6-K containing unaudited quarterly financial information for the first three quarters of each fiscal year.

We also maintain a corporate website at <https://www.hepsiburada.com>. Our website and the information contained therein or connected thereto will not be deemed to be incorporated into the prospectus or the registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our ordinary shares or ADSs.

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**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET  
A.Ş. AND ITS SUBSIDIARIES**

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**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS****AS AT 31 MARCH 2021 AND 31 DECEMBER 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)**

	<u>Notes</u>	<u>31 March 2021 (unaudited)</u>	<u>31 December 2020 (audited)</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3	388,362,900	592,643,009
Trade receivables		131,133,263	157,106,579
Due from related parties	15	1,326,450	3,407,890
Inventories		729,711,472	770,140,895
Contract assets		36,241,230	55,736,539
Other current assets		86,749,363	110,795,322
<b>Total current assets</b>		<b>1,373,524,678</b>	<b>1,689,830,234</b>
<b>Non-current assets:</b>			
Property and equipment	6	58,911,857	56,950,215
Intangible assets	7	108,676,194	89,386,569
Right of use assets	8	139,754,964	125,982,600
Other non-current assets		4,135,128	2,806,239
<b>Total non-current assets</b>		<b>311,478,143</b>	<b>275,125,623</b>
<b>Total assets</b>		<b>1,685,002,821</b>	<b>1,964,955,857</b>

These interim condensed consolidated financial statements have been approved by Board of Directors on 28 May 2021. The General Assembly has the right to amend these interim condensed consolidated financial statements.

Accompanying notes are an integral part of these interim condensed consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)****AS AT 31 MARCH 2021 AND 31 DECEMBER 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)**

	<u>Notes</u>	<u>31 March 2021 (unaudited)</u>	<u>31 December 2020 (audited)</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Bank borrowings	4	432,617,982	347,436,451
Lease liabilities	8	70,750,331	51,210,929
Trade payables and payables to merchants	5	1,763,937,736	2,024,549,483
Due to related parties	15	7,017,691	3,929,923
Provisions		3,965,602	3,733,610
Employee benefit obligations	10	134,705,492	22,807,906
Contract liabilities and merchant advances		152,858,819	150,698,190
Other current liabilities		56,314,197	51,777,683
<b>Total current liabilities</b>		<b>2,622,167,850</b>	<b>2,656,144,175</b>
<b>Non-current liabilities:</b>			
Lease liabilities	8	84,624,631	92,844,526
Employee benefit obligations		4,242,563	3,299,046
<b>Total non-current liabilities</b>		<b>88,867,194</b>	<b>96,143,572</b>
<b>Equity:</b>			
Share capital		56,865,658	56,865,658
Share premiums		187,464,832	187,464,832
Restricted reserves		1,586,430	1,586,430
Accumulated deficit		(1,271,949,143)	(1,033,248,810)
<b>Total equity</b>		<b>(1,026,032,223)</b>	<b>(787,331,890)</b>
<b>Total equity and liabilities</b>		<b>1,685,002,821</b>	<b>1,964,955,857</b>

Accompanying notes are an integral part of these interim condensed consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020**

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

	<u>Notes</u>	<u>1 January– 31 March 2021 (unaudited)</u>	<u>1 January– 31 March 2020 (unaudited)</u>
Revenues	11	1,385,835,317	836,638,395
<b>Operating expenses</b>			
Cost of inventory sold		(965,458,212)	(603,697,730)
Shipping and packaging expenses		(160,974,319)	(71,411,952)
Payroll and outsource staff expenses		(227,318,424)	(58,184,977)
Advertising expenses		(96,068,436)	(68,265,382)
Technology expenses		(12,750,709)	(6,526,280)
Depreciation and amortization		(27,146,528)	(19,493,687)
Other operating expenses, net	12	(26,940,566)	(13,740,659)
<b>Operating loss</b>		<b>(130,821,877)</b>	<b>(4,682,272)</b>
Financial income	13	52,999,166	27,669,418
Financial expenses	14	(159,502,321)	(79,911,871)
<b>Loss before income taxes</b>		<b>(237,325,032)</b>	<b>(56,924,725)</b>
Taxation on income		—	—
<b>Loss for the period</b>		<b>(237,325,032)</b>	<b>(56,924,725)</b>
Basic and diluted loss per share	16	(0.83)	(0.20)
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to profit or loss in subsequent period:</b>			
Actuarial losses arising on remeasurement of post-employment benefits		(1,375,301)	(281,588)
<b>Total comprehensive loss for the period</b>		<b>(238,700,333)</b>	<b>(57,206,313)</b>

Accompanying notes are an integral part of these consolidated financial statements.



**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020**

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

	Share capital	Share premiums	Restricted reserves	Accumulated deficit	Total equity
<b>Balance at 1 January 2021</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(1,033,248,810)</b>	<b>(787,331,890)</b>
Net loss for the period	—	—	—	(237,325,032)	(237,325,032)
Other comprehensive loss for the period	—	—	—	(1,375,301)	(1,375,301)
<b>Balance at 31 March 2021 (unaudited)</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(1,271,949,143)</b>	<b>(1,026,032,223)</b>
<b>Balance at 1 January 2020</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(556,749,305)</b>	<b>(310,832,385)</b>
Net loss for the period	—	—	—	(56,924,725)	(56,924,725)
Other comprehensive loss for the period	—	—	—	(281,588)	(281,588)
<b>Balance at 31 March 2020 (unaudited)</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(613,955,618)</b>	<b>(368,038,698)</b>

Accompanying notes are an integral part of these consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2020**

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

	<u>Note</u>	<u>1 January—31 March 2021 (unaudited)</u>	<u>1 January—31 March 2020 (unaudited)</u>
Loss before income taxes		(237,325,032)	(56,924,725)
<b>Adjustments to reconcile loss before income taxes to cash flows from operating activities:</b>		<b>273,285,985</b>	<b>89,611,103</b>
Interest and commission expenses	14	126,548,437	66,371,360
Depreciation and amortization	6,7,8	27,146,528	19,493,687
Interest income on time deposits	13	(4,527,020)	(1,946,488)
Interest income on credit sales	13	(7,708,120)	(2,522,823)
Provision for unused vacation liability		2,107,269	879,664
Provision for share based payment	10	123,739,938	—
Provision for legal cases		231,992	2,551,552
Provision for doubtful receivables		1,048,527	2,382,788
Provision for impairment of trade goods, net		4,230,315	8,758,181
Provision for post-employment benefits		428,213	217,292
Net foreign exchange differences		39,906	(6,574,110)
<b>Changes in net working capital</b>			
Change in trade payables and payables to merchants		(260,611,747)	67,159,786
Change in inventories		36,199,108	(44,128,306)
Change in trade receivables		22,200,010	(10,168,804)
Change in contract liabilities and merchant advances		2,160,629	36,598,505
Change in contract assets		19,495,309	(4,280,734)
Change in other liabilities		6,315,055	15,748,057
Change in other assets and receivables		22,717,070	(11,042,935)
Change in due from related parties		2,081,440	3,233,413
Change in due to related parties		3,087,768	2,043,594
Post-employment benefits paid		(859,997)	(374,041)
Payments for concluded litigation		—	(805,795)
Payments for personnel bonus	10	(13,463,563)	(10,433,306)
Payments for unused vacation liabilities		(486,058)	(59,910)
Collections of doubtful receivables		2,724,779	31,276
<b>Net cash provided by / (used in) operating activities</b>		<b>(122,479,244)</b>	<b>76,207,178</b>
<b>Investing activities:</b>			
Purchases of property and equipment and intangible assets	6,7	(36,317,761)	(15,744,289)
Proceeds from sale of property and equipment		11,379	4,337
<b>Net cash used in investing activities</b>		<b>(36,306,382)</b>	<b>(15,739,952)</b>
<b>Financing activities:</b>			
Proceeds from borrowings		253,101,724	453,758,818
Repayment of borrowings		(183,514,874)	(256,334,150)
Interest and commission paid		(106,007,716)	(59,362,063)
Lease payments		(21,308,757)	(12,378,325)
Interest received on time deposits		4,867,353	2,130,274
Interest received on credit sales		7,708,120	2,522,823
<b>Net cash provided by / (used in) financing activities</b>		<b>(45,154,150)</b>	<b>130,337,377</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(203,939,776)</b>	<b>190,804,603</b>
<b>Cash and cash equivalents at 1 January</b>		<b>592,280,767</b>	<b>281,982,151</b>
Effects of exchange rate changes on cash and cash equivalents		—	3,949,437
<b>Cash and cash equivalents at 31 March</b>		<b>388,340,991</b>	<b>476,736,191</b>

Accompanying notes are an integral part of these consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020**

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

**NOTE 1—ORGANISATION AND NATURE OF OPERATIONS**

D-Market Elektronik Hizmetler ve Ticaret A.Ş. ("D-Market" or "Hepsiburada" or together with its subsidiaries the "Group") was established in April 2000. D-Market currently operates as a retail website ([www.hepsiburada.com](http://www.hepsiburada.com)) offering its retail customers a wide selection of merchandise including electronics and non-electronics (including books, sports, toys, kids and baby products, cosmetics, furniture, etc.). As of 31 March 2021, the ultimate shareholders of D-Market are the members of Doğan Family and Turk Commerce B.V.

As of 31 March 2021, the Group has 2,572 employees (31 December 2020: 2,433). The address of the registered office is as follows:

Kuştepe Mahallesi, Mecidiyeköy Yolu Caddesi  
No: 12 Kule 2 Kat 2  
Şişli, İstanbul - Turkey

**Subsidiaries**

The Subsidiaries included in these consolidated financial statements are as follows:

- Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. ("Evimiz")
- Altıncı Cadde Elektronik Ticaret A.Ş. ("Altıncı Cadde")
- D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş. ("D-Ödeme" or "Hepsipay")
- D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. ("D-Fast" or "Hepsijet")

Altıncı Cadde was acquired by the Group on 1 June 2012 and operated as a vertical e-commerce website ([www.altincadde.com](http://www.altincadde.com)). Altıncı Cadde ended its operations as of 11 October 2019.

Evimiz was acquired on 31 March 2012 and operated as a vertical e-commerce website ([www.evmany.com](http://www.evmany.com)) offering a variety of products to its customers mainly in furniture, home textile, house decoration, kitchen appliances, and garden and bathroom categories. Evimiz ended its operations as of 4 September 2018.

D-Ödeme was founded on 4 June 2015 and operates as a payment services provider offering payment gateway and e-money services, mainly to e-commerce companies, insurance brokers and tourism companies. D-Ödeme obtained its operational licence from Banking Regulation and Supervision Agency of Turkey ("BRSA") on 20 February 2016. D-Ödeme commenced its first payment service transaction on 15 June 2016. D-Ödeme had very limited operations during the three month periods ended 31 March 2021 and 2020. It has generated net revenues of TRY44,726 and TRY49,373 respectively during the three months period ended 31 March 2021 and 2020.

D-Fast was founded on 26 February 2016 and operates as a cargo and logistic firm which provides last mile delivery services to the customers of Hepsiburada and other e-commerce websites.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

***Going concern***

The Group has incurred recurring losses of approximately TRY239 million for the three months period ended 31 March 2021. As of 31 March 2021, the Group had negative working capital of approximately TRY1,249 million, an accumulated deficit of approximately TRY1,272 million, and cash and cash equivalents of approximately TRY388 million. The Group has managed to continue its operations with negative working capital during its rapid growth after 2015, generating positive operating cash flows on an annual basis, due to the fact that the Group's average days payable significantly exceeds the total average days receivable and inventory turnover days. The negative working capital mainly results from operating expenses such as advertising, shipping, payroll and financial expenses and capital expenditures of the Group.

Based on its current business plan, the Group management expects that the Group will continue to generate positive operating cash flows and the Group's cash and cash equivalents will be sufficient to fund its operations for at least twelve months from the issuance date of these consolidated financial statements. Management of the Group believes that it will be in a position to cover its liquidity needs for the next twelve months from the issuance date of these consolidated financial statements, through cash on hand, cash generated from operations, available credit lines or a combination thereof, when necessary.

The Group has a capital inadequacy matter as per the Article 376 of the Turkish Commercial Code as of 31 March 2021. Management has taken necessary actions and is currently compliant with such local regulations and does not expect this situation to impact its operations.

The interim condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

**2.2 Significant accounting estimates and assumptions**

The significant accounting estimates, judgments and assumptions made during the preparation of the interim condensed consolidated financial information are the same as those applied during the preparation of the annual consolidated financial statements for the year ended December 31, 2020, with the exception of the newly added significant accounting estimate and judgment below.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Share based payment**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model and making assumptions about them.

As further disclosed in Note 10, the liability related to cash settled portion of the share based payment plans depend on the valuation of the shares during the IPO. Determination of estimated fair value of the Company before it is publicly listed requires complex and subjective judgments. The management estimates the Company's enterprise value for purposes of recording share-based compensation, and the information considered by the Company mainly include but not limited to future revenue and cash flow forecasts. Main judgments exercised by management in relation to share based payments are concluding that the realization of a successful IPO is probable as of March 31, 2021 (non- market performance condition) and the valuation of the Company's shares in the IPO is estimated to exceed a certain threshold stated in relevant share based payment contracts (market performance condition).

**2.3 Recent accounting pronouncements**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**2.4 Seasonality**

The Group's business is affected by seasonality, which historically has resulted in higher sales volume during the second half of the year rather than in the first half. Higher sales during that period are mainly attributed to the increased demand for goods during the peak Black Friday sales in November. The Group recognized 13% of annual revenue during the first quarter of 2020. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

**2.5 COVID-19**

The World Health Organization characterized COVID-19 as a pandemic in March 2020. As of the date hereof, COVID-19 has spread widely around the world and new variants of the virus have emerged, resulting in the implementation of significant governmental measures in Turkey and globally, including lockdowns of manufacturing and logistics facilities, closures of businesses and offices,

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

quarantines of individuals, and travel bans. COVID-19 and the measures taken to limit its spread have impacted consumer behaviour, including e-commerce shopping trends. During the COVID-19 pandemic, increased numbers of consumers in the Turkish market have shifted to e-commerce as a result of social distancing and other government restrictions, which resulted in the growth for demand for the Group's products and services. As the full impact of the COVID-19 pandemic continues to evolve, it is uncertain what effect the pandemic will have on consumer behaviour and the demand for various goods and services may evolve. Moreover, the mobility restrictions that were introduced during 2020 which is also continued during first quarter of the 2021, which included social distancing, stay-at-home orders and limited quarantine measures, contributed positively to the Group's revenues in the three months period ended 31 March 2021 compared to the three months period ended 31 March 2020.

**2.6 Summary of significant accounting policies**

**Share based payments**

Share-based payment transactions are treated in accordance with IFRS 2. The standard encompasses all arrangements where an entity purchases goods and services in exchange for issue of an entity's equity instruments, or cash payments based on the fair value of the entity's equity instruments, unless the transaction is clearly for a purpose other than payment for goods and services supplied to the entity receiving them. In accordance with IFRS 2, the Group distinguishes between equity settled and cash settled plans. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost of equity settled plans granted on grant date is allocated over the expected vesting period against equity. For equity settled share based payments, the value of the awards is fixed at the grant date. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in payroll expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. A description of the existing share based payment plan is disclosed in Note 10.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 3—CASH AND CASH EQUIVALENTS**

The analysis of cash and cash equivalents at 31 March 2021 and 31 December 2020 are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Cash	410	410
Banks		
—USD denominated time deposits	341,675,182	269,701,957
—TRY denominated time deposits	22,946,270	296,747,077
—TRY denominated demand deposits	22,555,830	20,338,498
—USD denominated demand deposits	337,534	2,705,045
—Other foreign currency deposits	847,674	3,150,022
	<u><b>388,362,900</b></u>	<u><b>592,643,009</b></u>

The weighted average interest rates of time deposits denominated in TRY and USD at 31 March 2021 are 18% per annum and 2% per annum, respectively (31 December 2020: 17% per annum for TRY, 2% per annum for USD).

At 31 March 2021, cash and cash equivalents included interest accrual amounting to TRY21,909 (31 December 2020: TRY362,242) consequently, cash and cash equivalents as reported in the consolidated statement of cash flows amounted to TRY388,340,991 (31 December 2020: TRY592,280,767).

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 4—BANK BORROWINGS**

	31 March 2021	31 December 2020
Short-term bank borrowings	432,617,982	347,436,451
	<u>432,617,982</u>	<u>347,436,451</u>

As of 31 March 2021, supplier and merchant financing loans make up TRY14,273,310 of the short-term bank borrowings (31 December 2020 supplier and merchant financing loans make up TRY39,090,887 of the short-term bank borrowings).

All bank borrowings are denominated in Turkish Lira. As of 31 March 2021, the average annual effective interest rate for bank borrowings is 20.01% and the average annual effective interest rate for supplier and merchant financing loans 21.92% (31 December 2020: 19.89% for bank borrowings and 19.10% for supplier and merchant financing loans).

The Group's bank borrowings comprise of fixed interest rate loans. Maturity date of the short-term bank borrowings are less than 12 months as of 31 March 2021 (31 December 2020: less than 3 months).

**NOTE 5—TRADE PAYABLES and PAYABLES TO MERCHANTS**

	31 March 2021	31 December 2020
Payables to retail suppliers and service providers	1,194,619,462	1,418,911,720
Payables to merchants (*)	569,318,274	605,637,763
	<u>1,763,937,736</u>	<u>2,024,549,483</u>

(\*) Payables to merchants relate to amounts received by the Group for the products delivered by merchants to the customers, net of commissions, service charges and delivery costs.

As of 31 March 2021, supplier and merchant financing payables, included in payables to retail suppliers and service providers, amounts to TRY14,123,767 (31 December 2020: TRY41,475,492)

As of 31 March 2021, the Group's average maturity of its outstanding payables is 51 days for retail suppliers and 21 days for merchants (31 December 2020: 53 days for retail suppliers and 21 days for merchants).

**NOTE 6—PROPERTY AND EQUIPMENT**

During the three months ended 31 March 2021, the Group acquired property and equipment, mainly furniture and fixtures and leasehold improvements, with a cost of TRY5,892,181 (31 March 2020: TRY1,781,424). Total addition to the accumulated depreciation during the three months ended 31 March 2021 amounts to TRY3,919,160 (31 March 2020: TRY2,759,678).



**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020**

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

**NOTE 7—INTANGIBLE ASSETS**

During the three months ended 31 March 2021, the Group recognized intangible assets, mainly website development costs, with a cost of TRY30,425,580 (31 March 2020: TRY13,962,865). Total addition to the accumulated depreciation during the three months ended 31 March 2021 amounts to TRY11,135,955 (31 March 2020: TRY10,031,328).

**NOTE 8—LEASES**

The Group has lease contracts of office premises, warehouses and vehicles. The increase in right of use assets and lease liabilities at 31 March 2021 compared to 31 December 2020 is mainly related to the renewal of lease contracts of buildings, vehicles and new leases of transfer centres resulting in an increase in right of use assets by TRY13,612,464. The Group has also leased new software and rights and furniture and fixtures resulting in an increase in right of use assets by TRY12,251,313. Total addition to the accumulated depreciation during the three months ended 31 March 2021 amounts to TRY12,091,413 (31 March 2020: TRY6,702,681).

**NOTE 9—COMMITMENTS, CONTINGENT ASSET AND LIABILITIES**

**Contingent liabilities**

In February 2019, the Turkish Competition Authority (the "TCA") initiated a preliminary inquiry in response to the claim that the Group and one of its supplier violated the Act no. 4054 by means of a most favoured customer clause, discrimination, restriction of intra-brand competition, refusal to deal and resale price maintenance. As a result of the preliminary inquiry, the TCA decided to initiate an investigation into the Group and its supplier. On 15 April 2021, the Competition Board, the executive body of the TCA, concluded its investigation and issued its decision in favour of the Group, indicating that the Group did not hold a dominant position in the relevant market and did not breach the Turkish competition law. No fines were imposed to the Group as a result of this investigation. The TCA is expected to issue a written reasoned decision by the end of the second quarter of 2021. Following the delivery of the reasoned decision of the TCA, any third party (including the complainer) will have 60 days to object to such decision at the Ankara administrative courts. Based on market practice and past precedents of similar cases, the management believes the reversal of the decision of the Competition Board is unlikely. No provision has been recognised in these consolidated financial statements in relation to this investigation since a probable outflow of economic benefits is deemed to be unlikely in consideration of the conclusion of the TCA's executive body in favour of the Group.

In July 2020, the Group received a request from the Turkish tax authority for the initiation of a tax investigation for the years 2018 and 2019. As of the approval date of these financial statements, the Group has not received any further specific request or notification from the tax authority since the submission of the requested information to the tax authority in August 2020. The Group management and its tax advisors believe that the investigation is routine and ordinary. The investigation is at an initial stage and the Group's tax advisors believe that there is no significant uncertain tax position of the Group for the respective years. Based on these facts and due to the uncertainty as to the final outcome of the investigation, no provision has been recognised in these consolidated financial statements.

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020

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

## NOTE 9—COMMITMENTS, CONTINGENT ASSET AND LIABILITIES (Continued)

## Contingent asset

The Group initiated a set of lawsuits against the tax authority in the year 2020 for the collection of previously paid withholding tax amounts in connection with the advertising services received from digital advertising platforms. The lawsuits are driven by the uncertainties and complexities of the application of double tax treaty rules. The primary court has ruled in favour of the Group on February 2021, April 2021 and May 2021 for six litigations amounting to TRY22.3 million out of a total claim amount of approximately TRY75 million. This decision can be appealed by the tax authority, as one of the six favourable decisions was appealed by the tax authority on March 2021. The remaining cases are still in judicial process. Due to the uncertainty for the final outcome, the Group management has not recognized any income accrual in respect to these claims.

## Letters of guarantee given

The letters of guarantee provided to public institutions and suppliers are amounting to TRY439,760,778 at 31 March 2021 (31 December 2020: TRY578,803,319).

## NOTE 10—PROVISION FOR EMPLOYEE BENEFITS

## Short term provision for employee benefits

	31 March 2021	31 December 2020
Provision for share based payment	123,739,938	—
Provision for personnel bonus	—	13,463,563
Provision for unused vacation	10,965,554	9,344,343
	<u>134,705,492</u>	<u>22,807,906</u>

The movements in provisions for share based payment, personnel bonus and unused vacation for the three month periods ended 31 March 2021 and 31 March 2020 are as follows:

	1 January 2021	Current period charge	Paid during the period	31 March 2021
Personnel bonus	13,463,563	—	(13,463,563)	—
Unused vacation	9,344,343	2,107,269	(486,058)	10,965,554
Provision for share based payment	—	123,739,938	—	123,739,938
	<u>22,807,906</u>	<u>125,847,207</u>	<u>(13,949,621)</u>	<u>134,705,492</u>

	1 January 2020	Current period charge	Paid during the period	31 March 2020
Personnel bonus	10,433,306	—	(10,433,306)	—
Unused vacation	5,277,720	879,664	(59,910)	6,097,474
	<u>15,711,026</u>	<u>879,664</u>	<u>(10,493,216)</u>	<u>6,097,474</u>

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 10—PROVISION FOR EMPLOYEE BENEFITS (Continued)***Share based payments*

On 25 March 2021 the Group granted a new share based payment plan to 10 of its key management personnel which modified the previously created share-based payment plans, adding 2 executives in scope of the plan. Additionally, on 24 March 2021, the Group decided to grant to some of its other employees and directors, a share-based plan with similar terms offered to its executives. The share-based payment plans consist of a cash settlement clause (20% of the total share based payment award) in the event that an initial public offering ("IPO") takes place until 2021 year-end and at least 20% of the Company's shares are sold in the IPO (non-market performance condition). Both the cash and equity settlement (which depend on the valuation of the shares during the IPO) will take place only in case the valuation of the Company's shares in the IPO achieves a certain threshold (market performance condition). The same plan has an equity settlement clause where the same key management personnel, other employees and directors will be entitled to receive Company's shares based on the value of the shares in the IPO (20% of the share based payment award for each year starting from 18 months after the IPO for the next 3 years) (graded vesting). Shares will be delivered to key management personnel, other employees and directors in the condition that they continue working for the Company in the respective payment dates (service condition). Remaining 20% of the share-based payment plan will be delivered on the above same dates to key management personnel, other employees and directors in terms of Company's shares based on Company's meeting at least 90% of its business plans as of respective years (non-market performance condition) and depending on their performance in the relevant period as determined by the Board of directors. The Group estimated the cash outflow (liability) to key management personnel, other employees and directors relating to cash settled part of the plans in the event of a successful IPO as TRY123,739,938. Provision was accounted for this amount in short term employee benefits as of March 31, 2021.

**NOTE 11—REVENUE**

The analysis of revenue for the three month periods ended 31 March 2021, and 2020 is as follows:

	<u>January 1 – March 31, 2021</u>	<u>January 1 – March 31, 2020</u>
Sales of goods	1,056,382,445	656,897,675
Marketplace revenues <sup>(*)</sup>	168,371,453	104,078,156
Delivery service revenues	155,236,022	68,565,592
Other	5,845,397	7,096,972
<b>Revenues</b>	<b><u>1,385,835,317</u></b>	<b><u>836,638,395</u></b>

(\*) Marketplace revenues mainly consists of marketplace commission, transaction fees and other contractual charges to the merchants.

The Group derives revenue from the sales of goods, marketplace revenues and other revenues at a point in time. Delivery service revenues are recognized over time. All contracts are for periods of the expected original duration of one year or less.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 11—REVENUE (Continued)**

The Group's revenues are generated in Turkey and the Board of Directors evaluates the operational results as a whole as one cash generating unit, therefore no disaggregated geographical information is presented.

**NOTE 12—OTHER OPERATING EXPENSES, NET**

The analysis of other operating income and expenses for the three month periods ended 31 March 2021, and 2020 is as follows:

	<u>January 1 – March 31, 2021</u>	<u>January 1 – March 31, 2020</u>
<b>Other operating expenses:</b>		
Consultancy(*)	(12,634,089)	(1,691,988)
Credit card processing	(4,984,133)	(1,466,149)
Utilities	(4,041,383)	(2,518,988)
Rent expenses	(2,969,213)	(2,455,476)
Provision for doubtful receivables	(1,048,527)	(2,382,788)
Credit card chargebacks	(855,803)	(295,279)
Insurance	(795,206)	(339,008)
Internet line	(534,933)	(271,056)
Maintenance expenses	(413,902)	(218,200)
Irrecoverable value added tax	(405,224)	(231,774)
Vehicle fuel	(314,427)	(263,913)
Stationary	(175,375)	(54,658)
Travel	(29,798)	(202,005)
Other	(3,403,713)	(2,857,193)
	<u>(32,605,726)</u>	<u>(15,248,475)</u>
<b>Other operating income:</b>		
Services charged	2,335,104	459,317
Bank promotion income	872,960	297,737
Grant income	461,035	—
Income from scrap packaging materials sales	169,464	169,538
Other	1,826,597	581,224
	<u>5,665,160</u>	<u>1,507,816</u>
<b>Other operating expenses, net</b>	<b><u>(26,940,566)</u></b>	<b><u>(13,740,659)</u></b>

(\*) As of 31 March 2021, the consultancy expenses mainly include one off IPO related costs.

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020

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

## NOTE 13—FINANCIAL INCOME

The analysis of financial income for the three month periods ended 31 March 2021, and 2020 is as follows:

## Financial income:

	January 1 – March 31, 2021	January 1 – March 31, 2020
Foreign currency exchange gains	40,756,723	23,200,107
Interest income on credit sales	7,708,120	2,522,823
Interest income on time deposits	4,527,020	1,946,488
Other	7,303	—
	<u>52,999,166</u>	<u>27,669,418</u>

## NOTE 14—FINANCIAL EXPENSES

The analysis of financial expenses for the three month periods ended 31 March 2021, and 2020 is as follows:

## Financial expenses:

	January 1 – March 31, 2021	January 1 – March 31, 2020
Commission expenses due to early collection of credit card receivables	(76,497,922)	(40,819,153)
Foreign currency exchange losses	(32,852,224)	(13,476,015)
Interest expenses on bank borrowings	(22,552,668)	(5,650,418)
Interest expenses on purchases	(21,555,240)	(15,708,366)
Interest expenses on lease liabilities	(5,942,607)	(4,193,423)
Other	(101,660)	(64,496)
	<u>(159,502,321)</u>	<u>(79,911,871)</u>

Interest expenses on purchases consist of interest embedded in inventories purchased on deferred settlement terms.

## NOTE 15— BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

## a) Remuneration of key management personnel:

The remuneration of key management personnel (directors and members of executive management) for three month periods ended 31 March 2021 and 31 March 2020 are as follows;

	31 March 2021	31 March 2020
Salaries and other short-term employee benefits	33,529,816	24,691,787

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 15— BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES (Continued)**

As further disclosed in Note 10, the Group has accounted for a share based payment provision amounting to TRY123,739,938 covering its key management personnel.

**b) Balances with related parties at 31 March 2021 and 31 December 2020:**

All related parties listed below are controlled by the Doğan Family members.

**Due from related parties:**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	790,116	—
Doğan Dış Ticaret ve Mümessilik A.Ş. ("Doğan Dış Ticaret")	203,869	1,403,868
D Elektronik Şans Oyunları ve Yayıncılık A.Ş. ("Nesine")	154,010	169,273
Değer Merkezi Hizmetler ve Yönetim A.Ş.	74,318	—
Mutlu Erturan(*)	—	1,500,000
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	—	178,026
Other	104,137	156,723
	<u>1,326,450</u>	<u>3,407,890</u>

(\*) In September 2020, the Company provided non-interest bearing loan of TRY1,500,000 to an executive officer, Mutlu Erturan. The loan was fully repaid by 5 March 2021.

Amounts due from related parties mainly resulted from sale of trade goods, gift cheques and shared services charges.

**Due to related parties:**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş.	2,760,643	1,091,383
Doruk Factoring A.Ş. ("Doruk")	1,969,880	—
Doğan Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş.	1,688,089	1,744,581
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	203,636	259,378
Değer Merkezi Hizmetler ve Yönetim A.Ş.	33,781	491,721
Other	361,662	342,860
	<u>7,017,691</u>	<u>3,929,923</u>

Amounts due to related parties mainly resulted from purchase of inventories, advertising services, head quarter rentals and payables related to supplier and merchant financing.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 15— BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES (Continued)****c) Significant sales to and purchases from related parties for the three month periods ended 31 March 2021 and 2020:**

All related parties listed below are controlled by the Doğan Family members.

**Service and product sales to related parties:**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	885,307	320,166
Nesine	633,988	170,919
Doğan Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş.	442,702	421,772
D Gayrimenkul Yatırımları ve Ticaret A.Ş.	219,493	33,136
Glokal Dijital Hizmetler ve Pazarlama A.Ş.	208,673	127,455
Değer Merkezi Hizmetler ve Yönetim A.Ş.	176,786	—
Trend Motosiklet Pazarlama A.Ş.	101,695	—
Doğan Dış Ticaret	83,030	—
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	78,033	—
Milta Turizm İşletmeleri A.Ş.	63,729	—
Other	353,494	237,193
	<u>3,246,930</u>	<u>1,310,641</u>

**Service and product purchases from related parties:**

	<b>31 March 2021</b>	<b>31 March 2020</b>
Doğan Dış Ticaret	14,271,401	9,354,968
D Gayrimenkul Yatırımları ve Ticaret A.Ş.	3,138,492	3,834,077
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş.	2,922,787	2,508,568
Doğan Egmont Yayıncılık A.Ş.	1,007,726	978,278
Doğan Trend Otomotiv Ticaret Hizmet A.Ş.	577,209	—
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	160,868	70,000
Doğan Portal	117,915	96,258
Değer Merkezi Hizmetler ve Yönetim A.Ş.	116,597	1,369,464
Other	51,885	203,719
	<u>22,364,880</u>	<u>18,415,332</u>

Doruk Factoring A.Ş. provide supplier and merchant financing services to the Group. Balances due to Doruk are payables related with the invoices transferred to Doruk as part of supplier and merchant financing. Since there is no product or service purchased from Doruk, no figures have been provided in the table above.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FOR THE PERIODS AT 31 MARCH 2021, 31 DECEMBER 2020 AND 31 MARCH 2020****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 16—LOSS PER SHARE**

Loss per share is disclosed below:

	31 March 2021	31 March 2020
Loss for the period attributable to equity holders of the Parent Company	(237,325,032)	(56,924,725)
Weighted average number of shares with face value of TRY0.2 each	284,328,290	284,328,290
<b>Basic and diluted loss per share</b>	<b>(0.83)</b>	<b>(0.20)</b>

As further disclosed in Note 17, the number of shares issued has increased from 56,865,658 to 284,328,290. As a result, the loss per share calculation for the periods presented have been performed based on the recent number of shares issued.

**NOTE 17—SUBSEQUENT EVENTS**

1- With the provisional article 13 added to the Corporate Tax Law and with the 11th article of the Law 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate, which was 20% as of 31 December 2020, will be applied at the rate of 25% for the corporate earnings in 2021 and 23% for the corporate earnings in 2022.

2- With the decision of the board of directors dated 14 April 2021, the Group decided to merge Altıncı Cadde and Evimiz companies under D-Fast.

3- At the Extraordinary General Assembly meeting dated 25 May 2021, it was decided to increase the number of shares issued from 56,865,658 to 284,328,290. Nominal value of each share decreased from TRY 1 to TRY0.2.



**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 and 2018, TOGETHER WITH REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS**

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of D-Market Elektronik Hizmetler ve Ticaret A.Ş.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of D-Market Elektronik Hizmetler ve Ticaret A.Ş. and its subsidiaries (the Company) as of December 31, 2020, the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020, and the results of its operations and its cash flows for the year ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board .

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S.

We have served as the Company's auditor since 2020.

Istanbul, Turkey  
May 10, 2021

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of D-Market Elektronik Hizmetler ve Ticaret A.Ş.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of D-Market Elektronik Hizmetler ve Ticaret A.Ş. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Istanbul, Turkey

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

/s/ Cenk Uslu

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Cenk Uslu  
Partner

March 17, 2021

We served as the Company's auditor from 2007 to 2021.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)**

	<b>Notes</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	3	592,643,009	282,303,760	136,484,221
Trade receivables	5	157,106,579	87,249,109	48,664,925
Due from related parties	20	3,407,890	3,314,963	1,657,302
Inventories	6	770,140,895	366,417,776	202,541,098
Contract assets	7	55,736,539	19,314,182	6,974,389
Other current assets	13	110,795,322	21,166,364	23,116,703
<b>Total current assets</b>		<b>1,689,830,234</b>	<b>779,766,154</b>	<b>419,438,638</b>
<b>Non-current assets:</b>				
Property and equipment	8	56,950,215	41,660,978	42,530,060
Intangible assets	9	89,386,569	63,347,847	53,393,521
Right of use assets	10	125,982,600	65,174,874	118,344,498
Other non-current assets	13	2,806,239	6,051,331	7,760,628
<b>Total non-current assets</b>		<b>275,125,623</b>	<b>176,235,030</b>	<b>222,028,707</b>
<b>Total assets</b>		<b>1,964,955,857</b>	<b>956,001,184</b>	<b>641,467,345</b>

These consolidated financial statements have been approved by Board of Directors on 10 May 2021. The General Assembly has the right to amend these consolidated financial statements.

Accompanying notes are an integral part of these consolidated financial statements.

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (Continued)

AT 31 DECEMBER 2020, 2019 AND 2018

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

	Notes	2020	2019	2018
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank borrowings	4	347,436,451	18,977,287	103,576,504
Lease liabilities	10	51,210,929	26,366,667	46,001,836
Trade payables and payables to merchants	5	2,024,549,483	1,013,622,694	659,884,872
Due to related parties	20	3,929,923	2,582,401	1,452,422
Provisions	11	3,733,610	1,865,522	1,409,214
Employee benefit obligations	12	22,807,906	15,711,026	8,487,200
Contract liabilities and merchant advances	7	150,698,190	111,245,742	60,401,256
Other current liabilities	13	51,777,683	16,433,282	10,809,763
<b>Total current liabilities</b>		<b>2,656,144,175</b>	<b>1,206,804,621</b>	<b>892,023,067</b>
<b>Non-current liabilities:</b>				
Bank borrowings	4	—	—	518,073
Lease liabilities	10	92,844,526	57,921,910	105,552,452
Employee benefit obligations	12	3,299,046	1,969,996	1,325,961
Other non-current liabilities		—	137,042	50,766
<b>Total non-current liabilities</b>		<b>96,143,572</b>	<b>60,028,948</b>	<b>107,447,252</b>
<b>Equity:</b>				
Share capital	14	56,865,658	56,865,658	46,138,166
Share premiums	14	187,464,832	187,464,832	18,152,313
Restricted reserves	14	1,586,430	1,586,430	1,586,430
Accumulated deficit		(1,033,248,810)	(556,749,305)	(423,879,883)
<b>Total equity</b>		<b>(787,331,890)</b>	<b>(310,832,385)</b>	<b>(358,002,974)</b>
<b>Total equity and liabilities</b>		<b>1,964,955,857</b>	<b>956,001,184</b>	<b>641,467,345</b>

Accompanying notes are an integral part of these consolidated financial statements.

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018

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

	Notes	1 January - 31 December 2020	1 January - 31 December 2019	1 January - 31 December 2018
Revenues	15	6,375,726,545	2,603,735,368	1,955,312,749
<b>Operating expenses</b>				
Cost of inventory sold		(4,849,148,308)	(1,847,108,983)	(1,519,223,520)
Shipping and packaging expenses		(540,496,136)	(195,352,060)	(132,080,741)
Payroll and outsource staff expenses		(325,232,933)	(180,787,497)	(129,994,224)
Advertising expenses		(646,152,950)	(151,517,076)	(92,685,779)
Technology expenses		(31,717,181)	(21,841,556)	(20,580,102)
Depreciation and amortization		(93,182,568)	(66,286,580)	(78,272,531)
Other operating expenses, net	16	(70,808,148)	(39,726,919)	(34,007,357)
<b>Operating (loss)/profit</b>		<b>(181,011,679)</b>	<b>101,114,697</b>	<b>(51,531,505)</b>
Financial income	17	102,912,713	40,517,901	66,616,887
Financial expenses	18	(396,416,767)	(273,279,582)	(176,407,785)
<b>Loss before income taxes</b>		<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Taxation on income	19	—	—	—
<b>Loss for the year</b>		<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Basic and diluted loss per share	24	(8.34)	(2.32)	(3.50)
<b>Other comprehensive loss: Items that will not be reclassified to profit or loss in subsequent period:</b>				
Actuarial losses arising on remeasurement of post-employment benefits	12	(1,983,772)	(1,222,438)	(1,083,478)
<b>Total comprehensive loss for the year</b>		<b>(476,499,505)</b>	<b>(132,869,422)</b>	<b>(162,405,881)</b>

Accompanying notes are an integral part of these consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)**

	Share capital	Share premiums	Restricted reserves	Accumulated deficit	Total equity
<b>Balance at 1 January 2020</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(556,749,305)</b>	<b>(310,832,385)</b>
Net loss for the year	—	—	—	(474,515,733)	(474,515,733)
Other comprehensive loss for the year	—	—	—	(1,983,772)	(1,983,772)
<b>Balance at 31 December 2020</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(1,033,248,810)</b>	<b>(787,331,890)</b>
<b>Balance at 1 January 2019</b>	<b>46,138,166</b>	<b>18,152,313</b>	<b>1,586,430</b>	<b>(423,879,883)</b>	<b>(358,002,974)</b>
Capital increase (Note 14)	10,727,492	169,312,519	—	—	180,040,011
Net loss for the year	—	—	—	(131,646,984)	(131,646,984)
Other comprehensive loss for the year	—	—	—	(1,222,438)	(1,222,438)
<b>Balance at 31 December 2019</b>	<b>56,865,658</b>	<b>187,464,832</b>	<b>1,586,430</b>	<b>(556,749,305)</b>	<b>(310,832,385)</b>
<b>Balance at 1 January 2018</b>	<b>46,138,166</b>	<b>18,152,313</b>	<b>1,586,430</b>	<b>(261,474,002)</b>	<b>(195,597,093)</b>
Net loss for the year	—	—	—	(161,322,403)	(161,322,403)
Other comprehensive loss for the year	—	—	—	(1,083,478)	(1,083,478)
<b>Balance at 31 December 2018</b>	<b>46,138,166</b>	<b>18,152,313</b>	<b>1,586,430</b>	<b>(423,879,883)</b>	<b>(358,002,974)</b>

Accompanying notes are an integral part of these consolidated financial statements.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED 31 DECEMBER 2020, 2019 AND 2018**

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

	Note	2020	2019	2018
Loss before income taxes		(474,515,733)	(131,646,984)	(161,322,403)
<b>Adjustments to reconcile loss before income taxes to cash flows from operating activities:</b>		<b>454,591,647</b>	<b>305,304,058</b>	<b>202,077,271</b>
Interest and commission expenses	18	348,477,659	253,773,020	145,634,102
Depreciation and amortization	8, 9, 10	93,182,568	66,286,580	78,272,531
Interest income on time deposits	17	(21,016,415)	(10,717,336)	(12,440,066)
Interest income on credit sales	17	(18,621,563)	(13,544,974)	(6,795,302)
Provision for unused vacation liability	12	4,857,977	2,101,320	1,117,023
Provision for personnel bonus	12	13,463,563	10,433,306	4,512,604
Provision for legal cases	11	2,673,883	1,827,756	1,219,361
Provision for doubtful receivables	5	3,374,510	703,587	36,188
Provision for impairment of trade goods, net	6	14,538,663	(20,338)	(5,395,933)
Provision for post-employment benefits	12	802,814	556,989	479,069
Net foreign exchange differences		12,857,988	(6,095,852)	(4,562,306)
<b>Changes in net working capital</b>				
Change in trade payables and payables to merchants		1,010,926,789	353,737,822	256,048,959
Change in inventories		(418,261,782)	(163,856,340)	(91,565,348)
Change in trade receivables		(73,263,256)	(39,301,098)	(29,884,093)
Change in contract liabilities and merchant advances		39,452,448	50,844,486	20,531,286
Change in contract assets		(36,422,357)	(12,339,793)	(4,366,144)
Change in other liabilities		37,439,902	5,709,795	1,029,179
Change in other assets and receivables		(86,383,866)	3,659,636	(12,402,359)
Change in due from related parties		(92,927)	(1,657,661)	(1,408,739)
Change in due to related parties		1,347,522	1,129,979	(5,714,935)
Post-employment benefits paid	12	(1,457,536)	(1,135,392)	(1,147,838)
Payments for concluded litigation	11	(805,795)	(1,371,448)	(756,000)
Payments for personnel bonus	12	(10,433,306)	(4,512,604)	(2,135,755)
Payments for unused vacation liabilities	12	(791,354)	(798,196)	(771,824)
Collections of doubtful receivables	5	31,276	13,327	—
<b>Net cash provided by operating activities</b>		<b>441,361,672</b>	<b>363,779,587</b>	<b>168,211,257</b>
<b>Investing activities:</b>				
Purchases of property and equipment and intangible assets	8, 9	(100,108,997)	(53,557,859)	(49,341,153)
Proceeds from sale of property and equipment		160,374	217,898	124,185
<b>Net cash used in investing activities</b>		<b>(99,948,623)</b>	<b>(53,339,961)</b>	<b>(49,216,968)</b>
<b>Financing activities:</b>				
Proceeds from borrowings	23	1,619,216,898	903,259,745	368,181,218
Repayment of borrowings	23	(1,305,404,852)	(991,269,470)	(402,071,016)
Interest and commission paid		(313,931,536)	(235,025,670)	(142,632,593)
Lease payments	23	(58,365,159)	(51,892,582)	(30,849,552)
Interest received on time deposits		20,975,782	10,661,908	12,227,257
Interest received on credit sales		18,621,563	13,544,974	6,795,302
Proceeds from capital increase	14	—	180,000,009	—
<b>Net cash used in financing activities</b>		<b>(18,887,304)</b>	<b>(170,721,086)</b>	<b>(188,349,384)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>322,525,745</b>	<b>139,718,540</b>	<b>(69,355,095)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>281,982,151</b>	<b>136,218,040</b>	<b>206,752,032</b>
Effects of exchange rate changes on cash and cash equivalents		(12,227,129)	6,045,571	(1,178,897)
<b>Cash and cash equivalents at end of the year</b>	3	<b>592,280,767</b>	<b>281,982,151</b>	<b>136,218,040</b>

Accompanying notes are an integral part of these consolidated financial statements.



**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 1—ORGANISATION AND NATURE OF OPERATIONS**

D-Market Elektronik Hizmetler ve Ticaret A.Ş. ("D-Market" or "Hepsiburada" or together with its subsidiaries the "Group") was established in April 2000. D-Market currently operates as a retail website ([www.hepsiburada.com](http://www.hepsiburada.com)) offering its retail customers a wide selection of merchandise including electronics and non-electronics (including books, sports, toys, kids and baby products, cosmetics, furniture, etc.). As of 31 December 2020, the ultimate shareholders of D-Market are the members of Doğan Family and Turk Commerce B.V. (Note 14).

As of 31 December 2020, the Group has 2,433 employees (2019: 1,218) (2018: 1,019). The address of the registered office is as follows:

Kuştepe Mahallesi, Mecidiyeköy Yolu Caddesi  
No: 12 Kule 2 Kat 2  
Şişli, İstanbul—Turkey

**Subsidiaries**

The Subsidiaries included in these consolidated financial statements are as follows:

- Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. ("Evimiz")
- Altıncı Cadde Elektronik Ticaret A.Ş. ("Altıncı Cadde")
- D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş. ("D-Ödeme" or "Hepsipay")
- D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. ("D-Fast" or "Hepsijet")

Altıncı Cadde was acquired by the Group on 1 June 2012 and operated as a vertical e-commerce website ([www.altincicadde.com](http://www.altincicadde.com)). Altıncı Cadde ended its operations as of 11 October 2019.

Evimiz was acquired on 31 March 2012 and operated as a vertical e-commerce website ([www.evmany.com](http://www.evmany.com)) offering a variety of products to its customers mainly in furniture, home textile, house decoration, kitchen appliances, and garden and bathroom categories. Evimiz ended its operations as of 4 September 2018.

D-Ödeme was founded on 4 June 2015 and operates as a payment services provider offering payment gateway and e-money services, mainly to e-commerce companies, insurance brokers and tourism companies. D-Ödeme obtained its operational licence from Banking Regulation and Supervision Agency of Turkey ("BRSA") on 20 February 2016. D-Ödeme commenced its first payment service transaction on 15 June 2016. D-Ödeme had very limited operations during 2020, 2019 and 2018. It has generated net revenues of TRY200,876, TRY553,902 and TRY2,013,801 respectively in 2020, 2019 and 2018.

D-Fast was founded on 26 February 2016 and operates as a cargo and logistic firm which provides last mile delivery services to the customers of Hepsiburada and other e-commerce websites.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of preparation**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Hepsiburada and its subsidiaries maintain their books of account in Turkish Lira ("TRY") based on the Turkish Commercial Code ("TCC"), Turkish tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance of Turkey. These consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.2.

***Functional and presentation currency***

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in TRY, which is both the functional currency of all entities in the Group and the presentation currency of the Group.

***Going concern***

The Group has incurred recurring losses of approximately TRY476 million for the year-ended 31 December 2020. As of 31 December 2020, the Group had negative working capital of approximately TRY966 million, an accumulated deficit of approximately TRY1,033 million, and cash and cash equivalents of approximately TRY593 million. The Group has managed to continue its operations with negative working capital during its rapid growth after 2015, generating positive operating cash flows, due to the fact that the Group's average days payable significantly exceeds the total average days receivable and inventory turnover days. The negative working capital mainly results from operating expenses such as advertising, shipping, payroll and financial expenses and capital expenditures of the Group.

Based on its current business plan, the Group management expects that the Group will continue to generate positive operating cash flows and the Group's cash and cash equivalents will be sufficient to fund its operations for at least twelve months from the issuance date of these consolidated financial statements. Management of the Group believes that it will be in a position to cover its liquidity needs for the next twelve months from the issuance date of these consolidated financial statements, through cash on hand, cash generated from operations, available credit lines or a combination thereof, when necessary.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Group has a capital inadequacy matter as per the Article 376 of the Turkish Commercial Code as of 31 December 2020. Management has taken necessary actions and is currently compliant with such local regulations and does not expect this situation to impact its operations.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

**2.2 Significant accounting estimates and assumptions**

Estimates and assumptions are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

***Estimates and assumptions***

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amount of asset and liabilities are as follows:

**Recognition and estimated useful lives of website development costs**

Costs that are directly associated with the development of website and identifiable and unique software products controlled by the Group are recognized as intangible assets based on the criteria that are disclosed in Note 2.6.

The Group anticipates that its website is capable of generating revenues and satisfy the requirement of future probable economic benefit. The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is an indication of impairment, considering future profit projections.

Website development costs recognized as assets are amortized over their estimated useful lives between 2 and 4 years. The useful lives of the website development costs are estimated by management at the time the asset is capitalized and reviewed for appropriateness at each reporting date. The Group defines useful life of its assets in terms of the assets' expected utility to the Group. This judgment is based on the experience of the Group with similar assets. In determining the useful life of an asset, the Group also follows technical and/or commercial obsolescence arising on changes or improvements from a change in the market. Amortization starts when the asset is ready for use. Useful lives are reviewed at each reporting date and adjusted if appropriate (Note 9).

The Group estimates the useful life of the website development costs between 2 and 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than estimated useful lives, depending on technical innovations and competitor actions. If the useful lives were increased/decreased by one year, the carrying amount would be TRY12,418,699 higher/TRY15,658,311 lower as at 31 December 2020 (2019: TRY10,641,343 higher/TRY9,346,799 lower) (2018: TRY6,689,561 higher/TRY11,327,281 lower).

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Recognition and measurement of deferred tax assets**

The Group has not recognised any deferred income tax assets (except to the extent they are covered by taxable temporary differences) in regard to its carry forward tax losses, unused tax incentives and other deductible temporary differences due to uncertainties as to the realization of such deferred tax assets in the foreseeable future. If actual events differ from the Group's estimates, or to the extent that these estimates are adjusted in the future, changes in the amount of an unrecognized deferred tax asset could materially impact the Group's results of operations.

**IFRS 16 application and discount rates used for measurement of lease liability**

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value of the right of use assets in similar economic environment.

The Group determines its incremental borrowing rate with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing. In addition, the management assesses the expected length of the leases and this assessment takes into account non-cancellation and extension options.

**2.3 Basis of consolidation**

The consolidation principles used in the preparation of these consolidated financial statements are summarised below:

- a) These consolidated financial statements include the accounts of the parent company, D-Market and its subsidiaries (collectively referred to as the "Group") on the basis set out in sections (a) to (b) below. The financial statements of the companies included in the consolidation are based on the accounting principles and presentation basis applied by the Group.
- b) Subsidiaries are all companies over which D-Market has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. Thus, the principle of control sets out the following three elements of control:
  - Power over the investee;
  - Exposure or rights to variable returns from involvement with the investee;
  - The ability to use power over the investee to affect the amount of the investor's returns.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The proportion of ownership interest represents the effective shareholding of the Group through the shares held by D-Market and indirectly by its subsidiaries.

The table below sets out the subsidiaries included in the scope of consolidation and shows the Group's ownership interests at 31 December 2020, 2019 and 2018:

<u>Subsidiaries</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Evimiz(*)	100.00%	100.00%	100.00%
Altıncı Cadde(*)	100.00%	100.00%	100.00%
D-Ödeme	100.00%	100.00%	100.00%
D-Fast	100.00%	100.00%	100.00%

(\*) The operations of Evimiz and Altıncı Cadde ceased on 4 September 2018 and 11 October 2019, respectively. Evimiz and Altıncı Cadde do not represent a material separate major line of business of the Group, consequently, they are not classified as discontinued operations in the respective financial periods.

The balance sheet and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by D-Market and its subsidiaries are eliminated against equity. The intercompany transactions and balances between D-Market and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by D-Market in its subsidiaries are eliminated from equity and income for the period, respectively. The subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

**2.4 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**2.5 Recent accounting pronouncements**

The accounting principles and calculations used in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019 and have been consistently applied in all periods presented in this report except for the following IFRS amendments, which have been adopted by the Group as of 1 January 2020.

**– Conceptual Framework in IFRS standards**

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

– **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **Interest Rate Benchmark Reform—IFRS 9, IAS 39 and IFRS 7 (Amendments)**

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Phase

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has assessed that the amendment has no impact on the consolidated financial statements.

The Group has not early adopted any other of the following standard, interpretation or amendment that has been issued but is not yet effective

– **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)**

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT 31 DECEMBER 2020, 2019 AND 2018

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

NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments have not yet been endorsed by the EU. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met.

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

In March 2021 the IASB extended the relief period by another year, i.e. to apply the practical expedient on rent concessions to a change in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment is effective for annual reporting periods beginning on



**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

or after 1 April 2021. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **Interest Rate Benchmark Reform—Phase 2—IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

In August 2020, the IASB published Interest Rate Benchmark Reform—Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments):**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the amendment has no impact on the consolidated financial statements.

– **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments):**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the amendment has no impact on the consolidated financial statements.

**2.6 Summary of significant accounting policies**

The significant accounting policies followed in the preparation of these consolidated financial statements are summarised below:

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade receivables**

A receivable is the Group's right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured initially at the transaction price, and subsequently at amortized cost using the effective interest rate method, less provision for impairment.

**Contract assets**

When the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, excluding any amounts presented as a receivable. Contract assets are subject to impairment assessment within the scope of expected credit loss calculation.

**Contract liabilities and merchant advances**

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services).

Merchant advances consists of advances received from customers for marketplace transactions, where the Group acts as an agent. The Group earns a commission for these transactions. The amount of advances payable to a merchant, net of commissions, is credited as a payable to the merchant when delivery is complete.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Financial assets**

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value through profit of 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. During the period the Group did not hold any financial assets in the "fair value through profit of loss" and "fair value through other comprehensive income" categories.

*Financial assets carried at amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "contract assets" and "cash and cash equivalents" in the consolidated balance sheet.

*Impairment*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has further concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**Trade payables and payables to merchants**

Trade payables mainly arise from the payables to retail suppliers related to the inventory purchases and services payables. It also includes payables to the marketplace merchants. Trade payables and payables to merchants are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Related parties**

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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**NOTE 2—BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

or affiliated with them, investments and associated companies are considered and referred to as related parties.

**Inventories**

Inventories, comprising of trade goods, are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is defined as the initial cost. An entity may purchase inventories on deferred settlement terms. When the arrangement effectively contains a financing element, that element, for example a difference between the purchase price for normal credit terms and the amount paid, is recognised as interest expense over the period of the financing. The cost of inventories is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Provision for inventories is accounted in cost of inventory sold.

*Rebates*

The Group periodically receives consideration from certain suppliers, representing rebates for products sold and rebates that are depending on reaching minimum purchase thresholds for a specified period. The Group considers those rebates as a reduction to costs of inventory when the amounts are reliably measurable.

**Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is objective evidence that an asset is impaired. If any indication exists, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired. Impairment losses are recognized in income statement.

Subsequent increase in the asset's recoverable amount due to the reversal of a previously recognized impairment loss cannot be higher than the previous carrying value (net of depreciation and amortization).

**Property and equipment and related depreciation**

Property and equipment are carried at cost less accumulated depreciation and are amortized on a straight-line basis. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss of the statement of comprehensive income as incurred. The cost includes expenditure that is directly attributable to the acquisition of the items. The assets' residual values and estimated useful economic lives are reviewed at the end of each reporting period and adjusted prospectively if appropriate. The

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depreciation periods for property and equipment, which approximate the useful lives of such assets, are as follows:

Furniture and fixtures	5 - 8 years
Leasehold improvements	5 years
Motor vehicles	5 years

An impairment loss is charged to profit and loss for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price and value in use.

Gains or losses on disposals of property and equipment, which is determined by comparing the proceeds with the carrying amount, are included in the related income and expense accounts, as appropriate.

**Intangible assets and related amortization**

Intangible assets comprise acquired software and rights. Acquired computer software licenses and rights are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Software and rights costs are amortized over their estimated useful lives of 3 to 5 years.

**Website development costs**

Costs that are directly associated with the development of website and identifiable and unique software products controlled by the Group are recognized as internally generated intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use or sale;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the development website and software include direct employee costs, an appropriate portion of relevant overhead and service costs incurred as part of the development.

Development costs that do not meet the criteria above are recognized as expense as incurred. Development costs previously recognized as expense are not recognized as an asset in a subsequent

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period. Development costs recognized as an asset are amortized over their estimated useful lives between 2 and 4 years. Amortization starts when the asset is ready for use (Note 9).

Capitalized development costs, stages of website development and useful lives are assessed in accordance with the requirements of SIC 32 Intangible Assets: Web Site Costs and IAS 38 Intangible Assets.

**Leases**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as lease separately from non-lease components of the contract.

The Group determines the lease term as the non-cancellable period of lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of lease.

***The Group as a lessee***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

The non-lease components are not accounted for within the scope of IFRS 16.

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For determination of the lease term, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a change in circumstances that:

- Is within the control of the Group,
- Affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Group recognises a right of use asset and a lease liability under the lease contract.

***Lease liability***

Lease liability is initially recognised at the present value of future lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

After initial recognition, the lease liability is measured by: (a) increasing the carrying amount to reflect interest on the 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.

The Group remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate when: (a) there is a change in the lease term as a result of reassessment of the expectation to exercise a renewal option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or if not, its incremental borrowing rate at the date of reassessment.

Where: (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments, including changes to reflect changes in market rental rates following a market rent review, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating interest rates. In such case, the Group uses the revised discount rate that reflects the changes in the interest rate.

The Group recognises the amount of the remeasurement of lease liability as an adjustment to the right of use asset. When the carrying amount of the right of use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

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The Group accounts for a lease modification as a separate lease if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets;
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For lease modifications that are not accounted for as a separate lease, the Group, at the effective date of the lease modification; (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

Short-term lease agreements with a lease term of 12 months or less and agreements determined by the Group as low value have been determined to be within the scope of the practical expedient included in IFRS 16. For these agreements, the lease payments are recognized as an other operating expense in the period in which they are incurred. Such expenses have no significant impact on Group's consolidated financial statements.

***Right of use assets***

The right of use asset is initially recognised at cost comprised of:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the Group, and
- 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. These costs are recognised as part of the cost of right of use asset when the Group incurs an obligation for these costs. The obligation for these costs is incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right of use assets are amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization and impairment losses, and adjusted for any



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re-measurement of lease liabilities. Useful lives are determined over the shorter of its estimated useful life and the lease term. Useful lives of right of use assets are as follows:

	<u>Useful lives</u>
Buildings	2 - 5 years
Furniture and fixtures	4 - 5 years
Software and rights	3 - 15 years
Other	2 - 3 years

**Deferred income taxes**

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes.

Deferred income tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences, tax losses and tax incentives 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 income tax assets and liabilities are presented net when there is a legally enforceable right to offset current tax receivables against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

**Provision for post-employment benefits**

Under the Turkish Labour Law, the Group is required to pay post-employment benefits to each employee who has completed one year of service and achieves the retirement age (58 for women and 60 for men), or whose employment is terminated without due cause, or is called up for military service, or dies.

Provision for post-employment benefits represents the present value of the estimated total reserve of the future probable obligation of the Group arising from the retirement of the employees calculated using the "Projected Unit Credit Method" and based on factors derived using the experience of personnel terminating their services.

The current service cost is recognized in the consolidated statement of comprehensive income, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in profit or loss of the statement of comprehensive income.

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**Provisions, contingent assets and liabilities**

*Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation or a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

*Contingent assets and liabilities*

Contingent liabilities are not recognized in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**Revenue recognition**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer. The Group evaluates whether it is appropriate to record the gross amount of product sales and related costs or the net amount earned as commissions. When the Group obtains control of the goods or services before they are transferred to the customer, the Group is the principal in the transaction. If it is unclear whether the Group obtains control, an assessment is made as to whether the Group is the primary obligor for providing the goods, whether it is subject to inventory risk and if it has discretion in establishing prices to determine whether it controls the goods. When the Group controls the good before they are transferred to the customer, revenues are recorded on a gross basis ("Retail"). When the Group does not obtain the control of the goods before they are transferred to the customer, revenues are recorded on a net basis ("Marketplace").

At contract inception, if the Group expects that the period between the transfer of the promised good or service and the payment is one year or less, the Group applies the practical expedient and does not make any adjustment for the effect of a significant financing component on the promised amount of consideration.

The Group launched its Loyalty Club in August 2020, which allows Loyalty Club customers to benefit from free deliveries, Loyalty Club specific campaigns, discounts and call center priority. Currently the programme does not provide a loyalty point to the customers. As of 31 December 2020, the unused amount of discounts provided to the eligible customers are accounted as a revenue deduction.

*i. Sales of goods*

Sales of goods relate to transactions where the Group acts directly as the seller of goods purchased from the suppliers. In these transactions, the Group acts as the principal. Collections from the customer for the goods sold are made at the time orders are placed. Revenue is recognized when the

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goods are delivered to the customers. The Group recognizes revenue from sales of goods, net of return and cancellation allowances.

Variable consideration is common and takes various forms, including returns and discounts. Customers have a right to return goods within 14 days from delivery of the goods. A right of return is contractual. A customer exercising its right to return a good receives a full refund. The Group estimates future returns for its sales and recognizes a liability for the expected returns, as necessary. Discounts the Group provides to customers are recognized as a reduction of revenue.

*ii. Services revenues*

Service revenue includes marketplace commissions, transaction fees, charges for delivery services and other service revenues (mainly includes advertising revenues and other commissions).

*Marketplace commission*

The Group offers a marketplace platform that enables third-party sellers ("merchants") to sell their products through [www.hepsiburada.com](http://www.hepsiburada.com). Marketplace commission represents commission fees charged to merchants for selling their goods through this platform. In the Marketplace sales, the Group does not obtain control of the goods before delivery of the goods to the customer. Upon sale, the Group charges the merchants a fixed rate commission fee based on the order amount. The Group recognizes revenue for the commission fee at completion of the order delivery. The Group records any commission revenue recognized net of any anticipated returns of commissions that might affect the consideration the Group will retain. The Group may, at times, provide discounts to the Marketplace customers. Any such discounts affect the amount of commission the Group will retain and are thus recognized as a reduction of revenue since they are a discount provided to a customer by the Group and therefore reduce the commission to be received.

*Transaction fees*

The Group also charges to its merchants a transaction fee for each order received. Such fees are recognized as revenue at the time the order is placed.

*Other contractual charges*

The Group charges contractual fees to its merchants mainly for late deliveries and cancellations caused by merchants. Such fees are recognized as revenue at a point in time.

*Delivery service revenues*

Except for some selected product categories, the Group collects shipping fees from its customers for order amounts less than a determined threshold. The Group also charges to its suppliers and merchants shipping fees based on an agreed price per order. Such shipping fees are recognized as revenue over time during the delivery period. The Group also provides cargo services to other

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e-commerce companies through its subsidiary, Hepsijet. Likewise, revenues generated through such cargo services are recognized over time during the delivery of the carried goods to the end customers.

**Cost of inventory sold**

Cost of inventory sold consists of the purchase price of consumer products, including supplier's rebates and subsidies, write-downs and losses of inventories.

**Borrowings**

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issuance costs and any discount or premium on settlement (Note 4).

**Supplier and merchant financing arrangements**

The Group carries out supplier and merchant financing arrangements with some of its suppliers and merchants in accordance with the agreements made between the Group, banks and those suppliers and merchants, that enable those suppliers and merchants to collect their receivables from the bank earlier than original due dates. When the original liability to a supplier or merchant has been extinguished or substantially modified (e.g. through change in original terms of the contract), the liabilities are classified as bank borrowings. Otherwise, the liabilities remain as trade payables.

**Share based payments**

A share-based payment is a transaction in which the Group receives goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the Group's shares or other equity instruments of the Group.

IFRS 2 "Share-based payments" makes a distinction between the handling of market performance conditions from non-market performance conditions. Market conditions are those related to the market price of a Group's equity, such as achieving a specified share price or a specified target based on a comparison of the Group's share price with an index of share prices of other entities. Market-based performance conditions are included in the grant-date fair value measurement. However, the fair value of the equity instruments is not adjusted to take into consideration non-market performance features. The Group has created a cash-settled share-based payment plan for its key management personnel, which includes non-market performance conditions such as the sale of the Company or the sale of shareholders' shares. No share-based payment cost has been recognised in these financial statements with respect to those plans since the likelihood of occurrence of such condition was not deemed to be probable during any reporting period.

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**Capital increases**

Ordinary shares are classified as equity. Pro-rata increases to existing shareholders are accounted for at par value as approved. Dividends on ordinary shares are recognized in equity in the period in which they are approved by the General Assembly Meeting.

**Foreign currency transactions and balances**

Foreign currency transactions during the period have been translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the statement of comprehensive loss in financial income or expense.

**Segment reporting of financial information**

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker ("CODM"), the Group's Board of Directors. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions. The Board of Directors evaluates the operational results as a whole as one cash generating unit. No segmental information is presented in these consolidated financial statements, since no segmental financial information is reviewed by the CODM.

**2.7 COVID-19**

The World Health Organization characterized COVID-19 as a pandemic in March 2020. As of the date hereof, COVID-19 has spread widely around the world and new variants of the virus have emerged, resulting in the implementation of significant governmental measures in Turkey and globally, including lockdowns of manufacturing and logistics facilities, closures of businesses and offices, quarantines of individuals, and travel bans. COVID-19 and the measures taken to limit its spread have impacted consumer behaviour, including e-commerce shopping trends. During the COVID-19 pandemic, increased numbers of consumers in the Turkish market have shifted to e-commerce as a result of social distancing and other government restrictions, which resulted in the growth for demand for the Group's products and services. As the full impact of the COVID-19 pandemic continues to evolve, it is uncertain what effect the pandemic will have on consumer behaviour and the demand for various goods and services may evolve. Moreover, the mobility restrictions that were introduced during 2020, which included social distancing, stay-at-home orders and limited quarantine measures, contributed positively to the Group's revenues in the year ended 31 December 2020 compared to the year ended 31 December 2019.

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The analysis of cash and cash equivalents at 31 December 2020, 2019 and 2018 are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash	410	3,000	32,578
Banks			
—USD denominated time deposits	269,701,957	239,892,475	107,357,747
—TRY denominated time deposits	296,747,077	31,116,540	24,941,206
—TRY denominated demand deposits	20,338,498	10,796,229	4,065,322
—USD denominated demand deposits	2,705,045	358,448	87,368
—Other foreign currency deposits	3,150,022	137,068	—
	<u><b>592,643,009</b></u>	<u><b>282,303,760</b></u>	<u><b>136,484,221</b></u>

The weighted average interest rates of time deposits denominated in TRY and USD at 31 December 2020 are 17% per annum and 2% per annum, respectively (2019: 11% per annum for TRY, 2% per annum for USD) (2018: 22.8% per annum for TRY, 4.57% per annum for USD).

At 31 December 2020, cash and cash equivalents included interest accrual amounting to TRY362,242 (2019: TRY321,609) (2018: TRY266,181); consequently, cash and cash equivalents as reported in the consolidated statement of cash flows amounted to TRY592,280,767 (2019: TRY281,982,151) (2018: TRY136,218,040).

**NOTE 4—BANK BORROWINGS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Short-term bank borrowings	347,436,451	18,977,287	103,576,504
Long-term bank borrowings	—	—	518,073
	<u><b>347,436,451</b></u>	<u><b>18,977,287</b></u>	<u><b>104,094,577</b></u>

As of 31 December 2020, supplier and merchant financing loans make up TRY39,090,887 of the short-term bank borrowings (2019: all short-term bank borrowings consist of supplier and merchant financing loans) (2018: supplier and merchant financing loans make up TRY31,062,609 of the short-term bank borrowings).

All bank borrowings are denominated in Turkish Lira. As of 31 December 2020, the average annual effective interest rate for bank borrowings is 19.89% and the average annual effective interest rate for supplier and merchant financing loans is 19.10% (2019: 24.85% for supplier and merchant financing loans) (2018: 19.65% for bank borrowings and 32% for supplier and merchant financing loans).

The Group's bank borrowings comprise fixed interest rate loans. Maturity date of the short-term bank borrowings are less than 12 months as of 31 December 2020 (2019: less than 3 months) (2018: less than 5 months).

The movement schedule of the Group's bank borrowings is disclosed in Note 23.

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**NOTE 5—TRADE RECEIVABLES, TRADE PAYABLES and PAYABLES TO MERCHANTS****Trade receivables**

The receivables of the Group mostly consist of receivables from retail suppliers and corporate customers.

	2020	2019	2018
Trade receivables	52,884,578	48,572,471	15,993,470
Credit card receivables(*)	76,286,916	28,311,264	27,947,415
Receivables from suppliers(**)	37,791,335	16,878,390	10,546,796
Less: Provision for impairment of receivables	(9,856,250)	(6,513,016)	(5,822,756)
	<u>157,106,579</u>	<u>87,249,109</u>	<u>48,664,925</u>

(\*) Credit card receivables are due from banks and they are collectable in 39 days on average (2019: in 49 days and 2018: in 38 days on average) whereas they are generally collected in 1-7 days (around 12% out of total, are collected in 28 days) (2019 and 2018: generally collected in 1-7 days) if the Company elects to pay a commission to the banks.

(\*\*) The Group issues rebate invoices to its suppliers and if the Group's rebate receivables from a supplier exceeds the payables owed to that specific supplier at the reporting date, the net receivable from that specific supplier is classified in trade receivables.

As of 31 December 2020, the Group does not have any overdue receivables except those receivables that are provided for (2019: None) (2018: None).

The movements in provision for impairment of receivables for the years ended 31 December 2020,2019 and 2018 are as follows:

	2020	2019	2018
1 January	6,513,016	5,822,756	5,786,568
Additions during the year	3,374,510	703,587	36,188
Collections	(31,276)	(13,327)	—
31 December	<u>9,856,250</u>	<u>6,513,016</u>	<u>5,822,756</u>

**Trade payables and payables to merchants**

	2020	2019	2018
Payables to retail suppliers and service providers	1,418,911,720	798,467,719	490,783,578
Payables to merchants(*)	605,637,763	215,154,975	169,101,294
	<u>2,024,549,483</u>	<u>1,013,622,694</u>	<u>659,884,872</u>

(\*) Payables to merchants relate to amounts received by the Group for the products delivered by merchants to the customers, net of commissions, service charges and delivery costs.

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**NOTE 5—TRADE RECEIVABLES, TRADE PAYABLES and PAYABLES TO MERCHANTS (Continued)**

As of 31 December 2020, supplier and merchant financing payables, included in payables to retail suppliers and service providers, amounts to TRY41,475,492 (2019: TRY20,338,407) (2018: TRY31,149,390).

The Group's average maturity of its outstanding payables is 53 days for retail suppliers and 21 days for merchandise suppliers (2019: 66 days for retail suppliers and 21 days for merchandise suppliers) (2018: 51 days for retail suppliers and 21 days for merchandise suppliers).

**NOTE 6—INVENTORIES**

The analysis of inventories at 31 December 2020, 2019 and 2018 is as follows:

	2020	2019	2018
Trade goods	785,969,013	367,707,231	203,850,891
Less: Provision for impairment	(15,828,118)	(1,289,455)	(1,309,793)
	<u>770,140,895</u>	<u>366,417,776</u>	<u>202,541,098</u>

The movements in provision for impairment of trade goods were as follows:

	2020	2019	2018
1 January	1,289,455	1,309,793	6,705,726
Utilized	(1,289,455)	(1,309,793)	(6,705,726)
Charge for the year	15,828,118	1,289,455	1,309,793
<b>31 December</b>	<u>15,828,118</u>	<u>1,289,455</u>	<u>1,309,793</u>

**NOTE 7—CONTRACT ASSETS, CONTRACT LIABILITIES AND MERCHANT ADVANCES**

	2020	2019	2018
Contract assets	55,736,539	19,314,182	6,974,389

Contract assets represent earned but not invoiced commission income from merchandise sales and delivery services revenue. All contract assets are short-term and their maturities are less than 1 month (2019 and 2018: less than 1 month).

	2020	2019	2018
Contract liabilities and merchant advances	150,698,190	111,245,742	60,401,256

These amounts relate to undelivered orders and include contract liabilities, which will be released to revenues, as well as advances received from customers for marketplace transactions, where the Group acts as an agent, which are credited as a payable to the merchant when delivery is complete. Average delivery date varies between 1-4 days.



## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## NOTE 8—PROPERTY AND EQUIPMENT

The movements in property and equipment and related accumulated depreciation during the years ended 31 December 2020, 2019 and 2018 were as follows:

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Motor vehicles	397,559	790,351	(52,000)	1,135,910
Furniture and fixtures	55,395,259	24,400,427	(20,683)	79,775,003
Leasehold improvements	25,086,683	1,898,184	—	26,984,867
Advances given	—	648,343	—	648,343
<b>Total</b>	<b>80,879,501</b>	<b>27,737,305</b>	<b>(72,683)</b>	<b>108,544,123</b>
<b>Accumulated depreciation:</b>				
Motor vehicles	(135,369)	(131,687)	38,134	(228,922)
Furniture and fixtures	(29,917,022)	(8,818,497)	14,632	(38,720,887)
Leasehold improvements	(9,166,132)	(3,477,967)	—	(12,644,099)
<b>Total</b>	<b>(39,218,523)</b>	<b>(12,428,151)</b>	<b>52,766</b>	<b>(51,593,908)</b>
<b>Net book value</b>	<b>41,660,978</b>			<b>56,950,215</b>

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Motor vehicles	392,014	45,000	(39,455)	397,559
Furniture and fixtures	50,039,132	5,628,074	(271,947)	55,395,259
Leasehold improvements	21,999,367	3,876,357	(789,041)	25,086,683
<b>Total</b>	<b>72,430,513</b>	<b>9,549,431</b>	<b>(1,100,443)</b>	<b>80,879,501</b>
<b>Accumulated depreciation:</b>				
Motor vehicles	(75,863)	(98,961)	39,455	(135,369)
Furniture and fixtures	(22,521,911)	(7,667,058)	271,947	(29,917,022)
Leasehold improvements	(7,302,679)	(2,454,040)	590,587	(9,166,132)
<b>Total</b>	<b>(29,900,453)</b>	<b>(10,220,059)</b>	<b>901,989</b>	<b>(39,218,523)</b>
<b>Net book value</b>	<b>42,530,060</b>			<b>41,660,978</b>

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## NOTE 8—PROPERTY AND EQUIPMENT (Continued)

	1 January 2018	Additions	Disposals	31 December 2018
<b>Cost:</b>				
Motor vehicles	392,014	—	—	392,014
Furniture and fixtures	42,596,469	7,535,002	(92,339)	50,039,132
Leasehold improvements	21,642,964	356,403	—	21,999,367
<b>Total</b>	<b>64,631,447</b>	<b>7,891,405</b>	<b>(92,339)</b>	<b>72,430,513</b>
<b>Accumulated depreciation:</b>				
Motor vehicles	(52,407)	(23,456)	—	(75,863)
Furniture and fixtures	(16,576,604)	(5,949,833)	4,526	(22,521,911)
Leasehold improvements	(5,236,259)	(2,066,420)	—	(7,302,679)
<b>Total</b>	<b>(21,865,270)</b>	<b>(8,039,709)</b>	<b>4,526</b>	<b>(29,900,453)</b>
<b>Net book value</b>	<b>42,766,177</b>			<b>42,530,060</b>

There is no collateral, pledge or mortgage on tangible assets as of 31 December 2020 (2019 and 2018: None).

## NOTE 9—INTANGIBLE ASSETS

	1 January 2020	Additions	Disposals	31 December 2020
<b>Cost:</b>				
Acquired software and rights	80,153,943	9,607,352	—	89,761,295
Website development costs	90,013,232	62,764,340	—	152,777,572
Other	1,585,571	—	(140,457)	1,445,114
<b>Total</b>	<b>171,752,746</b>	<b>72,371,692</b>	<b>(140,457)</b>	<b>243,983,981</b>
<b>Accumulated amortization:</b>				
Acquired software and rights	(56,836,591)	(11,280,878)	—	(68,117,469)
Website development costs	(51,568,308)	(34,911,635)	—	(86,479,943)
<b>Total</b>	<b>(108,404,899)</b>	<b>(46,192,513)</b>	<b>—</b>	<b>(154,597,412)</b>
<b>Net book value</b>	<b>63,347,847</b>			<b>89,386,569</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## NOTE 9—INTANGIBLE ASSETS (Continued)

	1 January 2019	Additions	Disposals	31 December 2019
<b>Cost:</b>				
Acquired software and rights	66,242,337	13,933,296	(21,690)	80,153,943
Website development costs	60,056,458	29,956,774	—	90,013,232
Other	1,481,083	118,358	(13,870)	1,585,571
<b>Total</b>	<b>127,779,878</b>	<b>44,008,428</b>	<b>(35,560)</b>	<b>171,752,746</b>
<b>Accumulated amortization:</b>				
Acquired software and rights	(44,137,238)	(12,715,469)	16,116	(56,836,591)
Website development costs	(30,249,119)	(21,319,189)	—	(51,568,308)
<b>Total</b>	<b>(74,386,357)</b>	<b>(34,034,658)</b>	<b>16,116</b>	<b>(108,404,899)</b>
<b>Net book value</b>	<b>53,393,521</b>			<b>63,347,847</b>
	1 January 2018	Additions	Disposals	31 December 2018
<b>Cost:</b>				
Acquired software and rights	53,421,525	12,860,812	(40,000)	66,242,337
Website development costs	31,775,690	28,280,768	—	60,056,458
Other	1,173,812	308,168	(897)	1,481,083
<b>Total</b>	<b>86,371,027</b>	<b>41,449,748</b>	<b>(40,897)</b>	<b>127,779,878</b>
<b>Accumulated amortization:</b>				
Acquired software and rights	(30,994,839)	(13,146,924)	4,525	(44,137,238)
Website development costs	(13,349,169)	(16,899,950)	—	(30,249,119)
<b>Total</b>	<b>(44,344,008)</b>	<b>(30,046,874)</b>	<b>4,525</b>	<b>(74,386,357)</b>
<b>Net book value</b>	<b>42,027,019</b>			<b>53,393,521</b>

There is no collateral, pledge or mortgage on intangible assets as of 31 December 2020 (2019 and 2018: None).

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## NOTE 10—LEASES

## Right of use assets

	1 January 2020	Additions	Disposals	Remeasurement	31 December 2020
<b>Cost:</b>					
Buildings	101,274,015	22,097,613	—	7,131,994	130,503,622
Furniture and fixtures	28,528,529	41,346,803	—	—	69,875,332
Software and rights	21,868,337	2,281,278	—	—	24,149,615
Other	13,418,776	22,511,942	—	—	35,930,718
<b>Total</b>	<b>165,089,657</b>	<b>88,237,636</b>	<b>—</b>	<b>7,131,994</b>	<b>260,459,287</b>
<b>Accumulated amortization:</b>					
Buildings	(71,951,217)	(12,986,176)	—	—	(84,937,393)
Furniture and fixtures	(11,825,089)	(10,119,514)	—	—	(21,944,603)
Software and rights	(7,442,177)	(5,332,026)	—	—	(12,774,203)
Other	(8,696,300)	(6,124,188)	—	—	(14,820,488)
<b>Total</b>	<b>(99,914,783)</b>	<b>(34,561,904)</b>	<b>—</b>	<b>—</b>	<b>(134,476,687)</b>
<b>Net book value</b>	<b>65,174,874</b>				<b>125,982,600</b>

	1 January 2019	Additions	Disposals	Remeasurement(*)	31 December 2019
<b>Cost:</b>					
Buildings	153,228,341	746,831	(4,349,072)	(48,352,085)	101,274,015
Furniture and fixtures	19,933,055	8,595,474	—	—	28,528,529
Software and rights	14,225,668	7,642,669	—	—	21,868,337
Other	14,847,377	2,120,763	(1,962,566)	(1,586,798)	13,418,776
<b>Total</b>	<b>202,234,441</b>	<b>19,105,737</b>	<b>(6,311,638)</b>	<b>(49,938,883)</b>	<b>165,089,657</b>
<b>Accumulated amortization:</b>					
Buildings	(66,506,413)	(9,489,262)	4,044,458	—	(71,951,217)
Furniture and fixtures	(6,663,915)	(5,161,174)	—	—	(11,825,089)
Software and rights	(3,888,348)	(3,553,829)	—	—	(7,442,177)
Other	(6,831,267)	(3,827,598)	1,962,565	—	(8,696,300)
<b>Total</b>	<b>(83,889,943)</b>	<b>(22,031,863)</b>	<b>6,007,023</b>	<b>—</b>	<b>(99,914,783)</b>
<b>Net book value</b>	<b>118,344,498</b>				<b>65,174,874</b>

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

## NOTE 10—LEASES (Continued)

	1 January 2018	Additions	Disposals	31 December 2018
<b>Cost:</b>				
Buildings	101,101,018	58,054,404	(5,927,081)	153,228,341
Furniture and fixtures	16,216,302	3,716,753	—	19,933,055
Software and rights	12,725,001	1,500,667	—	14,225,668
Other	10,602,076	4,245,301	—	14,847,377
<b>Total</b>	<b>140,644,397</b>	<b>67,517,125</b>	<b>(5,927,081)</b>	<b>202,234,441</b>
<b>Accumulated amortization:</b>				
Buildings	(38,942,020)	(29,179,929)	1,615,536	(66,506,413)
Furniture and fixtures	(2,232,503)	(4,431,412)	—	(6,663,915)
Software and rights	(1,182,006)	(2,706,342)	—	(3,888,348)
Other	(2,963,002)	(3,868,265)	—	(6,831,267)
<b>Total</b>	<b>(45,319,531)</b>	<b>(40,185,948)</b>	<b>1,615,536</b>	<b>(83,889,943)</b>
<b>Net book value</b>	<b>95,324,866</b>			<b>118,344,498</b>

- (\*) In 2019, the Group has renegotiated several lease contracts which were denominated in foreign currencies with lessors. As a result of these negotiations, lease contracts have been modified and foreign currency denominated considerations have been amended to TRY. Since these amendments have been assessed as a lease modification, the Group accounted for these amendments in accordance with the accounting policies described in Note 2.6 by accounting for a corresponding adjustment to the right of use assets and lease liabilities amounting to TRY49,938,883.

## Lease liabilities

	2020	2019	2018
Short-term lease liabilities	51,210,929	26,366,667	46,001,836
Long-term lease liabilities	92,844,526	57,921,910	105,552,452
	<b>144,055,455</b>	<b>84,288,577</b>	<b>151,554,288</b>

Maturity analysis of lease liabilities is disclosed in Note 21 and the movement of lease liabilities is disclosed in Note 23.

Lease liabilities are discounted using the Group's incremental borrowing rates and implicit rate in the lease (where applicable). As at 31 December 2020, the weighted average annual incremental borrowing rates of the Group for TRY and Euro are 17% and 4.28%, respectively (2019: TRY 24%, USD 7%, Euro 4%) (2018: TRY 23%, USD 3%, Euro 4%).

The Group has adopted the practical expedient included in IFRS 16 for short-term lease agreements with a lease term of 12 months or less and lease agreements determined by the Group as

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**NOTE 10—LEASES (Continued)**

having a low value. The Group accounts for the lease payments in other operating expenses in the period in which they are incurred. Such expenses are not material to the Group's consolidated financial statements.

**NOTE 11—PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES****Short term provisions**

	2020	2019	2018
Provision for legal disputes	3,733,610	1,865,522	1,409,214
	<u>3,733,610</u>	<u>1,865,522</u>	<u>1,409,214</u>

Legal disputes mainly comprise labour lawsuits claimed against the Group.

The movements in provisions for legal disputes for the years ended 31 December 2020, 2019 and 2018 are as follows:

	1 January 2020	Current year charge	Paid during the year	31 December 2020
Legal disputes	1,865,522	2,673,883	(805,795)	3,733,610
	<u>1,865,522</u>	<u>2,673,883</u>	<u>(805,795)</u>	<u>3,733,610</u>

	1 January 2019	Current year charge	Paid during the year	31 December 2019
Legal disputes	1,409,214	1,827,756	(1,371,448)	1,865,522
	<u>1,409,214</u>	<u>1,827,756</u>	<u>(1,371,448)</u>	<u>1,865,522</u>

	1 January 2018	Current year charge	Paid during the year	31 December 2018
Legal disputes	945,853	1,219,361	(756,000)	1,409,214
	<u>945,853</u>	<u>1,219,361</u>	<u>(756,000)</u>	<u>1,409,214</u>

**Contingent liabilities**

In February 2019, the Turkish Competition Authority (the "TCA") initiated a preliminary inquiry in response to the claim that the Group and one of its supplier violated the Act no. 4054 by means of a most favoured customer clause, discrimination, restriction of intra-brand competition, refusal to deal and resale price maintenance. As a result of the preliminary inquiry, the TCA decided to initiate an investigation into the Group and its supplier. On 15 April 2021, the Competition Board, the executive body of the TCA, concluded its investigation and issued its decision in favour of the Group, indicating

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that the Group did not hold a dominant position in the relevant market and did not breach the Turkish competition law. No fines were imposed to the Group as a result of this investigation. The TCA is expected to issue a written reasoned decision by the end of the second quarter of 2021. Following the delivery of the reasoned decision of the TCA, any third party (including the complainer) will have 60 days to object to such decision at the Ankara administrative courts. Based on market practice and past precedents of similar cases, the management believes the reversal of the decision of the Competition Board is unlikely. No provision has been recognised in these consolidated financial statements in relation to this investigation since a probable outflow of economic benefits is deemed to be unlikely in consideration of the conclusion of the TCA's executive body in favour of the Group.

In July 2020, the Group received a request from the Turkish tax authority for the initiation of a tax investigation for the years 2018 and 2019. As of the approval date of these financial statements, the Group has not received any further specific request or notification from the tax authority since the submission of the requested information to the tax authority in August 2020. The Group management and its tax advisors believe that the investigation is routine and ordinary. The investigation is at an initial stage and the Group's tax advisors believe that there is no significant uncertain tax position of the Group for the respective years. Based on these facts and due to the uncertainty as to the final outcome of the investigation, no provision has been recognised in these consolidated financial statements.

**Contingent asset**

The Group initiated a set of lawsuits against the tax authority in the year 2020 for the collection of previously paid withholding tax amounts in connection with the advertising services received from digital advertising platforms. The lawsuits are driven by the uncertainties and complexities of the application of double tax treaty rules. The primary court has ruled in favour of the Group on February 2021 and April 2021 for five litigations amounting to TRY21,7 million out of a total claim amount of approximately TRY70 million. This decision can be appealed by the tax authority, as one of the five favourable decisions was appealed by the tax authority on March 2021. The remaining cases are still in judicial process. Due to the uncertainty for the final outcome, the Group management has not recognized any income accrual in respect to these claims.

**Letters of guarantee given**

The letters of guarantee provided to public institutions and suppliers are amounting to TRY 578,803,319 at 31 December 2020 (2019: TRY111,783,749) (2018: TRY45,135,038).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## NOTE 12—PROVISION FOR EMPLOYEE BENEFITS

## Short term provision for employee benefits

	2020	2019	2018
Provision for personnel bonus	13,463,563	10,433,306	4,512,604
Provision for unused vacation	9,344,343	5,277,720	3,974,596
	<u>22,807,906</u>	<u>15,711,026</u>	<u>8,487,200</u>

The movements in provisions for personnel bonus and unused vacation for the years ended 31 December 2020, 2019 and 2018 are as follows:

	1 January 2020	Current year charge	Paid during the year	31 December 2020
Personnel bonus	10,433,306	13,463,563	(10,433,306)	13,463,563
Unused vacation	5,277,720	4,857,977	(791,354)	9,344,343
	<u>15,711,026</u>	<u>18,321,540</u>	<u>(11,224,660)</u>	<u>22,807,906</u>

	1 January 2019	Current year charge	Paid during the year	31 December 2019
Personnel bonus	4,512,604	10,433,306	(4,512,604)	10,433,306
Unused vacation	3,974,596	2,101,320	(798,196)	5,277,720
	<u>8,487,200</u>	<u>12,534,626</u>	<u>(5,310,800)</u>	<u>15,711,026</u>

	1 January 2018	Current year charge	Paid during the year	31 December 2018
Personnel bonus	2,135,755	4,512,604	(2,135,755)	4,512,604
Unused vacation	3,629,397	1,117,023	(771,824)	3,974,596
	<u>5,765,152</u>	<u>5,629,627</u>	<u>(2,907,579)</u>	<u>8,487,200</u>

## Long term provision for employee benefits

	2020	2019	2018
Provision for post-employment benefits	3,299,046	1,969,996	1,325,961
	<u>3,299,046</u>	<u>1,969,996</u>	<u>1,325,961</u>

## Post-employment benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due



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cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). The amount payable consists of one month's salary for each year of service limited to a maximum of TRY7,117.17 for each year of service at 31 December 2020 (2019: TRY6,379.86) (2018: TRY5,434.42).

Post-employment benefit liability is not funded and there is no legal funding requirement.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Actuarial gain/(loss) is accounted under the "Actuarial gain/(loss) on the equity". The following actuarial assumptions are used in the calculation of the total liability:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate (%)	3.89	4.19	4.57
Probability of retirement (%)	81.62	81.01	87.35

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the Group calculates the reserve for post-employment benefits every six months the maximum amount of TRY7,638.96 which is effective from 1 January 2021 (1 January 2020: TRY6,730.15) (1 January 2019: TRY6,017.60) has been taken into consideration in the calculations.

The movements in the provision for the post-employment benefit for the years ended 31 December 2020, 2019 and 2018 are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>At 1 January</b>	1,969,996	1,325,961	911,252
Charge for the year	570,827	405,336	362,250
Interest cost	231,987	151,653	116,819
Actuarial losses	1,983,772	1,222,438	1,083,478
Payments during the year	(1,457,536)	(1,135,392)	(1,147,838)
<b>At 31 December</b>	<b>3,299,046</b>	<b>1,969,996</b>	<b>1,325,961</b>

*Share based payments*

The Group had granted cash settled share-based payment plans to its key management personnel, which included non-market performance conditions such as the sale of the Company or the sale of shareholders' shares. The plans included no specific timeline for settlement or expiry, while the only service condition was for the employee to remain in service with the Group at the time of sale. The Group considered that the sale event is a performance vesting condition rather than a non-vesting condition. No share-based payment cost has been recognised in these financial statements with respect to those plans since the likelihood of occurrence of a sale was not deemed to be probable during any reporting periods. Subsequent to 31 December 2020, the Group granted new plans to replace the plans in existence as of that date, as described further in Note 25.

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## NOTE 13—OTHER ASSETS AND LIABILITIES

The analysis of other current and non-current assets and liabilities at 31 December 2020, 2019 and 2018 is as follows:

	2020	2019	2018
<b>Other current assets:</b>			
Value added tax ("VAT") receivables	82,394,365	3,711,995	2,897,854
Advances given	1,636,843	2,700,291	3,927,196
Prepaid expenses	14,071,251	9,118,617	9,364,081
Prepaid tax	2,906,630	1,764,502	1,881,619
Other	9,786,233	3,870,959	5,045,953
	<b><u>110,795,322</u></b>	<b><u>21,166,364</u></b>	<b><u>23,116,703</u></b>
	2020	2019	2018
<b>Other non-current assets:</b>			
Prepaid expenses	2,583,339	434,847	388,929
VAT receivables	—	5,564,098	7,339,724
Other	222,900	52,386	31,975
	<b><u>2,806,239</u></b>	<b><u>6,051,331</u></b>	<b><u>7,760,628</u></b>
	2020	2019	2018
<b>Other current liabilities:</b>			
Deferred income	9,684,133	2,935,623	217,185
Payable to personnel	16,195,205	138,665	214,429
Taxes and funds payable	15,342,033	6,718,153	6,884,861
Expense accruals	8,532,319	4,514,005	2,234,223
Other	2,023,993	2,126,836	1,259,065
	<b><u>51,777,683</u></b>	<b><u>16,433,282</u></b>	<b><u>10,809,763</u></b>

## NOTE 14—EQUITY

## a) Share capital

As of 31 December 2020 and 2019, the Group's authorised and paid-in share capital consists of 56,865,658 (2018: 46,138,166) shares with TRY1 nominal each. As of 31 December 2020, 42,649,244 of the shares consist of A group shares (owned by Doğan family members) and the remaining 14,216,414 shares are B group shares (owned by Turk Commerce B.V).

Owners of A group shares have the right to appoint 6 members of the total 8 members in board of directors (including the chairwoman) and owners of B group shares have the right to appoint the remaining 2 members in the board of directors (including the deputy chair).

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**NOTE 14—EQUITY (Continued)**

The Group B shareholders have the rights, preferences and restrictions attaching to that class for the transactions including, but not limited to financial borrowing or structuring debt, lending a significant amount of loans, purchasing the minority or majority shares, disposing of the shares, resolving to vote for changes in the number of board of director members or meeting or resolution quorums, appointing or replacing the company's auditors.

The details at 31 December 2020, 2019 and 2018 is as follows:

	2020	Share (%)	2019	Share (%)	2018	Share (%)
Türk Commerce B.V.	14,216,414	25.00	14,216,414	25.00	11,534,541	25.00
Hanzade Vasfiye Doğan Boyner	13,972,803	24.57	13,972,803	24.57	3,712,120	8.05
Vuslat Doğan Sabancı	9,707,836	17.07	9,707,836	17.07	3,712,120	8.05
Yaşar Begümhan Doğan Faralyalı	9,707,834	17.07	9,707,834	17.07	3,712,119	8.05
Arzuhan Doğan Yalçındağ	8,854,214	15.57	8,854,214	15.57	2,942,576	6.38
Işıl Doğan	406,557	<1	406,557	<1	541	<1
D Portal Yatırımları A.Ş.	—	—	—	—	20,524,149	44.48
	<b>56,865,658</b>	<b>100</b>	<b>56,865,658</b>	<b>100</b>	<b>46,138,166</b>	<b>100</b>

**b) Share premiums**

	2020	2019	2018
Share premiums	187,464,832	187,464,832	18,152,313
	<b>187,464,832</b>	<b>187,464,832</b>	<b>18,152,313</b>

*Increase in share capital and share premiums*

On General Assembly dated 24 June 2019, the shareholders have decided to increase the share capital of the Company through injection of additional capital amounting to TRY180,000,009. Shareholders have paid TRY10,727,492 for 10,727,492 shares with TRY1 nominal value each as a result of issuance of new shares. TRY169,272,517 have been paid as a premium on issued shares.

In 2019, D Portal Yatırımları A.Ş. which was owned by the members of Doğan Family has been merged with the Company and the shareholding structure of the Company has changed accordingly. Such merger had no significant impact on the Group's financial statements since D Portal Yatırımları A.Ş. was only acting as the parent entity of the Company with no business activity or any other investment. As a result of the merger, TRY40,002 has been accounted for as a share premium increase in 2019.

**c) Restricted reserves**

	2020	2019	2018
Restricted reserves	1,586,430	1,586,430	1,586,430
	<b>1,586,430</b>	<b>1,586,430</b>	<b>1,586,430</b>

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The restricted ("legal") reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

**NOTE 15—REVENUE**

The analysis of revenue for the years ended 31 December 2020, 2019 and 2018 is as follows:

	<u>January 1 - December 31,</u> <u>2020</u>	<u>January 1 - December 31,</u> <u>2019</u>	<u>January 1 - December 31,</u> <u>2018</u>
Sales of goods	5,301,942,720	2,048,020,136	1,661,672,546
Marketplace revenues(*)	603,249,026	350,030,814	200,648,885
Delivery service revenues	445,890,930	176,292,726	83,156,166
Other	24,643,869	29,391,692	9,835,152
<b>Revenues</b>	<b><u>6,375,726,545</u></b>	<b><u>2,603,735,368</u></b>	<b><u>1,955,312,749</u></b>

(\*) Marketplace revenues mainly consists of marketplace commission, transaction fees and other contractual charges to the merchants.

The Group derives revenue from the sales of goods, marketplace revenues and other revenues at a point in time. Delivery service revenues are recognized over time. All contracts are for periods of the expected original duration of one year or less.

The Group's revenues are generated in Turkey and the Board of Directors evaluates the operational results as a whole as one cash generating unit, therefore no disaggregated geographical information is presented.

## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## NOTE 16—OTHER OPERATING EXPENSES, NET

The analysis of other operating income and expenses for the years ended 31 December 2020, 2019 and 2018 is as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019	January 1 - December 31, 2018
<b>Other operating expenses:</b>			
Credit card processing	(18,595,712)	(5,278,866)	(3,511,865)
Utilities	(14,395,738)	(7,797,849)	(5,878,856)
Consultancy	(11,193,843)	(5,423,767)	(7,275,141)
Rent expenses	(3,059,359)	(1,733,948)	(42,527)
Provision for doubtful receivables	(3,374,510)	(703,587)	(36,188)
Insurance	(2,869,493)	(1,212,424)	(591,013)
Vehicle fuel	(1,139,864)	(1,192,793)	(1,191,178)
Credit card chargebacks	(1,990,429)	(983,573)	(1,053,274)
Internet line	(1,532,939)	(564,765)	(459,935)
Irrecoverable value added tax	(1,134,176)	(553,409)	(512,093)
Maintenance expenses	(1,044,420)	(655,916)	(455,155)
Stationary	(698,776)	(807,138)	(527,111)
Travel	(279,147)	(752,001)	(1,855,964)
Other	(17,353,406)	(13,882,332)	(12,746,154)
	<b>(78,661,812)</b>	<b>(41,542,368)</b>	<b>(36,136,454)</b>
<b>Other operating income:</b>			
Services charged	1,838,340	—	—
Bank promotion income	1,597,492	1,470,304	990,730
Grant income	951,912	215,176	—
Income from scrap packaging materials sales	820,088	—	—
Other	2,645,832	129,969	1,138,367
	<b>7,853,664</b>	<b>1,815,449</b>	<b>2,129,097</b>
<b>Other operating expenses, net</b>	<b>(70,808,148)</b>	<b>(39,726,919)</b>	<b>(34,007,357)</b>

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 17—FINANCIAL INCOME**

The analysis of financial income for the years ended 31 December 2020, 2019 and 2018 is as follows:

**Financial income:**

	January 1 - December 31, 2020	January 1 - December 31, 2019	January 1 - December 31, 2018
Foreign currency exchange gains	57,469,178	12,512,124	43,433,122
Interest income on time deposits	21,016,415	10,717,336	12,440,066
Interest income on credit sales	18,621,563	13,544,974	6,795,302
Other	5,805,557	3,743,467	3,948,397
	<b>102,912,713</b>	<b>40,517,901</b>	<b>66,616,887</b>

**NOTE 18—FINANCIAL EXPENSES**

The analysis of financial expenses for the years ended 31 December 2020, 2019 and 2018 is as follows:

**Financial expenses:**

	January 1 - December 31, 2020	January 1 - December 31, 2019	January 1 - December 31, 2018
Commission expenses due to early collection of credit card receivables	(225,242,358)	(185,092,844)	(98,534,530)
Interest expenses on purchases	(66,615,853)	(24,445,017)	(8,092,870)
Interest expenses on bank borrowings	(36,583,393)	(25,502,175)	(31,807,197)
Foreign currency exchange losses	(44,804,280)	(19,357,574)	(30,664,800)
Interest expenses on lease liabilities	(20,036,055)	(18,732,984)	(7,199,505)
Other	(3,134,828)	(148,988)	(108,883)
	<b>(396,416,767)</b>	<b>(273,279,582)</b>	<b>(176,407,785)</b>

Interest expenses on purchases consist of interest embedded in inventories purchased on deferred settlement terms.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 19—TAXATION ON INCOME**

The tax on the Group's loss before taxation on income differs from the theoretical amount that would arise using the weighted average tax rate applicable to loss for the years ended 31 December 2020, 2019 and 2018 as follows:

	2020	2019	2018
<b>Loss before income taxes</b>	<b>(474,515,733)</b>	<b>(131,646,984)</b>	<b>(161,322,403)</b>
Tax calculated at enacted tax rate of 22%	104,393,461	28,962,336	35,490,929
Effect of disallowable expenses	(6,242,644)	(1,377,486)	(3,217,773)
Deferred income tax assets not recognized	(98,150,817)	(27,584,850)	(32,273,156)
<b>Income tax credit/(expense)</b>	<b>—</b>	<b>—</b>	<b>—</b>

**Current income tax**

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Turkish Corporate Tax Law has been amended by Law No. 5520 dated 13 June 2006. Most of the articles of this new Law No. 5520 have come into force effective from 1 January 2006, setting the corporate tax rate as 20%. Within the scope of the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7061, which was published in the Official Gazette dated 5 December 2017, the corporate tax rate for the years 2018, 2019 and 2020 was increased from 20% to 22%.

Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption etc.) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

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**NOTE 19—TAXATION ON INCOME (Continued)**

Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

***Deferred income taxes***

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under IFRS and their tax records. These differences usually result in the recognition of income and expenses in different reporting periods for IFRS and tax purposes.

As of 31 December 2020, the Group has not accounted for deferred income tax assets on its tax losses, unused tax incentives (although such incentives have no expiry date) and other deductible temporary differences amounting to TRY154,245,189 (2019: TRY70,106,093) (2018: TRY49,718,688), TRY23,879,360 (2019: TRY14,486,616) (2018: TRY7,491,254) and TRY16,179,502 (2019:



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## NOTE 19—TAXATION ON INCOME (Continued)

TRY12,879,408) (2018: TRY7,700,702), respectively, due to the uncertainties as to the realization of such deferred tax assets in the foreseeable future.

	Total temporary differences			Deferred income tax assets/(liabilities)		
	2020	2019	2018	2020	2019	2018
<b>Deferred income tax assets:</b>						
Carry forward tax losses	771,225,947	350,530,465	248,593,440	154,245,189	70,106,093	49,718,688
Tax incentives	119,396,798	72,433,082	37,456,270	23,879,360	14,486,616	7,491,254
Right of use assets and related lease liabilities	33,040,021	38,594,793	40,992,130	6,608,004	7,718,959	8,198,426
Provision for impairment of trade goods	10,462,135	778,995	1,309,791	2,092,427	171,379	288,154
Accrued expenses, contract liabilities and merchant advances	12,670,097	27,992,402	12,679,799	2,534,123	6,117,286	2,789,556
Property and equipment and intangible assets	23,577,850	1,673,570	—	4,715,570	462,356	—
Other	2,909,985	—	—	581,997	—	—
<b>Total</b>	<b>973,282,833</b>	<b>492,003,307</b>	<b>341,031,430</b>	<b>194,656,670</b>	<b>99,062,689</b>	<b>68,486,078</b>
<b>Deferred income tax liabilities:</b>						
Prepaid expenses	(1,763,095)	(1,885,464)	(1,135,550)	(352,619)	(414,802)	(249,821)
Trade payables and payables to merchants	—	(5,344,409)	(4,928,827)	—	(1,175,770)	(1,084,342)
Property and equipment and intangible assets	—	—	(11,476,275)	—	—	(2,241,271)
<b>Total</b>	<b>(1,763,095)</b>	<b>(7,229,873)</b>	<b>(17,540,652)</b>	<b>(352,619)</b>	<b>(1,590,572)</b>	<b>(3,575,434)</b>
Non recoverable deferred tax assets				(194,304,051)	(97,472,117)	(64,910,644)
<b>Deferred income tax assets, net</b>				<b>—</b>	<b>—</b>	<b>—</b>

The expiration dates of tax losses which the Group has not recognised any deferred income tax asset are as follows:

	2020	2019	2018
2020	—	11,384,605	11,384,605
2021	32,444,763	32,444,763	32,444,763
2022	59,590,604	59,590,604	59,590,604
2023	145,173,467	145,173,467	145,173,467
2024	101,937,027	101,937,027	—
2025	432,080,086	—	—
<b>Total</b>	<b>771,225,947</b>	<b>350,530,466</b>	<b>248,593,439</b>

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**NOTE 20—BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES****a) Remuneration of key management personnel:**

The remuneration of key management personnel (directors and members of executive management) for the years ended 31 December 2020, 2019 and 2018 are as follows;

	2020	2019	2018
Salaries and other short-term employee benefits	63,165,182	36,444,669	31,963,266

**b) Balances with related parties at 31 December 2020, 2019 and 2018:**

All related parties listed below are controlled by the Doğan Family members.

**Due from related parties:**

	2020	2019	2018
Mutlu Erturan(*)	1,500,000	—	—
Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret")	1,403,868	1,605,476	656,093
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	178,026	—	—
D Elektronik Şans Oyunları ve Yayıncılık A.Ş. ("Nesine")	169,273	1,574,673	292,788
Other	156,723	134,814	708,421
	<u>3,407,890</u>	<u>3,314,963</u>	<u>1,657,302</u>

(\*) In September 2020, the Company provided non-interest bearing loan of TRY1,500,000 to an executive officer, Mutlu Erturan. The loan was fully repaid by 5 March 2021.

Amounts due from other related parties mainly resulted from sale of trade goods and non-interest bearing loan provided to an executive officer.

**Due to related parties:**

	2020	2019	2018
Doğan Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş.	1,744,581	1,240,630	714,857
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş.	1,091,383	—	—
Değer Merkezi Hizmetler ve Yönetim A.Ş.	491,721	259,972	309,364
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	259,378	—	—
Doruk Factoring A.Ş.	—	873,200	—
Other	342,860	208,599	428,201
	<u>3,929,923</u>	<u>2,582,401</u>	<u>1,452,422</u>

Amounts due to related parties mainly resulted from purchase of inventories, advertising services and head quarter rentals.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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**NOTE 20—BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES (Continued)****c) Significant sales to and purchases from related parties for the years ended 31 December 2020, 2019 and 2018:**

All related parties listed below are controlled by the Doğan Family members.

**Service and product sales to related parties:**

	2020	2019	2018
Nesine	1,692,054	1,700,298	1,367,199
Aydın Doğan Vakfı	1,226,267	151,943	—
Doğan Egmont Yayıncılık ve Yapımcılık Ticaret A.Ş.	1,065,978	1,027,321	—
Glokal Dijital Hizmetler ve Pazarlama A.Ş.	618,446	302,405	522,770
Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal")	595,235	969,028	579,585
Suzuki Motorlu Araçlar Pazarlama A.Ş.	559,595	128,624	54,615
Değer Merkezi Hizmetler ve Yönetim A.Ş.	393,180	384,038	—
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	248,149	70,070	—
Ortadoğu Otomotiv Ticaret A.Ş.	178,212	29,403	1,328,263
Doğan Dış Ticaret	146,218	353,088	6,061
Other	1,114,526	492,153	408,527
	<u>7,837,860</u>	<u>5,608,371</u>	<u>4,267,020</u>

**Service and product purchases from related parties:**

	2020	2019	2018
Doğan Dış Ticaret	35,293,650	12,160,126	4,334,168
D Gayrimenkul Yatırımları ve Ticaret A.Ş.	14,923,488	11,173,805	2,397,303
Mesiar Medya Sigorta Aracılık Hizmetleri A.Ş.	6,867,979	237,667	—
Doğan Egmont Yayıncılık A.Ş.	6,136,589	3,910,969	2,082,748
Değer Merkezi Hizmetler ve Yönetim A.Ş.	3,354,939	3,275,324	—
Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş.	457,358	536,462	592,000
Doğan Portal	362,138	649,650	289,568
Ortadoğu Otomotiv Ticaret A.Ş.	2,881	232	6,158,162
Etkin Gayrimenkul Geliştirme Yönetim ve Danışmanlık A.Ş.	—	158,179	1,680,771
Doğan İnternet Yayıncılığı ve Yatırım A.Ş.	—	—	3,142,877
Other	460,641	135,025	3,232,509
	<u>67,859,663</u>	<u>32,237,439</u>	<u>23,910,106</u>

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## NOTE 21—FINANCIAL AND CAPITAL RISK MANAGEMENT

*Financial risk management*

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programmes focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by Board of Directors.

*Foreign currency risk*

The table below summarizes the Group's exposure to foreign exchange rate risk at 31 December 2020, 2019 and 2018 in terms of TRY equivalents of foreign currency denominated assets and liabilities.

	As of 31 December 2020				Total
	US Dollar	Euro	GBP	CHF	
<b>Assets:</b>					
Cash and cash equivalents	272,407,002	3,074,470	12,438	63,114	275,557,024
Trade receivables and					
due from related parties	1,585,112	1,193,728	—	—	2,778,840
Other current assets	6,415,840	811,090	—	774,558	8,001,488
<b>Total assets</b>	<b>280,407,954</b>	<b>5,079,288</b>	<b>12,438</b>	<b>837,672</b>	<b>286,337,352</b>
<b>Liabilities:</b>					
Trade payables and payables to merchants and					
due to related parties	(246,664,255)	(1,386,637)	—	(1,033,545)	(249,084,437)
Lease liabilities	—	(7,383)	—	—	(7,383)
<b>Total liabilities</b>	<b>(246,664,255)</b>	<b>(1,394,020)</b>	<b>—</b>	<b>(1,033,545)</b>	<b>(249,091,820)</b>
<b>Net foreign currency position</b>	<b>33,743,699</b>	<b>3,685,268</b>	<b>12,438</b>	<b>(195,873)</b>	<b>37,245,532</b>

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**
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**NOTE 21—FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

	As of 31 December 2019				
	US Dollar	Euro	GBP	CHF	Total
<b>Assets:</b>					
Cash and cash equivalents	240,250,923	80,939	20,955	35,174	240,387,991
Trade receivables and due from related parties	1,224,659	82,637	—	—	1,307,296
Other current assets	3,940,398	1,266,964	—	628,322	5,835,684
<b>Total assets</b>	<b>245,415,980</b>	<b>1,430,540</b>	<b>20,955</b>	<b>663,496</b>	<b>247,530,971</b>
<b>Liabilities:</b>					
Trade payables and payables to merchants and due to related parties	(154,931,919)	(939,011)	—	(513,027)	(156,383,957)
Lease liabilities	(653,810)	(1,444,803)	—	—	(2,098,613)
<b>Total liabilities</b>	<b>(155,585,729)</b>	<b>(2,383,814)</b>	<b>—</b>	<b>(513,027)</b>	<b>(158,482,570)</b>
<b>Net foreign currency position</b>	<b>89,830,251</b>	<b>(953,274)</b>	<b>20,955</b>	<b>150,469</b>	<b>89,048,401</b>
	As of 31 December 2018				
	US Dollar	Euro		Total	
<b>Assets:</b>					
Cash and cash equivalents	107,445,115	—		107,445,115	
Trade receivables and due from related parties	723,726	323,535		1,047,261	
Other current assets	4,325,438	1,676,513		6,001,951	
<b>Total assets</b>	<b>112,494,279</b>	<b>2,000,048</b>		<b>114,494,327</b>	
<b>Liabilities:</b>					
Trade payables and payables to merchants and due to related parties	(131,274,675)	(3,611,519)		(134,886,194)	
Lease liabilities	(7,747,281)	(1,648,323)		(9,395,604)	
Other current liabilities	(203,860)	—		(203,860)	
<b>Total liabilities</b>	<b>(139,225,816)</b>	<b>(5,259,842)</b>		<b>(144,485,658)</b>	
<b>Net foreign currency position</b>	<b>(26,731,537)</b>	<b>(3,259,794)</b>		<b>(29,991,331)</b>	

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analysing foreign currency position through obtaining positions within the approved limits.

At 31 December 2020, if the US Dollar had strengthened/weakened by 10% against the TRY with all other variables held constant, loss before income taxes would have been TRY3,374,370 lower/higher (2019: Loss before tax would have been TRY8,983,025 lower/higher) (2018: Loss before tax would have been TRY2,673,154 higher/lower), mainly as a result of foreign exchange losses/gains on the translation of US Dollar assets and liabilities.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**AT 31 DECEMBER 2020, 2019 AND 2018**

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

**NOTE 21—FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

At 31 December 2020, if the Euro had strengthened/weakened by 10% against the TRY with all other variables held constant, loss before income taxes would have been TRY368,527 higher/lower (2019: Loss before tax would have been TRY95,327 higher/lower) (2018: Loss before tax would have been TRY325,979 higher/lower), mainly as a result of foreign exchange losses/gains on the translation of Euro assets and liabilities.

At 31 December 2020, if the GBP and CHF had strengthened/weakened by 10% against the TRY with all other variables held constant, loss before income taxes would have been TRY1,244 and TRY19,587 lower/higher, mainly as a result of foreign exchange losses/gains on the translation of GBP and CHF assets and liabilities (2019: Loss before tax would have been TRY2,096 and TRY15,047 lower/higher).

*Credit risk*

The Group operates as an e-commerce website offering its customers a wide selection of merchandise. The substantial portion of sales is through the customers' credit cards. Therefore, the resulting accounts receivable balances are secured by banks, the issuers of credit cards. In this context, the credit risk of the Group is substantially mitigated.

*Funding risk*

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate, funding lines from high quality lenders.

*Liquidity risk*

The Group maintains available line of credit limits with various banks that can be used in obtaining cash, letters of guarantee and cash for payments to suppliers. The Group generates positive

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT 31 DECEMBER 2020, 2019 AND 2018

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

NOTE 21—FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

operating cash flows as a result of its operating model. The table below shows the Group's liquidity risk arising from financial liabilities.

2020	Carrying value	Contractual undiscounted cash flow	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>Non-derivative financial instruments:</b>						
Trade payables and payables to merchants	2,024,549,483	2,035,687,548	2,035,687,548	—	—	—
Lease liabilities	144,055,455	181,997,716	13,526,192	48,360,287	120,111,237	—
Bank borrowings	347,436,451	368,069,809	368,069,809	—	—	—
Due to related parties	3,929,923	3,929,923	3,929,923	—	—	—
	<u>2,519,971,312</u>	<u>2,589,684,996</u>	<u>2,421,213,472</u>	<u>48,360,287</u>	<u>120,111,237</u>	<u>—</u>
2019	Carrying value	Contractual undiscounted cash flow	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>Non-derivative financial instruments:</b>						
Trade payables and payables to merchants	1,013,622,694	1,018,967,101	1,018,967,101	—	—	—
Lease liabilities	84,288,577	99,915,677	7,695,848	23,559,199	68,660,630	—
Bank borrowings	18,977,287	18,977,287	18,977,287	—	—	—
Due to related parties	2,582,401	2,582,401	2,582,401	—	—	—
	<u>1,119,470,959</u>	<u>1,140,442,466</u>	<u>1,048,222,637</u>	<u>23,559,199</u>	<u>68,660,630</u>	<u>—</u>
2018	Carrying value	Contractual undiscounted cash flow	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>Non-derivative financial instruments:</b>						
Trade payables and payables to merchants	659,884,872	664,813,701	664,813,701	—	—	—
Lease liabilities	151,554,288	180,308,195	9,875,211	38,678,321	122,989,432	8,765,231
Bank borrowings	104,094,577	107,234,982	33,209,162	73,467,755	558,065	—
Due to related parties	1,452,422	1,452,422	1,452,422	—	—	—
	<u>916,986,159</u>	<u>953,809,300</u>	<u>709,350,496</u>	<u>112,146,076</u>	<u>123,547,497</u>	<u>8,765,231</u>

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

AT 31 DECEMBER 2020, 2019 AND 2018

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

**NOTE 21—FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)***Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue its operations 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Net debt to equity ratios at 31 December 2020, 2019 and 2018 were as follows:

	2020	2019	2018
Net debt (Note 23)	(101,151,103)	(179,037,896)	119,164,644
Total equity	(787,331,890)	(310,832,385)	(358,002,974)
<b>Net debt to equity ratio</b>	<b>13%</b>	<b>58%</b>	<b>(33)%</b>

**NOTE 22—FINANCIAL INSTRUMENTS***Fair value of the financial instruments*

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 realise in a current market exchange.

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

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying value.

The fair values of certain financial assets and liabilities carried at cost, including cash and cash equivalents, trade payables and payables to merchants, bank borrowings and lease liabilities are considered to approximate their respective carrying values due to their short-term nature.

The carrying value of trade receivables along with the related allowances for uncollectability is estimated to be their fair values.



## D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

AT 31 DECEMBER 2020, 2019 AND 2018

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

## NOTE 23—CASH FLOW INFORMATION

Movement in net debt for the year ended 31 December 2020, 2019 and 2018 is as follows;

2020	Lease liabilities	Bank borrowings	Total
<b>1 January</b>	<b>84,288,577</b>	<b>18,977,287</b>	<b>103,265,864</b>
Increase in lease liabilities	97,602,173	—	97,602,173
Cash inflows	—	1,619,216,898	1,619,216,898
Cash outflows	(58,365,159)	(1,305,404,852)	(1,363,770,011)
Other non-cash movements(*)	20,529,864	14,647,118	35,176,982
<b>31 December</b>	<b>144,055,455</b>	<b>347,436,451</b>	<b>491,491,906</b>
Less: cash and cash equivalents			(592,643,009)
<b>Net debt</b>			<b>(101,151,103)</b>

2019	Lease liabilities	Bank borrowings	Total
<b>1 January</b>	<b>151,554,288</b>	<b>104,094,577</b>	<b>255,648,865</b>
Increase in lease liabilities	17,759,967	—	17,759,967
Cash inflows	—	903,259,745	903,259,745
Cash outflows	(51,892,582)	(991,269,470)	(1,043,162,052)
Other non-cash movements(*)	(33,133,096)	2,892,435	(30,240,661)
<b>31 December</b>	<b>84,288,577</b>	<b>18,977,287</b>	<b>103,265,864</b>
Less: cash and cash equivalents			(282,303,760)
<b>Net debt</b>			<b>(179,037,896)</b>

2018	Lease liabilities	Bank borrowings	Total
<b>1 January</b>	<b>131,939,906</b>	<b>127,982,422</b>	<b>259,922,328</b>
Increase in lease liabilities	68,044,609	—	68,044,609
Cash inflows	—	368,181,218	368,181,218
Cash outflows	(30,849,552)	(402,071,016)	(432,920,568)
Other non-cash movements(*)	(17,580,675)	10,001,953	(7,578,722)
<b>31 December</b>	<b>151,554,288</b>	<b>104,094,577</b>	<b>255,648,865</b>
Less: cash and cash equivalents			(136,484,221)
<b>Net debt</b>			<b>119,164,644</b>

(\*) Other non-cash movements consist of interest expense, disposals and remeasurement of contractual lease liabilities.

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****AT 31 DECEMBER 2020, 2019 AND 2018****(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)****NOTE 24—LOSS PER SHARE**

Loss per share is disclosed below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Loss for the period attributable to equity holders of the Parent Company	(474,515,733)	(131,646,984)	(161,322,403)
Weighted average number of shares with face value of TRY1 each	<u>56,865,658</u>	<u>56,865,658</u>	<u>46,138,166</u>
<b>Basic and diluted loss per share</b>	<b><u>(8.34)</u></b>	<b><u>(2.32)</u></b>	<b><u>(3.50)</u></b>

**NOTE 25—SUBSEQUENT EVENTS**

- 1- On 25 March 2021 the Group granted a new share based payment plan to 10 of its key management personnel which modified the previously created share-based payment plans, adding 2 executives in scope of the plan. Additionally, on 24 March 2021, the Group decided to grant to some of its other employees and directors, a share-based plan with similar terms offered to its executives. The share-based payment plans consist of a cash settlement clause (20% of the total share based payment award) in the event that an initial public offering ("IPO") takes place until 2021 year-end and at least 20% of the Company's shares are sold in the IPO (non-market performance condition). The cash settlement (which depends on the valuation of the shares during the IPO) will take place only in case the valuation of the Company's shares in the IPO achieves a certain threshold (market performance condition). The same plan has an equity settlement clause where the same key management personnel and executives will be entitled to receive Company's shares based on the value of the shares in the IPO (20% of the total share based payment award for each year starting from 18 months after the IPO for the next 3 years (graded vesting). Shares will be delivered to key management personnel, directors and managers in the condition that they continue working for the Company in the respective payment dates (service condition). Remaining 20% of the share-based payment plan will be delivered on the above same dates to key management personnel, directors and managers in terms of Company's shares based on Company's meeting certain key performance indicators as of respective years (non-market performance condition). The Group estimated the cash outflow (liability) to key management personnel and other executives relating to cash settled part of the plans in the event of a successful Initial Public Offering IPO reach to a maximum of USD 30 million depending on the valuation to be realized in the IPO. No provision has been provided in financial statements, as of December 31, 2020 with respect to the subsequent event explained above.
- 2- With the provisional article 13 added to the Corporate Tax Law and with the 11th article of the Law 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate, which is 20% as of 31 December 2020, will be applied at the rate of 25% for the corporate earnings in 2021 and 23% for the corporate earnings in 2022.
- 3- With the decision of the board of directors dated 14 April 2021, the Group decided to merge Altıncı Cadde and Evimiz companies under D-Fast.

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## American Depositary Shares

Representing Ordinary Shares

### PROSPECTUS

, 2021

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Morgan Stanley

J.P. Morgan

Goldman Sachs & Co. LLC

BofA Securities

UBS Investment Bank

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Through and including , 2021 ( days after the date of this prospectus), all dealers that buy, sell or trade our ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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**Part II**  
**Information Not Required in the Prospectus**

**Item 6. Indemnification of directors and officers**

The underwriting agreement filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the U.S. Securities Act of 1933, but only to the extent that these liabilities are caused by information relating to the underwriters that was furnished to us by the underwriters in writing expressly for use in this registration statement and certain other disclosure documents.

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to executive officers and board members or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Item 7. Recent sales of unregistered securities**

During the past three years, we issued securities that were not registered under the Securities Act as set forth below. Set forth below is information regarding share issuances made by us within the past three years. Also included is the consideration, if any, received by us for such shares and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

**Share issuance**

In June 2019, we issued an aggregate of 10,727,492 ordinary shares to our existing shareholders, Hanzade Vasfiye Doğan Boyner, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ, Işıl Doğan and TurkCommerce B.V. in the aggregate amount of TRY 10,727,492 . The issuance of these shares was made outside the U.S. pursuant to Regulation S.

**Item 8. Exhibits**

- (a) The exhibits to this registration statement are listed in the exhibit index attached hereto and are incorporated by reference herein .
- (b) Financial Statement Schedules. All schedules have been omitted because they are not required, are not applicable or the information is otherwise set forth in the consolidated financial statements and related notes thereto.

**Item 9. Undertakings**

- (a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
- (b) Insofar as indemnification for liabilities arising under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has

been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby further undertakes that:

(i) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

**Exhibit Index**

The following documents are filed as part of this registration statement:

	<u>Description</u>
1.1*	Form of Underwriting Agreement
3.1	<a href="#">Articles of Association of the Registrant</a>
4.1*	Form of Deposit Agreement among the Registrant, as depositary and the holders and beneficial owners from time to time of the American Depositary Shares issued thereunder
4.2*	Form of American Depositary Receipt (included in Exhibit 4.1)
4.3*	Form of Registration Rights Agreement, dated as of by and among the Registrant and certain shareholders of the Registrant
5.1	<a href="#">Form of opinion of GKC Partners, counsel to the Registrant, as to the validity of the ordinary shares (including consent)</a>
10.1†	<a href="#">English translation of the Lease Agreement between Megeye Lojistik Anonim Şirketi as lessor and the Registrant, as lessee, dated April 2014</a>
10.2*	<a href="#">English translation of the Lease Agreement between A. Vedat Yakupoğlu Gayrimenkul Yatırımcılığı as lessor and the Registrant, as lessee, dated August 10, 2020</a>
10.3†	<a href="#">English translation of the Lease Agreement between Murat Ozan, Tugba Ozan, Muhterem Ozan and Fatih Ozan as lessors and the Registrant, as lessee, dated August 7, 2020</a>
10.4†	<a href="#">English translation of the Lease Agreement between AZC Hazır Beton İhtiyaç Maddeleri Tekstil Maddeleri Tekstil Turizm Petrol Ürünleri Pazarlama Sanayi ve Ticaret Ltd. Şti. as lessor and the Registrant, as lessee, dated August 18, 2020</a>
10.5†	<a href="#">English translation of the Lease Agreement between Ermenes Orman Ürünleri Sanayi ve Ticaret Ltd. Şti. as lessor and the Registrant, as lessee, dated August 2020</a>
10.6†	<a href="#">English translation of the Lease Agreement between Üstünkarlı Makine A.Ş. as lessor and the Registrant, as lessee, dated August 28, 2020</a>
10.7†	<a href="#">English translation of the Lease Agreement between D Gayrimenkul Yatırımları as lessor and the Registrant, as lessee, dated June 15, 2019</a>
10.8	<a href="#">English translation of the financing agreement between Doruk Faktoring A.Ş. and the Registrant, dated November 11, 2020</a>
10.9†	<a href="#">English translation of the server hosting service agreement between Türk Telekomünikasyon A.Ş. and the Registrant, dated June 19, 2017</a>
10.10†	<a href="#">English translation of the framework agreement for various hosting-related services between Superonline İletişim Hizmetleri A.Ş. and the Registrant, dated May 24, 2021</a>
10.11	<a href="#">Incentive Plan dated March 24, 2021</a>
10.12†	<a href="#">English translation of the Additional Protocol to the Lease Agreement between D Gayrimenkul Yatırımları as lessor and the Registrant, as lessee, dated June 14, 2019</a>
10.13	<a href="#">English translation of the Additional Protocol to the Lease Agreement between D Gayrimenkul Yatırımları as lessor and the Registrant, as lessee, dated June 15, 2019</a>
10.14	<a href="#">English translation of the Additional Protocol to the Lease Agreement between D Gayrimenkul Yatırımları as lessor and the Registrant, as lessee, dated August 21, 2019</a>

	<u>Description</u>
10.15	<a href="#">English translation of Additional Protocol to the Lease Agreement between Megeye Lojistik Anonim Şirketi as lessor and the Registrant, as lessee, dated September 1, 2015</a>
16.1	<a href="#">Letter from PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. dated as of May 28, 2021 regarding change in the Registrant's certifying accountant</a>
21.1	<a href="#">List of subsidiaries of the Registrant</a>
23.1	<a href="#">Consent of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. independent registered public accounting firm</a>
23.2	<a href="#">Consent of GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S., independent registered public accounting firm</a>
23.3	<a href="#">Consent of GKC Partners (included in Exhibit 5.1)</a>
23.4	<a href="#">Consent of Arthur D. Little Danışmanlık Hizmetleri A.Ş.</a>
23.5	<a href="#">Consent of FutureBright Research</a>
24.1	<a href="#">Power of Attorney (included in signature page to Registration Statement)</a>

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\* To be filed by amendment.

† Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K under the Securities Act of 1933, as amended, because they are both (i) not material and (ii) would likely cause competitive harm to the Registrant if publicly disclosed.

**SIGNATURES**

Pursuant to the requirements of the U.S. Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Istanbul, Turkey on this 28th day of May, 2021.

**D-MARKET ELECTRONIC SERVICES & TRADING**

By: /s/ MEHMET MURAT EMIRDAĞ

Name: Mehmet Murat Emirdağ  
Title: *Chief Executive Officer*

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KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Mehmet Murat Emirdağ and Halil Korhan Öz and each of them, individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on May 28, 2021 in the capacities indicated:

<u>Name</u>	<u>Title</u>
<u>/s/ MEHMET MURAT EMIRDAĞ</u> Mehmet Murat Emirdağ	Chief Executive Officer and Board Member (principal executive officer)
<u>/s/ HALİL KORHAN ÖZ</u> Halil Korhan Öz	Chief Financial Officer and Board Member (principal financial officer and principal accounting officer)
<u>/s/ HANZADE VASFIYE DOĞAN BOYNER</u> Hanzade Vasfiye Doğan Boyner	Chairwoman
<u>/s/ ERMAN KALKANDELEN</u> Erman Kalkandelen	Deputy Chair
<u>/s/ MEHMET EROL ÇAMUR</u> Mehmet Erol Çamur	Board Member
<u>/s/ CEMAL AHMET BOZER</u> Cemal Ahmet Bozer	Board Member
<u>/s/ VUSLAT DOĞAN SABANCI</u> Vuslat Doğan Sabancı	Board Member
<u>/s/ MUSTAFA AYDEMİR</u> Mustafa Aydemir	Board Member
<u>/s/ TOLGA BABALI</u> Tolga Babalı	Board Member

**Signature of Authorized U.S. Representative of Registrant**

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi has signed this registration statement on May 28, 2021.

**Cogency Global, Inc.**

By: /s/ COLLEEN A. DE VRIES

Name: Colleen A. De Vries

Title: *Senior Vice President on behalf of Cogency Global Inc.*

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As per Turkish law, the Turkish text of our articles of association shall prevail and this text below is provided for convenience translation purposes only.

**ARTICLES OF ASSOCIATION**  
**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET ANONİM ŞİRKETİ**

**ARTICLE 1: FOUNDATION**

A joint stock company is founded among the founders with the below written names, nationalities and residential addresses according to the provisions of the Turkish Commercial Code regarding immediate foundation of Joint Stock Companies.

a. DOĞAN İLETİŞİM ELEKTRONİK SERVİS HİZMETLERİ A.Ş. (Republic of Turkey)  
Hürriyet Medya Towers 34544 Güneşli/ İSTANBUL

b. Nilgün Pirinççioğlu Kireç (Republic of Turkey)  
Orhantepe Mah. Şehit Ahmet Güvenç Sk. No:4 Üsküdar /Istanbul

c. Oğuz Akın İşiten (Republic of Turkey)  
Suadiye, Kuzu Sokak No:2/10 Abdibey Apt. Kadıköy/İstanbul

d. Kaan Mustafa Dönmez (Republic of Turkey)  
Küçükbebek Cad Karaman Apt No:97/A D:7 Bebek Mahallesi, Beşiktaş/Istanbul

e. Şehmuz Mustafa Helvacı (Republic of Turkey)  
Bostancı, Bostan Tüccarı Sk. Çetintürk Apt. No:13 D:11 Üsküdar/Istanbul

f. Faik Gürhan Yıldız (Republic of Turkey)  
Seyrantepe, Cesur Sk. No:43 A Blok D:5 Kağıthane/Istanbul

g. Nail Dağlar (Republic of Turkey)  
Havuzbaşı, Defterdaroğlu Su Yolu Sk: N:221 Çengelköy, Üsküdar/Istanbul

**ARTICLE 2: CORPORATE TITLE**

The Company's name is "D-MARKET ELEKTRONİK HİZMETLER VE TİCARET ANONİM ŞİRKETİ". The above named company shall be referred to as the "COMPANY" in these Articles of Association.

**ARTICLE 3: LINE OF BUSINESS AND OBJECTIVE**

A- The main objective and line of business of the Company are as follows:

a- Providing electronic commerce, Service Provider services on the internet, within the framework of the relevant legislation, publishing, making, operating websites on the internet and establishing infrastructure for these services,

b- To distribute and communicate all kinds of information and data through telecommunication with computers in On-Line systems, to establish communication systems,

c- All kinds of computer program and software services, obtaining, disseminating and distributing information electronically,

d- Ensuring the exchange, communication and distribution of information on electronic environment by cooperating with real persons, private or public institutions and organizations at home or abroad who produce information in any area,

e- Obtaining and distributing information on electronic environment, establishing and operating all kinds of telecommunication, electronic, mechanical and other technical systems required for the performance of

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electronic commerce, buying, selling, marketing, leasing and trading all kinds of tools, equipment and devices for this purpose,

f- Purchasing, selling, producing, distributing, importing and exporting Compact Disc, CD-Rom, Floppy or similar technical materials on which information and data can be recorded,

g- Organizing, selling, mediating and/or marketing travel, concert, entertainment and similar organizations, making an application to the relevant institutions and organizations to obtain the necessary documents and obtaining the necessary documents in order to provide these services,

h- Wholesale and retail purchase, sale, distribution, import and export of all kinds of foodstuffs,

i- Opening and operating outlets necessary for the purpose of wholesale and retail sale of all kinds of hot, cold, frozen, dried, and concentrated nutrients that have an important role in the nutrition of people and are the subject of the food industry,

j- Wholesale and retail purchase, distribution, import and export of all kinds of baby formula,

k- Wholesale and retail purchase, sell, import and export all kinds of beef, veal, sheep, lamb, goat meat,

l- Wholesale and retail purchase and sale of all kinds of poultry meat,

m- Wholesale and retail trade, import and export of all kinds of foods made from flour, sugar and milk, fresh fruits and vegetables, cereal products, cereals and pulses, cocoa, all kinds of foodstuffs in flour, concentrated, canned and pickled form, all kinds of oils,

n- Import, export, wholesale and retail trade of bologna, salami, sausage, bacon, fried meat, sauces, ketchups, tomato paste, mayonnaise sauce, salad dressings and salad bars,

o- Wholesale and retail trade, import and export of foodstuffs consisting of cultivated and natural mushrooms and canned pickles and frozen foodstuffs consisting of these products,

p- To purchase, sell, market, import and export all kinds of raw and original animal intestines and artificial intestines products from home and abroad,

q- To do wholesale and retail trade, marketing and trade, import and export of edible roots, tubers, flowers and crops of fresh vegetables and fruits, legumes, onion, garlic, sesame, soy, almond, pine nut products, olive, hazelnut, raisin, tea and cereals,

r- Buying, selling, distributing, importing and exporting olives,

s- Wholesale and retail purchase, sale, distribution, import and export of all kinds of olive oil, sunflower, corn oil, hazelnut oils,

t- To buy, sell, market, import and export all fresh and dry foods, fruits, marmalade, jam, sweetened and unsweetened foods, beverages and all foodstuffs,

u- Buying, selling, importing and exporting all kinds of spices, legumes, medicinal herbs, tea, dry coffee, coffee beans, instant coffee, milk powder, sugar, cream, coffee milk, Turkish coffee, dried nuts and spices, kernels, sunflower seeds, hazelnuts, peanuts and similar nuts varieties and snacks, coffee and other by-products, cocoa and similar substances.

B- Activities to be performed by the Company;

a- Buying, transporting, distributing, selling, intermediating in the sale of all kinds of products and materials subject to electronic commerce, transporting them to necessary places and performing dealership works,

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b- Receiving, distributing, transporting all kinds of information, data, works, products within the scope of its objective within the country and abroad, engaging in distribution works for this purpose,

c- Distribution in the country and abroad by all kinds of transportation means,

d- Tourism and travel agency activities,

e- Buying, selling, importing and exporting the necessary machinery, equipment and vehicles to be able to carry out activities related to its line of business, purchasing, leasing, leasing of commercial facilities in whole or in part for this purpose,

f- Acquisition of beneficial ownership rights, licenses and privileges, brand, model, picture and trade names, know-how and consultancy and engineering services of special production and manufacturing procedures and other similar intangible rights for activities related to the objective and line of business of the Company and disposing of in any manner,

g- Becoming a founding partner and subsequently joining in corporations established or to be related to its line of business and/or established with foreign capital, and transferring, purchasing, assigning, selling such establishments,

h- Cooperating with all kinds of real and legal persons that it deems necessary regarding its line of business, employing foreign experts,

i- Purchasing and selling all kinds of commercial goods related to its line of business,

j- To conclude long, medium and short term borrowings in domestic and foreign markets related to its line of business, to provide goods, surety, import and investment credits,

k- In order to achieve the purpose of the joint stock company, it may dispose of property, real estate, industrial property rights at home and abroad, establish promissory or disposal rights such as liens and mortgages thereon, acquire, establish, cancel and withdraw all kinds of rights, servitude, rent, pre-emption, habitation, land charges and any other rights whether in favour or against,

l- To be able to engage in all kinds of education and training activities related to its line of business, to cooperate with the relevant organizations, to participate in their activities,

m- To be able to benefit from all kinds of technology and rationalization measures in order to achieve its line of business and to cooperate on this issue.

#### **ARTICLE 4: HEAD OFFICE AND BRANCHES**

The Company's head office is in Şişli district of Istanbul province. Its address is Kuştepe Mahallesi Mecidiyeköy Yolu Caddesi No: 12 Trump Towers Kule 2 Kat:2 Şişli/Istanbul. In the event of an address change, such new address shall be registered with the trade registry and announced in the Turkish Trade Registry Gazette. It is a cause for dissolution for any company which fails to have its new address registered in due time although it has moved from its registered and announced address.

It can open branches, offices, district offices, agencies and representative offices at home and abroad with a Board of Directors resolution in accordance with the legislative provisions in force.

#### **ARTICLE 5: TERM**

The company has been founded for unlimited time starting from its registration and announcement date.

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## ARTICLE 6: CAPITAL

The Company has adopted the registered capital system as per the provisions of the Turkish Commercial Code numbered 6102. The ceiling of the registered capital is TRY 280,000,000.00 and is represented by 1,400,000,000 registered shares each having a nominal value of TRY 0.20 (20 Kuruş). The board of directors is authorized to increase the Company's issued capital by way of issuance of new shares up to the registered capital ceiling, in line with the Turkish Commercial Code. The term of authority is until May 5, 2026. If the permitted registered capital ceiling is not reached by such date, in order for the board of directors to pass a resolution for capital increase after May 5, 2026, the board of directors must obtain authorization from the general assembly for a new term for the previously permitted registered capital ceiling or a new amount registered capital ceiling. In case of failure to obtain such authorization, the Company shall be deemed to exit the registered capital system.

Until May 5, 2026, the Board of Directors is authorized to pass resolutions on matters regarding increase of the issued capital through issuance of new shares, restriction of shareholders' right to acquire new shares, issuance of shares with a value above the nominal value, provided that the registered capital ceiling is not exceeded. The authority to restrict acquisition of new shares may not be exercised in a manner to cause inequality among the shareholders. The board resolution regarding capital increase shall be announced as stipulated in the announcement article of the articles of association.

The issued share capital of the Company is TRY 56,865,658.00. The issued share capital of the Company is divided into 284,328,290 registered shares each with a nominal value of TRY 0.20- (20 Kuruş). The Company's such issued share capital has been fully paid in cash without collusion.

The shares are composed of 40,000,000 Class A shares with a nominal value of TL 8.000.000 and 244,328,290 Class B shares with a nominal value of TRY 48,865,658.

## ARTICLE 7: TRANSFER OF SHARES

Transfer of Class B shares is unrestricted, provided that the relevant articles of the Turkish Commercial Code and provisions of these articles of association are reserved. However, Class A shares may be transferred within the framework of the arrangements provided in article titled "Elimination of Share Classes Partially or Completely and Privileged Votes" of these articles of association.

### ARTICLE 7/A: PARTIAL OR FULL TERMINATION OF SHARE CLASSES AND PRIVILEGED VOTES

#### A. *Events Fully Eliminating Privileged Shares*

Except for the Permitted Transactions defined in section (D) of this article, in following events, the privileged voting afforded to Class A shares under these articles of association shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards. In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon:

- a. 180 days following the transaction that leads to the shares (including both privileged Class A shares and ordinary Class B shares) held by the shareholders who owns Class A shares falls below 7.5% of the total paid-in capital of the Company
  - b. In the event that the shareholder who owns Class A shares is a real person, 180 days after the date of legal documentation of this person's or people's (i) death or (ii) permanent mental incapacity due to health reasons;
  - c. 1 (one) calendar year after all duties and titles are terminated, in the event that the shareholder who owns Class A shares is a real person, this person or these people (a) resign from the Board of Directors of the Company, (b) do not become a candidate for the Company's board of directors and (c) in case the conditions of ceasing to hold any employment or consultancy position at the Company are fulfilled together and if this situation is not corrected within 1 (one) calendar year wholly and solely with their own will;
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### **B. General Time Limit Regarding the Privileged Shares**

Notwithstanding occurrence or non-occurrence of the events set forth under (a) to (c) above in section (A) of this article hereinabove, on the 20<sup>th</sup> anniversary of the date on which the Company's shares or other securities representing the Company's capital start to be traded in any stock exchange, the voting privilege afforded to all Class A shares existing as of such date, shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards. In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon.

### **C. Events Partially Eliminating Privileged Shares**

Except for the Permitted Transactions defined in section (D) of this article, in following events, the privileged voting afforded to Class A shares under these articles of association shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards. In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon:

- a. Except for the cases included in the scope of "Permitted Transactions" below, in the event that Class A shares are transferred to any third real or legal person, as of the date of this transfer, only in relation to the transferred shares; and
- b. Upon application of the shareholders who owns Class A shares to the Central Registry Agency of Turkey (*Merkezi Kayıt Kuruluşu Anonim Şirketi*) or a substitute institution to convert such shares to tradable form in the stock exchange for any reason including for sale thereof in the stock exchange or subjecting the same to collateral and only in relation to the transferred shares.

### **D. Permitted Transactions**

However, in case of occurrence of Permitted Transactions, even if they are within the scope of the transactions stated under the above headings (A), (B) and (C) of this article, Class A shares may be transferred without being converted to Class B shares. Below transactions are "Permitted Transactions":

- a. Legal or arbitrary transfer transactions to be made by the shareholder who owns Class A shares to his or her first or second degree relatives; and
- b. Transactions whereby Class A shares are transferred to a domestic or overseas legal entity whose management is controlled by the immediate blood relatives or second degree relatives of the shareholder who owns Class A shares.

## **ARTICLE 8: CAPITAL INCREASE AND DECREASE**

The Company's share capital may be increased or decreased when necessary, within the framework of the provisions of the Turkish Commercial Code.

Bonus shares issued in capital increases through bonus issues shall be distributed to the existing shareholders as of the date of the increase pro rata to their shares.

Unless otherwise determined, in capital increases to be made, Class A shares shall be issued in return for the Class A shares and Class B shares shall be issued in return for the Class B shares. In paid capital increase, in relation to Class A shares, if the owners of the said shares do not exercise their right to acquire new shares, only the relevant Class A shares shall automatically be converted to Class B shares.

## **ARTICLE 9: CAPITAL MARKETS INSTRUMENT ISSUANCES**

Provided that the provisions of the Turkish Commercial Code, Capital Markets Law and legislations regarding thereto are complied with, the Company may issue all kinds of bonds, bonds that are convertible to shares, convertible bonds, gold, silver and platinum bonds, financing bonds, participating shares, profit and loss sharing certificates and other capital markets instruments which are deemed as debt instruments by the Capital Markets Board by virtue of their nature and all other kinds of capital markets instruments, to be sold to real and legal

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persons in and out of Turkey, may take place in issuances of lease certificate as the funding entity and/or fund user.

The board of directors shall be authorized in relation to issuance by the Company of all kinds of debentures, debentures convertible to shares, convertible debentures, gold silver and platinum bonds, financing bonds, participating shares, profit and loss sharing certificates and other capital markets instruments which are deemed as debt instruments by the Capital Markets Board by virtue of their nature and all other kinds of capital markets instruments in accordance with the provisions of the relevant legislation. As per the Capital Markets Law, the board of directors shall be authorized in relation to determination of issuance and maximum amounts, types, maturities, the currency of the capital market instruments to be issued, the investors to whom these capital market instruments will be sold, the aforementioned collateral structure in case of secured issuance, interests and all other conditions relating to the issuance and authorization of the management regarding these matters.

#### **ARTICLE 10: BOARD OF DIRECTORS**

The Company shall be represented and managed by a Board of Directors composed of at least 6 (six) and at most 12 (twelve) members appointed by the General Assembly within the framework of the provisions of the Turkish Commercial Code and these articles of association. Board members whose term of office expire may be re-elected.

At least one third of the total number of members of the Company's Board of Directors is elected as an independent board member. In calculation of the number of independent members, fractions shall be taken into account as the following whole number. Regarding the conditions to be carried by the independent board members, maximum compliance will be ensured with the terms and provisions in the corporate governance principles of the Capital Markets Board.

If a legal entity is elected as a member of the board of directors, one real person determined by the legal entity shall be registered and announced on behalf of the legal entity together with such legal entity; in addition, the registration and announcement is immediately announced on the company's website. Only such registered person may attend and vote in the meetings on behalf of the legal entity.

In the event that a board membership becomes vacant for any reason or if the independent board member ceases to be independent, the board of directors shall temporarily appoint a person possessing the legal requirements and submit the same to the approval of the first general assembly in line with the provisions of the Turkish Commercial Code and capital markets legislation. Member so appointed shall serve until the general assembly meeting that such member is submitted for approval and if approved, complete the term of office of his predecessor.

The number of the members of the Board of Directors shall be determined in a manner to enable the board members to carry out efficient and constructive works, to take speedy and rational decisions and to effectively organize the composition of committees and their works.

Each year, the Board of Directors shall elect from among its members a chairman and a vice-chairman to act as the chairman's proxy when he is absent. The board of directors establishes committees or commissions which may include board members as well, to observe the course of business, to prepare reports regarding matters to be submitted to the Board, to carry out the Board's decisions or for purposes of internal audit. Composition, duties and working principles of committees that the Board of Directors is obliged to establish under the Turkish Commercial Code and the relevant legislation as well as such committees' relationships with the Board shall be governed by the provisions of the relevant legislation.

Board members are appointed for a maximum term of 3 (three) years. Term of each Board member shall terminate upon expiry of its term or upon its resignation, loss of legal capacity, death or receipt of the written notice dismissing such member from duty. Unless dismissed, board members who terms of office expires may be re-elected.

If one of the Board members is declared bankrupt or if a Board member's capacity is restricted or a member ceases to possess the legal requirements necessary for membership or qualifications envisaged in the articles of association, such person's membership shall automatically terminate without need for any further procedure.

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Even if they had been appointed in the articles of association, board members may always be dismissed prior to the expiry of their term of office upon a resolution of the general assembly in case of presence of a relevant item in the agenda or if there is no relevant item in the agenda, in case of presence of a just cause. A legal person who is a Board member may replace the person registered on its behalf, at any time. Members who are dismissed are not entitled to claim compensation.

#### **ARTICLE 11: TERM OF BOARD OF DIRECTORS**

*Cancelled.*

#### **ARTICLE 12: BOARD OF DIRECTORS MEETINGS AND RESOLUTION QUORUM**

Meetings of the Board of Directors shall be held at the place and time determined by the Board of Directors at the head office or the Company or any place inside or outside Turkey.

Provisions of the Turkish Commercial Code shall apply to meeting and decision quorums in meetings of the board of directors.

As per provisions of the Turkish Commercial Code, if one of the members does not request a discussion, the board of directors may pass a resolution, provided that written consents or signatures of the sufficient number of board members envisaged in the Turkish Commercial Code and these articles of association are obtained in relation to the proposal of a board member written in the form of a resolution. As a validity condition of the resolution, the same proposal must be made to all Board members. Approvals do not have to be on the same sheet; however all of the sheets bearing the approval signatures must be affixed in the resolution book of the Board of Directors in order for the resolution to be valid.

Persons who are entitled to attend the board meetings of the Company may also participate in such meetings in electronic environment in accordance with article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Communiqué on Assemblies to be Held in Electronic Environment in Commercial Companies Except for Company General Assemblies (the "Communiqué"), the Company may establish an electronic general assembly system that will allow the shareholders to attend the general assembly meetings, express their opinions, make suggestions and vote on electronic environment or purchase services from the systems established for this purpose. At all meetings to be held, it shall be ensured that the beneficiaries can exercise their rights specified in the provisions of the relevant legislation within the framework of the aforementioned Communiqué through the system established in accordance with this provision of the articles of association or the system from which support services shall be obtained.

Board meetings may not only be conducted entirely in electronic environment but may also be conducted through participation of some members in electronic environment to a meeting where some members are physically present. In such cases, provisions of the company's articles of association regarding meeting and decisions quorums shall apply.

Composition, duties and working principles of committees that the Board of Directors is obliged to establish under the Turkish Commercial Code and the relevant legislation as well as such committees' relationships with the Board shall be governed by the provisions of the relevant legislation.

#### **ARTICLE 13: BOARD OF DIRECTORS RESOLUTIONS REQUIRING QUALIFIED QUORUM**

*Cancelled.*

#### **ARTICLE 14: DIVISION OF DUTIES AMONG BOARD OF DIRECTORS, REPRESENTATION and TRANSFER OF MANAGEMENT**

The board of directors is authorized to pass resolutions in relation to all kinds of affairs and transactions that are assigned to it and necessary for the realization of the subject matter of the company's business, except for those that are reserved to the general assembly by the law and the articles of association.

The Board of Directors shall be authorized to delegate the management partially or completely to one or more members of the Board of Directors or to a third party with an internal directive to be prepared in accordance with Article 367 of the Turkish Commercial Code. Terms of authority of third persons to whom management power is

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delegated in such manner are not limited to the terms of office of the board members. In order for the delegation of power under this article to be valid, at least one board member should have the representation power. With this internal directive that the Board of Directors shall prepare, it shall regulate the management of the company; define the duties required for this, determine the powers and responsibilities of the persons to whom such powers are delegated, indicate their location and determine who shall report to whom and who is obliged to provide information, and may change and amend or revoke all or part of such powers when necessary. By explicitly determining the duties and powers of such persons to be appointed in this way in the internal directive to be prepared in accordance with Article 367, members of the board of directors who are not authorized to represent or those affiliated with the company with a service contract may be appointed as the commercial representatives or other assistant merchants of the Board of Directors with limited authority. Provisions of Article 375 of the Turkish Commercial Code are reserved.

Pursuant to article 370 of the Turkish Commercial Code, the Board of Directors may transfer its representation power to one or more managing directors (*murahhas üye*) or to third persons as managers. However, in such case, it is a condition that at least one member of the Board of Directors has representation power.

The Board of Directors shall determine the persons who are authorized to represent and bind the Company and the method of binding and have them duly registered and announced. In order for any document and contract to be concluded by the Company to take effect, they should bear the signatures of the person or persons authorized to bind and represent the Company as per article 373 of the Turkish Commercial Code, affixed under the Company's title. The Board of Directors is authorized to determine the persons who are granted signature authorities in favour of the Company and limits of their signature authorities. Only the registered and announced authorized signatories shall represent and bind the Company. Unless a notarized copy of the resolution showing the persons authorized to represent and their methods of representation is registered and announced at the trade registry, delegation of representation power shall not be valid.

Transactions carried out by the Company in accordance with Article 1526 of the Turkish Commercial Code can also be made with the secure electronic signature of persons authorized to represent.

#### **ARTICLE 15: REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS**

Remuneration and attendance fees of the members of the Board of Directors shall be determined by the General Assembly. Pursuant to Article 394 of the Turkish Commercial Code, the members of the board of directors may be paid attendance fee, salary, bonus or premium in a way that can be paid in cash and / or shares and a share from the annual profit, provided that it is determined by the resolution of the general assembly.

#### **ARTICLE 16: AUDITOR**

If required by the Turkish Commercial Code and other relevant legislation, an auditor who has the qualifications in Article 400 of the Turkish Commercial Code shall be elected by the general assembly. The auditor shall be responsible for performing his duties in accordance with Articles 397 and 406 of the Turkish Commercial Code and other legislation.

#### **ARTICLE 17: DUTIES OF AUDITORS**

*Cancelled.*

#### **ARTICLE 18: GENERAL ASSEMBLY**

In the General Assembly meetings of the Company, the necessary resolutions shall be adopted by discussing the particulars written in article 413 of the Turkish Commercial Code and these articles of association.

General Assemblies shall convene on ordinarily and extraordinary basis. Notifications regarding General Assembly meetings shall be made within the framework of provisions of the Turkish Commercial Code. Announcement of the General Assembly meeting shall be made through all kinds of means of communication besides the procedures envisaged in the legislation including electronic communication, at least three weeks before the date of the general assembly meeting date excluding the announcement and meeting dates. Such announcement shall be made in the Company's website and the Turkish Trade Registry Gazette.

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Ordinary General Assembly shall convene within three months from the end of the fiscal period of the Company and at least once a year; Extraordinary General Assemblies shall convene where and when the business of the Company so requires.

The manner of conduct of the meetings of General Assembly shall be regulated by an internal directive by the Company's Board of Directors. Provisions of the Turkish Commercial Code, these articles of association and the Company's Internal Directive regarding the Working Principles and Procedures of General Assembly shall apply to the General Assembly meetings.

The beneficiaries who are entitled to attend the general assembly meetings of the Company may also participate in such meetings in electronic environment in accordance with article 1527 of the Turkish Commercial Code. In accordance with the provisions of the Regulation on General Assemblies to be Held in Electronic Environment in Joint Stock Companies, the Company may establish an electronic general assembly system that will allow the beneficiaries to attend the general assembly meetings, express their opinions, make suggestions and vote on electronic environment or purchase services from the systems established for this purpose. At all general assembly meetings to be held, in accordance with this provision of the articles of association, it shall be ensured that the beneficiaries and their representatives can exercise their rights specified in the provisions of the aforementioned Regulation through the established system.

#### **ARTICLE 19: MEETING LOCATION**

Ordinary or Extraordinary General Assemblies may be held at the head office of the Company or at a suitable place in the province where its head office is located.

The General Assembly meetings shall be chaired by a chairperson who is elected by the General Assembly and who is not required to be a shareholder. The chairperson shall appoint a secretary and, if deemed necessary, a vote collector and form the meeting council. A deputy chairperson can also be elected when necessary.

The Meeting Council may be authorized to sign the minutes of the meeting.

#### **ARTICLE 20: MINISTRY'S REPRESENTATIVE**

In accordance with the Turkish Commercial Code and other relevant legislation, the presence of a Ministry Representative is mandatory in the general assembly meetings where a representative of the Ministry of Customs and Trade is required. Resolutions adopted in the absence of a Ministry Representative in the general assembly meetings where the presence of a Ministry Representative is required shall not be effective.

#### **ARTICLE 21: MEETING QUORUM**

In the Company's general assembly meetings, the agenda determined in accordance with the Turkish Commercial Code shall be discussed and necessary resolutions shall be passed. Items not on the agenda may not be discussed and resolved, provided that article 438 of the Turkish Commercial Code is reserved.

Provisions of the Turkish Commercial Code shall be complied with in respect of meeting and decision quorums of general assembly meetings.

#### **ARTICLE 22: GENERAL ASSEMBLY RESOLUTIONS REQUIRING QUALIFIED QUORUM**

*Cancelled.*

#### **ARTICLE 23: VOTING RIGHT AND APPOINTMENT OF PROXY**

In Ordinary and Extraordinary General Assembly meetings, each Class A share grants 15 (fifteen) votes to the shareholders who owns these shares and each of Class B share grants one vote to the shareholders, provided that provisions of the Turkish Commercial Code are reserved.

In the General Assembly meetings, votes are cast openly. However, a ballot can be held upon request of the shareholders who owns at least 1/20 of the capital represented in the meeting.

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#### **ARTICLE 24: NOTICES**

Matters legally required to be announced by the Company shall be announced in line with the relevant provisions of the Turkish Commercial Code and provisions of the regulations, communiqués and other relevant legislations issued within the framework of these laws and in compliance with the periods stated therein. Matters whose place of announcement is not stated in the legislations shall be announced in the Company's website.

#### **ARTICLE 25: CASTING VOTES**

Votes shall be cast by raising hands. However, a ballot can be held upon request of the shareholders holding one tenth of the capital represented by the shareholders present.

#### **ARTICLE 26: AMENDMENT IN ARTICLES OF ASSOCIATION**

Amendments to the articles of association shall be decided in the general assembly to be called in line with the provisions of the Turkish Commercial Code and the Articles of Association, within the framework of provisions of the Turkish Commercial Code and the articles of association. The amendments to the articles of association must be registered and announced.

Amendments to the articles of association shall bind third parties after registration thereof.

In case the amendment of the articles of association is subject to the permission of the Ministry of Trade or another public institution or organization, the draft amendments to the articles of association, which are not approved by the mentioned public institutions or organizations, cannot be included in the agenda of the general assembly and cannot be discussed.

Pursuant to the provisions of Article 454 of the Turkish Commercial Code, if the decision of the general assembly on amendment of the articles of association is of a nature that violates the rights of privileged shareholders of Class A shares, this decision shall be made in a special meeting to be held by Class A shareholders, unless approved by a decision they will take within the framework of the provisions of the relevant legislation, it is not applicable.

#### **ARTICLE 27: ANNUAL REPORTS**

*Cancelled.*

#### **ARTICLE 28: ANNUAL ACCOUNTS**

The fiscal year of the Company shall start on the first day of January and end on the last day of December. The first fiscal year shall start on the final foundation day of the Company and end on the last day of December.

The Company can adopt another fiscal year with the permission of the Ministry of Finance.

#### **ARTICLE 29: DETERMINATION AND DISTRIBUTION OF PROFIT**

Article 519 of the Turkish Commercial Code shall apply to the legal reserves to be set aside by the Company. The amount remaining after deduction of the amounts required to be paid and set aside by the company such as the Company's general expenses and various amortisation amounts and taxes required to be paid by the Company, from the revenues determined at the end of the fiscal period of the Company and the amount remaining after deduction of previous years' losses if any, from the net profit for the period as seen in the annual balance sheet shall be distributed in line with the following order and principles:

##### **General Legal Reserve**

- a) In accordance with article 519 of the Turkish Commercial Code, 5% (five percent) of the annual net profit calculated as such shall be appropriated to the general legal reserve fund every year until it reaches 20% (twenty percent) of the paid-up capital.
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### **First Dividend**

- b) From the remaining amount, the first dividend shall be set aside within the framework of the Company's dividend distribution policy, in line with the Turkish Commercial Code, based on the amount to be calculated by addition of the donation made within the year, if any.

After the above deductions, the General Assembly is entitled to decide for distribution of the dividend to board members, partnership employees and persons other than shareholders.

### **Second Dividend**

- c) The General Assembly may decide wholly or partly to distribute as the second dividend or set aside as reserve fund, the portion of the net period dividend remaining after deduction of the amounts mentioned in paragraphs (a) and (b), as the reserve fund in its discretion as per article 521 of the Turkish Commercial Code.

### **General Legal Reserve**

- d) Ten percent of the amount remaining after deduction of a dividend of 5% of the capital from the amount determined to be distributed to shareholders and other persons participating in dividend shall be added to the general legal reserve in line with the second paragraph of article 519 of the Turkish Commercial Code.

Unless the reserves required to be set aside as per the Turkish Commercial Code and the dividends determined for shareholders in the articles of association or the dividend distribution policy are set aside; no other reserves may be decided to be set aside, no dividend may be decided to be transferred to the following year, no share of the dividend may be decided to be distributed to board members, partnership employees and persons other than shareholders, and unless the dividends determined for shareholders are paid in cash, no share of dividend may be distributed to such persons.

Dividends shall be distributed to equally to all shares existing as at the date of distribution, without regard to dates of their issuance and acquisition.

Determination of the amount to be distributed from such dividend and how it shall be distributed shall be decided by the general assembly by taking into account the Company's financial situation, ventures and investments. The manner and time of distribution of the dividend decided to be distributed shall be determined by the general assembly upon proposal of the board of directors on this matter.

A dividend distribution decision given by the general assembly in line with the provisions of these articles of association may not be revoked.

### **ARTICLE 30: DISTRIBUTION TIME OF PROFITS**

*Cancelled.*

### **ARTICLE 31: DISTRIBUTION OF ADVANCE DIVIDENDS**

The Company may distribute advance dividends in line with the provisions of the Turkish Commercial Code. The General Assembly may grant advance dividends distribution power to the Board of Directors provided that such power is limited to the relevant fiscal period.

### **ARTICLE 32: GENERAL MANAGER**

*Cancelled.*

### **ARTICLE 33: NON-COMPETITION**

*Cancelled.*

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#### ARTICLE 34: DISSOLUTION AND WINDING UP

The Company can be wound up for reasons listed in the Turkish Commercial Code or with a court decision and also dissolved with a General Assembly resolution in accordance with legal provisions.

In the event of a dissolution and winding up of the Company, it shall be liquidated in accordance with the provisions of the Turkish Commercial Code.

#### ARTICLE 35: THE ARTICLES OF ASSOCIATION TO BE DELIVERED TO THE MINISTRY

*Cancelled.*

#### ARTICLE 36: LEGAL PROVISIONS

The provisions of the Turkish Commercial Code shall apply to any matter which is not included in these Articles of Association.

#### ARTICLE 37: STAMP DUTY

The stamp duty for these Articles of Association shall be paid to Halkalı Tax Office when legally due.

#### ARTICLE 38: COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Although it is not mandatory for the company to comply, utmost care is taken to comply with the corporate governance principles required by the Capital Markets Board of the companies traded in Borsa Istanbul A.Ş. The regulations of the Capital Markets Board regarding independent members of the board of directors are complied with and the number and qualifications of the independent members who will take part in the board of directors are determined according to the regulations of the Capital Markets Board on corporate governance, provided that the provisions of Article 10 and Provisional Article 1 of the articles of association are reserved.

#### PROVISIONAL ARTICLES

##### PROVISIONAL ARTICLE 1

*Cancelled.*

##### PROVISIONAL ARTICLE 2

*Cancelled.*

##### PROVISIONAL ARTICLE 3

Compliance will be ensured at the ordinary general assembly meeting for the accounting period of 2021 at the latest with regard to the fact that at least one third of the number of members of the board of directors should be made up of independent members, included in the 10th article of this articles of association.

##### PROVISIONAL ARTICLE 4

During the change of the privilege structure allocated to the shares representing the company capital, which is realized in the transition to the registered capital system through the amendment of the articles of association. The distribution of shares representing the Company's capital is as follows:

<u>Shareholder</u>	<u>Class</u>	<u>Number of Shares</u>	<u>Turkish Lira</u>
Hanzade Vasfiye Doğan Boyner	A	40,000,000	8,000,000
	B	29,864,015	5,972,803
Vuslat Doğan Sabancı	B	48,539,180	9,707,836
Yaşar Begümhan Doğan Faralyalı	B	48,539,170	9,707,834
Arzuhan Doğan Yalçındağ	B	44,271,070	8,854,214
Işıl Doğan	B	2,032,785	406,557
TürkCommerce B.V.	B	71,082,070	14,216,414
<b>Total</b>		<b>284,328,290</b>	<b>56,865,658</b>

June [•], 2021

**D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi**

Kuştepe Mahallesi Mecidiyeköy Yolu

Cadde no: 12 Kule 2 K2

Şişli 34387 İstanbul, Turkey

Ladies and Gentlemen,

GKC PARTNERS  
Ferko Signature  
Büyükdere Caddesi  
No: 175, Kat: 10  
34394, Levent, İstanbul  
Türkiye  
T +90 212 355 1300

[gkcpartners.com](http://gkcpartners.com)

We have acted as Turkish counsel to D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi, joint stock company organized under the laws of Turkey (the “**Company**”), in connection with the Company’s registration statement on Form F-1 (the “**Registration Statement**”) filed by the Company on June [•], 2021 with the Securities and Exchange Commission (the “**Commission**”) pursuant to the Securities Act of 1933, as amended (the “**Securities Act**”), relating to:

- (a) the offering by the Company of American Depository Shares (“**ADSs**”) representing [•] class B ordinary shares of the Company with a par value of TL 0.20 per share (the “**Primary Shares**”), and
- (b) the offering by certain the selling shareholders (as defined in the Registration Statement) of ADSs representing [•] class B ordinary shares of the Company with a par value of TL 0.20 per share (the “**Secondary Shares**”, together with Primary Securities, the “**Securities**”).

This opinion letter is delivered to you pursuant to the Company’s request. This legal opinion on certain matters of Turkish law (the “**Opinion**”) is furnished to you in order for it to be filed as an exhibit to the Registration Statement on Form F-1 under the Securities.

**Documents Reviewed**

In arriving at the opinion expressed below, we have not reviewed any documents other than the following:

1. A copy of the Certificate of Activity of the Company dated June [•], 2021 issued by the Istanbul Chamber of Commerce.
  2. A copy of the articles of association (*esas sözleşme*) of the Company, the convenience English translation of which is included as Exhibit 3.1 to the Registration Statement.
  3. A copy of the share ledger (*pay defteri*) of the Company as at the date June [•], 2021.
  4. The Board of Directors resolution of the Company dated June [•], 2021 and numbered [•] relating to the issuance of Primary Shares.
  5. Certified public accountants report dated June [•], 2021 evidencing the full payment of the shares representing the paid-in capital of the Company as of the date of such report.
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The documents mentioned in items (1) to (5) above are referred to as the “**Corporate Documents**” and individually a “**Corporate Document.**”

We have relied, to the extent we deem such reliance proper, upon such certificates or comparable documents of officers and representatives of the Company and of public officials and upon statements and information furnished by officers and representatives of the Company with respect to the accuracy of material factual matters contained therein which were not independently established by us. In rendering the opinions expressed below, we have assumed, without independent investigation or verification of any kind, the genuineness of all signatures on documents we have reviewed, the legal capacity and competency of all natural persons signing all such documents, the authenticity and completeness of all documents submitted to us as originals, the conformity to authentic, complete original documents of all documents submitted to us as copies, the truthfulness, completeness and correctness of all factual representations and statements contained in all documents we have reviewed, the accuracy and completeness of all public records examined by us, and the accuracy of all statements in certificates of officers of the Company that we reviewed.

### **Assumptions**

In rendering the opinion expressed below, we assumed that:

1. all signatures, stamps and seals on all documents supplied to us as originals or as copies of originals are genuine and that all documents submitted to us are true, authentic and complete;
2. all documents retrieved by us or supplied to us electronically (whether in portable document format (PDF) or as scanned copies), as photocopies, facsimile copies or e-mail conformed copies are in conformity with the originals. that the individuals who executed any of the documents have had the necessary legal capacity at the time of execution;
3. any meeting of the board of directors or shareholders of the Company have been duly convened and conducted with proper quorum and that the resolutions passed at such meetings have been passed by a sufficient majority or sufficient quorum and that no such resolutions have been revoked or varied and that they remain in full and effect;
4. all documents, authorizations, powers of attorney and authorities produced to us remain in full force and effect and have not been amended or affected by any subsequent action not disclosed to us; and
5. there has been no mutual or relevant unilateral mistake of fact and that there exists no fraud or duress.

### **Opinions**

Subject to the qualification and considerations set out below, our opinion on Turkish law is set out below:

1. The Company is a joint stock company (*anonim şirket*) registered and validly existing under the laws of Turkey.
2. The Secondary Shares have been validly issued by the Company and are fully paid and non-assessable.
3. As per the authority granted under the articles of association, on June [•], 2021, the board of directors of the Company resolved to issue new shares, and each Primary Shares will be authorized, and will, upon subscription and payment of the subscription price to the Company and registration with the Istanbul Trade Registry, be validly issued and fully paid and will be non-assessable.

### **Qualifications**

Our opinions are subject to the following qualifications in addition to any qualifications set forth elsewhere in this opinion letter:

1. This opinion is limited to Turkish law in force and as applied by the Turkish courts on the date hereof and we express no opinion with regard to the laws of any other jurisdiction.
2. Pursuant to the Turkish Commercial Code (6102 sayılı Türk Ticaret Kanunu), a resolution of the board of directors relating to a capital increase (e.g. item 4 under “Documents Reviewed”) may be challenged by the members of the board of directors and the shareholders (at the time of the capital increase) may challenge such board resolution within one month from the official announcement of such resolution at the trade registry gazette (Ticaret Sicili Gazetesi).
3. The opinions herein are strictly limited to the matters stated herein and are not to be read as extending by implication to any other matters.
4. The opinions expressed above are as of the date hereof only, and we express no opinion as to, and assume no responsibility for, the effect of any fact or circumstance occurring, or of which we learn, subsequent to the date of this opinion letter, including, without limitation, legislative and other changes in the law or changes in circumstances affecting any party.
5. We express no opinion as to the exact interpretation of any particular wording in the Corporate Documents by any court.

This opinion letter is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Securities Act. We assume no responsibility to update this opinion letter for, or to advise you of, any such facts or circumstances of which we become aware, regardless of whether or not they affect the opinions expressed in this opinion letter.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the caption “Legal Matters” and to the discussion of the opinion in the prospectus included in the Registration Statement.

In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Yours truly,

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

[REPUBLIC OF TURKEY Beşiktaş SEVENTH NOTARY OFFICE’s stamp // Journal No.: 06684]

**LEASE AGREEMENT**

**PROVINCE** : Kocaeli

**DISTRICT** : Gebze

**NEIGHBORHOOD** : Güzeller

**SHEET** : G22B19B1C-2D

**PLOT** : 5686

**PARCEL** : 1-2-3-8

**LEASED PROPERTY** : Logistic storage and packaging facility to be constructed on the land on the above-mentioned address, sheet, plot and parcel

**TITLE OF THE LESSOR** : MEGEYE LOJİSTİK ANONİM ŞİRKETİ

**RESIDENTIAL ADDRESS OF THE LESSOR** : Emniyet Mah., Kanuni Sultan Süleyman Sok., Mabeyin Konakları Villa F Altunizade - ÜSKÜDAR

**TRADE REGISTRY NUMBER OF THE LESSOR** : 610110

**TAX REGISTRY NUMBER OF THE LESSOR** : ÜSKÜDAR V.D. 613 063 3196

**TITLE OF THE LESSEE** : D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.

**RESIDENTIAL ADDRESS OF THE LESSEE** : Kuştepe Mah., Mecidiyeköy Yolu Cad., No: 12 Kule 2 Kat:2 Şişli/İstanbul

**TRADE REGISTRY NUMBER OF THE LESSEE** : 436165

**TAX REGISTRY NUMBER OF THE LESSEE** : 2650179910

**One Month Rental Equivalent** : It was specified under special conditions.

**HOW THE RENTAL FEE WILL BE PAID** : It was specified under special conditions.

**RENTAL PERIOD** : 10 (ten) years

**BEGINNING OF LEASE** : The construction and delivery date of the 41,300 m<sup>2</sup> storage area and 4,000 m<sup>2</sup> mezzanine floor of the two-storey building subject to the agreement in accordance with the agreement conditions and technical

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definitions.

**CURRENT STATUS OF THE LEASED PROPERTY** : It was specified under special conditions.

**USAGE OF THE LEASED PROPERTY** : Production Logistics storage, Transfer and Distribution Center, Packaging, Technical Service

### **SPECIAL TERMS OF LEASE AGREEMENT**

This Lease Agreement (hereinafter referred to as "Agreement" and/or "Lease Agreement" (hereinafter referred to as "Lessor") and (hereinafter referred to as "Lessee") is concluded under the following terms and conditions.

#### **1. LEASED PROPERTY**

The leased property is the gross external area of the building and building of approximately 45,300 m2, which is the gross storage area of approximately 41,300 m2 and mezzanine is approximately 4,000 m2, on the parcel to be constructed as a two-storey on the parcel to be formed after the devolution of the parcels of 32,468.31 m2, 9,084.95 – 8,358.66 – 7,540.74, - 7,483.96 m2, which are shown in the sketch and title deed copies attached to the "Leased Property" and registered in the map section G22B19B1C-2D, 5686 block, respectively, in the title deed at Kocaeli, Gebze, Güzeller neighborhood.

The immovables subject to this lease agreement, which are registered in Gebze title deed with plot number G22B19B1C-2D. 5686, parcel number 1-2-3-8, respectively, are currently registered in the name of MGY Otomotiv Sanayi A.Ş., the group company of Megeye Lojistik Anonim Şirketi, the Lessor. After the signing of this agreement, the Lessor, Megeye Lojistik Anonim Şirketi shall take over the said immovable properties upon completion of the assignment process.

#### **2. LEASE PERIOD**

The term of this agreement is 10 (ten) years from the date of final delivery of the leased property in accordance with Article 5 of this agreement. If the Lessee wishes to extend this agreement, he/she must give written information to the Lessor at least 12 (twelve) months before the end of the rental period. In this case, this Agreement shall be extended for another 10 years under the same conditions.

If the Lessee wants to terminate at the end of the 9th year, he/she must give written information to the Lessor at least by the end of the 8th year.

#### **Minimum lease term:**

The lessee guarantees and undertakes to operate as the lessee for a minimum of 9 (nine) years from the final delivery date of the buildings. If the Lease Agreement is terminated by the Lessee without a justified reason before the specified period of 9 (nine) years; the Lessee is responsible for all rental fees until the end of the 9th year since the leased property Building and its additions to be built on the land will be constructed in accordance with the demands and needs of the Lessee. However, if the Lessee terminates this agreement before the end of the 9th year without a justified reason and the Leased Property is leased partially or completely to new Lessees or Lessees, the total rental amount to be obtained from new Lessees or Lessees shall be deducted from the Lessee's payment obligation regulated under this article. The Parties agree that the Lessee shall be deemed authorized for the purpose of finding new Lessee (s) to be accepted by the Lessor within the scope of this article and

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the Lessor shall not refrain from accepting the new Lessee(s) without a reasonable justification.

**3. LEASE PRICE AND PAYMENT METHOD**

**3.1.** Monthly rental price of the Leased Property is USD 5.15/m2/Month+VAT for approximately 41,300 m2 gross storage area and USD 3.00/m2/Month+VAT for approximately 4,000 m2 gross mezzanine. The rental fee is paid in USD (US Dollars).

**3.2.** Following the delivery of the Leased Property (partial and final delivery specified in Article 5) the rental fees are paid by depositing them into the lessor’s bank account in USD (US Dollars) as explained in Article 3.1 above. The Lessee agrees and undertakes to make the payment to these bank account numbers during all rental periods and renewed rental periods. If there is a change in the bank account numbers of the Lessor, the Lessor shall notify the Lessee in writing in due time. During the term of the Rental Agreement, the bank account numbers notified by the Lessor have been closed, changed and, if the Lessor has not notified the Lessee of the new bank account number, the Lessee shall be deemed to have fulfilled the obligation to pay the rent by depositing the rental amount to the bank account numbers of the Lessor in this agreement and on behalf of the Lessor on time.

**3.3.** Rent calculation will be made over the m2 to be found with the measurement to be made from the outer faces of the indoor columns of the building excluding porch overflowing with or without columns, water tank - pump room-transformer - MV and LV room-generator- security building, insurance drinking places, vehicle washing station, canteen etc. in case it has been built as separate buildings outside the main building. The m2 measurement to be subjected to the rental calculation shall be completed by completing the construction of all the lessors and shall be determined by the final measurement to be made after the delivery in accordance with the article and if different from the m2 measurements specified in this agreement, it shall be finalized by the Parties with a written protocol that shall constitute an annex to the agreement. After the m2 measurements finalized in this protocol, 10-year rent money will be written as in the table with the sample below. In the following example table, approximate m2 measurements were calculated as [\*\*\*] for gross 41,300 m2 storage area and [\*\*\*] for gross 4,000 m2 mezzanine. In the said protocol, instead of the 41,300 m2 and 4,000 m2 measurements written in the table below, the final m2 measurements will be written and monthly rental money will be available.

**EXAMPLARY TABLE:**

Monthly rental price of the Leased Property for the first year is [\*\*\*]. This monthly rental fee is valid for the first rental year and the rental fees, excluding VAT, to be paid during the 10-year rental period are as follows:

Years	Storage Area (m2)	Storage Area m2 price	Mezzanine Floor Area (m2)	Storage Area m2 price	Monthly Rental Fee
1st Year	41,300	5.15	4,000	3.00	224,695.00
2nd Year	41,300	5.28	4,000	3.08	230,312.38
3rd Year	41,300	5.41	4,000	3.15	236,070.18
4th Year	41,300	5.55	4,000	3.23	241,971.94
5th Year	41,300	5.68	4,000	3.31	248,021.24
6th Year	41,300	5.83	4,000	3.39	254,221.77
7th Year	41,300	5.97	4,000	3.48	260,577.31
8th Year	41,300	6.12	4,000	3.57	267,091.75
9th Year	41,300	6.27	4,000	3.66	273,769.04
10th Year	41,300	6.43	4,000	3.75	280,613.27

The Lessee shall pay the rental price and VAT amount determined in USD for each month in USD.

From the date of Final Delivery, the rent shall be paid in advance each month to the Lessor's bank account within the first five (5) business days of the relevant month.

**3.4.** Increase in rent money in the second 10-year lease period: The monthly rent money in the 11th year shall be paid by increasing the rent money to be paid in the last month of the 10th year by 5%. From the 11th year until the end of the 20th year, the annual rent money shall be paid by increasing by 2.5% each year.

The rental fee shall be paid monthly in advance to the bank account of the lessor within the first 5 (five) business days of the relevant month.

#### **4. USAGE EXPENSES**

The Lessee is aware that he/she has to pay the expenses specified in the following articles other than the rental price when concluding this agreement.

**4.1.** It is necessary for the Lessee to conclude telephone, electricity, water and similar subscription agreements to be used in the Leased Property on his own behalf and to pay the expenses himself. For this purpose, the Lessee is obliged to make subscription and membership agreements with the relevant public and private law organizations on his/her behalf and to pay the goods and services subject to these agreements ("Usage Expenses") in person.

**4.2.** The Lessor shall not provide cleaning, security, lighting, (except for those within the scope of maintenance and repair of the Lessor in this Agreement; fulfilment of its obligations) technical maintenance etc. services in the Leased Property, and all of these and similar services shall be performed by the Lessee at its own expense. The management fees of the organized industrial zone belong to the Lessee.

**4.3.** The Lessee is also obliged to pay other relevant duties and taxes arising from the use of the leased property in the future and similar taxes, duties and other expenses other than the real estate tax under the responsibility of the Lessor and the environmental cleaning tax included therein in a timely manner and to deliver the relevant payment documents to the Lessor upon request.

**4.4.** Transformer Operating Responsibility Fee shall always belong to the Lessee and payments related to the transformer fixtures shall always belong to the Lessor.

Operating and Management Expenses of Medium Voltage (MV) and Low Voltage (LV) room, generators, fire detection-extinguishing-smoke evacuation systems, electrical (lighting, etc.) and mechanical (door-loading equipment, arm barriers, etc.) other systems shall be paid directly by the Lessee and the renewal cost arising from the fixture qualification and their economic life shall be borne by the Lessor.

The maintenance of the buildings and fixtures shall be carried out by the lessee in accordance with the attached technical specification (Annex:5).

At the end of the lease period, the Lessee will deliver the mandatory and fixtures to the Lessor in the same condition at the beginning of the lease, except for wear and tear due to normal use. The document indicating the status of the leased property and fixtures at the beginning of the lease is attached to this Agreement.

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## **5 DELIVERY OF THE LEASED PROPERTY TO THE LESSEE**

**5.1** The leased two-storey building shall be delivered by the Lessor to the Lessee as follows by May 04, 2015 at the latest in a manner that can be used with all kinds of functions as specified in the technical specification. The following conditions are the conditions that must take place on the final delivery date.

**5.1.1** All in-building, out-of-building and outdoor field productions of the leased property have been completed,

**5.1.2** There is no team left working in the construction of the Lessor in the leased property, all materials and equipment belonging to the manufacturing process have been moved from the relevant areas, and the interior and exterior areas have been cleaned ready for use.

**5.1.3** Testing and commissioning procedures of all systems belonging to the leased property are completed and fully operational,

**5.1.4** All technical conditions attached to this agreement have been fulfilled, installation of all systems included in the technical specifications and projects has been completed

**5.1.5** The licenses required to be obtained by the Lessor of the leased property were obtained no later than 1 month after the final delivery and the physical conditions required for the continuation of these licenses were fulfilled,

**5.1.6** The Lessor shall submit (i) all architectural, static, electrical, mechanical "as-built" projects of the Leased Property, (ii) test and commissioning reports, technical and warranty documents of all systems and equipment of the Building, (iii) grounding, lighting level and main and secondary electrical panels thermal camera measurements within 45 (forty-five) days from delivery.

**5.1.7** If there is a dispute between the parties as to whether the delivery conditions have been fulfilled, either party shall apply to the Istanbul Chamber of Commerce and request the appointment of an expert and the report prepared by this expert shall be binding on the parties. Without prejudice to Article 5.1.9 below, if it is determined that the Leased Property is ready for delivery, the expenses of the Expert shall be paid by the Lessee, otherwise by the Lessor.

**5.1.8** If there are any secondary deficiencies and minor defects on the Delivery Date and these are identified by a minute bearing the joint signature of the Parties, the Lessor shall complete them within a maximum period of 3 months from the Delivery Date (the "Compensation Period"). If the deficiencies specified in the minutes are not completed within this three-month period, the Lessee shall be entitled to deduct these expenses from the rental prices by doing the necessary.

**5.1.9** The Lessor is responsible for cleaning all debris and construction residues inside the building and in the garden before the delivery date and having the interior of the building cleaned.

**5.1.10** In case of partial acceptance of the premise, the minimum conditions required for the lessee to start the operation in the part of the facility must be completed as follows.

- There must be no water leakage or flow to the relevant enclosed areas.
  - The floor of the relevant enclosed area must be suitable for the operation of the stacking machines.
  - All kinds of fire safety has to be taken and completed.
  - All kinds of electrical and lighting equipment have to be operational.
  - Loading / unloading ramps and level adjusters must be in proper working order.
  - Front sides of ramps must be open in accordance with vehicle manoeuvres and must not be used for any other purpose.
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- Another traffic flow and activity must not be present in the area which is used.
- Access to the main street from the relevant part of the facility has to be open.
- The ongoing construction and activities in other parts of the plant should not pose a risk to their operations and should not cause any disruption at any time of the day.

**5.2** The Lessor accepts and undertakes that he/she is responsible for all debts and obligations arising or to be arising from the immovable where the leased property is located until the delivery of the leased property to the Lessee in accordance with this article and therefore Lessor may immediately compensate the Lessee for all damages that may be incurred by the Lessee from all third parties, regardless of the name, without the need for any Court decision, otherwise, without prejudice to the rights of the Lessee regarding the excess, Lessee may offset the said damages starting from the first rental price.

**5.3** The Lessor agrees and undertakes that it shall be liable for any evacuation, indemnification and other enforceable claims to be directed to the Lessee by the Lessor or the right holders of the rights directly by the creditors thereof or the Lessor due to the enforcement of the rights registered to the title deed established on the leased property due to the restrictions on it and in cases where the Lessor fails to establish this by violation of the agreement, the Lessor shall be liable for all debts and obligations arising or to arise from due to the enforcement of the rights established on the leased property and therefore the Lessor shall be liable for all damages to be incurred by the Lessee in relation to any enforceable execution, evacuation and damages without the need for any court decision, and that the Lessee may set off such damages to the Lessor starting from the first rental price, without prejudice to the rights of the excess, and that the Lessee may pursue them legally at the expense of the Lessor (including legal representation and jurisdiction expenses etc.) and in such case the Lessee shall be entitled to terminate the agreement immediately without prejudice to right of compensation and without the need for any payment regarding the remaining indemnity.

## **6. USE OF LEASED PROPERTY:**

**6.1** The leased property has been constructed by the Lessor to be used for the related services of the Lessee for the purpose of leasing and has also been leased by the Lessee. The Lessee may, if desired, at any time, make any modifications, changes, improvements and additions that he/she deems necessary and useful for its own use in the leased property, which are not contrary to the Technical Specifications, approved projects, laws and legislation, do not damage the main structure of the building and are not substantial, at its own expense and without the need for the permission and consent of the Lessor, but by informing the Lessor in writing. The Lessor accepts and undertakes in advance to give the Lessee all kinds of permissions that are not contrary to the laws and regulations and to make the applications and sign the necessary documents in order to make the modifications, amendments and additions stipulated in this paragraph.

**6.2** The Lessee shall be able to make all kinds of modifications, changes, improvements and additions that change the main structure of the building at his own expense by obtaining the written consent of the Lessor, provided that they are not contrary to the laws and regulations and to the extent permitted by law. If the Lessor so permits, he/she accepts and undertakes in advance to make applications and sign the necessary documents when it is necessary to give all kinds of permissions that are not contrary to the laws and legislation and deemed necessary by the official authorities in order to make modifications, amendments and additions to the Lessee.

**6.3** Upon the request of the Lessor, the Lessee shall restore the renovation, modification and additions made within the framework of Article 6.1 during the evacuation, at their own expense, in accordance with the approved project without damaging the main structure of the building and the leased property.

The Lessee shall be able to place his own logos and totems on the facades, roof and exterior of the

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building. All kinds of duties, fees and other liabilities required to be paid in this regard and all kinds of criminal, legal and administrative liabilities that may occur due to the damage and damage that may be caused to third parties shall belong to the Lessee and no burden shall be imposed on the Lessor for this. The Lessor agrees and undertakes that he/she shall show the Lessee the facilities provided by the legislation and shall not place any similar identification marks, advertisements, letters and logos belonging to itself or any other institution or organization other than the logos, totems, flags etc. belonging to the Lessee in the building or open areas of the Leased Property. The Lessor may, in agreement with the Lessee, place a company title or logo sign in a suitable place of the building.

**6.4** The Lessor shall be able to place and operate solar panels on the roof provided that the tube carrier construction and related insulation are completed before the temporary acceptance of the building and then the preparations are completed in such a way that no action is required in the construction and insulation of the roof. No costs will be charged to the Lessee related to the investment and operation of this system, the Lessee will be independent in energy use. The Lessor is responsible for all damages and negativities that may occur to the building and the lessee arising from this system and its operation.

## **7. MAINTENANCE AND REPAIR COSTS OF THE LEASED PROPERTY**

**7.1** The Lessor shall be responsible for all kinds of repairs and improvements required to be undertaken by law such as substantial repair and renewal of the systems, fixtures, common areas of use of the building, improvement required by the legislation, and the necessary payments to be paid by the municipality or other authorities (provided that this payment is not caused by the Lessee), but the costs of normal operation, electricity, water, gas costs and other normal tests, maintenance, repair and protection of the leased property shall be borne by the Lessee.

**7.2** If the main building itself, its facade, roof, floor covering exterior, infrastructure, all electrical and mechanical systems and the essential elements and fixtures of the leased property in the main structure which need to be renewed due to the fact that the Lessee has fulfilled their economic life despite their normal use, these are the responsibility of the Lessor during the rental period at the Lessor's expense.

**7.3** If the renewal obligation of the leased property written in Article 7.2 above is not fulfilled by the Lessor, the Lessee shall notify the Lessor in writing of the fulfillment of the said performance within a maximum of 2 (two) months. If the Lessor does not make the necessary renovation despite the warning, the Lessee shall make the necessary renovation personally and at the expense of the Lessor and the related costs shall be deducted from the rental fee. If materials and spare parts are not available in Turkey and it is necessary to import them from abroad, the periods for the supply of materials and spare parts will be added to this two-month period. If the systems related to energy and fire safety need to be renewed, all kinds of measures, including replacement and temporary solutions, will be taken for the commissioning of the system without waiting for this two-month period.

**7.4** At the end of the lease period, the Lessee shall deliver the leased property and fixtures to the resident at the beginning of the lease, except for wear and tear due to normal use.

**7.5** The Lessee is obliged to cover the costs incurred due to the damage caused to the Buildings it operates during the rental period due to its own fault, activity and fault and to compensate the damages of the premises.

**7.6** Except for the conclusion of subscription contracts, legal and other expenses related to electricity and clean-waste connection to the leased property shall be paid by the Lessor. Lighting, heating, cleaning and electricity consumption costs of the leased property in the form of electricity and water connection and all kinds of costs and taxes related to use shall be borne by the Lessee.

**7.7** From the date of delivery of the leased property to the Lessee, in accordance with the agreement and from the beginning of the lease period, the landlord shall first provide a Fire Liability

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policy including construction liability (all risk), and fire/explosion, smoke, internal water, strike / lockout / turmoil / malicious acts / terrorist risks including the building owner's responsibilities towards the lessee's and neighbors. This insurance policy shall only cover the premises. The responsibility of insuring all kinds of goods, commodities, products and equipment belonging to the Lessee in the building belongs to the Lessee. The building owner shall purchase the insurance policies from the respect insurance company of his/her choice. Copies of the policy shall be submitted at the request of the Lessee and the premiums related to them shall be paid by the Lessor. Insurance policies to be taken out in this way shall be renewed in the same way every year.

## **8 OBLIGATIONS OF THE LESSOR:**

**8.1** The Lessor shall deliver the lower floor to the Lessee no later than May 04, 2011 in accordance with the provisions of this agreement. In the event that delivery does not take place on the specified dates except for force majeure not under the control of the Lessor, the Lessor shall be obliged to pay USD 1,000 penalty to the Lessee on a daily basis for each delayed day. In so far as; if the delay period exceeds 180 days, both parties shall have the right to unilaterally terminate the agreement until the termination of the Lessor, with the obligation to pay this daily penalty in cash and in lump sum to the Lessee. In this case, the parties shall not be obliged to pay any compensation in relation to the remaining rental period, regardless of the rental price or any other name.

If the Lessor cannot obtain the permits required to start the construction within 90 (ninety) days from the date of signing of this agreement from the relevant institutions and therefore cannot start the construction, the Lessee shall have the right to terminate the agreement unilaterally and without any liability with a justified reason.

**8.2** As of the date of issue of this agreement, the property of the immovable subject to the agreement belongs to the Lessor or group companies and the Lessor shall provide all kinds of zoning and settlement permits of the building and these permits shall be maintained for the period of validity of the lease relationship. To be able to obtain the work permits and licenses of the Lessor in accordance with the terms of Article 9.2 in its own name and occupation, the procedures required to be fulfilled by the Lessor by its nature shall be completed by the Lessor and the taxes, fees and other expenses related to these transactions shall be borne by the Lessor. If the Lessee fails to obtain all kinds of documents specified in Article 9.2 of this agreement/required for the purposes of use from the relevant institutions due to the reasons arising from the structure of the building, the Lessee has the right to terminate the agreement unilaterally and without any liability with a justified reason.

**8.3** The Lessor shall, at the Lessee's expense, give the Lessee all necessary authority to annotate this Lease Agreement to the title deed and if the registration of this annotation requires the cooperation of the Lessor, it shall also show such cooperation. Annotation to the title deed shall be made after the completion of the assignment process specified in the first article and then the transfer of the immovable property to the Lessor Megeye Lojistik A.Ş.

**8.4** The Lessor consents to the annotation of this Lease Agreement to the land registry by the Lessee as the owner on the date of annotation of this Lease Agreement to the land registry. The Lessor agrees that this lease agreement may be annotated to the Land Registry by the Lessee with a unilateral application at the expense of the Lessee. If the Lessee fails to persuade the document or treatment required to be duly submitted by the Lessor despite the request for annotation or if it is not present in the land registry when necessary despite the written notice by Lessee, the Lessee has the right to terminate the agreement immediately with a justified reason, free from all kinds of liability.

**8.5.** In case of termination of the lease agreement for any reason, the said annotation shall be removed from the land registry within 30 (thirty) days at the latest from the date of termination by the Lessee without any warning and notice (fees and expenses related to this belong to the Lessee). Otherwise, the Lessee agrees and undertakes to pay a penal clause of 250.000 USD (two hundred and fifty thousand USD), without prejudice to the rights of the Lessor to claim damages and profit that will be

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deprived of due to this reason.

**8.6** From the date of signature of the Lease Agreement until the date of registration of the Lease Agreement in the title deed, the Leased Property shall be free from all kinds of mortgages, liens, pledges and other encumbrances except those given to financial institutions. Breach of this Clause by the Lessor shall constitute a material breach of the Agreement and shall entitle the Lessee to terminate the Agreement immediately. In this case, the lessee shall not be obliged to pay the lessor any compensation for the remaining rental period regardless of the rental price or any other name.

**8.7** The Lessor shall provide the Lessee's technical team with access to the Leased Property before and during the Delivery Date. In addition, 60 days before the Delivery Date, the Lessee shall be able to start using the Leased Property without paying any rent for the shelving/partition and office-like construction works. However, the Lessee's technical teams will avoid behaviors that will have a negative impact on the manufacturing and construction process and cause disruption of the construction activity. The Lessee shall be solely responsible for the compliance of your own technical committee with all kinds of safety measures during the construction and for any damages that may occur during this period and shall not recourse to the Lessor for such damages. If the works to be performed by the Lessee's technical team adversely affect the project, the amount of lost time that will arise due to work obstruction will be added to the final delivery period.

**8.8** The Lessee shall be able to make all kinds of site visits deemed necessary by the persons authorized by the Lessee during the construction activities carried out by the Lessor and participate in the construction site meetings.

**8.9** The Lessor shall comply with all approved architectural, static, electrical and mechanical projects of the building, and the Lessee shall have the right to change the material to be used if the production of the approved material used in the project stops/the stocks cannot be supplied due to reasons such as inadequacy/inability to import, but shall never use a material of lower quality than the material specified in the project. The Lessee's approval shall be obtained before the substitution materials are used.

**8.10** The Lessor may employ technical staff to communicate the construction progress reports to the Lessee on a monthly basis and to make necessary warnings to the persons authorized by the Lessor in cases where it is deemed necessary to remedy the violations of this Agreement and approved projects and to complete the deficiencies.

## **9 OBLIGATIONS OF THE LESSEE:**

### **9.1 OBLIGATIONS OF THE LESSEE RELATED TO THE USE OF THE LEASED PROPERTY:**

**9.1.1** The Lessee shall take the necessary precautions to avoid the attitudes and behaviors that may harm the equipment and belongings of the system installed and left to the use of the Lessee by the Lessor in the Leased Property.

**9.1.2** It shall take measures to ensure the maintenance, repair and operation of the electrical and mechanical systems in the Leased Property in accordance with the design logic, electrical and mechanical engineering discipline and the relevant legislation.

**9.1.3** It shall comply with the obligations imposed on it above as well as the subcontractors, if any, shall comply with these provisions.

### **9.2 LIABILITIES OF THE LESSEE REGARDING OPERATING PERMITS**

The Lessee is obliged to apply for and obtain all kinds of licenses, permits and similar documents from the Organized Industrial Zone, municipalities and other public institutions that may be necessary for its activities, provided that they are not among the prohibited works listed below and suitable for

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the intended use of the Leased Property. If the Lessee fails to obtain all kinds of documents required for the purposes of use of the relevant building specified in this agreement from the relevant organizations, the Lessee has the right to terminate the agreement unilaterally and without any liability with a justified reason. The fact that the Lessee has not obtained or is late in obtaining the operating permits for any reason that is not caused by the Lessor shall not prevent the rental fees to be paid in accordance with the Agreement.

**Prohibited Works and Activities:**

Crude oil refinery works.

Activities where coal or bituminous schist is liquefied and gasified,

Liquefied petroleum gas filling and storage activities,

Cement factories, concrete plants, activities producing cement clinger,

Nuclear power plants and other nuclear reactors,

Projects designed for the storage, disposal and processing of radioactive waste and similar radioactive waste activities,

Activities related to the production or enrichment of nuclear fuels,

Recovery activities of industrial, bilge and similar waste water,

Re-refining of used oil and/or reuse by conversion to another product/activities that turn metal, plastic, wood, nylon, rubber, paper, cardboard, glass, yarn and similar waste and scraps into intermediate or final products.

All kinds of waste; activities related to recovery, separation, incineration, gasification, chemical treatment, final and / or intermediate storage and / or landfill.

Activities where flammable / explosive / caustic materials are produced, stored and filled, Petrochemical complexes,

Activities using filter systems in closed process, gas or liquid fuel and dust sources in their production,

Brick and tile factories, coal washing, lime, plaster and emery activities,

Chlor-alkali activities, places producing sulfuric acid, phosphoric acid, hydrochloric acid, chlorine and similar chemicals, nitrogen industry and fertilizer factories integrated with this industry,

Activities producing raw materials for agricultural pesticides,

Asbestos, activities involving processing or conversion of products containing asbestos,

Rawhide processing, paddock and only animal slaughtering activities,

Talc, barite, calcite, antimony and similar crushing and grinding activities.

Activities related to jobs that do not comply with the sector classification specified in the OIZ Establishment protocol,

Activities and works that cannot be established in OIZs that are not included in the definition of facilities.

**9.3 OBLIGATIONS OF THE LESSEE RELATED TO INDEMNIFICATION:**

If the Lessee, its subcontractor and its employees damage the Lessor, the persons employed by the Lessor or third party and all kind of systems, equipment and goods belonging to them intentionally, the Lessee shall be directly liable the payment of all damages / losses.

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#### **9.4 OBLIGATIONS OF THE LESSEE REGARDING INSURANCE:**

**9.4.1 Third Party Financial Liability Insurance:** The Lessee shall provide third party financial liability, General Liability, Warehouse and carrier general liability insurances including terrorism within the scope of the Global Financial Liability Insurance Policy of the Lessee's Parent Company to cover all kinds of material, physical and moral damages to the Lessor and third parties.

**9.4.2** The Lessee is obliged to insure all the damages it may cause to the leased property and fixtures, its own goods, machinery and equipment and third parties within the building due to its existence and activities in the leased property or the fault of the employees within the scope of global liability insurance. All premiums pertaining to this insurance policy to be taken out by the Lessee shall be borne by the Lessee and in case of realization of the risk, the damage amount to be paid shall be paid to the Lessor exactly. Lessee shall be liable to damages regarding the goods and commodities outside the building and its attachments and the additional decorations made by the Lessee in the building.

**9.4.3** The Lessee shall deliver a copy of the insurance policies and related documents to the Lessor upon request.

**9.4.4** The Lessee is obliged to maintain the aforementioned insurances during the term of the Agreement without any part.

#### **9.5 SECURITY OBLIGATIONS OF THE LESSEE:**

The Lessee shall be responsible for the preservation of all kinds of equipment and commodities belonging to them and their customers in the Leased Property. The Lessor shall not be liable for the loss and damage of the said goods while under the supervision and supervision of the Lessee, and the Lessee shall make the Lessor responsible for all amounts that cannot be covered by insurance if any compensation is directed to the Lessor.

#### **9.6 OTHER LIABILITIES OF THE LESSEE:**

**9.6.1** Lessee shall comply with the operating procedures and requirements of the legislation regarding the activities specified in Article 9.2, regarding the purpose of leasing.

**9.6.2** Lessee shall not carry commercial commodities and other materials outside the boundaries of the Leased Property other than for repair purposes and shall collect, store and dispose of garbage, packaging, solid and liquid wastes in accordance with laws and regulations.

**9.6.3** Lessee shall carry out its activities in accordance with the relevant legislation and the decisions, orders and instructions to be made by the competent authorities. In the event that the Lessee fails to operate the Leased Property in violation of the relevant legislation and the decisions of public institutions as a result of its own fault, the Lessor shall not have any responsibility and the commitments of the Parties shall continue to be valid until the end of the agreement.

**9.6.4** Interruption of the Lessee's activities for more than six months due to his/her attitudes and behaviors contrary to the legislation and/or constituting a crime is a reason for evacuation for the Lessor.

#### **10 TERMINATION OF AND PENAL CLAUSE TO THE LEASE AGREEMENT**

In the event that one of the parties to the agreement requests concordatum, it is not objected to despite the commencement of bankruptcy proceedings against one of the parties to the agreement, or a party becomes insolvent, or its works are transferred to a trustee, agent or trustee in whole or in part, or it takes a decision for liquidation or dissolution; or it is liquidated or dissolved, the other party of the agreement has the right to terminate this agreement unilaterally and without compensation with a justified reason.

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Since the Leased Property and its attachments to be constructed on the leased land subject to this agreement will be constructed in accordance with the demands and needs of the Lessee, in case the Lessee terminates this agreement without the fault of the Lessor or refrains from taking delivery of the leased properties or renounces the lease; the Lessee agrees and undertakes to pay USD 6,000,000 (six million penalty) in cash and in lump sum without any warning and notice. The Lessee has already accepted and undertaken that he will not claim that this penal clause is exorbitant in the future.

## **10.1 TERMINATION BY THE LESSEE**

**10.1.1** If the activities of the Lessee specified in Article 9.2 in the Leased Property are prevented by the public authorities due to a reason attributable to the Lessor or due to inadequacy or legal obstacle of the leased property, or if these activities are prevented by the public authorities due to any public, in-kind or personal rights established in the Leased Property, or if the Lessee is requested to evacuate due to the sale free from the annotation of this lease agreement in the procedures of redemption of the pledge pursuant to Article 5.3, the Lessee may terminate the lease agreement unilaterally without paying any rent or other compensation to the lessor in respect of the remaining lease period. In this case, the Lessor is responsible for the damages incurred by the Lessee due to the breach of this agreement.

**10.1.2** If all or part of the leased property is expropriated by any legally authorized authority for any public use or purpose, the zoning/settlement status changes and therefore it becomes impossible for the Lessee to renew or obtain operating licenses and permits, the Lessee may terminate the lease agreement immediately and unilaterally without paying any rent or other compensation in respect of the remaining lease period.

**10.1.3** In cases of force majeure, earthquakes, landslides, laws, bylaws, regulations, decisions of the competent authorities (These force majeure are considered limiting), the Lessor fails to restore and repair the Leased Property, the Lessee's obligation to pay the rent shall be frozen until the Leased Property is restored and repaired and resumed commercial activity. If this period expires by one year, the outcome of the agreement shall be negotiated and decided by the parties. Accordingly, the parties may jointly decide to terminate the agreement or to wait for the termination of the force majeure. If a joint decision cannot be reached, each party may terminate the agreement without the right to claim compensation by unilateral declaration.

**10.1.4** Fires caused by building installation within one year from the date of final delivery to the leased property shall be considered as force majeure specified in Article 10.1.3. Fires shall not be considered as force majeure within the scope of Article 10.1.3, regardless of the reason for their emergence after the first year.

## **10.2 TERMINATION BY THE LESSOR**

Without prejudice to the reasons that the relevant provisions of the Turkish Code of Obligations entitle the Lessor to evacuation by terminating the agreement, if the Lessee fails to pay the Rental Fee partially or completely on the payment day agreed in the agreement, late or incomplete payment (without prejudice to the Lessee's set-off rights arising from the agreement). The Lessor shall notify the Lessee in writing of such delay and incomplete payments through a notary public and the Lessor may unilaterally terminate this agreement without paying any compensation if the failure is not remedied by the Lessee within 15 (fifteen) business days of the notification of the relevant failure.

## **11 TRANSFER OF THE LEASED PROPERTY**

**11.1** The Parties may not transfer and assign their rights and obligations arising from this Agreement to third parties in whole or in part without the written consent of the other Party. The Lessor may assign the rent money to financial institutions for project financing without the written consent of the Lessee.

**11.2** The Lessee may make third parties use, allocate, and/or sublet all or part of the Leased

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Property for a certain price or free of charge. The use, allocation, and/or subleasing of the Leased Property to third parties shall not relieve the Lessee of its obligations to the Lessor. Even if it is used by third parties as mentioned above, the addressee of the lessor shall be the Lessee only and exclusively. The Lessee must ensure that these persons evacuate the Leased Property before the evacuation.

## 12. COMPETENT COURT

The jurisdiction of all disputes arising from this lease agreement is the Istanbul Courts and Enforcement Offices.

## 13. STAMP DUTY

Stamp duty to be paid in relation to this Agreement shall be paid by the Lessee in full for the annotation costs to the notary public and land registry.

## 14. NOTIFICATION ADDRESSES

The parties have accepted the addresses written above as their notification addresses. Unless the changes to be made to these addresses are notified in writing to the other party, the parties accept and declare that the notifications made to these addresses are valid.

LESSOR	LESSEE
MEGEYE LOJİSTİK A.Ş.	D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.
<u>/s/ MEGEYE LOJİSTİK A.Ş.</u>	<u>/s/ D-Market Elektronik Hizmetler ve Ticaret A.Ş.</u>

## ANNEXES:

1. Signatory circular of the parties
2. Title deed of the leased immovable property
3. Technical specification (Specifications)
4. The preliminary project agreed
5. Technical specifications for the maintenance of buildings and fixtures

Aforementioned annexes are an integral part of the agreement and have been signed by the parties together with this agreement.

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Province	KOCAELİ	REPUBLIC OF TURKEY			Photo		
District	GEBZE						
Neighborhood	GÜZELLER						
Village							
Street							
Location							
Sale price		Section No.	Plot No.	Parcel No.	Square measure		
0.0		G22B19B1C-2D	5686	8	ha	m <sup>2</sup>	dm <sup>2</sup>
IMMOVABLES	Quality	LAND					
	Boundary	Plot Ground System No: 50244311					
	Reason for Acquisition	From the Title Change of Legal Entities on behalf of MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ while all of them are registered on behalf of [***]					
	Owner	MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ				Full	
Accrue	Journal No.	Volume No.	Page No.	Serial No.	Date	Return	
Volume No.	9309	147	14503		10/06/2013		Volume No.
Page No.	Complies With The Registry [***]						Page No.
Serial No.	Authorized Deputy Director (seal and signature)						Serial No.
Date	NOTE: * Non-pecuniary rights and annotations of the property should be applied to the land registry. *** In accordance with the provisions of the Notification Law, the address change will be notified to the relevant Land Registry Office.						Date



Province	KOCAELİ	REPUBLIC OF TURKEY				Photo		
District	GEBZE							
Neighborhood	GÜZELLER							
Village								
Street								
Location								
Sale price		Section No.	Plot No.	Parcel No.	Square measure			
0.0		G22B19B1C-2D	5686	3	ha	m <sup>2</sup>	dm <sup>2</sup>	
IMMOVABLE'S	Quality	LAND						
	Boundary	Plot Ground System No: 50244307						
	Reason for Acquisition	From the Title Change of Legal Entities on behalf of MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ while all of them are registered on behalf of [***]						
	Owner	MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ				Full		
Accrue	Journal No.	Volume No.	Page No.	Serial No.	Date	Return		
Volume No.	9309	147	14498		10/06/2013		Volume No.	
Page No.	Complies With The Registry [***]						Page No.	
Serial No.	Authorized Deputy Director (seal and signature)						Serial No.	
Date	NOTE: * Non-pecuniary rights and annotations of the property should be applied to the land registry. ** In accordance with the provisions of the Notification Law, the address change will be notified to the relevant Land Registry Office.						Date	

Province	KOCAELİ	REPUBLIC OF TURKEY			Photo		
District	GEBZE						
Neighborhood	GÜZELLER						
Village							
Street							
Location							
Sale price		Section No.	Plot No.	Parcel No.	Square measure		
0.0		G22B19B1C-2D	5686	2	ha	m <sup>2</sup>	dm <sup>2</sup>
IMMOVABLE'S	Quality	LAND					
	Boundary	Plot Ground System No: 50244306					
	Reason for Acquisition	From the Title Change of Legal Entities on behalf of MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ while all of them are registered on behalf of [***].					
	Owner	MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ			Full		
Accrue	Journal No.	Volume No.	Page No.	Serial No.	Date	Return	
Volume No.	9309	147	14497		10/06/2013	Volume No.	
Page No.	Complies With The Registry [***]					Page No.	
Serial No.	Authorized Deputy Director (seal and signature) NOTE:					Serial No.	
Date	* Non-pecuniary rights and annotations of the property should be applied to the land registry. ** In accordance with the provisions of the Notification Law, the address change will be notified to the relevant Land Registry Office.					Date	

Province	KOCAELİ	REPUBLIC OF TURKEY			Photo		
District	GEBZE						
Neighborhood	GÜZELLER						
Village							
Street							
Location							
Sale price		Section No.	Plot No.	Parcel No.	Square measure		
0.0		G22B19B1C-2D	5686	1	ha	m <sup>2</sup>	dm <sup>2</sup>
IMMOVABLE'S	Quality	LAND					
	Boundary	Plot Ground System No: 50244305					
	Reason for Acquisition	From the Title Change of Legal Entities on behalf of MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ while all of them are registered on behalf of [***].					
	Owner	MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ			Full		
Accrue		Journal No.	Volume No.	Page No.	Serial No.	Date	Return
Volume No.		9309	147	14496		10/06/2013	Volume No.
Page No.		Complies With The Registry [***]					Page No.
Serial No.		Authorized Deputy Director (seal and signature)					Serial No.
Date		NOTE: * Non-pecuniary rights and annotations of the property should be applied to the land registry. ** In accordance with the provisions of the Notification Law, the address change will be notified to the relevant Land Registry Office.					Date

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Offices - external windows	Heat insulated aluminum joinery (ral color will be subject to approval), glass color and quality will be subject to approval. All windows will be opened so that they can be cleaned from inside and the transom will have accessories suitable for use. Stainless steel satin finish accessories
Offices - external windows	Low E thermal glass will be used. Tempered safety glasses and fire resistant glasses will be used where necessary.
Mechanical	
Pipe material	All types and types of rain down pipes made of HDPE material, other pipes will be evaluated with the tenant's approval.
Hot Water Installation	The heated hot water will be drawn to the desired points in the gas fired high efficiency water tank boiler, the boiler system will also work with the solar energy panels placed on the roof. Apart from the main core, water heating will be provided by electrical heating systems at points that require hot water. The choice and application of the boiler and heating system is under the responsibility of the tenant.
Gas Installation	A line suitable for use in suitable diameter and size will be drawn from the main city connection. It will also have a valve that will be integrated with the fire alarm and protection system.
Water supply Potable and Grey Water	The clean water system (potable water) system will be installed in the whole building.

Telephone / Internet (fiber optic)	Telephone lines and Internet (via fiber optic cable) will be installed from the main network to the building and the distribution inside the building belongs to the Tenant.
Fire	
Fire Consultant	Processing the ideas of the fire consultant on the design and ensuring that the production is made accordingly (PRIORITY)
Fire Alarm and Automatic Fire Detection and Extinguishing System FIRE ALARM AND AUTOMATIC FIRE DETECTION	By zoning with an addressable and fully integrated fire alarm detection and extinguishing system and each zone can be controlled from the main panel, it will be formed in relation to and integrated with the BMS. The system will include the following; Heat smoke detectors will be placed in offices, warehouses, corridors and social areas. Beam detectors that can operate at high level will be established in the main storage area. In the Security Entrance Cabin, the fire panel shall have a panel with the same functions. In line with the opinion of the fire consultant, there will be a remote control for the fire panel on the main coin.
Roof Smoke Control Reservoirs ROOF SMOKE CONTROL RESERVOIRS	The fire shall be placed in compliance with all official obligations and with the approval of the Tenant and the fire consultant, taking into account the high level smoke control reservoirs in the building zoning, loading height shall be included in the calculations.
Sprinkler system SPRINKLER SYSTEM	A fully automatic sprinkler system will be made from the roof level. "Early Suppression Fast Response (ESFR)" shall be the system, the system design shall be for K25 heads to operate at 2.8 bar pressure and additionally 12 heads shall operate simultaneously, the system shall operate with 2 diesel pumps (Duty and standby) and shall have water tanks created above ground level. Layouts will be subject to Tenant approval, all equipment and system will be selected from NFPA approved products.  The system will provide the following terms and conditions as a minimum; Design and assembly in accordance with the National Fire Protection Agency (NFPA 13) rules (NFPA Rules for the design and installation of ESFR sprinkler systems for storage risk Class 1 to 1V and Max product storage height of 12.2m) Compliance with fire all local regulations, etc. Compliance with all local fire brigade opinions and expectations To be designed under the control of a competent fire consultant subject to the approval of the tenant insurance company
Main Fire Hydrant Line FIRE HYDRANT MAIN	Fire hydrant line and hydrants will be established around the outer perimeter of the warehouse in accordance with the approval of the Fire Authorities. It will be designed to form a circle and to create a single continuous line, with control valves in between. Each hydrant point will be marked.
First Aid and Fire Fighting Equipments	First aid and fire response equipment will be established within the framework of the opinions of the fire consultant and the fire authority (fire hoses, fire tubes, etc.)
Lighting Protection LIGHTING PROTECTION	Lightning protection device will be installed. It will be mounted in such a way that it can be controlled.
Lock and keys LOCKS AND KEYS	All doors opening outwards must be lockable. There will be a master key system; system; a master key Two subgroup switches, two of which are offices and one warehouse Cleaning rooms key IT Server Room Key
ESFR	IN ORDER TO AVOID ANY MISTAKE IN THE DEFINITIONS, THE DOCUMENT IS GIVEN IN ENGLISH. max. Max ceiling height 13.7 m
ESFR Roof Only Systems	Max storage height 12,2 m Mbx roof slope 9.5 degrees Max distance between ceilings and head 460 mm Minimum distance between head and product 900 mm Smoke vents prohibited Roof lights must be flush and of minimum melting point of 300 °C for 5 minutes. Minimum flue distance in rack of 150 mm between pallets. No solid shelving No tote boxes or containers with solid bottoms No highly inflammable materials including aerosols No hanging garments
Fire Pump Room	There will be heating. It will be at min + 4 degrees

Fire Wall	If it is necessary to create a fire wall in accordance with local laws, etc., it should be created by the lessor, if it is not done and it is made by the Tenant, it should be deducted from the rent.
Outfield works	
MAIN SAFETY AND ENTRANCE	
INTRODUCTION	Access to the main building will be provided from the main road, with all road and entrance and exit fees paid. All direction signs, traffic direction signs, signboards, drainage connections and lines, temporary works will be carried out.
Security Building and security control Site Security Control	An entrance security area with windows of maximum 50 m <sup>2</sup> will be created. There will be a control room, a tea and coffee room, and a toilet, with at least 3 walls separated inside. It shall be heated and arranged as specified in the definition of offices; the work barrier shall be fixed. Repeaters of the fire panel, burglar alarm panel and fire pumps operation panel shall be located at the security location. Two cable sheaths shall be left in soft landscaped area in 2 security locations. It will be delivered to the Tenant as a shell and core.
Barrier and entrance gates Traffic Barriers and gates	There will be a pair of manually operated lockable entrance doors. There will be two traffic barriers that can be controlled from inside the club.
Surface Drainage SURFACE DRAINAGE	In order to remove surface water, the outer area of the warehouse will collect the water in the outer frame and connect to the main line, where necessary, open channel, grid and manhole will be manufactured. There will be an oil separator at the last connection.  Special attention will be paid to duct and grid and manhole placement, there will be no channels or covers on roads and maneuver areas. Long type grid systems will be tried to be used.  There shall be no covers, connections etc. on the ground in the warehouse area.  After the first flat inclined areas of 14 meters in front of the door, 2% inclination towards the outer boundary of the building and draining the water from here and connecting to the main water drainage lines, removing the water from the site.
FOUL DRAINAGE	A ventilated waste water system will be installed. In order for the floor cleaning machines to be emptied, a connection cover will be made on the waste water line and its location will be decided separately.
Fence System FENCING	The fence system design will be made as agreed on. (Provide new fencing to the perimeter of the site in the positions to be agreed with Tenant. Fencing to be High security mesh welded a minimum of 2.5mm high.)

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	<p>Ambient lighting values</p> <ul style="list-style-type: none"> <li>· Service areas - 50Lx on ground; homogeneity 35%</li> <li>· Parking lot - 15Lx on the ground; homogeneity 30%</li> <li>· Walkways - 10Lx on the ground; homogeneity 30%;</li> </ul> <p>All exterior lighting headlights should use a white light source and a minimum lamp efficiency of “80 lumens per circuit watts (Philips Cosmopils)” should be used. All fitting products should not be vertical connection elements, heights and locations of all lighting are subject to Tenant’s approval on the layout plan.</p>
Emergency lighting	<p>Emergency lighting should be available in all warehouse areas and office areas. This lighting;</p> <ul style="list-style-type: none"> <li>· opinions of the fire counselor, fire department approval and legal regulation must be fully compliant with statutes and laws.</li> <li>· the site for tests should be able to be opened and closed with a key.</li> </ul> <p>All emergency lighting must be capable of staying active for a minimum of 3 hours. It must have addressable emergency lighting feature. (Thom Lighting Explorer Project or equivalent as a brand)</p>
Outdoor lighting	<p>Providing outdoor lighting in a scheme where electricity is carried with the cable tray and the lighting poles are mounted on the garden retaining wall, saving the field floor</p>
Electric power	
Storage space strength	<p>energy outlets</p> <ul style="list-style-type: none"> <li>· No 1 single phase 220V outlet every 2,000 ml</li> <li>· No 2 single phase 220V outlets on each loading door</li> <li>· No 1 for 60 ampere three phase isolator for compactor.</li> <li>· 3 phase 100 ampere dedicated switch panel and equipment connection apparatus in the battery charging room</li> <li>· No 5 single phase 220V outlets for workshop equipment in the battery charging room.</li> <li>· 3 phase 60 ampere 380V isolators on mezzani floor allowing 1 per 500 sqm floor area</li> </ul>
power of offices	<p>energy outlets - main energy system will be suitable for this infrastructure.</p> <ul style="list-style-type: none"> <li>· “No 3- 220V power outlets” + “No 1- dedicated computer circuit” on two walls in an office room</li> <li>· One socket for cleaning in social areas and corridors.</li> <li>· 4 sockets in areas such as tea stoves and break areas.</li> <li>· “3 phase 60 ampere 380V isolator” in the canteen</li> </ul>
Main Electric power (KVA)	<p>After the designs will be determined by the tenant’s approval.</p>
Battery charging room	<p>After the designs are determined, they will be determined by the tenant’s approval.</p>
Doors and Load Ramps	
Brand	<p>Both doors and docks will be purchased from a company as lacquer and suitable brands are Stokvis, Dynaseal or Hormann or equivalent Tenant approved brands.</p>
Loading area equipment	<p>working in the vertical direction (bending under the mezzanine if above the mezzanine door) electrically operated, insulated, sectional, locked to the loading ramp with an electronic interlock system</p> <p>* 2.8 meters wide x 2.8 meters wide, doors with lifting elevations to lift manually in both directions and infrastructure that can also be locked with a padlock system.</p> <p>With 2 windows that can observe outside</p> <p>doors should be numbered consecutively from inside and outside. Next to the door, there should be an interior-mounted angle-adjustable lighting that illuminates the wall-mounted loading ramp.</p>
Dock Levellers	<p>electrohydraulic loading ramp will be 2500mm in length and 2100mm in width, “with minimum 400 mm tapered swing lip”</p> <p>6 tons static and 9 tons dynamic load</p> <p>Level platform will be mounted with pest control tapes.</p> <p>The 250 x 150 x 100 mm heavy-duty tire should be located between the steel pad and the loading buffer.</p> <ul style="list-style-type: none"> <li>• Dock levellers shall be mounted in preformed concrete pits designed to accept projecting vehicle mounted tall lifts. Tail lift pits to 1 be 3.0m wide x 2.5m deep x 640 mm high</li> </ul>
Loading ramp visors Dock Shelter/Curtain	<p>Rigid rubber frame suitable for heavy use, sealed connection</p>

	Width 3.5 m
	height 4,950 m
	Side panel 600 mm
	Side cover width 700 mm
	Upper part 1200 mm
Wheel router	will be available.
External Drive through Level Access Door (inclined service door and ramp to take vehicles inside)	level pass doors for car service j 3.5 meters wide x 4.5 meters high It has 2 observation windows that work with electricity and can be locked by interlocking with the electric motor.
Out of warehouse wicket doors (EXTERNAL WAREHOUSE PERSONNEL DOORS)	warehouse exterior escape and entrance doors will be insulated steel doors. It will have a steel case. It will be equipped and painted with the feature of fire escape door.
warehouse interior doors (INTERNAL WAREHOUSE DOORS)	If a single wing steel door is required to be a fire consultant and fire door within the framework of local obligations, it will also have the feature of the specified fire case.  Door inside the warehouse for the passage of mechanical transport equipment (battery charging room and main warehouse area pass); 13m wide x 4.5m high Certified with electrically operated, automatic shutdown depending on the fire alarm system and 1 hour fire resistance if possible
Offices - external windows	Heat insulated aluminum joinery (ral color will be subject to approval), glass color and quality will be subject to approval. All windows will be opened so that they can be cleaned from inside and the transom will have accessories suitable for use. Stainless steel satin finish accessories
Offices - external doors	Heat insulated aluminum joinery (ral color will be subject to approval), glass color and quality will be subject to approval. It will be a European type lock. Accessories will be made of satin stainless steel.
Offices - external windows	Low E thermal glass will be used. Tempered safety glasses and fire resistant glasses will be used where necessary.
Number of Containers - No of level access doors	The preliminary project will be determined by the tenant's approval.
Door heights - No of standard height doors	The preliminary project will be determined by the tenant's approval.
Number of double decked doors - No of double decked doors	The preliminary project will be determined by the tenant's approval.
Fixed or adjustable for double-deck vehicles Will it be a loading ramp? Do the Double Deck vehicles have a fixed or adjustable Intermediate deck?	The preliminary project will be determined by the tenant's approval.
Max/minimum vehicle bed heights	The preliminary project will be determined by the tenant's approval.
Load capacity	The preliminary project will be determined by the tenant's approval.
Type of shelters	The preliminary project will be determined by the tenant's approval.
Traffic lights, both internal & external	The preliminary project will be determined by the tenant's approval.
Boom Lights	The preliminary project will be determined by the tenant's approval.

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## Offices

roof drainage	An appropriate system of roof drainage will be designed and implemented in accordance with local laws and in a way that is capable of possible storm conditions.
roof drainage	Apart from the roof drainage system, a second water drainage system should be established that can operate even under possible adverse conditions. This system II water will definitely be prevented from entering the building.
warehouse floor	Warehouse floor surface will be hardened concrete and certain areas of the floor will be covered with Latexhalt or an equivalent material. Tenant's approval is required before using equivalent material. The tenant will also notify the places that do not need Latexhalt application on the warehouse floor.
warehouse floor	point load calculation; The load calculation will be applied to the 7.5 tons, 200 mm x 100 mm racking system leg. On all floors of the warehouse.
warehouse floor	Partial collapse, low zone is not desired at any point in the warehouse floor. Several different sized conveyor spaces may be required instead of an elevator between floors.
warehouse floor	The loading ramp height (the difference between the warehouse floor and the outer floor in front of the ramp) should be 1200 mm.
ground load (KN / m <sup>2</sup> )	30 Kn / m <sup>2</sup> (3 tons / m <sup>2</sup> ) homogeneous distributed load, uniformity distributed load.
Sprinkler system	ESFR
Storage toilets	It will be delivered to the Tenant as shell and core, designed in a good and simple way, manufactured with good workmanship, to require minimum maintenance and cleaning in two different corners by adding both warehouses, suitable for the use of 8 people at the same time, male and female.
Porch	A porch that will work as a column-free console for a minimum of five meters will be built above the doors. There will be a fire extinguishing and rainwater drainage system.
Roof lights	These daylight skylights will be preferred on the side instead of the roof, but there will be transparent smoke evacuation windows.
Barrier / bollard protection	will be used.
Floor cleaning / drainage	there shall be no drainage system for drainage of in-tank water.
Battery charging room	equipment, 100 amps to 3 phases for charging, switch panel and connections  Installing the necessary equipment for emergency eye wash in accordance with ISIG requirements  the requirement of adequate and additional ventilation equipment for the evacuation of hydrogen gas  the perimeter wall of the room is protected against impacts in order not to damage the equipment. It will be delivered to the tenant as a shell and core.
in-warehouse operations offices	The construction of the below-defined areas with a closed roof with a ceiling height of 53 meters, surrounded by aluminium joinery, taking precautions against equipment traffic in the environment, will be delivered to the Tenant as a shell and core.  warehouse offices should be properly ventilated and protected by a fire protection system.
Internal Protection measures	Taking protective measures for:  Prevention in column circumferences in maneuvering areas

## Mezzanine floors

Mezzanine floor	prefabricated or steel structures can be made.
Mezzanine floor	A clean, dust-free reinforced concrete floor that can meet a load of 1 ton / m <sup>2</sup> , and a clean-finished reinforced concrete floor with no difference in elevation. Even in a thin nylon coating, it is cracked and poured concrete in a quality that will not cause settlement.
Observation terrace	A viewing terrace suitable for the use of senior managers at the level where presentation can be made, which can provide the navigation and description of the entire interior of the warehouse surrounded by a high guardrail, will be created close to the meeting room on the office floor.
Mezzanine sound level	40 db soundproofing
Mezzanine staircase	[Fire escape stairs with escape gates in accordance with local fire specifications and smoke evacuation rooms should have been created.



Quantity	4000 m <sup>3</sup>
Structure	Fire-resistant steel construction with tests and experiments for which 3rd party tests and tests will be submitted
Number of floors	Details of the 1st, 2nd floor options will be discussed.
Inner clear height	3mt
sprinkler system	There will be a fire extinguishing system that meets the same criteria as the warehouse.

#### Heating Cooling

Heating need	In Istanbul conditions, a minimum of +15 degrees should be provided inside. The choice of exterior should be suitable for this.
Need for cooling	In Istanbul conditions, a maximum of +28 degrees should be provided inside. The choice of exterior should be suitable for this.

#### Electricity

A transformer room	<p>and main panel room will be established so that the electrical infrastructure can meet 25% more power against appropriate and future load increases. It will be created with the Tenant approved according to the power to be formed with the designs.</p> <p>A generator panel will be established.</p> <p>Measuring equipment and instruments must be established in the main panel and sub-panels.</p> <p>It is necessary to provide the infrastructure against the appropriate load, which will be calculated to cover the entire lease term requirement of the tenant.</p>
Electricity distribution	<p>All wiring will be done inside the cable trays, within the boundaries of the entire warehouse area. A minimum of 20% additional space will be left in the pans.</p> <p>20% additional space will be left in the distribution panels, except for the sufficient capacity.</p> <p>The main distribution panel shall be equipped with power factor improvement, which shall incorporate automatic monitoring and control equipment, to suit the load characteristics of development. The equipment selected shall enable the power factor of the electrical installation to be set to 0.98.</p> <p>Main and secondary distribution panels and related systems will be designed and implemented in a way that they meet BS EN 60439, BS EN 60947 &amp; BS EN 60698 standards.</p>
Voltage optimization	A device such as Power Perfecta should be used for voltage stabilization.
<b>LIGHTING</b> Warehouse - 250 lux 1 m above ground - TS mercury tubes	<p>warehouse lighting shall provide 250 lux 1 m above the ground, shall be horizontally-oriented in corridors and open areas and shall provide this lux value when shelves are fully filled, the homogeneity ratio shall be 0.8. (The uniformity ratio of 8 should also be achieved.) High-quality fluorescent lighting shall be Verteco, Dexeco Ltd or Tenant approved equivalent.</p> <p>Warehouse - 250 lux @ 1 meter AFFL, 80% uniformity.  Minimum efficacy - 55 lumens per circuit watt.  Maximum load - 12watts / M2</p> <p>There should be a motion sensor that will provide daylight and motion detection and interference, (used in open areas and corridors) up to 18 meters, and all programmable from the ground.</p>
Additional spaces 100 lux	Energy efficient high quality lighting working with PIR detectors will be placed in WCs, dressing rooms and other additional spaces. It will be delivered to the tenant as a shell and core.
Offices - 500 lux	'infrastructure will be prepared accordingly.
Environmental Lighting	<p>"High pressure discharge SON lighting" or its tenant approved equivalent should be used in outdoor lighting. Although it is mandatory to comply with the law and local notes, the desired light levels on the basis of work places are as follows.</p> <p>The required values are the minimum values to be measured on the ground.  Passage roads 20 lux / m2  · Truck maneuver areas 50 lux / m2</p> <p>All ambient lighting (except general ambient lighting) will be controlled by photocells. It must also be used manually. It will be set to activate automatically when it gets dark.</p>

General Overview

General	The descriptions here contain the general conditions of the 2-storey logistic warehouse building with a mezzanine on each floor to be built within GOSB. The building will be delivered by the Lessor as Shell & Core The infrastructure in the areas to be completed by the Lessor will be notified by the Lessor during the project phase and processed by the proletariat and installed by the Lessee.
Designs	All designs will first be approved at the concept level and then as an application project. Application project and license projects will be the same.
Standards	Conforms to TSE and EN norms
Workmanship	Good workmanship quality requirement
Relevance	Compliance with all local laws and regulations and sharing of proof of this
Environment and sustainability	Minimum energy consumption as possible, waste management, minimum carbon emission
Shipment Doors	There should be one-sided feeding for each layer.
Maneuver distance	There should be a minimum area of 30 meters from the warehouse door to the garden border.
Loading doors and level adjusters	It will be a shipment door of 1/500 m2. On the other hand, after the tenant warehouse settlement project is clarified, by determining the doors and their number that are not needed. The parties will take action to reduce the number of mutual doors.
Car park	It must be arranged outside the loading area.
Permissions	All permits related to construction are under the responsibility of the lessor. All calculations required for obtaining permits are drawings etc. It will be procured and approved by the lessor.  It is the responsibility of the lessor to ensure all legal terms and conditions, and the material and moral losses to be incurred by the tenant will be covered by the Lessor.
Warehouse area (m2)	The warehouse area will be 41300 m2 (23.000 + 18.300). - / + differences that may occur in the preliminary project will be implemented after the Tenant's approval.
Number of floors	
Clear height (m)	It will be 11.5 meters (clean). - / + differences that may occur in the preliminary project will be implemented after the approval of the tenant.
Mezzanine area (m2)	It will be 4000 m <sup>2</sup> . - / + differences that may occur in the preliminary project will be implemented after the Tenant's approval.
Office area (m2)	It will be 4000 m2. - /+Differences that may occur in the advanced project will be implemented after the approval of the lessee.

Security

Perimeter Fence	The wire chill system with galvanized razor wire on the top at a height of 2.4 meters will be made with the tenant approval.
Security cabinet	The building, which has steel or reinforced concrete, where three people can work at the same time, tea coffee corner, cameras can be monitored, data and telephone connection, intervention to barriers, a toilet and changing area, height of windows and buildings that can serve trucks and vehicles at the same time, design of which will be subject to the approval of the Lessee, will be delivered to the Lessee as shell and core.
Fire alarm system	It will be at least the current NFPA13 standard
Barrier	there will be an arm barrier transition at the entrance
Driver's toilet	It will be resolved at a point close to the entrance door, integrated with the building but independent of internal circulation (not providing access to the building) subject to Tenant's approval.
Drivers social venue	An independent waiting room will be established for the drivers, excluding the existing personnel. Integrated with the building but independent of internal circulation (not providing access to the building) will be resolved subject to Tenant's approval. (It will be delivered to the tenant as a shell and core under the visual control of security from the main entrance control door.

## Environment

Environmental landscape	If possible, the formation of a green band of finished width with a minimum of 50cm depth of soil placed at the bottom of the outer wall will be separated from the concrete of the outer area with the border.
The location of the generator	The tenant and the Preliminary project will be decided on. It is subject to the Tenant's approval.
Protection with barrier	The tenant and the Preliminary project will be decided on. It is subject to the Tenant's approval.
Car washing	The tenant and the Preliminary project will be decided on. It is subject to the Tenant's approval.
Smoking area	The tenant and the Preliminary project will be decided on. It is subject to the Tenant's approval.
Fire hydrants	In line with the opinions of the fire consultant, they will be settled on the site and there will be protective barriers in front of them.

## Main Warehouse Area

Fundamentals	The required loads should be transferred to the ground without any collapse or separation, and the foundation system should be solved with a solution suitable for the structure of the ground.
Building Structure	Although classic reinforced concrete structure is preferred, steel construction system with precautions against fire at the upper level with prefabricated reinforced concrete structure or fire resistance has also been solved and superposed in accordance with the ESFR system of the fire extinguishing system from the ceiling
Height	Clean 11,5 meters
Height	The highest point from the floor to the ceiling shall not exceed 13.6 meters.
Axle range-basement floor	12m x 12m
Axle Range • 1st floor	24m x 12m
The height of the mezzanine floor from the finished floor	minimum 4.5 meters
Mezzanine load calculation	1 ton / m <sup>2</sup>
Structure and coating	It will be design and built in a way that it can resist all environmental loads without any disinformation, rupture, decomposition.
Facade and roof covering	It will be approved by the lessor and the tenant's insurance companies.
Facade and roof covering	The use of non-flame resistant polyurethane and polystyrene foam filled sandwich panels will not be accepted.
Facade and roof covering	The entire warehouse facade design and implementation should provide a tightness level of 5.0 m <sup>3</sup> / hr / m <sup>2</sup> at 50pcs, if it is a maximum. This will be tested and applied.
Siding	Absolutely non-flammable mineral fiber insulation containing exterior finish surface will also be a decorative panel or sandwich panel subject to Tenant approval.
Siding	The 'U' value is 0.32 W / m <sup>2</sup> / ?? . Trimo or equivalent will be used as approved by the Tenant.
Roof covering	The 'U' value is 0.32 W / m <sup>2</sup> / ?? . Trimo or equivalent will be used as approved by the Tenant.
Roof covering	PVC or a critical system with waterproof feature will be solved with membrane system. It shall be completely combined together with welding system. And it will be guaranteed for 10 years. TPO preference.
Roof covering	The application will be made strictly in accordance with the manufacturer's instructions. Strictly under the supervision and control of the producer supervisor. All joints will be made by welding and a 10-year warranty will be given.
Roof covering	Any bitumen based roofing will not be accepted.
Roof covering	The special carrier system will be created by solving the trapezoidal roof covering together with the main carrier systems with the details of the suitability given by the manufacturer and the designer. The system will be solved with non-flammability certified products that will be solved with appropriate insulation that will catch the specified U value.

Roof covering	Transparent skylights will be on the side. A product with a fire certificate and technical competence approved by fire consultants will be used.
Roof covering	It will be manually operated for smoke extraction on the roof and will be installed in accordance with local fire enforcement requirements and fire advisor opinions. It will be compatible with the ESFR fire sprinkler system. The tenant fire insurer must provide compliance.
Roof covering	A fixed access road will be established on all level roofs of the warehouse for fixing, maintenance and band repair works. This access road will be inside the building and must be lockable.

DEED REGISTRATION OF THE REAL ESTATE (Detailed for Active Owners - There is Branch)

Floor Type	: Main Property	Plot/Parcel	: 5686/11
Floor Number	: 85251711	Area	: 32.4741,37 m2
City / District	: KOCAELİ / GEBZE	Main Immovable Property	: Land
Company Name	: Gebze TM		
Neighborhood / Village Name	: GÜZELLER Mah.		
Location	:		
Volume / Page Number	: 160/15791		
Registration Status	: Active		

IMMOVABLE ANNOUNCEMENT / DECLARATION / ALLIANCE

B / W / I	Explanation	Owner / Beneficiary	Date - Journal	Reason for Leaving - Date - Journal
Declaration	- THE DECISION OF THE ENTERPRISING DELEGATION DATED 22.04.2004 AND NO 4562 BELONGS TO THE OSB LAW'S ARTICLE 18 AND OSB ARTICLES 100 - 102 OF THE IMPLEMENTATION REGULATION. AND IT IS IN KOCAELİ GEBZE GÜZELLER OSB BOUNDARIES.		17/12/2004 - 8773	—
Declaration	- THE DECISION OF THE ENTERPRISING DELEGATION DATED 22.09.2004 AND NO 4562 BELONGS TO THE OSB LAW'S ARTICLE 18 AND OSB ARTICLES 100 - 102 OF THE IMPLEMENTATION REGULATION. AND IT IS IN KOCAELİ GEBZE GÜZELLER OSB BOUNDARIES.		17/12/2004-8773	—
Declaration	- THE DECISION OF THE ENTERPRISING DELEGATION DATED 22.09.2004 AND NO 4562 BELONGS TO THE OSB LAW'S ARTICLE 18 AND OSB ARTICLES 100 - 102 OF THE IMPLEMENTATION REGULATION. KOCAELİ GEBZE GÜZELLER OSB BOUNDARIES.		17/12/2004-8773	—
Declaration	THE DECISION OF THE COMMITMENT DATED 22.09.2004 AND NO 4562 OF THE OSB LAW, BELONGS TO THE ARTICLES 100 - 102 OF THE IMPLEMENTATION REGULATION AND IT IS IN KOCAELİ GEBZE GÜZELLER OSB BOUNDARIES.		17/12/2004-8773	—

PROPERTY INFORMATION

System No	Tenant	Cooperation No Shares/ Denomination	Square meters	Reason for Acquisition - Date - Journal	Reason for Leaving - Date - Journal
269593879	MGY OTOMOTİV SANAYİ ANONİM ŞİRKETİ	FULL	32.471,37	Unification Process (TSM) + Merge. - 23/05/2014 - 8916 -	

Reported by: tk37780

[\*\*\*]

Suitable for registration.

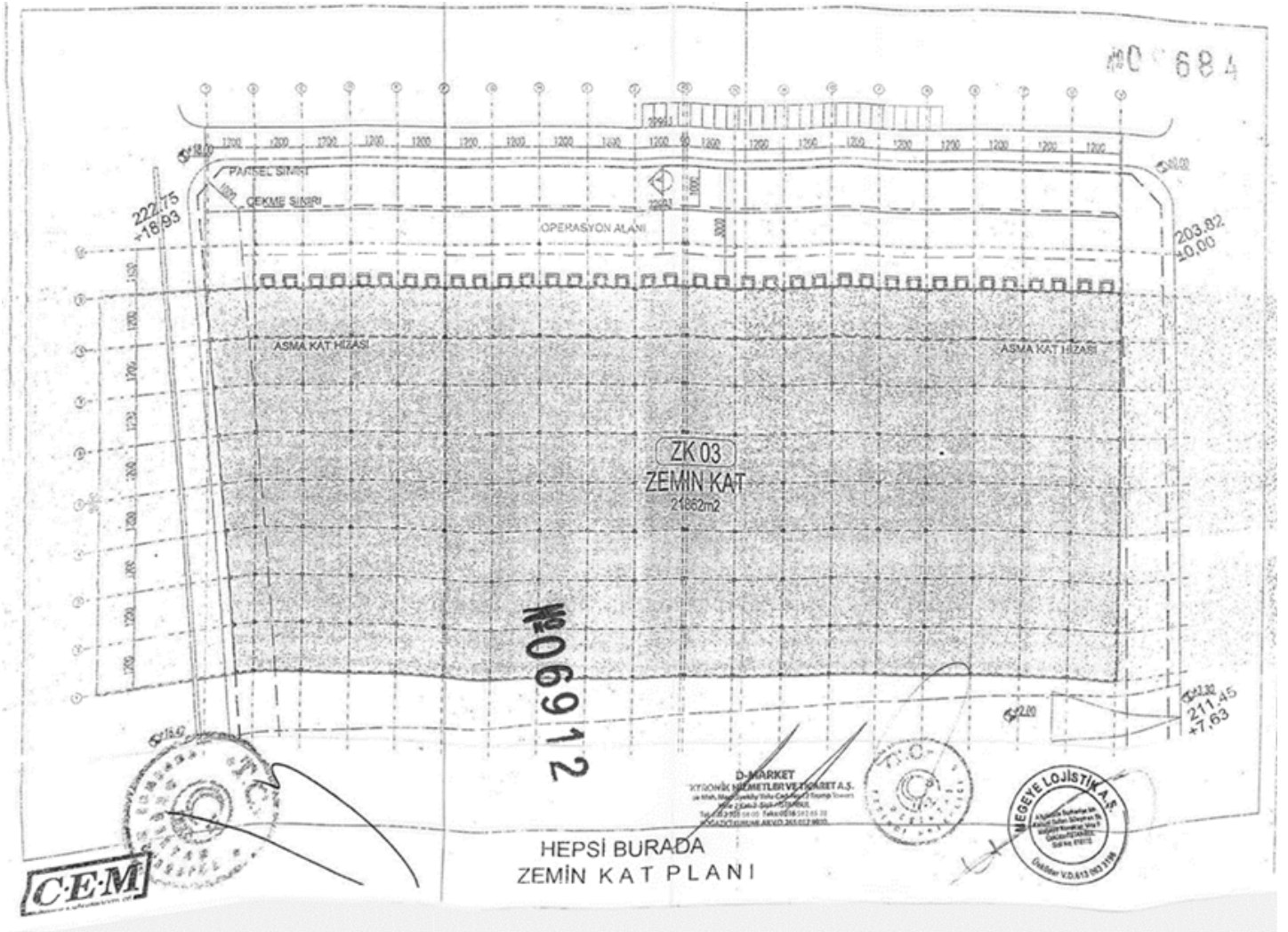
03.06.2014

Report Date / Time: 03.06.2014 10:49





## HEPSİBURADA GROUND FLOOR SECTION



### 5. Annex of the technical specifications of the buildings and fixtures:

After the final delivery of the leased property, the tenant will periodically perform the maintenance and repairs of both the building and the equipment in the building within the framework of the contracts to be made with the authorized specialist organizations. In the maintenance contracts, the authorized institutions will determine the periodic maintenance periods. One copy of the contracts to be made will be sent to the lessor. Defects arising from the construction of the building and equipment are excluded from this scope.

The list of the sections to be made periodically is as follows. During the construction and completion process of the construction, additions can be made to this list for the parties to agree.

#### PERIODIC FIXTURE MAINTENANCE LIST TO BE MADE BY THE TENANT IN LOCATIONS

- \* LOADING DOORS AND RAMPS
- \* ELEVATORS
- \* CLEANING AND MAINTENANCE OF ROOF, RAIN GUTTERS AND LANDS
- \* FIRE SYSTEM (PUMPS AND OTHER EQUIPMENT)
- \* CLEAN WATER BOOSTER (BOOSTER AND OTHER EQUIPMENT)
- \* SMOKE DISCHARGE FANS
- \* WASTE WATER EXPENDITURES MAINTENANCE
- \* OIL HOLDER AND OUTDOOR SURFACE WATER COLLECTION SYSTEM
- \* COMPENSATION PANEL, ELECTRIC INSTALLATION, EARTHING LIGHTNING EQUIPMENT
- \* TRANSFORMER
- \* FIRE DETECTION SYSTEM
- \* SYSTEMS REQUIRING PERIODIC MAINTENANCE REQUIRED BY ELECTRICAL INSTALLATION REGULATION, GROUNDING REGULATION
- \* SYSTEMS REQUIRING PERIODIC MAINTENANCE REQUIRED BY LABOR SAFETY LAW and MECHANICAL INSTALLATIONS

	Surrounding areas such as generators / transformers in the outdoor area with a galvanized wire fence system and ensuring that the door is lockable
Road and Loading areas ROAD AND YARD PAVINGS	<p>Outer field concretes will be created corresponding to axial loads of 13.5 tons. It will be designed to respond to a movement of 100 vehicles per day. Manufactures with minimum maintenance will be designed to be used for 20 years, the entire site will be superstructure concrete, and ashford application will be made.</p> <p>The roads will be reinforced concrete suitable for intensive use. Truck maneuvering area shall be reinforced concrete cast in sections with suitable contraction joints all sealed with two-part polysulphide compound on completion.</p> <ul style="list-style-type: none"> <li>· The reinforced concrete surface to the loading area in front of all dock levellers shall extend a minimum of 18 from the front of the building.</li> <li>· (The loading area shall be designed to fail away from the face of the building at a gradient of approximately 1:10 level of -1.2m below warehouse floor level.)</li> </ul> <p>In the ring roads, the road will be separated from the edges with curbs. Partially hard floors should be created on the edges. The locations will be created on the site plan with the tenant approved.</p>
Environmental Protection EXTERNAL PROTECTION	Protection will be provided by steel barriers around the environmental lighting poles and fire hydrants.
Landscape LANDSCAPING	An automatic irrigation system that feeds afforestation, greening and gray water will be created in tenant-approved areas in the environment.
Driver's waiting area / smoking area	Integrated with the building as described, but separate from the staff, material circulation, in relation to the merchandise reception office. And with visually controllable shape from the main security door.
Porch	Creating a minimum of 5 meters porch above the doors
car parking area	Creation of 14 meters of flat uneven floor in the loading area of the door
field concrete	ashford formula applied, broom-surfaced concrete floor, cut into suitable joints and filled with the material used in airports (to be approved by the tenant). In order to prevent water from passing to the lower floor, insulation should be made and guaranteed under the supervision of the manufacturer's supervisor.
environmental barriers	the surroundings of all areas that need to be protected from impacts, such as around the fire cabinet around the security hut, rain discharge pipes outside the building and ventilation grilles, are protected with barriers
Vehicle to the warehouse, forklift large truck entrance door and ramp	Creating an entrance and exit door that makes it possible to enter the warehouse with a vehicle, reach the first height of 120 cm with the help of a ramp and be larger than normal loading doors, take environmental precautions with barriers, have appropriate lighting and warning signaling
Sustainability	
Water and Air Impermeability Coefficient	Maximum 5.0 m in the entire shell to be evidenced by the test and control documents <sup>3</sup> / h / m <sup>3</sup> (50p at a positive pressure)
Daylight Harvesting	<p>Details will be created to receive light from the facade in order to obtain daylight in the warehouse, only light will be taken from the smoke evacuation windows on the roof. (There will be office windows, the said lighting is excluded.) Smoke evacuation windows and facade lights will be placed in accordance with the shelf system, maximum light will be taken to the corridors between the shelves, roof lighting will be made up to 10% of the total floor area.</p> <p>With the help of controlled silent and flexible fans, calculations should be made and the air circulation should be provided with maximum efficiency by working according to the automated working principle.</p> <p>Air Distribution Channel In case of working in coordination with Radiant heating, the best air distribution in accordance with the calculations will be provided with the necessary equipment and piping.</p>
Consumption measurement Sub-metering	<p>Equipment supply will be provided in the main distribution panel so that it can see consumption and load in each circuit.</p> <p>There will be a panel that will show kWh consumption, maximum demand (kVA) and instantaneous load (ampere) values, this equipment will also have the infrastructure to inform the automation system per hour.</p> <p>Office Lighting</p> <ul style="list-style-type: none"> <li>• Warehouse Lighting</li> <li>• Warehouse Heating</li> <li>• Environmental Lighting</li> </ul>

racking system

racking system direction plates

Handling machines

Final electrical outlet points

Conveyor

pata and IT

Telephone line desired points

Office furniture

blinds / curtains

Kitchen furnishing and detail needs

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## LEASE AGREEMENT

### 1. THE PARTIES OF THE AGREEMENT

- 1.1. LESSOR** : A.Vedat Yakupođlu Gayrimenkul Yatırımcılıđı
- Address** : Cumhuriyet Mah. Selanik Cad. orapı Kalabalık İř Hanı No:20/6 ankaya/Ankara
- Tax number** : 46453290384
- 1.2. LESSEE** : D-Market Elektronik Hizmetler ve Ticaret A.ř.
- Address** : Kuřtepe Mah.Mecidiyeköy Yolu Cad. No: 12 řiřli/İstanbul
- Tax number** : Kađıthane Tax Office / 2650179910
- Contact information** : (0850) 252 40 00 (Hereinafter referred to as “**D-MARKET**”)

### 2. SUBJECT AND SCOPE OF THE AGREEMENT

Subject and scope of this lease agreement is the rental of 11,000 m<sup>2</sup> indoor area + 6000 m<sup>2</sup> outdoor area (front garden, parking place, roads) on 16,622 m<sup>2</sup> plots included in Annex-1 General layout plan of the **Lessor** at Ankara Province Kazan District 3287 Block 2 Parcel by **D-MARKET** as a workplace for 5 years.

The general layout plan of the area to be used by **D-MARKET** together with the buildings and ancillary services as technical office, warehouse, test workshop, Construction, mechanical and electrical works technical specifications, floor plans are specified in detail in the annex of the agreement (Annex-1 to Annex-8) with the requested delivery dates in accordance with the project of the interior construction works.

The visual state of the leased property before the renovation and the visual state after the renovation and construction works to be made by the **LESSOR** in accordance with the project prepared by **D-MARKET** shall be photographed separately by **D-MARKET** and shared with the **LESSOR**.

### 3. TERM OF THE AGREEMENT

The term of this agreement is 5 (five) years between 01.09.2020 - 01.09.2025.

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At the end of the lease period, if **D-MARKET** gives a written notification 3 (three) months before the expiry of the agreement, the lease agreement shall be deemed renewed for 1 (one) year under the same conditions.

#### 4. TERMINATION OF THE AGREEMENT

4.1. **D-MARKET** may terminate the lease agreement at any time within 5 (five) years of rental by giving 3 (three) months' written notice.

#### 5. RENTAL FEE AND PAYMENTS, OTHER LIABILITIES

5.1. The monthly rent of the leased property is [\*\*\*] per month. There will be no increase in the rental fee until the end of the first 1 (one) year rental period.

5.2. The LESSOR shall complete all renovation and infrastructure works including electrical, construction and mechanical matters agreed between the Parties and detailed in ANNEX-1 until 01.09.2020, which is the commencement date of the lease agreement.

5.3. In the event that D-MARKET cannot actually enter the leased property until 01.09.2020, D-MARKET's lease payment obligation shall commence after the expiry of 1 (one) month period from the actual entry of D-MARKET to the leased property.

5.4. If the leased property is not delivered in accordance with Article 6.2 of the agreement for a reason arising from the LESSOR, the rental price shall not be charged.

5.5. At the beginning of the lease agreement, if these modifications and construction works specified in detail in the annex of the agreement (Annex-1 to Annex-8) to be completed by the LESSOR in accordance with the project and delivered on the specified dates (Annex-1 to Annex-8) cannot be done on time for a reason arising from the LESSOR and if modifications and constructions are stopped before completion, D-MARKET shall not be obliged to pay the rental price of the leased property until the renovation and construction works are completed by the LESSOR.

5.6. At the end of each agreement year, the annual rent fee increase rate shall be determined by increasing the mutually agreed rate in writing so as not to be more than the increase rate in the producer price index (12-month average).

5.7. The invoice for the monthly rent fee shall be issued by the LESSOR until the 25th of each month and delivered to D-MARKET. Payments shall be made by D-MARKET within the first 10 (ten) days of the following month on the payment day which corresponding to Thursday to the LESSOR's bank account with the following information. Thursdays are the payment day of D-MARKET.

LESSOR'S:

Bank / Branch: [\*\*\*]

IBAN: [\*\*\*]

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## 6. SPECIAL TERMS OF THE AGREEMENT

### 6.1. Construction and Renovation costs

Within the scope of Article 321 of the Turkish Code of Obligations No. 6098, the general layout plan, construction-mechanical and electrical works technical specifications and floor plans specified in detail in the annex of the agreement (Annex-1 to Annex-8) and the construction works of **D-MARKET** shall be carried out by the **LESSOR** in accordance with the provisions of the legislation in force, the project in the annexes of the agreement and the construction permit and the building permit. The written consent of the **LESSOR** for these works has been given together with this lease agreement and it has been declared, accepted and committed by the parties that the consent of the **LESSOR** is not required.

Renovation and construction costs to be made by the **LESSOR** and requested by **D-MARKET** to be made in accordance with the project prepared inside and outside the area to be used as a technical office, warehouse and test workshop in the immovable subject to the lease are included in the lease price.

### 6.2. Permits and necessary documents related to the immovable property subject to lease

The **LESSOR** shall deliver the title deed registration, workplace license, settlement and zoning permit specified in Annex 8 of the immovable property subject to the lease, being registered as a workplace in the land registry and zoning, completing the electric-natural-gas-water installation, procurement approval procedures and related documents to it to **D-MARKET** free from all kinds of defects before the start date of the lease agreement, and shall not process the rental price if the delivery is not made in accordance with this article.

### 6.3. Maintenance, repair and construction works

If the immovable property needs to be repaired during the rental period other than the renovation and construction works to be carried out by the **LESSOR** within the scope of the project prepared by the **D-MARKET** in the annex of the agreement and related to its own use, or if a third party claims on it, **D-MARKET** shall notify the **LESSOR** about the situation. The **LESSOR** is obliged to carry out this repair.

All kinds of maintenance, repair and modification expenses that are not notified by the **LESSOR** whether they can be fulfilled within 24 hours after the notification made to the **LESSOR** and are not performed within the period agreed by the parties shall be paid to **D-MARKET** by the **LESSOR** or deducted from the rental price.

### 6.4. Usage related expenses and liability

Water, Electricity, Natural Gas, Gas, Fuel, security guard, signboard expenses shall be borne exclusively by **D-MARKET** since the leased property is actually started to be used by **D-MARKET**. However, these and all similar debts arising before the date of the lease agreement belong to the **LESSOR**. THE **LESSOR** accepts, declares and undertakes that he/she will not claim any rights/receivables from **D-MARKET** before the rental date and that he/she will not request any fee from **D-MARKET**. **D-MARKET** reserves the right to recourse all damages arising from debts arising before the lease agreement to the **LESSOR**. The **LESSOR** shall

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immediately cover the damages incurred by D-MARKET at the first request.

All kinds of taxes, duties and fees arising from the ownership of the immovable shall be made by the **LESSOR** and the payment of the ones dependent on use shall be made by **D-MARKET**.

#### 6.5. Prohibition of transfer and annotation to the title deed

The LESSOR accepts, declares and undertakes that he/she will not transfer and sell the immovable property to third parties during the lease agreement (including the renewal in accordance with the law or the agreement by parties), and in case the transfer is inevitable, he/she will receive the written approval of D-MARKET and also ensure the continuation of the existing lease agreement with the new owner.

This lease agreement shall be annotated to the title deed at the expense of the LESSOR. The lease agreement will only enter into force after this annotation process. The annotation placed on the title deed can only be removed if the rental period expires.

#### 6.6. Insurance

A building and property damage insurance policy in the amount of at least [\*\*\*], which is fire financial liability insurance coverage and has no recourse against D-MARKET, shall be made by the LESSOR to cover all risks and damages, including landslide, earthquake, flood, storm, lightning, hail, internal water, vehicle crash, natural disasters, theft, terrorism and malicious acts, and the LESSOR shall submit a copy of the insurance policy to D-MARKET within 7 days following the signing of the agreement.

During the renovation and construction works prepared by D-MARKET and requested to be carried out in accordance with the project in the annex of the agreement, an employer financial liability insurance policy of at least [\*\*\*]/per individual, [\*\*\*]/per incident shall be taken out for the personnel of the **LESSOR** and/or the subcontract or personnel of the **LESSOR** who undertake these renovation and construction works in order to cover all kinds of damages, losses, compensation etc. risks and losses and the D-MARKET's employees to control the construction and renovation works in the leased property.

In addition, during the subject renovation and construction works, a 3<sup>rd</sup> Party Financial Liability Insurance policy in the amount of at least [\*\*\*] per incident and a copy of the policy will be submitted to D-MARKET within 7 days following the signing of the agreement, which is considered as the 3<sup>rd</sup> party by the LESSOR against all kinds of damage, loss, compensation etc. risks that may occur in the property and person of 3<sup>rd</sup> parties.

During the lease period, D-MARKET shall make a workplace insurance policy with financial liability coverage for vehicles, commodities, machinery, fixtures, fixed decoration and installations made by D-MARKET on the land belonging to the LESSOR and in the areas subject to the lease agreement and used by D-MARKET.

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- 6.7. The leased property shall be made available to D-MARKET Group companies, suppliers and sub-employers by D-MARKET.
- 6.8. The leased property shall be delivered as is at the end of the lease period without any modification/repair or similar construction work. D-MARKET has no obligation to restore the leased property.
- 6.9. The Stamp Tax arising from this lease agreement shall be paid equally by the Parties. D-MARKET shall pay the stamp tax in full and invoice half of the amount paid to the LESSOR.
- 6.10. The provisions of the Code of Obligations No. 6098 shall apply in this agreement.
- 6.11. In the settlement of disputes that may arise between the parties in relation to this agreement Ankara Courts and Enforcement Offices are authorized and the applicable law is Turkish law.
- 6.12. The parties have accepted the above-mentioned addresses as their legal notification addresses. Unless the address changes are duly and in writing notified to the other party, the notifications to be made to the last notified address shall be deemed to have been notified to the relevant party. On the other hand, in the notifications to be made between the parties via the corporate e-mail addresses written above, the notification sent shall not be valid unless it is confirmed that it has been received by the other party. In case the phone numbers written above, the relevant person (s) and e-mail addresses change, these changes shall be notified to the other party in writing immediately.

## 7. CONFIDENTIALITY

The LESSOR shall not disclose the information regarding the terms, conditions and status of the agreement to the public and shall not allow them to be disclosed by its personnel without the prior written consent of D-MARKET. The LESSOR accepts all kinds of legal and financial responsibilities due to the actions and discourses contrary to this confidentiality article. In addition, D-MARKET accepts the recourse of the responsibilities and penalties to D-MARKET within the scope of the relevant legal regulations other than any damages and losses.

## 8. ANNEXES

This agreement consists of the following 14 (fourteen) annexes, and these annexes are an integral part of the agreement.

ANNEX-1: Modification and Infrastructure Works List

ANNEX 2: General layout plan

ANNEX 3: Technical office (Block A) layout plan

ANNEX 4: Test Workshop and Warehouse (Block E) layout plan

ANNEX 5: Service channel details

ANNEX 6: Warehouse (Block D) layout plan

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**ANNEX 7:** Warehouse (Block C) layout plan

**ANNEX 8:** Construction-mechanical and electrical works technical specification

**ANNEX 9:** The qualifications of the immovable subject to lease, title deed, workplace license, settlement and zoning permit, registration as a workplace in the land registry and zoning, electricity-natural gas-water installation, procurement approval procedures

**ANNEX-10:** Signature Circular of the D-MARKET and LESSOR

**ANNEX 11:** D-MARKET Code of Conduct for suppliers and business partners

**ANNEX 12:** The image of the place subject to the lease before the renovation and the image after the renovation and construction works made in accordance with the project

**ANNEX 13:** \* Building Insurance Policy of LESSOR

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\* LESSOR's Financial Liability Insurance policy

**ANNEX 14:** Environmental study report made before the start date of the lease agreement in the place subject to the lease

This agreement consists of 8 (eight) main articles and 14 (fourteen) annexes and this agreement has been signed by the parties on 10/08/2020 as 2 (two) original copies indicating that the immovable subject to lease was leased with the consent of the two parties and under the conditions written above.

**LESSOR**

**A. Vedat Yakupođlu Gayrimenkul Yatırımcılıđı**

/s/ A. Vedat Yakupođlu Gayrimenkul Yatırımcılıđı

**LESSEE**

**D-MARKET Elektronik ve Ticaret A.Ş.**

/s/ D-MARKET Elektronik ve Ticaret A.Ş.

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## LEASE AGREEMENT

Province / District : Erzurum/Aziziye

District / Street / Number : Organize Sanayi Bölgesi, 2. Sanayi Caddesi, No: 25

Type of Leased Property : 2,565 m<sup>2</sup> - Commercial

Lessors

Name- Surnames and

Addresses : 1) Murat Ozan (TR ID No: [\*\*\*])  
Address: [\*\*\*]

2) Tuğba Ozan (TR ID No: [\*\*\*])  
Address: [\*\*\*]

3) Muhterem Ozan (TR ID No: [\*\*\*])  
Address: [\*\*\*]

4) Fatih Ozan (TR ID No: [\*\*\*])  
Address: [\*\*\*]

Lessee’s Name, Surname : D-Market Elektronik Hizmetler ve Tic. A.Ş. (“Lessee”)

Lessee’s Address : Kuştepe Mh. Mecidiyeköy Yolu Cad., No:12, Kule 2 Kat:2 Şişli İstanbul

One Month Rental Equivalent : [\*\*\*]

One Year Rental Equivalent : [\*\*\*]

Payment of Rent : The rent shall be paid monthly to the Lessor’s accounts in advance on the first Thursday of each month as set out in Article 14 of this Agreement.

Rental Period : 1 (one) year

Beginning of the Lease : This lease agreement will enter into force on the date of signature.

Delivery Status of the Leased Property : Clean and ready to use new building

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What the Leased Property Will Be Used for : Workplace / Warehouse

#### Special Conditions

1. The Lessee shall use the leased property as a workplace/warehouse and leased the said immovable property for this purpose.
  2. The Lessor shall deliver the leased property to the Lessee in a condition suitable for the intended use in the agreement and in a way that paint, paintwork, mechanical, electrical and architectural equipment are made and the fixtures specified in this agreement are new and working with a report and the Lessee shall evacuate the leased property in the same way and with a report upon the expiry of the agreement.
  3. The Lessor is obliged to carry out the mechanical and electrical systems of the leased workplace, essential repairs that must be done in the leased property, including the exterior, immediately at the expense of the Lessor.
  4. The Lessee is obliged to return the leased property as received, except for wear, deterioration and decrease caused by ordinary use. The Lessee shall be responsible for damages to the leased property caused by its own intention and negligence other than ordinary use. However, the Lessee is not responsible for any loss, deterioration and/or wear in the leased property due to its contractual use and/or ordinary use.
  5. The Lessor is responsible for all defects in the leased property, including those that will arise after the leased property has been delivered to the Lessee. In such a case, the Lessee shall notify the Lessor of such defect and the Lessor shall immediately remedy the defect at its own expense. If the defect is not remedied by the Lessor, the Lessee shall make the necessary repairs and maintenance to the Lessor's account and shall deduct the expenses incurred from the rental price of the next month. However, if the notification of the said defect to the Lessor and the repair and maintenance operations by the Lessor take time and cause damage to the Lessee, the Lessee shall make the said defect to the account of the Lessor without notifying the Lessor and shall deduct the costs incurred from the rental price of the following month.
  6. The Lessor agrees that the leased place in this lease agreement may be used by Doğan Online and Doğan Group affiliates and group companies in the capacity of sub-tenant provided that all damages and damages that may occur without the prior written consent of the Lessor shall be covered by the Lessor. Apart from these, the Lessee may not transfer and assign, sub-lease or transfer the right to use the leased property in whole or in part without the prior written consent of the Lessor.
  7. The Lessee may hang all kinds of announcements and signs in the places permitted in the management plan provided that he/she adheres to the management plan of the leased property and pays all kinds of taxes.
  8. The Lessee shall be able to make all kinds of renovations and decorations without touching the static structure of the building for the use of the rented place as a workplace. The Lessee is free to take the add-ons and portable decorations made without damaging the main building at the time of evacuation. The Lessor shall not claim any rights and receivables in this context provided that the leased property is returned to the Lessee exactly as it was delivered.
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9. As of the rental period of the leased place, natural gas, electricity, water, fuel money, telephone and internet expenses and apartment maintenance expenses shall be borne by the Lessee.
10. Mandatory insurance related to the leased property shall be taken out by the Lessee. Liabilities related to the leased property (including municipal real estate taxes) etc., the ancillary expenses decided by the Lessor and/or Site and/or the Apartment management and the costs of the leased or peripheral fixture renewal belong to the Lessor and the Lessee has no responsibility in this context.
11. The Lessee agrees and undertakes that it will take the Electricity, Water, Natural Gas, Telephone and Internet subscriptions on the housing on its own behalf and when it evacuates the leased property, it will pay and close all the bills for its period.
12. Rental fees shall be deposited monthly in advance to the Lessor's account specified in Article 14 on the first Thursday of each month.

The lease agreement has been concluded for 1 year. If the Lessee does not terminate this agreement when the term expires, the agreement is deemed to be automatically extended for 1-year periods. For the automatic extended years, the annual rate of rent increase will be increased at the rate of the producer, consumer price index (12-month average).

The monthly rental fee [\*\*\*] is in the following amounts. It will be paid in advance by the Lessee to the bank accounts of the Lessor.

Murat Ozan

[\*\*\*]

Bank / Branch: [\*\*\*]

IBAN No: [\*\*\*]

Fatih Ozan

[\*\*\*]

Bank / Branch: [\*\*\*]

IBAN No: [\*\*\*]

Tuğba Ozan

Bank / Branch: [\*\*\*]

IBAN No: [\*\*\*]

Muhterem Ozan

Bank / Branch: [\*\*\*]

IBAN No: [\*\*\*]

15. The Lessee shall pay the rental price from the date in Article 23 of the lease agreement, not the
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whole of the rental price, in the month in which the Lessee enters the leased place. The withholding will be paid to the tax office every month by the Lessee, separately from the rental fee.

16. The Lessee may terminate this lease agreement without compensation and without giving any reason by giving 60 days' prior notice at any time within the agreement period upon expiry of 1 year. The Lessee is obliged to pay the rent incurred in this case to the Lessor, but the Lessor accepts and undertakes not to make any claim for the unborn rent. After the Lessee's termination notice, the Lessee candidates who want to see the leased property are obliged to allow them to see the property and to hang the rental / sale posters, provided that they make an appointment in advance.
17. In the event that the Lessee does not obtain a "Business License" from the municipality to which the leased place is affiliated, the Lessee may terminate the lease agreement without compensation and immediately after the license application is rejected. In such a case, the Lessee shall pay the rent born for the period until the notice of termination, but shall not pay the unborn rent for the following months. In case a deposit is paid to the Lessor, the Lessor shall immediately return the paid deposit to the Lessee.
18. The parties are obliged to notify the other party in writing of the address changes within 7 (seven) days. If this notification is not made, the notifications sent to the current address in the agreement will have all legal consequences of a legally valid notification.
19. In the matters for which there are no provisions in this agreement, the provisions of the Law No. 6570, the Law of Obligations and the relevant legislation are valid.
20. The Lessor accepts, declares and undertakes that he/she will not claim any rights/receivables from the Lessee before the beginning of the lease, that he/she will not demand any fee from the Lessee, and that the Lessee's obligation to pay the rent will start after the signing of this agreement.
21. Istanbul Çağlayan and Erzurum Courts and Execution Offices are authorized for all disputes arising from this agreement.
22. The Lessee will be responsible for the declaration and payment of the withholding tax arising under this agreement. However, the Stamp Tax subject to this Agreement shall be paid equally by the parties.
23. This lease agreement, consisting of 23 (twenty three) articles, has been arranged in two copies and five pages and entered into force after being signed by the parties on 07/03/2020.

LESSEE:

D-Market Elektronik Hizmetler ve Ticaret A.Ş.  
/s/ D-Market Elektronik Hizmetler ve Ticaret A.Ş.

LESSORS:

1) Murat Ozan (TCKN: [\*\*\*])

2) Tuğba Ozan (TCKN: [\*\*\*])

/s/ Murat Ozan

/s/ Tuğba Ozan

3) Muhterem Ozan (TCKN: [\*\*\*])

4) Faith Ozan (TCKN: [\*\*\*])

/s/ Muhterem Ozan

/s/ Faith Ozan

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**REAL ESTATE (WORKPLACE / WAREHOUSE)**

**LEASE AGREEMENT**

**INFORMATION ABOUT THE PARTIES**

**a) Lessor Company Information**

Title : AZC HAZIR BETON İHTİYAÇ MADDELERİ TEKSTİL TURİZM PETROL ÜRÜNLERİ PAZARLAMA SAN. ve TİC. LTD. ŞTİ.  
Address of the workplace : Üçkuyu Mahallesi, Elazığ Bulvarı, No:230/1, Yenişehir - DİYARBAKIR  
Tax Office Tax Number : S. Nazif VD - 127 026 5512  
Contact / e-mail : [\*\*\*]  
Person Authorized to Represent : [\*\*\*]

**b) Lessee Company Information**

Title : D-MARKET ELEKTRONİK HİZMETLER VE TİC. A.Ş.  
Address of the workplace : Kuştepe Mah., Mecidiyeköy Yolu Cad., No:12 Kat:2 34387 Şişli - İSTANBUL  
Tax Office Tax Number : Boğaziçi Kurumlar V.D. - 265 017 9910  
Contact / e-mail : [\*\*\*]  
Person Authorized to Represent : [\*\*\*]

**LEASED PROPERTY INFORMATION**

Deed Province / District : Diyarbakır - Yenişehir  
Neighborhood : Üçkuyu  
Plot No : 1299  
Parcel : 1  
Land area : 15,952.99 m<sup>2</sup>  
Type of Leased Property : workplace / warehouse

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## **THE SUBJECT OF THE AGREEMENT**

The subject of the agreement includes to clarify the rights and obligations of the parties for the leasing of the closed area WORKPLACE / WAREHOUSE to be built within the framework of this agreement with the closed area WORKPLACE with 2,016.00 m2 within the land area of 15,952.99 square meters in Diyarbakır province Yenışehir district Üçkuyu Mah. on plot No 1299 parcel No 1.

## **CONDITION OF VALIDITY**

Because the parties are distant from each other, the LESSOR shall first sign this agreement and forward it to the e-mail address of the LESSEE written in this agreement. The LESSEE shall sign this agreement and forward it to the LESSOR's e-mail address, and this agreement shall be valid as a result of the signature of both parties and the delivery of the agreement to the other party. Otherwise, this agreement shall be null and void.

## **THE LIMIT OF USAGE IN THE LEASED PROPERTY**

It is limited to the use of additional enclosed spaces existing and to be newly established within the surface area written in the land registry information of the leased property. The LESSEE cannot claim the right to use the land area other than transportation and access to the indoor area. The right of disposal in the land area belongs to the LESSOR.

## **LEASING TERMS**

- 1) The LESSEE shall show the necessary sensitivity to use the leased property with care. In this sense, the LESSEE is responsible for the incorrect use of the office and other areas, for the fact that the LESSEE operates outside the scope of the activity included in the Trade Registry or the LESSEE fails to fulfill the matters that the LESSEE is legally required to fulfill due to the penalties, compensation and interest and charges to be imposed on the operation by the Municipalities and other official institutions. Apart from this, the LESSOR is responsible for the lack of performance of the acts charged to the LESSOR within the framework of the terms of the agreement.
  - 2) The LESSEE is obliged to take necessary precautions against sabotage and fire related to the leased property. The LESSEE is responsible for the crimes and prohibitions that may occur in terms of public rights security. The LESSOR has the right and authority to inspect these measures.
  - 3) The LESSEE is responsible for damages that may occur due to operating conditions and his own fault; accidents, fires, etc. The LESSEE shall remedy the damage and restore it.
  - 4) The LESSEE shall have (the Lessee's Financial Liability Policy) made within 10 working days following the building delivery date. Otherwise, the LESSEE shall be responsible for all possible negativities.
  - 5) The lease start date starts with the delivery of the building to the LESSEE.
  - 6) The LESSEE may not rent, sub-lease, transfer or assign the leased property to third parties in whole or in part, except for Doğan Online and Doğan Group affiliates and group companies.
  - 7) **The LESSEE has requested the LESSOR to establish a newer indoor area of 2,300 (meters/square) in addition to the existing indoor area, finally and definitively, the completion of the additional indoor area construction and its delivery to the LESSEE is on 01/11/2020. When the project preparation of the indoor area to be newly established is completed, the gross indoor area to be used for the rental shall be determined. In this sense, the additional indoor area estimate written in this agreement can be 10% (+-) different. In this case, the lease calculation will be made by recording the gross project area whose construction is clarified between the parties, and the**
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**LESSOR will deliver this additional area until 01/11/2020 as agreed with the LESSEE. When the construction of the additional area is completed and delivered, the monthly rent to be calculated will be added to the monthly rent of the existing area.**

**If the closed area to be newly established is not delivered on 01/11/2020, an additional construction period of 30 days will be given to this date. If the additional indoor area is not delivered to the LESSEE again on 01/12/2020 at the end of the additional construction period, the LESSOR accepts and undertakes as a penal condition that he will not request any rent from the existing and newly established indoor area until the additional indoor area is delivered to the LESSEE.**

**8) THE AMOUNT OF THE LEASED AREA AND THE RENTAL FEE**

Type of Leased Property	Unit	Quantity	Monthly rent Unit price	AMOUNT (TL)
Workplace / Warehouse	m <sup>2</sup>	2,016	[***]	[***]

**9) AMOUNT OF THE AREA TO BE ADDED and RENTAL FEE**

Type of Leased Property	Unit	Quantity	Monthly rent Unit price	AMOUNT (TL)
Workplace / Warehouse	m <sup>2</sup>	2,300	[***]	[***]

**Value Added Tax shall be paid separately within the framework of the legislation.**

- 10) The new enclosed space to be added shall be installed in accordance with the existing area standard. If the LESSEE requests cost increasing construction for the new area, a new m2 (SQUARE meter) rental Unit Price will be determined for the increased area by taking into account the work and material items causing the price increase.
  - 11) The rental amount shall be paid over the total indoor area amount m2 (SQUARE meters) multiplied by the m2 (SQUARE METERS) Unit Price specified in this agreement.
  - 12) **Rent increases will be announced by TUIK every year, Consumer Price Index (CPI) and Domestic Producer Price Index YI-PPI (CPI/2+CPI/2) = the result is accepted as the annual price increase coefficient. The LESSOR may not request an increase in the rent price other than this formula.**
  - 13) The rental fee shall be deposited in cash to the account numbered XXXXX of the LESSOR on the first Thursday of each month.
  - 14) The LESSEE may not make substantial changes to the leased property without the written consent of the LESSOR; otherwise, he is obliged to cover the damage to be incurred. However, the LESSEE shall be able to make all kinds of modifications and decorations without touching the static structure of the building for the use of the rented place as workplace/warehouse. The LESSEE is free to take the add-ons and portable decorations made without damaging the main building at the time of evacuation. The LESSOR shall not claim any rights and receivables in this context provided that the leased property is returned to the LESSEE as delivered.
  - 15) The LESSEE is obliged to notify the LESSOR immediately if third parties claim any right on the
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leased property.

- 16) The LESSEE is obliged to carry out/have carried out the necessary repairs due to its own fault and negligence except for the usual use in the leased property and to cover its expenses.
  - 17) The leased property shall be delivered with a minute to be arranged between the parties, if any, deficiencies, defects and defects related to the leased property shall be specified in this minute. These issues shall be remedied by the LESSOR within a reasonable period of time. If the specified issues are not eliminated by the LESSOR and cause damage to the LESSEE, the LESSEE shall make the determined issues on behalf of the LESSOR without notifying the LESSOR and shall deduct the incurred expenses from the rental price of the following month.
  - 18) The taxes arising from the property right of the leased property belong to the LESSOR and the taxes, duties and fees arising from the use belong to the LESSEE. In case of dispute, local customs and practices apply.
  - 19) At the end of the lease agreement, the LESSEE is obliged to deliver the leased property to the LESSOR, including the fixtures specified in the delivery report, if any.
  - 20) The LESSEE is not responsible for the wear and tear that may occur due to the normal use of the leased property.
  - 21) It is principal that the leased property is delivered in good and usable condition. Otherwise, it has to be proven by the LESSEE. The LESSEE is not responsible for the wear and tear that may occur due to the normal use of the leased property.
  - 22) When the term of the agreement expires, the LESSOR is free to lease again and the LESSEE is free to lease again. In this sense, the parties cannot force each other.
  - 23) The LESSEE may make general antenna, satellite antenna, cable television and air conditioning and similar equipment at its own expense upon the LESSOR's written consent..
  - 24) The contractual workplace/warehouse rental period is agreed between the parties as 2 (TWO) years.
  - 25) The LESSEE guarantees that it will not leave the existing and additional enclosed space for 24 months following the date of signing of this agreement. If otherwise occurs, it accepts and undertakes in advance that all rental fees corresponding to this period will be paid. And also, if the LESSEE does not notify the LESSOR in writing 1 month in advance that it will leave the leased property in the period after the period guaranteed in this article, the agreement shall be deemed to be automatically extended for another year within the framework of all terms and conditions written in this agreement.
  - 26) The LESSEE has the right to evacuate the leased property at any time after 24 months and extended period without being subject to any penalty.
  - 27) The LESSEE shall pay the environmental cleaning tax and the signboard advertising tax itself and shall also make the electricity, water and natural gas subscriptions in its own name and pay the consumption costs, terminate the subscription at the end of the agreement and give the LESSOR the photocopy of the receipt thereof.
  - 28) Stamp tax arising from this agreement shall be paid equally by the parties and the LESSEE shall submit the receipt of payment of the stamp tax to the LESSOR within 10 days at the latest. The LESSEE shall invoice half of the paid stamp tax to the LESSOR.
  - 29) The LESSEE shall take security measures during all its works and shall be responsible for the protection of both its own goods/materials and the building and social movements (Strike-Lockout etc.). In this sense, the LESSOR shall not be held responsible in any way.
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- 30) The parties agree that the addresses declared at the entrance of the agreement are their legal notification addresses. Each party shall notify the other party of the change of address within 10 calendar days at the latest. Otherwise, notifications made to these addresses shall be deemed to have been notified to the addressee.
- 31) The LESSOR accepts, declares and undertakes that it will not claim any right/receivable from the LESSEE regarding previous period of the beginning of the lease, that he will not demand any fee from the LESSEE, and that the LESSEE's obligation to pay the rent will start following the signature of this agreement.
- 32) THE PROVISIONS OF THE CODE OF OBLIGATIONS NO. 6098 SHALL APPLY TO THE MATTERS NOT INCLUDED IN THIS LEASE AGREEMENT.
- 33) It consists of 33 (THIRTY THREE) articles and 4 (FOUR) pages under the heading of LEASE CONDITIONS with the information written in the introduction of this agreement and 2 original copies have been read and understood by the parties and signed mutually on 18/08/2020. ISTANBUL Courts etc. enforcement offices are authorized to resolve any disputes.

**LESSOR**

**LESSEE**

Stamp-signature

Stamp-signature

[\*\*\*]

D-Market Elektronik Hizmetler ve Tic. A.S.

/s/ [\*\*\*]

/s/ D-Market Elektronik Hizmetler ve Tic. A.S.

**ANNEXES**

Lessee and Lessor: Company and Authorization Documents

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**WORKPLACE / WAREHOUSE DELIVERY / ACCEPTANCE CERTIFICATE**

This workplace/warehouse delivery/receipt document has been issued in accordance with the WORKPLACE PREMISES/WAREHOUSE LEASE AGREEMENT signed between the parties on 18/08/2020 and all matters written in the agreement and taken into consideration together with the signature of the parties below shall be deemed to have entered into force.

**LEASED PROPERTY INFORMATION**

Deed Province / District : Diyarbakır - Yenişehir  
Neighborhood : Üçkuyu  
Plot No : 1299  
Parcel : 1  
Land area : 15,952.99 m<sup>2</sup>  
Type of Leased Property : workplace / warehouse  
Closed Area Quantity (m<sup>2</sup>) : 2,016

**LESSOR REPRESENTATIVE**

Represented Company : AZC HAZIR BETON İHTİYAÇ MADDELERİ TEKSTİL TURİZM PETROL ÜRÜNLERİ PAZARLAMA SAN. ve TİC. LTD. ŞTİ.  
Name and surname : [\*\*\*]  
TR ID Number : [\*\*\*]

**REPRESENTATIVE OF THE LESSEE**

Represented Company : D-MARKET ELEKTRONİK HİZMETLER VE tic. A.Ş.  
Name and surname : [\*\*\*]  
TR ID Number : [\*\*\*]

The LESSOR and the LESSEE's representatives were present at the workplace address subject to the agreement on 20/08/2020 and personally examined and controlled the leased property in accordance with the relevant articles of the agreement and it was decided that there was no contradiction and negativity regarding the issues declared by the LESSOR. As a result, in order to deliver the workplace to the LESSEE's representative, this delivery/receipt document has been issued in 2 original copies and signed mutually.

**LESSOR**

Representative

/s/ [\*\*\*]

**LESSEE**

Representative

/s/ [\*\*\*]

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

**LEASE AGREEMENT**

**Province / District** : Adana / Seyhan

**District / Street / Number** : Zeytinli Mah., Turhan Cemal Beriker Blv., No: 625/A

**Plot No** : 12066

**Sheet** : O34-A-04-A

**Parcel** : 8

**Municipality Address Number** : 1866463316

**Type of Leased Property** : —Project m<sup>2</sup> [\*\*\*] Workplace

**Lessor**

**Name, Surname / Title** : EMRENES ORMAN ÜRÜNLERİ SAN. VE TİC. LTD. ŞTİ.

**Tax Office** : Seyhan VD 9950020493

**Address** : Fevzipaşa Mah. Turhan Cemal Beriker Bulv. No: 388/A., Seyhan/ ADANA

**Tel** : [\*\*\*]

**Lessee's**

**Name, Surname / Title** : D-Market Elektornik Hizmetler ve Tic. A.Ş. (“Lessee”)

**Tax Office** : Boğaziçi Kurumlar V.D. 2650179910

**Lessee's Address** : Kuştepe Mah., Mecidiyeköy Yolu Cad., No: 12, Kule 2, Kat: 2, Şişli, İstanbul

**One Month Rental Equivalent** : Monthly rental fee shall be invoiced according to the project m<sup>2</sup> for the project m<sup>2</sup> unit price [\*\*\*].

**Payment of Rent** : The rent shall be paid monthly to the Lessor's accounts in advance on the first Thursday of each month as set out in

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Article 14 of this Agreement.

- Rental Period** : 5 (five) years
- Beginning of the Lease** : This lease agreement shall enter into force upon the transfer of the Lessee to the warehouse to be built according to the project.
- Delivery Status of the **Leased Property** : It is clean, empty and ready to use.
- What the Leased Property Will Be Used for** : Workplace / Warehouse

#### Special Conditions

1. The lessee shall use the leased property as a workplace/warehouse, and leases aforementioned property for this purpose.
  2. The Lessor is liable for the leased property in a condition suitable for the intended use during the term of the agreement and in a way that paint, paintwork, mechanical, electrical and architectural equipment are made and the fixtures specified in this agreement are new and working. Upon the termination of the agreement, the lessee shall evacuate the leased property as received and with a report.
  3. After the delivery of the workplace by the Lessor, the Lessor is obliged to immediately carry out all maintenance, repair, modification and renewal operations required due to the normal use of the leased property, including but not limited to mechanical and electrical systems, whitewash, paint, decoration, exterior and all fixtures of the leased property and the expenses of the essential repairs to be made to the leased property.
  4. The LESSEE is obliged to return the leased property as received, except for wear, deterioration and decrease caused by ordinary use. The lessee shall be responsible for damages to the leased property caused by his/her own intention and negligence other than ordinary use. However, the LESSEE is not responsible for any loss, deterioration and/or wear in the leased property due to its contractual use and/or ordinary use.
  5. The Lessor is responsible for all defects, including hidden defects that may arise after the delivery of the leased property to the Lessee. In such a case, the Lessee shall notify the Lessor of such defect and the Lessor shall immediately remedy the defect at its own expense. If the Lessor does not remedy the defect, the Lessee shall make the necessary repairs and maintenance to the Lessor's account and shall deduct the expenses incurred from the rental price of the next month. However, if the notification of the said defect to the Lessor and the repair and maintenance operations by the Lessor take time and cause damage to the Lessee, the Lessee shall repair the said defect to the account of the Lessor without notifying the Lessor and shall deduct the costs incurred from the rental price of
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the following month.

6. The Lessor agrees that Doğan Online and Doğan Group affiliates and group companies may use the leased place in this lease agreement in the capacity of sub-tenant without the prior written consent of the Lessor. Apart from these, the Lessee may not transfer and assign, sub-lease or transfer the right to use the leased property in whole or in part without the prior written consent of the Lessor.
  7. The Lessee may hang all kinds of announcements and signs in the places permitted in the management plan if he/she adheres to the management plan of the leased property and pays all kinds of taxes.
  8. The Lessee shall be able to make all kinds of renovations and decorations without touching the static structure of the building for the use of the rented place as a workplace. The LESSEE is free to take the add-ons and portable decorations made without damaging the main building at the time of evacuation. The LESSOR shall not claim any rights and receivables in this context if the leased property is returned to the LESSOR exactly as it was delivered to the LESSEE.
  9. As of the rental period of the leased place, natural gas, electricity, water, fuel, telephone and internet expenses and apartment maintenance expenses shall be borne by the Lessee.
  10. The Lessee shall take out the mandatory insurance related to the leased property. Liabilities related to the leased property (including municipal real estate taxes) etc. Ancillary expenses decided by the Lessor and/or the Site and/or Apartment management and the renewal costs of the leased or peripheral fixtures belong to the Lessor. LESSEE does not have any responsibility in this context
  11. The Lessee agrees and undertakes that he will take the Electricity, Water, Natural Gas, Telephone and Internet subscriptions on himself and will pay the bills for lease period and terminate the subscriptions when he evacuates the leased property.
  12. Rental fees shall be deposited monthly in advance to the Lessor's account specified in Article 14 on the first Thursday of each month.
  13. The lease agreement has been concluded for 5 years. The Lessee may terminate this lease agreement at any time during the term of the agreement without any justification by giving 60 days' notice. The Lessee is obliged to pay the rent incurred in this case to the Lessor, but the Lessor accepts and undertakes not to make any claim for the unborn rent. If the Lessee does not terminate this agreement, the agreement shall deemed automatically extended for periods of 1-year at the end of 5 years. Annual rent increase rate for the following years after the first year will be determined by increasing the rate of Consumer Price Index + producer price index (12-month average)/2 .
  14. The monthly rental fee shall be deposited to the following bank account number of the lessor company on the first Thursday of each month starting after the rental start date.
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**Amount to be Paid Monthly:** [\*\*\*]

**Bank / Branch:** [\*\*\*] **Branch**

**IBAN No:** TR [\*\*\*]

15. The Lessee shall pay the amount of the rent corresponding to the day of use of that month, not the whole of the rental price, in the month in which the lessee enters the leased place.
  16. In the event that the Lessee does not obtain a “Business License” from the municipality to which the leased place is affiliated, the lessee may terminate the lease agreement without compensation immediately after the license application is rejected. In such a case, the Lessee shall pay the rent born for the period until the notice of termination, but shall not pay the unborn rent for the following months. In case a deposit is paid to the Lessor, the Lessor shall immediately return the paid deposit to the Lessee.
  17. The parties are obliged to notify the other party in writing of the address changes within 7 (seven) days. If this notification is not made, the notifications sent to the current address in the agreement will have all legal consequences of a legally valid notification.
  18. The provisions of the Law No. 6570, the Code of Obligations and the relevant legislation shall apply to the matters not covered by this agreement.
  19. The Lessor shall not claim the rental price from the existing 5000m<sup>2</sup> immovable registered in Adana Province Seyhan District 12066 Block 9 Parcel until 30.11.2020, provided that the leased property subject to the agreement is built and delivered by 30.11.2020 and provided that it is leased by the lessees under the terms of this agreement. The Lessor accepts, declares and undertakes that he/she will not claim any rights/receivables from the Lessee before the beginning of the lease, that he/she will not demand any fee from the Lessee, and that the Lessee’s obligation to pay the rent will start after the signing of this agreement.
  20. The Lessor undertakes to build and deliver the leased property by 30.11.2020. If the Lessor fails to fulfill this obligation, the Lessee shall pay the penal clause equal to the amount of half of the 1-month rental fee.
  21. Istanbul Courts and Enforcement Offices are authorized in all disputes arising from this agreement.
  22. The Lessee shall be responsible for the payment of the VAT. However, the parties shall equally pay the Stamp Tax subject to this Agreement.
  23. This lease agreement consisting of 23 (twenty-three) articles was issued in two copies and entered into force on 31/08/2020 by the parties.
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**LESSEE:**

D-MARKET ELEKTRONİK HİZM. VE TİC. A.Ş.

(Boğaziçi Kurumlar VD. V.D. 2650179910)

/S/ D-MARKET Elektornik Hizm. ve Tic. A.Ş.

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**LESSOR:**

EMRENES ORMAN ÜRÜN. SAN. VE TİC. LTD. ŞTİ.

(Seyhan V.D. 9950020493)

/S/ Emrenes Orman Ürün. San. ve Tic. LTD. ŞTİ.

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CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH "[\*\*\*]." SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

### LEASE AGREEMENT

<b>Address of the Leased Property</b>	Kazım Karabekir Mah., Bekir Saydam Cad., 21.Sk. No:76 Torbalı/İZMİR
<b>Registry of Deeds</b>	Prefabricated Reinforced Concrete Building with a total indoor area of 14,898 m <sup>2</sup> built on the land registered in İzmir Province, Torbalı District, Pancar Neighborhood, Gurbet Pınarı Mevkii, Sheet no: L18C01D Parcel no:537.
<b>Type of Leased Property</b>	It has been rented as a warehouse.
<b>Lessor's Name, Surname and Address</b>	<b>ÜSTÜNKARLI MAKİNE ANONİM ŞİRKETİ</b> Tax No: Menderes Tax Office. 9200311775 Gölcükler MH. 798/4 SK. No:1 Menderes İZMİR
<b>Lessee's Name, Surname and Address</b>	<b>D-MARKET ELEKTRONİK HİZMETLER VE TİC. A.Ş.</b> Boğaziçi Kur. T.O 2650179910 Kuştepe Mah. Mecidiyeköy Yolu Cad., No:12 Kat: Şişli/İstanbul
<b>One Month Rental Equivalent</b>	[***]
<b>One Year Rental Equivalent</b>	[***]
<b>How the Rental Equivalent Will Be Paid</b>	Rental fee is paid in cash, monthly and in advance, until the first Thursday of each relevant month.
<b>Rental Period</b>	2 (two) years. The rental period is divided into 2 periods of 1 year each.
<b>Beginning of the Lease</b>	01/09/2020
<b>Current Status of the Leased Property</b>	It is ready to use, completed, painted - whitewashed and in perfect condition. It is in good condition and complete with its fixtures.
<b>What the Leased Property Will Be Used for</b>	It will be used as a WAREHOUSE.

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## Declaration of Fixed Assets Delivered Together with the Leased Property

- 1- It has 1000 KVA transformer and electrical installation.
- 2- Lighting
- 3- Shelter and Shelter supplies
- 4- Warehouse interior and front side of the warehouse, rear, side, all facade places were delivered as plain concrete.
- 5- 150 M3 1 Main + 1 Spare + 1 Jockey Fire Booster Set (1 pcs)
- 6- 150 M3 Galvanized Modular warehouse (1 pcs)
- 7- Fire Sprink Metal Pipe (6.250 MT)
- 8- Sprink head (900 pcs)
- 9- 30 Meter Hose Fire Cabinet (14 pcs)
- 10- DN 100 Fire Hydrant (7 pcs)
- 11- Outdoor Fire Cabinet (7 pcs)
- 12- Outdoor Field Underground pipe 110 mm (500 MT)
- 13- Network Booster: DM1 3107 -I- 100 LT tank- (Mass booster) (1 pcs)
- 14- Submersible Pump Enduro submersible 1,5 KW + control panel (1 pcs) (30 mt vertical + 250 meters horizontal 1 1/4 “)
- 15- Sectional door + controls 5 x 5 (10 pcs) 170 kVA Generator - GenPower GNT IDE617TG (1 pcs) (Engine brand: Inter-Direct Injection- power 1500 rpm Wn)

Fixtures delivered together with the leased property will be delivered with a report at the time of delivery of the leased property.

All stamp tax arising from two copies of the lease agreement issued in accordance with the Stamp Tax Law No. 488 shall be declared and paid by the LESSEE within its legal period and half of the amount paid shall be invoiced to the LESSOR.

### PRINTED TERMS

(The provisions of these printed conditions, which are not contrary to the special conditions signed below, shall apply exactly)

- 1- The LESSEE is obliged to use the leased property as well as its own property and not to spoil it and not to lose its virtues and reputation and reputation.
  - 2- THE LESSOR is obliged to deliver the leased property to the LESSEE in a condition suitable for the intended use in the agreement and in a way that paint, whitewash, mechanical, electrical and architectural equipment are made and the fixtures specified in this agreement are maintained and working. The LESSEE shall evacuate the leased property as received upon the termination of the agreement.
  - 3- If the leased property is rented in whole or in part to a third party other than Doğan Online and Doğan Group affiliates and group companies by the LESSEE or the allocation of division and is changed other than those specified in the special articles and if the LESSEE fails to restore it despite the warning and reasonable period given, the LESSOR is obliged to compensate the damage and loss that may occur by the LESSEE without any need to protest and make a judgment. The fact that the incidental damage was caused by a third party does not affect the right of the LESSOR to request from the first LESSEE.
  - 4- The LESSOR is obliged to make the essential repairs that must be made within the rental period as soon as it is notified by the LESSEE, at its own expense.
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- 5- Tax and substantial repair of the leased immovable property belong to the LESSOR and the cleaning, maintenance and renovation costs required for use belong to the LESSEE.
- 6- The LESSEE is obliged to deliver the leased property to the LESSOR in the same condition. The LESSEE is obliged to fully return the fixtures and equipment contained in the leased property within the term of the agreement. If the details of both this item and the leased property and the essential parts are lost or if they fail to use them properly, the LESSEE is obliged to compensate them with their values and restore them if the LESSOR wishes.
- 7- The LESSEE is obliged to return the leased property as received, except for wear, deterioration and decrease caused by ordinary use. The LESSEE is not responsible for any loss, deterioration and/or wear in the leased property due to its contractual use and/or ordinary use.
- 8- The LESSEE cannot resist the visitation of the applicants and the examination of the qualifications in order to see the leased property within the last month of the agreement period.
- 9- The LESSEE shall compensate the LESSOR for the damages and losses incurred by the LESSOR in the event that the LESSOR does not empty the leased property even though the lease period ends.
- 10- Things that do not constitute a serious danger to the health of the LESSEE or the persons living with him/her or the workers do not give the LESSEE the right and occasion to refrain from receiving the leased property and to terminate the agreement or to request a deduction from the lease in case it appears within the lease period.
- 11- The LESSEE shall be able to make all kinds of modifications and decorations without touching the static structure of the building for the use of the rented place as a workplace, provided that it informs the LESSOR and obtains its written consent. The LESSEE is free to take the add-ons and portable decorations made without damaging the main building at the time of evacuation. The LESSOR shall not claim any rights and receivables in this context provided that the leased property is returned to the LESSEE exactly as it was delivered.
- 12- The LESSEE shall be able to obtain city water, natural gas and electricity at its own expense by obtaining the written consent of the LESSOR and shall be able to construct a private antenna if there is no public antenna installation in the apartment. The costs of this equipment and its subscription fee, if any, shall belong to the LESSEE. The LESSOR and/or the ancillary expenses decided by the Site and/or the Apartment management and the costs of the leased or peripheral fixture renewal belong to the LESSOR and the LESSEE has no responsibility in this context.

#### **SPECIAL CONDITIONS**

- 1- The LESSEE may not sub-lease the leased place, transfer the lease agreement or even transfer the right to operate the lease to someone other than Doğan Online and Doğan Group affiliates and group companies, in whole or in part, without the written consent of the LESSOR. The LESSEE shall not abandon the leased place to others. The LESSEE cannot assign a partner. Otherwise, this agreement will be terminated and evacuated.
  - 2- The leased place shall be exclusively used as "WAREHOUSE". The leased property may not be used for other purposes. The LESSEE shall avoid behaviors that will disturb the comfort and peace of the people living in the environment during its use and shall not allow the spread of things such as noise, smoke, odor. Violation of this article shall be the reason for eviction and termination of this agreement.
  - 3- All expenses such as electricity, water, natural gas, internet, telephone expenses and similar expenses as well as environmental cleaning taxes, license fees and expenses, illuminated signage - advertising taxes, transformer dues and administrative expenses (doorman fee, management dues, etc.) to be deducted from the share of the leased property due to the general expenses specified in
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Article 20 of the Property Ownership Law No. 634 during the lease shall be paid by the LESSEE. The LESSEE shall make all subscriptions such as electricity, water, natural gas, internet, telephone and similar subscriptions in the leased property in its own name within 15 (fifteen) days from the date of signing the lease agreement. Liabilities arising from SSDF, environmental cleaning tax and Municipal Revenues Law and all kinds of expenses required for the use of the leased property other than property tax shall be paid by the LESSEE. Violation of this article is a reason for evacuation.

4- The leased property is complete, painted-whitewashed and in perfect condition and delivered with its existing fixtures. At the time of evacuation, the fixtures will be returned in this way, complete, intact and clean. All kinds of damages and losses that may occur during the use of the LESSEE shall be eliminated by the LESSEE before the evacuation. If substantial repairs are required in the immovable property during the normal use of the LESSOR, the expenses of these substantial repairs shall be borne by the LESSOR. Periodic maintenance of fixtures, elimination of failures arising from use and related expenses shall be borne by the LESSEE. The LESSEE shall not make any changes that adversely affect the appearance and strength of the building and are contrary to the Zoning Law No. 3194 and the Zoning Regulations. Damage and malfunctions that may occur due to the modifications to be made by the LESSEE shall be eliminated by the LESSEE. The LESSEE shall be able to make all kinds of modifications and decorations for the use of the rented place as a workplace without touching the static structure of the building after informing the LESSOR and obtaining his/her written consent. The LESSEE is free to take the add-ons and portable decorations made without damaging the main building at the time of evacuation. The LESSOR shall not claim any rights and receivables in this context provided that the leased property is returned to the LESSEE exactly as it was delivered. All necessary measures shall be taken by the LESSEE for the use of the leased immovable as a warehouse. The LESSEE examined the immovable property subject to rent and decided that it was suitable for use for warehouse purposes and required to sign a lease agreement. The LESSOR has no commitment or warranty regarding the use as a warehouse. The LESSEE shall take out "warehouse liability insurance" and "third party financial liability insurance" against possible risks and damages that may occur in the leased property during the lease period and pay its premiums.

5- This lease agreement shall commence as of **01.09.2020**. The rental period is determined as 2 (two) years from 01.09.2020. The 2-year rental period is divided into 2 (two) separate periods of 1 (one) year each. Accordingly;

- The 1st term covers the period of 1 year between 01.09.2020 - 31.08.2021.
- 2nd term covers the period of 1 year between 01.09.2021 - 31.08.2022.

The rental fee to be paid is [\*\*\*] + VAT per month for the 1st (first) term rental year starting on 01.09.2020. Rental discount has been made for September 2020 only and the rent for September 2020 will be paid for [\*\*\*] invoice at the rate of 1/2. No discount will be applied in the following months.

The rental price of the 2nd (second) term rental year, which will start on 01.09.2021, will be determined according to the twelve-month average in the consumer price index to be announced by the Turkish Statistical Institute in relation to the previous previous lease year.

Rental fees shall be deposited monthly and in advance, until the first Thursday of each month to which it relates, to the LESSOR's account No. [\*\*\*] at ([\*\*\*]).

6- If the immovable property is not evacuated on the basis of this 2 (two) year lease agreement and the lease agreement is renewed in one-year periods due to the law, in each new one-year lease period entered, the latest lease paid in the previous period shall be paid by increasing the rate of change in proportion to the twelve-month average in the consumer price index to be announced by the Turkish Statistical Institute in relation to the previous lease year expired without any warning. The same principle will be applied in the following years. If the state issues a new index for rent increases in the future, the new index will be taken into consideration.

7- The LESSEE is not entitled to evacuate the leased property for any period of 2 (two) years. In case of evacuation before the two-year period expires, the rental fees related to the remaining part of

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the two-year period shall be paid by the LESSEE as a penalty. However, if the lease agreement is renewed due to the law after the expiry of the two-year lease period, the LESSEE has the right to terminate this lease agreement by giving a written notice by a notary public 3 (three) months in advance, provided that it has not fallen into default. In this case, the LESSEE shall evacuate and deliver the immovable property in accordance with the lease agreement without paying any compensation. Delivery convenience shall be proven by a delivery report to be signed by the parties.

8- The addresses of the LESSEE and the LESSOR beneficial for notification are the addresses written on the front side of the agreement. If these addresses change and the new address is not notified in writing to the other party, the notifications made to these addresses shall be deemed valid. All kinds of notifications to be issued to the LESSEE by showing the leased property as an address shall be deemed to have been duly made. The address of the leased property is accepted as the legal notification address of the LESSEE in accordance with Article 35 of the Notification Law.

9- After the LESSEE notifies that he/she will evacuate the leased property, the LESSOR will allow the LESSOR to hang a "Rental" sign on the leased property and those who want to rent this place will visit the leased property on Tuesdays and Saturdays of the week. The LESSEE reserves the right to request the LESSOR to change these days. Otherwise, they will compensate for the damage.

10- A deposit of [\*\*\*] TL shall be taken from the LESSEE including the guarantee of possible damages and losses (including non-payment of rental fees) arising from any breach of this lease agreement by the LESSEE. The deposit to be received shall be returned to the LESSEE provided that the leased property is evacuated and delivered in a debt-free, undamaged and empty condition in accordance with the agreement. The LESSOR has the right to deduct the unpaid rent and its accessories, as well as the loss and damage costs from the deposit.

11- Izmir Courts and Enforcement Offices are authorized to settle disputes arising from this agreement.

12- The provisions of the Turkish Code of Obligations No. 6098 and the relevant legislation shall apply to the matters not covered by this agreement.

This agreement has been read and agreed by the parties and signed in two copies on 28.08.2020.

**LESSEE**

**LESSOR**

**D-MARKET ELEKTRONİK HİZMETLER VE TİC. A.Ş.**

**ÜSTÜNKARLI MAKİNE A.Ş.**

/s/ D-MARKET Elektronik Hizmetler ve Tic. A.Ş.

/s/ Üstünkarlı Makine A.Ş.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

## LEASE AGREEMENT

### 1- THE SUBJECT OF THE AGREEMENT:

The subject of this Lease Agreement (hereinafter referred to as “**Agreement**”) is the determination of the principles, conditions and terms related to the lease of the **Leased Property** defined in Article [1.1] by the **Lessor** to the **Lessee** and the mutual rights and obligations of the **Lessor and the Lessee**.

#### 1.1 Leased property:

It is the section of which section number and area is written below, and of which qualifications are written in article (3), of which area and location has been determined in the Location (Floor) Plan (ANNEX-1), and the area located in the 2nd Tower (office floors) Block structure of the real estate named, which is the main property consisting of the 1st Tower [residential floors], 2nd Tower [office floors] and the Three Block Building named as Shopping Center and built on a 20,651.70 m<sup>2</sup> plot of land registered in Mecidiyeköy Mah., Şişli, İstanbul, in the address of İstanbul Province, Şişli District, Mecidiyeköy Mahallesi, Sheet No 298, Plot No 2524 Island and Parcel No 3.

Section No. : [2nd Floor] 417-418-419-420-421-422  
[3rd Floor] 423-424-425-426-427-428

Area : [2nd Floor]: 2.010 m<sup>2</sup>  
[3rd Floor]: 1.959 m<sup>2</sup> for a total of 3,969 m<sup>2</sup>

#### 1.2 Lessor:

ORTADOĞU OTOMOTİV TİCARET A.Ş.

Burhaniye Mahallesi, Kısıklı Caddesi, No:65 Üsküdar — İstanbul

#### 1.3 Lessee:

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.

Kuştepe Mahallesi, Mecidiyeköy Yolu Cad. No: 12 K:2 Şişli — İstanbul

#### 1.4 Monthly Rental Fee:

Between 01/01/2015 and 31/05/2015 USD 127,008 + VAT per month (1m<sup>2</sup> price USD 32)

Between 01/06/2015 and 31/05/2016 USD 130,977 + VAT per month (1m<sup>2</sup> price USD 33)

Between 01/06/2016 and 31/05/2017 USD 138,915 + VAT per month (1m<sup>2</sup> price USD 35)

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**1.5 Total Rental Fee:**

The total rental fee for the entire agreement period is [\*\*\*].

**1.6 Commencement and Duration of the Agreement;**

The **starting date of this Agreement** is 01/01/2015 [One January Two thousand fifteen]. The agreement period is the period from 01.01.2015, the start date of the agreement, to 31.05.2017, the end date of the agreement, and it is determined as 2 years and 5 months in total.

**1.7. Common Expenses and Participation Shares:**

**By signing this Agreement**, the Lessee accepts, declares and undertakes that he/she is obliged to pay the common expense share to be determined by the Board of Directors and/or Block Structure Managers of the Main Property and Block Structures and their Professional Administrations in relation to the Leased Property and/or to pay all kinds of costs related to use and security, cleaning, electricity, cold and hot water, heating and cooling expenses related to common areas, operating and maintenance expenses of elevators, social facilities and common areas, general management and other expenses, including but not limited to these, are "common expenses" and to participate in these expenses. The provisions regarding the calculation, determination and payment of participation shares in these expenses are included in Article [8] of this Agreement. The participation shares to be paid monthly and in advance shall be notified to the Lessee at the beginning of each rental period [calendar year] and the monthly participation shares for the first rental period shall be notified to the Lessee together with the rental invoice in the first month starting from the beginning of the Agreement and shall be paid.

**2- DEFINITIONS:**

The **terms used in this Agreement** and its annexes contain the following meanings. In this context,

**Main Property**

The area located in the 2nd Tower (office floors) Block structure of the real estate, which is the main property consisting of the 1st Tower [residential floors], 2nd Tower [office floors] and the Three Block Building named as Shopping Center and built on a 20,651.71 m2 plot of land registered in Mecidiyeköy Mah., Şişli, İstanbul, in the address of İstanbul Province, Şişli District, Mecidiyeköy Mahallesi, Sheet No 298, Plot No 2524 Island and Parcel No 3.

**The Shopping Mall**

The whole of the shopping floors, common areas, service areas and parking areas in which there are stores and stands in many different areas and locations and commercially operated with special usage and management provisions other than the 1st Tower [residential floors] and 2nd Tower [office floors] in the Main Property

**1. Tower Housing Floors  
[Residence]**

All independent sections, floors and common areas

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allocated to them, service areas and parking areas, if any, located outside the shopping mall and 2nd Tower [office floors] of the Main Property and to be used for residential or similar purposes,

**1. Tower Office Floors**

All independent sections, floors, common areas allocated to them, service areas and parking areas, if any, to be used for office or similar purposes including the Leased Property, located outside the shopping mall and 1st Tower [residential floors] of the Main Property,

**Trade Center**

The Shopping Mall and 2nd Tower [office floors] Block Structures,

**Agreement**

This lease agreement and its annexes forming an integral part.

**Location [Floor] Plan**

The plan showing the location, area and section numbers of the floors, offices and other sections in the 2nd tower [Annex-1],

**Monthly Rental Fee**

The rental fee + VAT that the Lessee is obliged to pay each month,

**Payments Plan**

The document showing the nature, amount and time of the payments to be made by the Lessee, including the rental price, in accordance with the provisions of the agreement and during the term [Annex-2],

**Public places**

All circulation, evacuation, goods acceptance areas, green areas, parking lots and their transportation routes in and outside the Main Property all places used in general services or allocated to the collective use of all residents, common places defined by the Law,

**Office/**

**Lessee's Technical Specifications**

The specification containing the rules and technical requirements to be complied with during the works related to interior arrangement, decoration, installation works and similar manufacturing and construction works to be performed by the Lessee in the Leased Property [Annex-4],

**Technical Control Agreement**

Controlling the projects and procedures in electrical, mechanical and construction and decoration issues in the Leased Property and approving the completed works. The Agreement required and obligatory to be concluded between a special technical control company determined by the Lessor and the Lessee and the attached sheets [Annex-5],

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**Leased property's:  
delivery receipt report**

The “ delivery receipt report “ evidencing that the Lessee has received the Leased Property in accordance with the provisions of the Agreement [Annex-6],

**The parties**

It refers to the Lessor and the Lessee.

**3- LOCATION and FEATURES of THE LEASED PROPERTY;**

The **Lessor** may change the area and/or location of other offices and other locations, usage and allocation methods, department and/or independent section numbers, internal and external entrance routes, internal and external door entrances. However, the Lessee has no right and authority to make any changes related to the location and exterior appearance of the entrance door of the Leased Property.

**4- DELIVERY AND DECORATION OF THE LEASED PROPERTY:**

**4.1 The Lessor has delivered the Leased Property to the Lessee indicating “ceiling, floor, air conditioning, electricity and other necessary installations have been made”. upon the signature of the agreement.**

The Lessee has inspected the Leased Property and the Main Property it is located in before the signing of the Agreement and has signed this Agreement by agreeing to rent the Leased Property in its current form.

**4.2 The Lessee shall have all kinds of decoration, repair, renovation, facade, door, interior arrangement and installation [electrical, plumbing and mechanical installation and similar] works and all other construction and repair works of the Leased Property made in accordance with the “Office/Lessee’s Technical Specification” and by paying their expenses. However, before performing the decoration, construction, modification or repair works, the Lessee is obliged to submit the work program showing the dates of performance of these works to the Lessor, to obtain the written consent of the Lessor and to notify the Lessor in writing on the date of completion of the works. In case the matters listed in this article are made without the written consent of the Lessor, the Lessee is obliged to return the Leased Property immediately by paying all costs and damages upon written warning.**

**4.3 The Lessee shall obtain permission from the technical control company for all kinds of construction, mechanical and electrical installation works to be carried out in the Leased Property and shall allow the Leased Property to be examined by the technical control company for the inspection and control of all kinds of manufacturing to be carried out.**

**4.4 The lessee shall correct the missing and faulty productions detected by the technical control company and notified to technical control company as soon as possible. The Lessee’s ability to start or continue its activity depends on the correction of all incomplete and faulty productions notified to it and obtaining a letter of conformity from the technical control company for all manufacturing, repair, modification and similar works.**

**4.5 The Lessee is obliged to obtain the electrical energy to be used for construction site works or interior arrangement, decoration and installation works from the energy source to be shown by the Lessor. In this period, the usage price of the energy to be consumed by the Lessee is determined by the filter meter to be installed by the Lessor**

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and the cost is invoiced to the Lessee,

- 4.6 The Lessee may not claim the decoration expenses from the Lessor and may not deduct these expenses from the rental price and common expenses in any way.**
- 4.7 The Lessee's ability to put logos or signs on the exterior of the Leased Property in common areas is strictly subject to the written approval of the Lessor.** The Lessee shall pay all kinds of taxes, duties and fees if the Lessor gives written permission to put the logos or signs outside the Leased Property.
- 4.8 The Lessee is obliged to protect the Leased Property with all its decorations in the best way and to have it regularly maintained and repaired at all costs arising from its use.** The Lessee may not claim any fee from the Lessor for the expenses related to maintenance and repair for protection purposes to be made in the Leased Property under any name [e.g. contribution share and similar].
- 4.9** On the other hand, in all cases where the Leased Property is required to be returned to the Lessor, the Lessee is obliged to evacuate the Leased Property in an empty and best way and deliver it to the Lessor by eliminating all damages arising out of ordinary use. The Lessee shall return the Leased Property at the time of evacuation in full, clean, as received and without deterioration on the exterior. Delivery shall be made with a written Evacuation Delivery Minute and within this scope, on the date of evacuation of the Leased Property, the Lessee and the Lessor shall issue a Damage Assessment Minute on the matters that need to be repaired by the Lessee by performing or having done the necessary technical examination in the Leased Property and shall make this Minute in addition to the Evacuation Delivery Minute. In case the Lessee refrains from signing both the Evacuation Delivery Report and the Additional Damage Assessment Report or fails to have the repairs of the incidental damages made in person, the matters determined by the Damage Assessment Report shall be made by the Lessor and shall be collected from the Lessee against the invoice with 20% more value. The Lessee is obliged to prove that the Leased Property has been delivered to the Lessor.

At the end of the agreement period, the Lessee shall deliver all movable decoration material without damaging the Main Property and the Leased Property. The Lessee shall in no way claim expense or cost from the Lessor on the grounds that it has left a value (additional decoration) in the Leased Property in the evacuation.

**5- PROVISIONS RELATED TO THE COMMENCEMENT DATE AND DURATION OF THE AGREEMENT;**

- 5.1 The effective date of the Agreement is accepted as the starting date of the Agreement period specified in Article [1.6] and accordingly, the Lessee's responsibility to pay the rental price, the expenses of the Lessee and the common expense advances as 01/01/2015 [One January Two Thousand and Fifteen].**
- 5.2 In order for the Agreement to be terminated at the end of its term, the Lessee must notify the Lessor of his/her will in writing in the form of a "notice of termination" declaration at least 3 (three) months before the expiry date of the Agreement.**
- 5.3 If the Lessee fails to notify the termination-will in writing, the Agreement shall deemed extended with the terms and conditions in the agreement if the Parties establish an absolute and written agreement on the rental price at least 3 months**
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**before the expiry of the Agreement period.** In the event that the termination will not be notified and the rental price cannot be agreed, it shall be terminated at the end of the agreement period and the Lessee shall evacuate the Leased Property,

- 5.4 **The Lessee guarantees and undertakes to operate as the Lessee for a minimum of 24 [twenty-four] months from the commencement date of the Agreement period in the Leased Property, and the Lessee, who has put his business into operation, accepts, declares and undertakes in advance to pay the Lessor the sum of the rental fees corresponding to the entire period between the evacuated date and the guaranteed 24 (twenty-four) month rental period as a penalty condition, either as a result of a lawsuit to be filed by the Lessor due to the failure to fulfill his/her obligations; or if he/she evacuates the Leased Property before the 24 (twenty-four) month period specified by his/her own will.**

On the other hand, the Lessee has graduated and is authorized to evacuate the Leased Property at any time before the expiry of the lease period but only after the expiry of the 24-month period guaranteed by the Lessee with a notice to be made at least three months in advance, and in this case, there will be no rental fee, common expense advance and/or compensation payment for the remaining lease period.

6- **PROVISIONS RELATED TO THE MONTHLY RENTAL FEE;**

Monthly Rental Fee of the Leased Property is the amount determined in Article [1.4] + VAT.

- 6.1 **The Lessee shall calculate the Turkish Lira equivalent of the Monthly Rental Price at the Central Bank of the Republic of Turkey Foreign Exchange Sales Rate on the first business day of each month and shall pay it together with its VAT and in advance to the Lessor's bank account by 17.00 on the 5th day of the relevant month.**
- 6.2 **The Lessor shall submit the invoice to the Lessee for the Monthly Rental Fee + VAT by calculating it at the Central Bank of the Republic of Turkey Foreign Exchange Sales Rate on the first business day of each month within the legal period.**
- 6.3 **If the Lessee delays the Monthly Rental Fee + VAT payments to be made until 17:00 on the 5th day of each month, the default interest shall be calculated at the rates specified in the Agreement for the delayed days and the invoice shall be issued by applying VAT to this interest and these invoice amounts shall be paid by the Lessee separately to the bank account of the Lessor.**
- 6.4 If the Monthly Rental Fee of any three months within a rental period is not paid in whole or in part in the form and period determined by the Agreement, the 12-Month Rental Fee following the last violation shall become due. If the rental period is less than 12 months, the Monthly Rental Fees for the remaining period shall be due. The Lessor reserves the right to demand the evacuation of the Leased Property upon the termination of the Agreement due to default and the Lessee is obliged to pay the amount to be calculated in accordance with the provisions of Article [9.3] of the Agreement to the Lessor as termination compensation.
- 6.5 Regardless of whether it is caused by Lessee or not, the Lessor shall not be liable for failure to obtain the necessary permits and licenses related to the work to be occupied by the Lessee or partial or complete disability of Lessee's rights. In such case Lessee who evacuates the Leased Property without commencing or terminating his activity for these reasons shall be obliged to pay the penalty clause to be calculated in
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accordance with the provisions of Article [5.4] to the Lessor.

7- **EXPENSES OF THE LESSEE**

The lessee is obliged to pay the expenses related to the Leased Property and its operation that are not common expenses on a regular basis.

In the event that the necessary structure for the establishment of the subscription process directly with the relevant supplier organizations in terms of the provision of consumption services in the Leased Property can be established, the Lessee shall establish the subscription relationship with the relevant organizations by covering its expenses related to the supply of these services and pay their prices. If some or all of these services are provided by the Lessor without subscribing to the relevant institution personally, the consumption fees shall be paid to the Lessor and any decision to be taken on the determination and collection of the consumption amounts shall be complied with by the Lessee.

**7.1 Based on the values measured in filtered meters and/or calorimeters to be installed by the Lessor for electricity, cold and hot water used in the Leased Property, the amounts to be calculated will be paid to the Lessor against the invoice;**

**7.1.1.** In electricity consumption; by adding technical distribution and transmission loss cost and distribution expenses [not exceeding legally stipulated distribution and transmission technical loss rates] to the unit prices determined by the authorized electricity institution,

**7.1.2.** In cold-water consumption; according to the tariff principles determined by ISKI,

**7.1.3.** In hot water consumption; by adding heating cost to the cold water tariff determined by ISKI,

**7.1.4.** In the use of cold and hot water for heating and cooling purposes, the amounts to be calculated by taking into account the heating and cooling costs shall be paid to the **Lessor** against the invoice.

If the limits stipulated by the institution purchasing energy for the reactive power consumption controlled centrally by the automation system are exceeded, the Lessee shall fulfill this immediately if the **Lessor** requests the **Lessee** to make the necessary individual compensation for its own power.

**7.2** **The Lessee** shall pay the costs of other services provided to the Leased Property and its business to the **Lessor** against the invoice over the amounts to be calculated based on the tariffs of the supplier organizations.

**7.3** The Lessee shall be liable for the signing and termination of telephone, data and similar subscription contracts allocated for use in the Independent **Leased Property**, the supply of meters, consumption, and the deposit of the deposits to the relevant institution and the related expenses and all related payments. **The Lessee** may not request a guarantee or participation share from the Lessor, and the costs of connection input modifications, meter replacement, internal installation works and main network replacement that may be requested by all kinds of installations and distribution companies shall be borne by the **Lessee**.

**7.4** **All kinds of legal, financial and criminal liabilities, including the payment of all**

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kinds of fees, expenses and other expenses related to the procedures of obtaining and renewing all kinds of licenses and similar permits required to be obtained from public and/or private institutions in relation to the activity to be occupied in the Leased Property, are exclusively under the responsibility of the Lessee.

7.5 **The Lessee shall be responsible for the existing or future taxes arising from the rental, use and activities of the Leased Property; the Lessor shall be responsible for the taxes arising from the Leased Property.**

7.6 **Upon the request of the Lessee, the Lessee shall pay the costs related to the productions to be made in the Leased Property by the Lessor on behalf of the Lessee.**

#### 8- COMMON EXPENSES AND PAYMENT TERMS

In addition to and independently of the Monthly Rental Fee and the expenses of the Lessee, the Lessee is obliged to participate in the management and similar "common expenses" and to make the related payments regularly on the specified dates. The lessee knows that the common expenses will be made at the levels appropriate to the contemporary and luxurious nature of the Main Property and therefore the 2nd Tower Block Building and the continuity of this quality and accepts all the consequences in advance.

8.1 **The Lessee shall pay the monthly advance amounts determined in relation to the common expenses to the Lessor until 17.00 on the 5th day of the relevant month.**

8.2 Management expenses will be determined according to the [estimated] budget to be made for each calendar year and covering annual management and operating expenses. Based on this estimated budget, which amount of annual and monthly participation share advance will be paid for each m2 area that can be rented on the second Tower Office Floors will be determined and established.

8.3 Monthly payments to be made shall be considered as advances in accordance with the principle of estimating the budget for administrative expenses or other common expenses and the final account shall be made at the end of the calendar year to which the budgets belong.

8.4 A parking space of 92 vehicles has been allocated to the Lessee from the parking areas of Tower Block Structure. Operating rights and authority of other parking areas in the Main Property belong exclusively to the Lessor and it is at the disposal of the Lessor whether it is temporary or indefinite, paid or free of charge. Since the allocation of the parking lot to the service of the customers/visitors and the benefit of the customers/visitors at the highest rate are in the common interest, the Lessee must comply with the measures and decisions and practices to be taken by the Lessor regarding the parking lot operation.

8.5 **If the Lessee fails to pay the advances of common expense for any three months in a rental period on time and/or makes incomplete or delayed payments, all the common expense advances for that calendar year shall be due.**

#### 9- FAILURE TO THE AGREEMENT

9.1 **Failure or failure of the Lessee to fulfill any of its obligations and obligations arising from the Agreement and its annexes consists a breach of the Agreement and the breach shall be remedied by the Lessee with all costs and expenses and**

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**damages, if any, within 10 (ten) days period to be given to the Lessee in writing.** If the contradiction is not remedied within the given 10 (ten) day period, the Lessor may request the termination of the Agreement and the evacuation of the Leased Property.

- 9.2 The termination of the Agreement and the evacuation of the Leased Property shall be required if legal proceedings are initiated against the Lessee** through bankruptcy and a warehouse decision is issued, if the Lessee has applied to the court with the request for the determination of the deadline related to the concordat, becomes insolvent, adjudicates for bankruptcy, declares concordat, terminates, dissolves, enters into liquidation or if the execution proceedings are initiated by seizure or conversion of the pledge into money to cause such situations, or if the Lessee requests postponement of bankruptcy from the person referred to in Article 179 of the Turkish Commercial Code or enters into a situation listed in Article 324 of the Turkish Commercial Code.
- 9.3 In the event that the Agreement is unilaterally terminated by the Lessor due to the violation of the Agreement by the Lessee, the Lessee is obliged to pay the total of the 6 (six) months rent following the termination date to the Lessor as termination compensation, and in cases where the provisions of Article [5.4] need to be applied, the termination compensation subject to this article shall not be paid, however, the Lessor's other damages are reserved.**

#### **10- SPECIAL PROVISIONS RELATED TO THE USE OF THE LEASED PROPERTY**

- 10.1 The Lessee shall use the Leased Property as an office and cannot change the purpose of use; on the contrary, this behaviors will be the reason for evacuation.** If the Leased Property is used contrary to its purpose, the Lessee is obliged to pay the penalty amount to be calculated over 25 [twenty-five] US Dollars per m<sup>2</sup> of the Leased Property, even if the violation is immediately remedied. If the violation is not remedied and the Lessor exercises its right to terminate the Agreement the amount to be calculated according to the provisions of Article [9.3] will be paid as termination compensation to the Lessor.
- 10.2 The lessee shall operate on his/her own behalf and account in accordance with the business name and commercial title and field of activity, and the tax liability and therefore the tax certificate shall be in his/her name.**
- 10.3 The Lessee may not make any changes to the Leased Property, create additional space, demolition, and wall or arch drilling and similar construction works.** If it is determined that such an action has been taken, the Lessor requests the remedy of the violation with a warning of 10 [ten] days to be sent to the Lessee. If the violation is not remedied within this period the Lessor can remedy this contradiction and the amount shall be collected from the Lessee against the invoice with 20% more.
- 10.4 If the maintenance works required to be carried out in the Leased Property on a compulsory and periodic basis [for example, maintenance and repair of the installation, fire and safety system and security related maintenance etc.] are not carried out by the Lessee in a timely and appropriate manner and/or are not carried out, the relevant renewal and maintenance works shall be carried out by the Lessor and shall be collected from the Lessee in return for an invoice with 20% more of the costs.**
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- 10.5** The architectural and engineering costs of all kinds of beautification, arrangement, installation and renovation procedures that can be made with the permission of the Lessor shall be paid by the Lessee and the procedures shall be carried out under the supervision and supervision of the technical control company authorized by the Lessor. These changes once made, they may not be disassembled, removed or changed later without the written consent of the Lessor.
- 10.6** The lessee's sign and directions must be in the dimensions and places determined by the Lessor and must be placed.
- The Lessee may not place or occupy any advertising elements such as announcements, posters, signs, plates, inscriptions on the exterior of the Leased Property and Common Areas. When it comes to the written consent of the Lessor, all related taxes and other expenses shall be borne by the Lessee.
- 10.7** The Lessee accepts, declares and undertakes not to take any attitudes and actions that will directly or indirectly harm the image, reputation and tranquility of the Main Property and therefore the 2nd Tower Block Building, not to make noise, not to play music outside the boundaries of the Leased Property and not to engage in any real and noisy activities.
- 10.8** The Lessee shall be solely responsible for all kinds of security of the Leased Property and the Lessee shall take necessary and compulsory measures for security.
- 10.9** The Lessor does not provide any guarantee regarding the activities and occupation issues of the other workplaces located in the Main Property and therefore in the 2<sup>nd</sup> Tower Block Building. For this reason, the Lessee may not make any protection, individual competition or similar demands from the Lessor due to the competition between the Lessor and other companies operating in the Main Property and therefore in the 2<sup>nd</sup> Tower Block Building, and may not refrain from paying the rental fees and common expense advances or request for deduction.
- In this context, The Lessor may, in whole or in part, lease, use, make use, keep empty any part of the common areas as it wishes for the performance of all kinds of activities, change the way they are used and operated, make temporary or permanent changes or modifications. In case of technical necessity, it may perform inspection and repair within the Leased Property.
- 10.10** The lessee accepts, declares and undertakes in advance that he/she will comply with all the rules required by and imposed on him/her by the legislation, the Management Plan, the operating rules to be determined by the Lessor, the etiquette, commercial practices, neighborhood obligations and objective goodwill rules, that he/she will fulfill his/her financial, legal and moral obligations and that the personnel he/she employs will fully comply with these rules and regulations, and that he/she is responsible for the damages that will occur due to his/her behaviors in the opposite direction, both on his/her own behalf and in terms of the actions of these persons in accordance with the provisions of objective and joint liability.
- 10.11** During the inspections that may be carried out by any official authority, if the Lessee is determined by a report that the Lessee does not comply with the conditions required by the business and/or the Lessee is given a warning penalty, this situation shall be deemed to be violation of the provisions of the Agreement and shall replace the
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Lessor's warning to the Lessee to comply with the provisions of the Agreement. If the Lessee receives a second warning penalty or a temporary and/or indefinite closing penalty, the Lessor has the right to unilaterally terminate the Agreement and request the evacuation of the Leased Property. In case the Lessor exercises its right of termination, the Lessee is obliged to pay the amount to be calculated in accordance with the provisions of Article [9.3] to the Lessor as termination compensation. The **Lessor** reserves the right to claim damages and losses.

## 11- INSURANCE

**11.1** At the time of delivery, the **Lessee** shall insure all installations and equipment, all decorations and furnishings, fixtures and all equipment in the Leased Property against all risks and within the general, special conditions and clauses, fire, lightning, explosion, internal and external floods, aircraft, landslides, storms, floods, snow weights, earthquakes, strikes and lockouts, turmoil, folk movements and malicious movements, terrorist additional guarantees, loss of work and profit, accidental or spontaneous occurrence of the Lessee from the operation of the Leased Property, cooling and heating apparatus, air conditioning and all kinds of other technical systems in a way that will ensure the elimination of damages and damages, replacement of damaged parts with new ones, [all risk] against all kinds of risks, and in a way that the Lessee will not be invalid in case of possible payment delays or disruption of payments, the Lessor will determine the type of insurance and the construction of the Leased Property and will ensure that the whole amount is insured in favor of the Lessor. In all insurance policies to be made, the Lessor shall be shown as either Beneficiary or permanent employee. In the event that all risks are in the Leased Property and damage the parts outside the Leased Property, compensation for damages outside the Leased Property shall be covered. The Lessee shall pay insurance premiums. In the insurance policy, "If the premiums of the insurance policy are not paid within 7 (seven) days from the due date shown, the insurer. Notifying the **Lessor** of the situation with a warning, the Lessor shall request the payment of the premium within 5 (five) business days from the date of notification and shall not nullify the policy or stop the coverage under any circumstances before the expiry of these stipulated periods, and if the damage occurs within these stipulated periods, the damage and damage shall be compensated by the Insurance "clause " and if the damage occurs in the insured place and the insurer is suspended for more than one month due to the damage, the Lessee shall pay the monthly rental fees that the Lessor is obliged to pay to the Lessor "clauses shall be included. A copy of the insurance receipts and policies shall be given to the Lessor, and in case of damage, the insurance company shall pay the damage amount to the Lessor. The money received by the Lessor from the insurance company shall be used for the renewal of the damaged Leased Property and fixtures. If the amount compensated by the insurance is not sufficient to make all the damage occurred again, the difference shall be collected from the Lessee within 30 (thirty) days without any warning or notice, even if the Lessee is slightly negligent [and in case of natural defect and intention]. In addition, the **Lessee** shall also take out personal accident insurance and 3rd party Financial Liability Insurance for all persons including its own personnel, customers and 3rd parties to be present in the Leased Property.

**11.2** The Parties agree that a reputable insurance company with the consent of the Lessor shall carry out the insurance transactions of the Leased Property.

**11.3** **If the Lessee** does not make the necessary insurance transactions, the Lessor may carry

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out all insurance transactions by notifying the Lessee first in the following insurance policy period. In such a case, the **Lessee** is obliged to pay the insurance policy fees to be invoiced with 20% more.

## 12- **TRANSFER AND SUB-LEASE PROHIBITION**

- 12.1 **The Lessee may not transfer, assign, take partners, use with a third party, permanently or temporarily leave the Leased Property to the benefit of others in any way and form, in whole or in part, without the written consent of the Lessor.** Others may not use it under any agreement under operating agreement, franchise agreement or similar names and/or under sub-tenant, user and/or operator or similar names. As an exception to this provision, the Lessee has the right to use Leased Property the property to its affiliates in this case the Lessee remains as a main responsible against the Lessor. In addition, it shall be able to sub-lease to its affiliates provided that it notifies the Lessor in advance.
- 12.2 **The transfer of more than 40% of the shares of the lessee** company to third parties in any way is considered breach of the agreement. This provision does not apply to the transfer transactions to be made to the group companies to which the Lessee is affiliated and to the companies to which the group is affiliated.
- 12.3 **The Lessee's breach of the provisions of this article constitutes a violation of the Agreement. In such case, the Lessor may unilaterally request the termination of the Agreement and eviction of the property.** In case the Lessor exercises its right of termination, the Lessee is obliged to pay the amount to be calculated in accordance with the provisions of Article [9.3] to the Lessor as termination compensation.

## 13- **THE STABILITY OF SPECIAL PROVISIONS RELATED TO LEASING**

The Parties have agreed commercially in accordance with the provisions of the **Agreement**. Provisions regarding the determination of the Monthly Rental Price differently in US Dollars for the periods within the entire **Agreement** period, the provision of the increase of the rent as of the end of the agreement, the provision of the amount of compensation in case of early termination, the provision regulating that the Leased Property cannot be transferred to third parties and similar provisions are essential provisions of the Agreement. Considering the nature of the Main Property, the Parties mutually accepted that the office tenancy in this concept has different features from the general tenancy relationship, that the Leased Property includes the right of use as well as the absolute usage debt of the Leased Property in accordance with the Agreement, and that the status of the Lessee and the identity of its shareholders are essential elements in the lease and agreed and signed the Agreement within the framework of the provisions of the Agreement. The parties shall not claim invalidity in these matters, which they have agreed upon based on changes made or to be made in the legislation [laws or case law], even on the grounds of public order with their commercially free initiatives.

The Lessee accepts, declares and undertakes in advance that the common expenses agreed in the Agreement are directly related to the use of the Leased Property and therefore, the relations to be established with various persons due to the "connected debt" or the performance of these matters cannot be considered as "relevant agreement"; therefore, its invalidity cannot be put forward under any circumstances and conditions; and that failure to fulfill the common expenses payments in full and on time constitutes a breach of Agreement and a reason for evacuation is a commercial

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obligation due to the special location of the Leased Property.

#### 14- OTHER PROVISIONS

- 14.1 The fact that the Parties have not exercised their rights arising from the Agreement or the law or the request and collection of penalty clauses due to the violation of any article of the Agreement does not mean that they have waived these rights or waived their rights and receivables arising from this violation or cannot be interpreted as such. Again, the fact that one of the Parties has not fulfilled its obligations or responsibilities undertaken pursuant to this Agreement or has paid a penalty clause does not mean that the other Party has accepted this issue, has given its consent and the right to request in this regard has disappeared or cannot be interpreted as such.
- 14.2 All penalty clauses specified in this Agreement are of the nature of "Added to Fulfilment" and for whatever reason, deduction and reduction of penalty clauses and/or damages cannot be requested.
- 14.3 In order for the force majeure or unexpected circumstances to have legal consequences in terms of this **Agreement**, it is necessary that not only the existence of these material cases, but also these cases prevent the fulfillment of the obligations and responsibilities arising from the **Agreement** and that the related request has been delivered to the other party in writing within 15 (fifteen) days at the latest from the date of the occurrence of the event.
- 14.4 The determination, amendment, implementation and supervision of the rules contained in the Management Plan **which is an integral part of the Agreement** and other regulations that the lessee and the employees in the Leased Property are obliged to comply with to the same extent are exclusively included in the powers of the Lessor.
- 14.5 The transactions subject to this Agreement regarding both the Main Property and the management of the second Tower Block Building can be carried out partially or completely by the Main Property and the second Tower Block Building Professional Management on behalf and account of the Lessor and this matter is known and accepted in advance by the Lessee.
- 14.6 The rent and the expenses of **Lessee** along with the common expense advances shall be paid to the bank account determined by the **Lessor** within the time. The **Lessor** may change the bank accounts for payments at any time by notifying in writing.
- 14.7 **The fact that the lessee** has paid a future rent debt cannot be interpreted as paying the rent and common expenses debts in the previous period.
- 14.8 **The Lessee** shall pay the rent and common expense advances of the **Lessee** along with the default monthly interest of 2.5% in foreign currency or TL plus the VAT corresponding to this interest of all kinds of debts that may arise from **the Agreement**.
- 14.9 Payments made by the **Lessee**, no matter which explanation is written for the payment, are first and foremost deducted from the default interest, if enforcement proceedings are opened, to the fees, expenses and attorneys' fees, if accrued, to the penalty clause and/or compensation, to the common expenses and then to the rent debt.
- 14.10 **The Lessee** may not transfer and assign its rights and obligations arising from this Agreement to third parties in whole or in part without the written consent of **the Lessor**. The provisions of Article 12 of the Agreement are reserved.
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- 14.11** The Lessee has signed this Agreement acknowledging the possible risks of the assignment and determination of the Rental Fees in US Dollars and assuming all negative consequences. However, within the framework of changing economic conditions, the Lessee may request the adaptation of the Rental Price without prejudice to any legal rights.
- 14.12** The agreement issued as a one original copy. The original copy shall remain with the Lessor and a copy shall be given to the Lessee. The Lessor, shall pay stamp Tax and notary fees, if any, and the entire amount shall be invoiced to the Lessee. The Lessee shall pay the said amount to the Lessor's bank account within 5 days from the invoice date.
- 14.13** Any amendments and additions to the Agreement shall be subject to the written form requirement to be signed by the Parties.
- 14.14** Istanbul [Central] Courts and Enforcement Offices shall be authorized for disputes arising from the Agreement.
- 14.15** Since the parties accept the addresses written at the entrance of the Agreement as the notification address, any correspondence and notifications to be made to these addresses shall be deemed to have been made to the relevant Party. The Party changing the notification address is obliged to notify the other Party in writing of the new notification address within 7 (seven) days. Otherwise, services and notifications made to the old address shall be deemed valid.
- 14.16** The Parties shall keep strictly confidential the provisions of this Agreement and non-public information and documents that they will obtain from each other, whether or not they are declared confidential, and shall not give any information or documents to third parties other than the persons and institutions legally authorized to receive information or documents from them. This provision shall remain valid indefinitely even if the Agreement is terminated or ended for any reason.
- 14.17** Location [Floor] Plan [Annex-1], Payments Plan [Annex-1], Office / Lessee's Technical Specification [Annex-3], Delivery / Delivery Receipt Report [Annex-4] are an indispensable part of the Agreement.

The Agreement consisting of 14 (fourteen) articles and 4 (four) annexes was issued and signed by the Parties on 24/12/2014.

Lessee

Lessor

D-Market Elektronik Hizmetler Ve Ticaret A.Ş.

Ortadoğu Otomotiv Ticaret A.Ş.

/s/ D-Market Elektronik Hizmetler Ve Ticaret A.Ş.

/s/ Ortadoğu Otomotiv Ticaret A.Ş.

**ANNEX-4**

**TRUMP TOWERS 2<sup>nd</sup> TOWER(OFFICE FLOORS)**

**LEASED PROPERTY'S DELIVERY/ACCEPTANCE REPORT**

OF THE LEASED PROPERTY:

SECTION NUMBER : [2nd Floor] 417-418-419-420-421-422  
[3rd Floor] 423-424-425-426-427-428

AREA (m<sup>2</sup>) : 3.969 m<sup>2</sup>

INSURANCE POLICY : It shall be submitted to the Lessor until the date of commencement of the activity.

DELIVERY/ACCEPTANCE DATE : 24.12.2014

The Leased Property has been delivered by the Lessor to the Lessee in full and in accordance with this Delivery/Acceptance Report and the lease agreement and 2nd Tower (Office Floors)/Lessee Technical Specification. (If a deficiency is not clearly stated under this report, it is essential that the Lessor fulfills its obligation, and if a deficiency is stated under the report, the Lessor shall remedy the related deficiency within 15 days.) The Lessee shall fulfill its unpaid and non-fulfilled obligations within 15 days.

Deficiencies in the Leased Property to be eliminated by the Lessor:

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Obligations to be paid or fulfilled by the Lessee:

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Delivered to

Delivered by

D-Market Elektronik Hizmetler Ve Ticaret A.Ş.

Ortadoğu Otomotiv Tic. A. Ş.

(stamp and signature)

(stamp and signature)

**TRUMP TOWERS 2<sup>nd</sup> TOWER(OFFICE FLOORS)**

**PAYMENTS PLAN**

Section No of the Leased Property : [2nd Floor] 417=418-419-420-421-422  
[3rd Floor] 423-424-425-426-427-428

Leased Property's Area (m<sup>2</sup>) : 3.969 m<sup>2</sup>

Issue Date of the Lease Agreement : 24/12/2014

Start Date of the Lease Agreement : 01/01/2015

Start Date of the Rental Payment : 01/01/2015

Stamp Duty Amount of the Agreement : 16.990 TL equivalent to 7.321,38 USD  
(CBRT Foreign Exchange Selling Rate dated 24/12/2014: 2.3206)

Monthly Rental Fees During the Agreement :

Between 01/01/2015 and 31/05/2015 (1m<sup>2</sup> cost is 32 USD)  
\$ 127,008 + VAT per month

Between 01/06/2015 and 31/05/2016 (1m<sup>2</sup> cost is 33 USD)  
\$ 130,977 + VAT per month

Between 01/06/2016 and 31/05/2017 (1m<sup>2</sup> cost is 35 USD)  
\$ 138,915 + VAT per month

LESSEE

LESSOR

D-Market Elektronik Hizmetler ve Ticaret A.Ş.

Ortadoğu Otomotiv Ticaret A.Ş.

(stamp and signature)

(stamp and signature)

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**TRUMP TOWERS 2<sup>nd</sup> TOWER (OFFICE FLOORS)****OFFICE/LESSEE'S TECHNICAL SPECIFICATION****A- PROJECT DESIGN CRITERIA:****1. CONSTRUCTION**

- Trump Tower Istanbul design calculations are based on Turkish Standards and Turkish Earthquake Regulation in force in our country, and American Uniform Building Code and International Building Code regulations used internationally have also been used and the structural system is the “reinforced concrete dual system” (the structural system where curtains and frames are used together) and the basic system is the “raft foundation”.
- The concrete quality of the reinforced concrete carrier system was selected as C50 (concrete strength 500 kg/cm<sup>2</sup>), concrete steel class S420a (steel strength 4200 kg/cm<sup>2</sup>) and TS 498 Load Specification and TS 500 Reinforced Concrete Specification were complied with.
- Heat and sound insulated aluminum joinery system and double glass are used on office block facades.

**2. MECHANICAL**

In general, common spaces belonging to the offices (office main entrance lobby, parking areas belonging to the offices, floor corridors, general wet volumes on the floors) will be delivered in a way to provide all kinds of air conditioning comfort (heating, cooling, fresh air and exhaust).

While interior decorating each office independent section, fresh air duct tip and exhaust duct tip that can be connected shall be installed.

Provided that it complies with the air duct sections in the type project, the air duct works and anemostat connections to be distributed in the office from the fresh air unit shall be supplied and installed by the Lessee in accordance with the decoration project of the end user.

Again, the supply and installation of the hidden ceiling type Fan Coils to be installed in the ceiling decoration together with all water side and air side connections and the 2-way motor valves on them together with their thermostats shall be carried out by the Lessee.

Hot-cold water and drainage pipes up to Fan Coiller, the ceiling type to be supplied and installed by the Lessee, and the installation works of the shut-off valves shall be delivered to the Lessee complete until the office entrance. (Lessees shall connect their systems to these ends during interior decoration.)

The in-office distribution of the fire installation sprinkler pipes to be brought to each office entrance shall be made by the Lessee according to the decoration project of the Lessee including sprinklers.

**· Heating**

Heating in offices will be provided centrally with a 4-pipe fan coil installation. Fan Coils will

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be used as hidden suspended ceiling type and high pressure. The supply and installation of Fan Coils will be carried out by the Lessees. Temperature control of the zones will be provided by the room/open office thermostats controlling the control valves. The hot water boilers to be used in the heating system will be natural gas fueled. Heating water is billed centrally by measuring with digital meters on an independent unit basis. For this reason, each independent unit will pay for the heating water as much as it uses.

#### • **Cooling**

Cooling in offices will be provided by a 4-pipe fan coil installation. The temperature of the zones will be adjusted automatically by motorized valves connected to the room/open office thermostat. The cold water needed by the Fan Coils will be supplied from centrally operating cooling groups. Cooling water is measured by digital meters on an independent unit basis and billed centrally. For this reason, each independent unit will pay for the amount of cooling water it uses and for its share of cooling water from the general areas.

#### • **Clean Air Circulation**

There is a fresh air blowing system that works centrally to meet the comfort conditions at the highest level. The exhaust systems of the office spaces are centrally planned and divided into general volume and WC. In each office, the channels of these systems will be left unattended and the internal system will be built by Lessees themselves.

All systems will be inspected and controlled by building automation.

#### • **Potable Water**

It is a cold water center in offices. Cold potable water is measured by digital meters on an independent unit basis and billed centrally. For this reason, each independent unit will pay as much cold potable water as it uses and hot water in its share from the general areas.

The building has both a reservoir for raw water and a reservoir for conditioned water. Drinking water will be supplied to independent units with a high quality treatment and in drinking water quality.

#### • **Fire extinguishing**

There are fire detection and fire extinguishing systems in the offices in accordance with international fire standards. Automatic sprinkler system is used for fire extinguishing. Offices have a fire cabinet system, portable extinguishers with dry chemical powder and fire brigade nozzles. Open and closed positions of the valves of the extinguishing system, water flow, status and failure information of the pumps are constantly monitored from the control center. Extinguishing systems are designed considering international fire standards.

#### • **Smoke Control**

There is a fire smoke exhaust system in the offices, there are also escape ladder and emergency (fire) elevator pressurization fans, all these systems are automatically activated depending on the fire automation panel and can intervene manually from the smoke control station installed in the main security center when necessary.

### **3. ELECTRIC**

In general, a transition socket box and a transition weak current box will be installed for each

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office to receive electricity during the interior decoration and to connect the main panel at the end. All systems will be brought up to this board and delivered to the Lessees.

- Central diesel generator groups will be installed in the entire building in order to provide one-to-one backup energy. The system shall be activated automatically in case of power failure and shall ensure uninterrupted operation of lighting fixtures, mechanical devices and elevators in the office and common areas.
  - The building is designed as a “smart building” to cover the latest technological innovations.
    - Low Voltage (LV) main distribution panels shall be created with IEC and ISO-9000 quality certified type test panels and control and coupling systems shall be designed to allow the panels to share loads within themselves and to discharge loads when necessary by using switches and relays suitable for automation. The system shall have the possibility of remote control monitoring by communicating with the computer of “OG-AG Monitoring and Control System”.
    - TN-S system complying with IEC 364-4-41 and IEC 364-5-54 standards shall be applied as grounding system in the facility. All the mineral parts in question shall be grounded if they remain under voltage in case of any defect.
    - Active lightning rod shall be installed in accordance with NFC 17-102 standard for lightning protection of the building.
  - Lighting and socket distribution system shall be designed within the framework of NEC, NFPA, IEC, VDE and TSE standards.
  - Lighting control in all general sections shall be controlled from a central point through lighting automation.
  - In case of power cuts, all room luminaires shall be fed directly from the generator system.
  - “EXIT” and emergency lighting fixtures showing escape directions within the scope of security lighting in all fire stairs, elevator halls, office spaces and general volumes are designed to burn continuously.
  - Smoke exhaust fans, fire pump, emergency elevator, shelter ventilation fans shall be supplied with fire resistant cable for 180 minutes. Emergency elevator shall be supplied with separate cables from smoke exhaust fan, pressurization fans and fire pump, transformer and generator. Automatic transfer will be made according to the energy status. In case of fire, the fire system shall exit in a way that the fire elevator shall be in the waiting position on the ground floor.
  - Temporary socket box and weak current box will be installed for each office independent section. All systems will be brought up to this board and delivered to the Lessees. In-office electrical works will be carried out by Lessees, depending on the decoration project.
  - The supply cable of the electrical panels belonging to the independent sections of each office on the floors shall be pulled to the panel room and delivered to the Lessees. Electronic counter shall be used on or inside the main distribution board for office independent sections. The supply cable to be drawn shall be selected to meet the electrical demand power requirement of the devices to be used in the office and the power
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requirement of the ups device to be used.

- All AG cables and low current cables to be used in the building shall be halogen-free.
- Compensation system shall be established for the main distribution panels. In the compensation system, a passive filter will be applied and protection will be provided against the 5th harmonic.

#### · **Telephone**

External telephone infrastructure will be installed in electrical shafts for each office and the telephone infrastructure will be designed to allow expansion. Pipe infrastructure will be provided between the electric shaft and the office, but the connection will be made by the Lessees. Internal telephone connection will be made to each floor in order to reach common spaces related to the building operation through the building operation telephone exchange.

Fiber optic backbone cabling will be installed from the Telecom room on the 5th basement floor to the electric shaft. Pipe infrastructure will be provided between the electric shaft and the office, but the connection will be made by the Lessees. Communication between offices and security and management will be made through the internal telephone exchange.

#### **Central Television Distribution and Broadcasting System**

A “Central Television Distribution System (Multi-switch)” cabling infrastructure will be installed in the entire facility in order to monitor internal broadcasting, satellite and encrypted/non-encrypted TV channels.

#### **SECURITY**

In general, CCTV system, entrance detection system and card access system will be installed for common spaces belonging to offices (office main entrance lobby, parking floors belonging to offices).

#### **Closed Circuit Monitoring System (CCTV)**

CCTV System is envisaged to monitor Trump Tower Istanbul environment, parking areas, entrances and some critical areas within the building through cameras and to keep records for at least 20 days. There shall be a camera in the security priority rooms.

#### **Intrusion Dedection**

It is envisaged to establish an entry detection system in order to monitor the status of security related doors, to ensure whether there is an entry/exit to security priority volumes or not and to report.

#### · **Access Control**

System is envisaged for monitoring and controlling the entries and exits of persons entering Trump Tower Istanbul and for controlling the entries and exits to certain volumes of the enterprise. Entrances to security priority rooms shall be made with card access system. The software used will be capable of supporting web-based services and capable of flexible reporting.

#### · **Fire Detection and Warning System**

Against any possible fire risk, fire protection and escape systems, fire protection, fighting,

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escape and evacuation systems will be established within the framework of European Union standards. It is envisaged that NFPA (American National Fire Prevention Association) standard UL and international insurance companies will be protected by central fire installation established taking into account their perspectives. Smoke and temperature increase detectors will be used in the offices and the detectors will be monitored from the center. There shall also be fire alarm buttons on each floor. In case of a possible fire, the fire shall be announced out loud following 60 seconds confirmation and 5 minutes investigation period.

#### • **Earthquake/Fire Safety**

In case of earthquake, the elevators will stop on the nearest floor where they can stop and open their doors so that they are prevented from staying in the elevator. In addition to construction earthquake precautions, installation earthquake safety shall be provided and gas valves shall be closed automatically in case of earthquake and fire.

#### • **Data System**

The data infrastructure in the offices will be resolved by the cables to be installed in the raised floor by the floor owners. It will be designed to be resolved over fast internet Telecom lines.

The necessary physical security, electronic security, fire security, air conditioning and energy infrastructure will be available to serve the information processing systems of the companies in the office block. For companies wishing to take part in this field, 2 core fiber optic cables between the datacenter and its offices; server cabinet and L2 switch shall be available in the datacenter. Companies that want to benefit will be able to rent enough cabinets from this area.

Fiber optic backbone cabling will be installed from the Telecom room on the 5th floor to the electrical shaft. Pipe infrastructure will be provided between the electric shaft and the office, but the connection will be made by the Lessees. Internet will be available over these fiber optic cables according to the agreement to be made with the operators.

#### • **Sound Installation**

Speakers will be installed for music and announcement in all general areas. There shall be a safety announcement speaker inside the office. There is no music system in the elevators.

### **5. Social Areas, Outdoor Spaces, and Landscaping**

- The design of the common areas inside the building, the lighting of the gardens and pedestrian paths around the building and the landscaping are made in accordance with the project.
- Infrastructures of vehicle and pedestrian roads, sewerage, water and drainage systems are established.

### **6. Parking Lot/Warehouse/Transportation**

- In the basement floors of the building, there are closed parking areas belonging to the offices, and direct access is not provided from the parking floor to the office floors by elevator for security reasons. Office Entrance Lobby will be accessed by elevator from the office parking lot and office floors will be accessible after passing to the security-controlled Office Entrance Hall next to this point.
  - Parking space has been established for all office floors and parking areas belonging to
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each floor owner have been determined by the management plan.

- There are also parking spaces belonging to Shopping Center and Residence owners. Guest parking will also be established for residential and office visitors.
- Parking area shall be separated from other sections with fire-resistant walls, automatic extinguishing systems, fire cabinets, fire brigade water intake openings and smoke exhaust system shall be available according to European Union standards. Battery-powered emergency lighting system and escape guidance are provided in the parking areas.

## 7. Office Interior Supplies

In general, the common spaces of the offices (office main entrance lobby, parking floors of the offices, floor corridors, general wet volumes on the floors and main entrance doors of each office) will be delivered as finished. The office main entrance lobby is furnished according to the decoration projects to be prepared in accordance with Trump standards.

Common main walls of each office (independent section) will be constructed, office interior floors will be delivered with raised flooring. Interior fine works and decoration will be built by Lessees

<b>Office Entrance Doors</b>	It is installed in accordance with the interior decoration of the corridor.
<b>Office Floors Venue Walls</b>	The walls between two separate offices are constructed as 20cm gas concrete brick block walls. (Plasterboard wall with detail to provide acoustic insulation on both sides shall be made by Lessees.)
<b>Floor Covering</b>	
<b>Entrance and Corridors</b>	Natural stone
<b>General Wet (Toilet) Volumes</b>	Natural stone
<b>Office Interiors:</b>	Office interiors will be delivered with raised floors. The final covering material (carpet, vinyl etc.) to be applied on the raised floor will be provided by the Lessees.
<b>Ceilings</b>	
<b>General Corridors</b>	Drywall suspended ceiling paint, decorative ceiling
<b>General Wet Areas</b>	Water resistant bare suspended ceiling water based paint or metal suspended ceiling
<b>Office Interiors</b>	It shall be left as a concrete surface.
<b>General Wet Area Equipment</b>	Vitrifiers, armatures and accessories shall be supplied and installed.

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## **B- ISSUES TO BE CONSIDERED BY THE LESSEES DURING THE PROJECT AND SITE APPLICATIONS:**

### **B.1- CONSTRUCTION AND DECORATION APPLICATIONS:**

- **GENERAL:**
  1. A periodic pilotage coordination meeting will be held at the construction site, at the construction site office, with the participation of the architects of the offices. Regular attendance at these meetings is mandatory.
  2. Projects to be submitted for approval:  
Architectural Projects : Layout plan, width and length sections, front facade, colored facade, suspended ceiling carrier construction plan, suspended ceiling coordination plan, material list  
Mechanical Projects: Plumbing project, heating-cooling and ventilation project, sprinkler project, gas (natural gas) route project (if any)  
Electrical Projects : Lighting installation plan, power installation plan, telephone, fire, panic and music broadcast installation plans, loading charts, single line scheme, panel appearance ... (Electrical projects will be of a standard that can be approved by the Chamber of Electrical Engineers.)
  3. After the coordination plans are received, the projects will be submitted for approval as 3 sets (printed and CD) within two weeks at the latest.
  4. All technical specifications and standards communicated to the Lessees are binding. It should be taken into consideration during the project and implementation phase.
  5. The name of the shop, the name of the site manager and the phone number must be written in bold letters, provided that it does not exceed the lease level of each Office.
  6. Mezzanine application is not allowed.
  7. During the construction site, garbage belonging to the lessees should be removed from the site on the same day.
  8. During the construction phase and when it is put into operation, there shall be sufficient and qualified fire extinguishers per m2 in the office.
  9. All productions (construction, electricity, mechanical installation) will be controlled according to the attached forms.



10. The lessee undertakes that all personnel (technical, administrative, master, worker, etc.) to be employed will comply with the general SSI laws and obligations, Occupational safety rules and general work discipline.

• **WALL MANUFACTURING:**

1. All productions on the walls will be made in a way that does not affect the existing wall strength. The walls will not be directly loaded.
  2. All installation cables passing through the wall will be enclosed in halogen free pvc pipes. Plumbing pipe manufacturing will be made in a way that does not affect the strength of
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the wall. If the stores want to construct aerated concrete brick walls in mandatory situations, BA lintels will be made in the doors and other spaces. In these walls, if the height is 2.50 meters and more, horizontal beams will be made, and if the length is 4.00 meters and more, vertical beams will be made.

3. High cabinets in front of the walls will be fixed to the column from the column and to the steel profiles to be cast from the beam.

• **SUSPENDED CEILING MANUFACTURING:**

1. Suspended ceilings will not be carried to the walls in any way.
2. Suspended ceiling carrier construction, a horizontal grid carrier system will be formed with minimum 40x40x2 mm box profiles, and vertical carriers will be welded to these box profiles. Rebars will not be used in the vertical suspension system.
3. The suspended ceiling carrier construction will be rigid, taking into account the building safety, life and movements during earthquakes.
4. If the suspended ceiling construction is box profile, the burrs of the welds will be cleaned and painted with antirust-containing paint. After the welding productions are completed, the welding places will be touched up with antirust paint. At the end of all these operations, a grounding connection must be made to the construction.
5. Suspended ceiling carrier construction will never be closed without the approval of the Administration.

• **FLOOR MANUFACTURING:**

1. The lessee should use non-flammable, durable and non-flammable materials as flooring material as in all other materials. If carpet is to be used, its technical specifications will be documented and sufficient number of fire tubes per m2 will be kept in the area where the carpet is located.
2. All the cable installations on the flooring will be passed through the pvc pipe and its relation with the water installation will be prevented.
3. The steel construction used in raised floor production should be sized according to its load. The welds will be along the perimeter of the box profile, the burrs will be removed, painted with antirust-containing paint, and grounding will be made.
4. Water insulation will be made in wet area floors.
5. If the building passes the main dilatation inside the office, EKO Alwitra, Asteknik or equivalent suitable dilatation profile will be placed on the floor covering, suspended ceiling, walls and showcase.

• **SIGNAGE AND DECORATION WORKS:**

1. The size specified and allowed in the projects will be in shape and quality.
  2. The sign shall be given in detail at the official level of manufacture. (Width, height, color, material, thickness, logo, 3rd dimension) Manufacturing should not be started without the approval of the Administration.
  3. In the decoration design of the offices, attention will be paid to the fact that human
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evacuation is unhindered and easy to perform in case of emergency.

4. The cabinets have to be fixed to the walls and the top materials of the bench have to be fixed to the floor. Sharp corner furniture, slippery floor coverings and non-laminated glass should not be used as decoration material.
5. Suspended ceiling and decoration materials should be selected from materials that are not highly flammable and do not emit toxic gases during fire.
6. In flooring, ceiling and wall coverings, decoration materials, easily flammable and hot gas-extinguishing materials shall not be used. (See: Fire Protection Regulation and Regulation on Flammable, Explosive, Hazardous and Hazardous Substances -1999)

### **B.2 PRINCIPLES TO BE FOLLOWED IN HOT WORKS:**

The lessees of the department shall comply with the following principles during the decoration works carried out in the section.

1. At least an ABC type chemical dry powder extinguisher of 6 kg has to be kept in the working areas.
2. Where welding is carried out, flammable objects and garbage must be removed from that environment during the work. If there are fixed flammable building sections and open insulation materials, they should be covered and protected against sparks and metal particles in incandescent state.
3. Wall cracks, joints of pipe passages and crevices must be closed to ensure fire safety of the side sections before operation.
4. Before setting aside the cutting, welding and soldering tools used, attention should be paid to whether they are flammable.
5. After working with fire, other areas with boundaries to the work place should be checked in depth and repeatedly in terms of fire and smoke, at least until a few hours after the work is finished.
6. Before starting the decoration and installation works, the Technical Control Company will be notified, the hours when the hot works will be carried out will be notified, and the key of the work place will be found in the security units during the hours when the work is not carried out.

### **B.3 PROHIBITIONS RELATED TO FIRE SAFETY:**

1. Workplaces with an alternative exit requirement shall establish the necessary emergency exit signs and other guidance signs in their own places.
  2. Fire stairs shall not be used for any purpose other than their intended purpose and personnel shall not be able to make the goods entrance and exit from these stairs.
  3. Fire cabinets other than the officials shall not be intervened in any way and the labels on the cabinet covers shall not be closed with any other material, even if for decoration purposes. Water shall not be taken from the water line in the fire cabinet for any purpose
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other than the fire.

4. Material stacks inside the building shall be made regularly and shall not prevent movement and passage in places such as fire stairs, emergency exit doors, corridors, etc. Debris, waste and garbage shall be removed from the workplace on a daily basis.
  5. It is strictly forbidden to have an LPG tube in the workplace. LPG tube insertion shall not be allowed under any circumstances.
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## MECHANICAL INSTALLATION WORKS

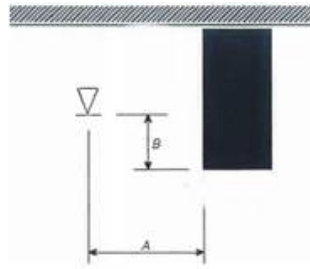
### ISSUES THAT THE LESSEES SHOULD PAY ATTENTION TO DURING PROJECT AND CONSTRUCTION SITE APPLICATION

#### • GENERAL:

1. Before moving to each independent section, the sprinkler system must be completed in the section.
  2. Sprinkler settlement project will definitely be given at the project stage. The suspended ceiling coordination plan will be overlaid on the architectural layout plan.
  3. Before the sprinklers are installed, the project will be prepared according to the following principles and will be implemented after obtaining the approval of D-Structural control engineers.
    - a) Fire extinguishing lines inside the workplace have been established on the basis of zoning. Lines are interconnected in certain regions and are opened and closed from a single valve. For this reason, the Workplaces that will make the renovation will apply to the Technical Control Firm and will be able to make the changes within the days or time zones determined by the Technical Control Firm.
    - b) The activation temperatures and brand of sprinkler heads in the workplaces will be the same as the models used and approved in the building.
    - c) For office areas, a sprinkler system will be designed considering the light hazard class according to NFPA 13.
    - d) An upright or pendent sprinkler head shall be placed to protect a maximum area of 21 m<sup>2</sup> for the Light Hazard class and the distances between the sprinkler heads shall be at least 1.8m, at most 4.6m and at most 273 m from the wall. The distance of the sprinkler heads from the wall should be at most half the distance between the two sprinkler heads in the direction in which they are placed.
    - e) Since there is no 1 m high parapet on the facade of the building, frequent sprinkler head layout shall be made at a maximum of 1.5 m from the facade along the facade as shown in the sample project given for each section and the distance between them shall not exceed 2 m.
    - f) The heads to be provided by opening the sprinkler nozzle at approximately 68C or 74C depending on the temperature of the burning environment will be selected if the water exits the sprinkler pipe nozzle. The heads shall be quick response, K factor metric 80, UL exponential FM approved. When there are locations whose temperature may be more than 40 C, it will be reported and the heads that explode at higher temperatures will be used.
    - g) Semi-recessed types will be used under suspended ceilings, pendent type or upright types will be used in places without suspended ceilings and in suspended ceilings. If the suspended ceiling height is over 80 cm, sprinkler head will be placed both inside the suspended ceiling and under the suspended ceiling.
    - h) The heads shall be in the most suitable place to drain the water to the widest area
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over the partitions and flooring obstacles of the ceiling construction and to detect a fire in the fastest way.

- i) The existing ceiling will be used in the placement of the pipes and the hanger will be firmly connected to the concrete blocks of the structure. The elements shall be designed and applied in such a way as not to damage the static structure and division of the building. The diameter of the pipes to which the heads will be attached shall be at least 1".
- j) In case of placement under both suspended ceiling and suspended ceiling in sprinkler system piping, the system shall be designed using the relevant diameter table in determining pipe diameters.
- k) In order for the heads to extinguish effectively, the distance from the beams and channels shall be calculated on the basis of the beam or channel height and the distance of the sprinkler head from the beam or channel bottom level. Distances are given in the table below.



(A) cm	(B) max cm
Less than 30,48	0
30,48 - 45,72	6.35
45,72 - 60,96	8.89
60,96 - 76,20	13.97
76,20-91,44	19.05
91,44-106,68	24.13
106,68-121,92	30.48
121,92-137,16	35.56
137,16-152,4	41.91
More than 152.40	45.72

- l) After the system is completed, it will be commissioned after testing under the supervision of the Technical Control Firm.
  - m) The existing plumbing and fire installation paint colors should be separated and the existing plumbing should not be used as hangers.
  - n) Nothing should be hung on the mounted sprinkler head.
4. It is foreseen that there will be a person in 10 m<sup>2</sup> area in open offices and fresh air and exhaust branch has been left according to 60 m<sup>3</sup>/h fresh air per person.
  5. 1 air conditioning resistor, 1 clean water and waste water nozzle were left for each office. The water meter shall be installed by the lessor so that it can be read on the ceiling to the clean water mouth.
  6. People who will construct kitchens in the office are required to put their own oil holders under the counter.
  7. A piping system (4 pipes) has been installed for heating and cooling purposes for offices. In each office, an on-off valve is installed in the round-trip line. All devices and installations to be made after these mouths belong to the lessee. Heating, cooling and close control cooling capacities left for each office are written in the space in as-builts.
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The required balancing valve is placed in the shaft inlet. Adjustment of the balancing valve shall be made by the office lessee. Absolute flush shall be made to the device expenses.

8. All businesses with wet volume and kitchen should put a 3.5 bar pressure automatic (pressure reducer) after the water supply inlet and meter.
9. All design and manufacturing principles related to all these mechanical installations must be made in accordance with the applicable law regulations and principles, all relevant TSE standards

Mandatory National Standards, compliance laws and standards that have become TSE standards with the one-to-one adoption of EN standards

NFPA Standards (primarily) (National Fire Protection)

Turkish Fire Regulation (Regulation on the Protection of Buildings from Fire)

Standards to be accepted as the basis for system design and overall fire protection:

NFPA (National Fire Protection Association - North America) 13, 14, 20, 72, 92A-B, 17A, 96 and 101 etc. relevant standards will be applied.

DIN18232 Smoke Evacuation Standards. Special additional requests of the insurer and/or investor will be taken into consideration.

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## SPECIAL TECHNICAL SPECIFICATIONS OF LOW VOLTAGE INSTALLATION

### CONTENTS:

- 1- SCOPE
- 2- ISSUES TO BE CONSIDERED
- 3- BOARDS
- 4- ELECTRICAL INSTALLATION
- 5- GROUNDING INSTALLATION
- 6- TELEPHONE INSTALLATION
- 7- FIRE ALARM INSTALLATION
- 8- LIST OF MATERIALS TO BE USED

#### 1- SCOPE:

It covers the technical inspection of the electrical installation works in the offices rented by the Landlord/ lessor.

#### 2- ISSUES TO BE CONSIDERED:

**The lessee is obliged to fulfill all the conditions in the technical specification.**

1. All wiring from the point indicated by the inspection at the construction site to the construction site panel in the office belongs to the lessee and shall be responsible for disassembly of the installation at the end of the work.
2. Electrical installation projects drawn by an authorized electrical engineer or electrical technician shall prepare the following project list in full and in accordance with the standards (map sheet dimensions, symbols,...) and submit it to the control for approval.

*Lighting installation plan;*

*Force installation plan;*

*Weak current installation plan (telephone; music broadcast; fire; panic button)*

*Cable tray plan;*

*Panel single line diagrams and manufacturing pictures (See panels section for detailed information);*

*Loading rulers;*

*Heating and voltage drop calculations;*

3. In all weak and strong current installations, halogen-free cables that emit less smoke in the event of fire: pipes and junction boxes will be used.
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4. In the fire alarm system of the offices, halogen-free cable (NHXHX-FE180, E90; SI-GEH(St)H, E90) that emits little smoke in the fire and that can transmit current under flame should be used.
  5. During the project phase, there should be no difference between the power demanded from offices for the calculation of transformer values and the power specified in later office projects.
  6. In case of demand for a change in power - taking into account the adequacy of the existing electrical system and the progress of the construction - all costs will be covered by the Lessee. However, this demand cannot be realized when the current situation does not permit.
  7. Considering the location of the panel to be installed by the lessee; in case the supply cable drawn is not sufficient and additional, the approval of the control will be obtained and the annexes will be made using protoline under the supervision of the control.
  8. A grounding cable with a cross-section suitable for the power cable cross-section will also be installed for the lessee. The lessee will be connected to the grounding system by taking branches from this ground line.
  9. The suspended ceiling will not be closed without seeing the installation inside the suspended ceiling and obtaining the approval of the control.
  10. A cable shall be installed in the junction box on each office-office wall for telephone and fire alarm system; from this point on, the installation of the relevant systems shall belong to the lessee.
  11. Fire detectors will be the same type as the detectors used throughout the building. The type will be notified to the lessee and provided by the lessee.
  12. Energy measurements of the leasable areas will be made by the building management over sub-meter meters.
  13. UPS grounding belongs to the lessee; Installation will be made with the approval of the supervision during the application.
  14. Telephone application and contract are under the lessee's obligation. Receiving the lines from Türk Telekom, Superonline or related companies belongs to the lessee.
  15. After the office installations are completed, the system will be energized by issuing the attached check-list with the control of the authorized person or companies to be appointed by the Administration and the Lessee's authorities (the contractor performing the office electrical installation must definitely participate). The system will not be energized in missing/defective installations.
  16. Consumers whose power exceeds 10 kVA have to compensate in accordance with the electricity indoor installation regulations. Compensation will be installed by the lessee in the office distribution panel.
  17. Authorized persons on behalf of the office must be present during the controls. During the checks, earth leakage current relay (TKAR) tests will be made and necessary measures
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will be taken for short-term (5 seconds) power outages.

#### **How to test TKAR**

- 1.1 TKAR works with differential voltage method. When a voltage occurs between Earth and Neutral, this voltage induces the coil in the TKAR and thanks to the reverse contact, the contacts remain de-energized and open its circuit.
- 1.2 Surveyor detects the neutral and ground end of the socket. These two ends are short circuited. The system is observed to be de-energized.

#### **IMPORTANT NOTE:**

- Only neutral and ground ends will be short-circuited.
- The enterprise should be informed before starting the test, and it should be ensured that the computer systems are secured.

#### **3- BOARDS:**

1. Distribution tables should be made of artificial (synthetic) or metal materials that are resistant to mechanical stress, moisture and heat effects that occur during operation and hardly ignite, and sheet metal should be used for meter pads. The tools to be used must comply with the relevant current standards.
  2. Tools that are not resistant to corrosion used in the construction of distribution tables should be painted or applied with a suitable surface treatment such as galvanized surface protection when necessary.
  3. For sheet metal tables, DKP sheet with smooth surface of at least 1mm up to 0.5m<sup>2</sup> and at least 2mm thickness over 0.5m<sup>2</sup> should be used.
  4. There should be a clearance of at least 10 mm between bare sections under tension.
  5. The bare parts under voltage must be at least 15mm clear from the non-insulated conductive parts of the operating equipment, the surrounding metal parts and the building parts.
  6. Bare parts under voltage must have at least the following clearance from protective external obstacles:  
*Sheet metal sheaths, sheet metal doors, etc. 40mm in plant sections*  
*100mm in braided wire, mesh wire door and other obstacles*
  7. Arrangements should be made to prevent people from touching the metallic parts under tension on the front and back sides of the distribution tables, and when this cannot be done, the surroundings of the tables should be closed.
  8. The devices in the distribution boards (fuse, switch, meter, ring transformer, etc.) must be labeled, and the terminals and conductors must be numbered.
  9. The devices to be found on the tables should be selected in accordance with the structure
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of the table.

Tables that draw current up to 10.60 A should be without busbars, tables that draw current more than 60 A should be of busbar type.

11. Tables used in dusty or humid places should be completely sealed, made of enclosed cast iron or steel sheet.
12. Distribution tables should not be placed in public places such as stairs in workplaces, residences, etc. and they should be placed in the independent section to which they belong.
13. The iron body of the tables and all iron parts that are not under stress must be grounded.
14. Low Voltage Compensation Facilities to be constructed within the scope of Electrical Interior Facilities shall be designed and installed in accordance with the provisions of the Communiqué on the improvement of the power factor during the preparation of Electrical Projects and the realization of electrical facilities published in the Official Gazette dated 1/12/1988 and numbered 2000/6 by the Ministry of Energy and Natural Resources in the compensation sections of the General Directorate.

(The aforementioned issues are quoted from TMMOB ELECTRICAL ENGINEERING REGULATION, Chamber of ELECTRICAL ENGINEERING, published in the official gazette dated 04.11.1984 and numbered 18565 and entered into force by making amendments in the official gazette dated 08.12.2000 and numbered 24254.

### 3.1 REGULATIONS

Low voltage electrical panels manufactured within the scope of the specification shall comply with the following regulations.

“Regulation on Electrical High Current Facilities” published in the Official Gazette dated 30.11.2000 and No 24246.

“Electrical Interior Facilities Regulation” published in the Official Gazette with the amendment dated 08.12.2000 and No 24254

“Regulation on Grounding in Electrical Facilities” published in the Official Gazette with the amendment dated 21.08.2001 and No 24500

Fire protection regulations in force

### 3.2 PROTECTION AGAINST ELECTRICAL SHOCKS:

**Protection against direct touch;** partitioning between circuit elements and busbars shall be carried out in order to prevent access to the active parts inside the panels. The panels to be manufactured shall be manufactured in Form 2 class.

**Indirect touch protection;** In the joining of painted surfaces with all metal parts to be contacted with the protective circuit, notched washers that pierce the paint should be used and the grounding continuity of fixed body and doors or surfaces separated by gaskets should be ensured with 6 mm<sup>2</sup> braided cables.

(PE) Grounding busbar shall be made with copper busbar without insulation.

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### 3.3 ORGANIZATION OF BOARDS:

Documents to be delivered for the panels before production.

- 1- Test reports
  - 2- Single line diagrams, loading charts
  - 3- Loading rulers
  - 4- Interior and exterior images
  - 5- Transport weight
  - 6- List of materials that are used
    - Neutral and grounding studs will be equipped separately.
    - The connections of the neutral and grounding conductors will definitely be made in the studs.
    - Connections must be made with terminals, and when rail-type terminals are used, more than one cable will not be connected to the same terminal end. Connections that are irregular, randomly made and that may cause overheating will not be accepted.
    - The body of the terminals will be made of **non-flammable and non-melting** synthetic material.
    - 300mA Earth Leakage Current Relay (TKAR), after the meter input,
    - It will definitely be used in lighting and socket and device circuits within the 30mA TKAR panel.
    - The selected earth residual current relays shall be selected to withstand a minimum of twice the calculated current.
    - The light and plug circuits in the installation will be separate and will be protected by separate neutral cut fuses.
    - Fuses cannot be used as control switches. The switches on the panels must be pacco switches.
    - In case of using blade type fuse in compensation, precautions should be taken against random touch.
    - Panel body cover grounding should be done.
    - The circuit elements used in the panel will be labeled using codes suitable for the user.
    - All neutral cables used in the panel should be light blue.
    - All grounding cables to be used in the panel will be made with yellow/green double colored cables.
    - It is a dry type capacitor recommended for offices that need compensation.
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#### 4- ELECTRICAL INSTALLATION:

- **Electrical installation projects drawn by an authorized electrical engineer or electrical technician shall be submitted to the approval of the pre-application inspection (see considerations for the projects).**
  - As stated above, all the wiring (strong and weak current) to be used will be halogen-free and of a type that emits less smoke in fire.
  - As stated above, the wiring used in fire alarm systems will be fire resistant (capable of conducting current under flame).
  - Installation under plaster will be in minimum 018 mm Halogen-free pipes that emit less smoke in case of fire, according to the project. Only three of the pipes will be laid side by side. In laying more than three pipes, the pipes will be divided into groups of three, and there will be a distance of 4 cm between both groups. In case of necessity, the pipes will be covered with plaster wire. Downpipes will be laid under plaster vertically or horizontally. Pipe transitions in dilatation areas will be sleeved and will be protected by a pipe with good mechanical strength.
  - Pipe laying work shall be completed in a manner that conductors shall be at least 2,5mm<sup>2</sup> in socket lines and outlets, at least 2,5 mm in Lighting Lines and at least 1,5 mm<sup>2</sup> in 2nd outlets and shall be laid by pulling from the pipes at the end of plaster and first whitewash. Phase conductors used in the same building installation will be laid in different colors according to their phases, and all neutral conductors will be laid in the same color with each other. **Conductors will be laid in norm colors.**
  - Plastered installation junction boxes (normal and square junction boxes) will be painted in two layers with a paint suitable for the color of the wall. More than three pipe entries will not be made to circular junction boxes. For more pipe entry, 10 x 10 cm or 12 x 12 cm square junction boxes will be used according to the need.
  - If the installation is from the floor, the installation will be laid through a minimum 0 18 mm rigid concrete type spiral pipe or a type pipe that emits less smoke in halogen-free fire.
  - Lines and sortie lines and elements such as junction boxes and fixtures will not be placed on the ceiling and wall sections that may cause electrical danger in case of a malfunction in the plumbing.
  - Safety line will be connected to the earth bolt present in the luminaire bodies in the surface installation.
  - In luminaires with incandescent bulbs greater than 100W, the bulb, socket must be perfectly ventilated and a continuous air flow must be provided in the luminaire.
  - Globe luminaires will have opal globes and porcelain bases.
  - Electronic type ballast will be used for fluorescent luminaires.
  - Lighting fixtures and equipment in accordance with the current standards will be used.
  - Detection of all kinds of cables, devices, crochets and similar installation materials made on iron parts will be in a way that does not affect the building statics. If the electrical source will be used for this process, the approval of the Technical Control Firm will be obtained.
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- All conductors used in the installation will be in accordance with the manufacturing size and in one piece.
  - In the surface installation, cables for the electrical installation will not be laid near the installation pipes carrying hot fluid.
  - In surface-mounted installation; Fire alarm, telephone, TV-Antenna, sound, security installation cables, and sensor element data terminal lines, electronic signal cables, data terminal cables and energy cables will not be laid in the same cable ways. Cables for these installations will be laid through independent cable routes under the required conditions (closed type).
  - In suspended ceiling volumes, on suspended ceiling, installation will be on plaster; however, switches, sockets, buttons, installation dimensions, control devices, etc. Transition junctions shall be used where their landings are required to be plastered on the wall. The transition junctions will be on the suspended ceiling and the exact location will be determined by the control. As transition junction boxes, square junction boxes shall be used to the extent that they sit on the plastered junction boxes and completely cover them.
  - Single conductor branches in suspended ceiling shall be laid as plaster top from general cable roads (hair duct, etc.), depending on their location; in case of halogen-free fire, they shall be of low smoke emitting type or galvanized, aluminum and industrial pipe.
  - Conductors on suspended ceilings shall not be directly connected to suspended ceiling elements and shall not be laid.
  - Cable pipes shall not be moved to the suspended ceiling and shall be mounted to the ceiling with special hooks at least 40 cm intervals.
  - Cable channels made of perforated sheet shall be used on routes where cables pass densely.
  - Cable ducts shall be grounded at all times. A grounding bridge will be made in the joints of the cable ducts (due to the integrity of the grounding).
  - If the cable ducts are to be cut with special productions, the treated sections are painted with galvanized paint or RAL 9010 electrostatic paint. (With the approval of the inspection).
  - Cables shall be laid on horizontal cable stairs without hooks, freely, properly, and the cables shall be connected to the cable duct with a plastic jute (not cable parts) every 1 m.
  - In the surface-mounted installation, there will be labels containing the codes specified in the project and/or the relevant table code and line number in at least two places of the cables (the table and the device where the cable is connected).
  - All glands in the surface installation will be selected in diameters suitable for the cable cross-sections. After the cables are passed through the fittings and their connections are completed, the fittings will be clogged with putty. Electric panels without fittings will not be approved and used.
  - In places that will be subjected to mechanical impact (places required by Boiler, Booster, Pump, Cooling Centers and Production Units, etc.), galvanized or rubber-coated steel spiral pipes will be laid. Metal fittings will definitely be used in the galvanized pipe and/or
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device terminal box connections of the spiral pipe.

· Cables will be subjected to phase-to-phase and phase-to-earth test voltage before voltage is applied.

· Fireproof plastic or porcelain terminals will be used in the installation. It is strictly forbidden to use melting and burning type terminals.

· Switch and socket under the switch cannot be switched. Supply conductors and pipes will be installed separately.

· The number of sorties to be connected to the lighting and socket circuits shall not be more than 9 for lighting in single-phase circuits and 7 for socket outlets.

· Rated currents of switches should not be less than 10A and sockets should not be less than 16A.

In case of using a three-phase socket, the selection will be made considering the power and voltage drop of the device to be connected.

· Sockets will definitely be grounded type.

· In the tables used in the installation, the current drawn under full load will be balanced according to the phases.

#### **5- GROUNDING INSTALLATION:**

· All installations shall be made in accordance with recognized foreign regulations and standards and the relevant regulations and specifications of the Ministry of Public Works, İller Bank and the Ministry of Energy and Natural Resources. The additions and supplements listed above will be valid for the issues not disclosed here. Grounding systems to be made in the facility are listed below.

· Low voltage installation operating and protection grounding

· The following systems will be applied for low voltage protection grounding.

· If the branch lines inside the office are not shown in the project, they will be made with 16 mm<sup>2</sup> braided copper.

· At least 50 mm<sup>2</sup> copper will be blown through the channels or roads made for the cables that will feed the motor and lighting circuits, branch will be taken from this network and connection will be made to the table and similar device bodies.

· For the grounding of the motors, the 4th conductor of the supply cable will be connected to the metal body. The other end of this conductor will be connected to the ground fault of the table at the feeding point.

· The electrical resistance of the splices should be less than 0.5 ohms or the area of the contact surface should be at least twice the conductor cross section.

· Grounding (safety) conductors will start from the table they belong to and continue until the main grounding installation or the main panel ground fault.

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## 6. TELEPHONE INSTALLATION

- In places where the electrical installation is under plaster, the telephone installation will also be made flush under galvanized or halogen-free pipe with plastic insulated or plastic sheathed special telephone cables with a diameter of at least 0.5 mm. Cables used in the installation will be manufactured in accordance with Turkish Standards.
- Cables will be passed through galvanized or halogen-free pipes under plaster and will be fixed on special crochet and iron consoles or sheet channel weak current sections on the surface. In the main line installation made with insulated conductors, the pairs will be made into a regular string and will be passed through the pipe after bending. Such lines will not be passed through damp places in any way.
- In places where high and weak current cables pass collectively, the necessary distance will be found between the cables belonging to the two types of installation. Cables with different voltage will never come into contact.
- Internal surface-mounted telephone installation will be made with insulated and sheathed telephone cables. The cables shall be laid horizontally, through the cable paths specified in the project, vertically, through halogen-free or galvanized pipes. The cables used will be produced in accordance with Turkish Standards.
- For the matters not mentioned in this specification, the provisions of TSE, BS, VDE or similar regulations and (TÜRK TELEKOM) specifications will be considered as the basis.
- The additions of the low current installation will be collected in a box in proportion to the possibilities and the adjacent boxes will be in the same size.
- Telephone connection boxes will be installed on surface of halogen free based material.
- Krone-type connection modules will be used in connection boxes between the main lines coming from the exchange and the subscriber cables. (Cut type.)
- Schemes containing connection schemes will be placed in the junction boxes.
- Insulation resistance of the installation (for each subscriber) shall not be less than 6 megaohms.

## 7. DESIGN AND INSTALLATION PRINCIPLES OF THE DETECTION-WARNING SYSTEM

- Before moving to each independent section, the fire detection system prepared according to the following principles and deemed appropriate by the technical staff to be assigned by the contributor and made according to the project must be in working order.
  - After the detector layout and detector types are deemed appropriate by the technical personnel to be assigned by the floor owner, the construction of the system will start.
  - At least one detector will be placed in each closed room, and one suitable type of detector will be placed for each 50-80 m<sup>2</sup>.
  - In order for the detectors to be located in the workplace to adapt to the main system, that is to say to make the necessary notification to the center, the detectors will be the same brand and model as the detectors used throughout the building and will be supplied by
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the lessee and installed.

- Loudspeakers and flashers (audible and light warning devices) to be placed in the offices will be the same brand in order to adapt to the Office Tower main system.
- The system shall be a microprocessor-controlled fire detection and warning system that controls from addressable zones by considering the operating features of the building, other systems and installations installed.

#### 8- MATERIAL LIST TO BE USED

1-	<b>LOW VOLTAGE INSTALLATION</b> <b>CABLES</b> (External sheathed, solid or soft multi-wire and all halogen-free and low smoke emitting type NHXMH, NHXMH-FE 180, SIMH, etc.) Easily tearable silicone-based cables without TSE or international standards compliance certificate shall not be accepted.	PIRELLI/NEXANS
2-	<b>E90 TYPE FIRE ALARM CABLES</b> Capable of conducting current under flame for 30 minutes)	PIRELLI/NEXANS
3-	<b>TELEPHONE CABLES (TINNED)</b>	BİRTAŞ/KLAS/PET-KAB
4-	<b>ELECTRONIC METERS</b>	[IT WILL BE PROVIDED AND INSTALLED BY THE ADMINISTRATION. THE COST WILL BE CHARGED TO THE LESSEE.]
5-	<b>BOARDS</b>	ISO 9001 APPROVED LOCAL MANUFACTURER
6-	<b>COMPACT SWITCHES</b>	SIEMENS/SCHNEIDER/ABB
7-	<b>SWITCHED AUTOMATIC FUSES</b>	SIEMENS/SCHNEIDER/ABB
8-	<b>CONTACTORS</b>	SIEMENS/SCHNEIDER/ABB
9-	<b>MEASUREMENT DEVICES</b>	SIEMENS/SCHNEIDER/ABB
10-	<b>FUSED TERMINALS</b>	WAGO/ WEIDMULLER/ PHOENIX CONTACT
11-	<b>THERMAL RELAYS</b>	SIEMENS/SCHNEIDER/ABB
12-	<b>POWER CONTROL RELAYS</b>	SIEMENS/SCHNEIDER/ABB
13-	<b>PHASE PROTECTION RELAYS</b>	SIEMENS/SCHNEIDER/ABB
14-	<b>DIFFERENTIAL RELAYS</b>	SIEMENS/SCHNEIDER/ABB
15-	<b>IMPULS RELAYS</b>	SIEMENS/SCHNEIDER/ABB
16-	<b>POWER CONDENSATORS</b>	SIEMENS/SCHNEIDER/ABB
17-	<b>ELECTRONIC TIME RELAYS</b>	SIEMENS/SCHNEIDER/ABB

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18-	<b>SIGNAL LAMPS</b>	SIEMENS/SCHNEIDER/ABB
19-	<b>START STOP BUTTONS</b>	SIEMENS/SCHNEIDER/ABB TELEMECANIQUE/KLÖCKNER
20-	<b>MUSHROOM BUTTONS</b>	MOELLER/ ABB/ SIEMENS/ AEG
21-	<b>PACCO SWITCHES</b>	SIEMENS/ SCHNEIDER/ABB
22-	<b>TERMINALS</b>	WAGO/ WEIDMULLER/ PHOENIX CONTACT
23-	<b>FLUORESCENT LUMINAIRE BALLASTS</b>	PHILIPS/OSRAM/TRIDONIC OR EQUIVALENT
24-	<b>LIGHTING BUS-BARS</b>	EAE OR EQUIVALENT
25-	<b>CABLE TRAYS</b>	EAE/GERSAN
26-	<b>PLASTERED ETHANE SOCKETS CEE TYPE</b>	LEGRAND HYPRA/MENEKES OR EQUIVALENT
27-	<b>ELECTRIC PIPES (HALOGEN FREE)</b>	İPEK/ENSMET]
28-	<b>PIPE FITTING ELEMENTS (HALOGEN FREE)</b>	İPEK/ENSMET]
29-	<b>SURFACE-MOUNTED JUNCTIONS (HALOGEN-FREE)</b>	İPEK/ENSMET]
30-	<b>SPIRAL PIPES (HALOGEN FREE)</b>	İPEK/ENSMET]
31-	<b>PIPE ACCESSORIES (HALOGEN FREE)</b>	İPEK/ENSMET]

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**AGREEMENT RELATED TO THE GENERAL CONDITIONS OF  
THE FINANCIAL PROCEDURE FOR TRANSFER OF RECEIVABLE**

**1. THE PARTIES:**

Agreement on the General Terms and Conditions of the Transfer Provision Financing Program ("Agreement") has been signed between Doruk Faktoring A.Ş. ("FINANCIAL CORPORATION) located in Kuştepe Mh. Mecidiyeköy Yolu Cd. No 12 Kule 2 Floor 24 Şişli, İstanbul and D-Market Elektronik Hizmetler ve Ticaret A.Ş. ("BUYER") located in Kuştepe Mh. Mecidiyeköy Yolu Cd. No 12 Kule 2 Floor 2 Şişli, İstanbul.

"BUYER" and "FINANCIAL CORPORATION" shall be referred briefly as "Parties" together in the Agreement.

**2. DEFINITIONS:**

**Supplier Financing System (Turkish abbrev. is "TFS"):** It is the system where electronic files containing the invoice/receivable information of the BUYER regarding the receivable that can be transferred by the Supplier are transferred to the FINANCIAL CORPORATION through the Service Provider and early payment is provided to the Supplier by integrating with the system managed by the FINANCIAL CORPORATION and provided by the Service Provider.

**TFS Factoring Transaction:** Factoring the invoice/receivable amounts guaranteed by the BUYER within the limits allocated by the FINANCIAL CORPORATION to the BUYER or the Supplier

**TFS Factoring Funding:** Funding account allocated to the BUYER, where the invoice/receivable amounts that the FINANCIAL CORPORATION cannot collect from the BUYER are monitored and on which the default interest rate specified in the Factoring Agreement and its annexes is processed

**Early Financing:** The collection of the receivables transferred to the FINANCIAL CORPORATION by the Supplier before the due date through the Factoring Agreement and its Annexes and the Framework Transfer and Discount Agreement signed between the Supplier and the FINANCIAL CORPORATION.

**Invoice/Receivable Payment Date:** The payment date to be based on the calculation to be used by the FINANCIAL CORPORATION in the early financing process of the invoice/receivable information and payment dates transmitted by the BUYER via the Service Provider authorized by the BUYER

**Early Financing Rate:** It is the Early Financing Rate used by the FINANCIAL CORPORATION during the early payment of the Receivables Transferred and Assigned by the Supplier to the FINANCIAL CORPORATION and determined in writing by the BUYER and the FINANCIAL CORPORATION depending on the market conditions.

**BUYER's Insolvency:** It is the failure to pay due to reasons other than the BUYER's refusal to pay due to the behavior contrary to the Agreement between the BUYER and the Supplier and only due to the inadequacy of the BUYER's financial power.

**Business Day:** The days when the FINANCIAL CORPORATION is open all day in Turkey.

**Central Invoice Registration System (Turkish abbrev. is "MFKS"):** Pursuant to Article 43

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of the Law on Financial Leasing, Factoring and Financing Companies No. 6361, it refers to the Central Invoice Registration System established before the KKB.

**Service Provider:** FaturaLab Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. which is responsible for the transmission of invoice/receivable and transaction price information between the BUYER, Supplier and the FINANCIAL CORPORATION.

**Supplier/Seller:** Real commercial or legal persons who provide goods, services and/or sell goods and services to the BUYER due to their trade with the BUYER.

### **3. SUBJECT MATTER OF THE AGREEMENT:**

3.1. The FINANCIAL CORPORATION and the BUYER have signed this Agreement in order to determine the rights and obligations of the parties in the transactions to be carried out within the scope of the Factoring Agreement and its Annexes and the Framework and Assignment Early Financing Agreement concluded between the Suppliers and the FINANCIAL CORPORATION.

3.2. The Parties acknowledge, declare and undertake that the process subject to this Agreement will be as in Annex-1 of this Agreement.

### **4. SUPPLIER FINANCING SYSTEM**

4.1. The FINANCIAL CORPORATION shall make advance payment to the Supplier before the due date using early financing of the Supplier's receivables from the BUYER within the scope of the Factoring Agreement and its Annexes and the Framework and Assignment Early Financing Agreement to be signed between the FINANCIAL CORPORATION and Supplier, it shall follow the invoices/receivables as TFS Factoring Transaction allocated to the BUYER and irrevocably appropriate the receivables of the Supplier subject to the relevant payment from the BUYER.

### **5. PRICING**

5.1. In factoring transactions to be made within the framework of this agreement, an interest rate suitable for the relevant maturity date will be applied.

### **6. PERFORMING EARLY FINANCING:**

6.1. The SERVICE PROVIDER shall transmit the invoice/receivable information to be the subject of Early Financing to the FINANCIAL CORPORATION in full, complete, accurate and timely manner in electronic environment. The responsibility in this regard belongs to the BUYER.

6.2. The invoices/receivables that the SERVICE PROVIDER authorized by the BUYER electronically sends to the FINANCIAL CORPORATION in full, complete, correct and timely manner, constitute the basis for early financing and transfer of receivables transactions. FINANCIAL INSTITUTION makes early financing transactions according to the information in the file sent by the SERVICE PROVIDER to the FINANCIAL INSTITUTION.

6.3. The BUYER acknowledges, agrees and undertakes that it shall have no objection to the receivables, declarations or information and documents notified by the Buyer to the System accepted within the scope of the SERVICE AGREEMENT of the BUYER SERVICES made with the service provider, that the transactions shall be made on the basis of the records entered into the said System by the FINANCIAL CORPORATION, that the payments related to the invoices/receivables transferred and assigned by the FINANCIAL CORPORATION to the Supplier without any objection and/or repetition against the FINANCIAL CORPORATION shall be made in cash and in lump sum to the accounts of the FINANCIAL CORPORATION on the Notified Invoice/Receivable Payment Dates, provided that there is no fault of the FINANCIAL CORPORATION.

6.4. If the invoice/receivable amount cannot be collected on the invoice/receivable payment date, the FINANCIAL CORPORATION shall transfer the TFS Factoring Transaction to the TFS Factoring Funding account to be allocated to the BUYER. The BUYER agrees and undertakes that the delay

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interest specified in the Factoring Agreement will be applied by the FINANCIAL CORPORATION until the date of payment for the amounts transferred to the TFS Factoring Funding account and to pay the loan balance and interest in full. Monthly interest will be accrued to the TFS Factoring Funding account.

6.5. The BUYER agrees and undertakes that it knows that the payments to be made to the FINANCIAL CORPORATION subject to this Agreement will represent the receivables to be transferred within the scope of the Factoring Agreement and its Annexes and the Framework Agreement to be signed between the Supplier and the FINANCIAL CORPORATION and that it will make the payments regarding the amounts paid to the Supplier by the FINANCIAL CORPORATION within this scope on the Invoice/Receivable Payment Dates. On the day of payment, receivables that fall on a holiday will be paid on the first business day following the said holiday.

6.6. The BUYER agrees that it will not have an objection to the receivables notified to the FINANCIAL CORPORATION electronically by the SERVICE PROVIDER, and without prejudice to any objections, lawsuits and claims to the Supplier regarding the receivables to be made to the Supplier in advance by the FINANCIAL INSTITUTION regarding these receivables, it agrees to make payments related to the receivables transferred without any objection and/or repetition against the FINANCIAL CORPORATION to the accounts of the FINANCIAL ORGANIZATION on the Notified Invoice/Receivable Payment Dates.

6.7. The Parties agree that the payments made by the BUYER to the FINANCIAL CORPORATION under this Agreement are the result of the transfer of the commercial receivables and/or receivables arising from the sale of goods and services by the Supplier to the FINANCIAL CORPORATION and the transfer of the amounts are paid in advance before the maturity date by the FINANCIAL CORPORATION to the Supplier, through the early financing method.

## **7. PAYMENT OBLIGATION:**

7.1. If the BUYER fails to make any payment in full under the transfer of receivables paid to the Supplier by the FINANCIAL CORPORATION and notified to the FINANCIAL CORPORATION by the BUYER under the Factoring Agreement and its annexes signed between the Supplier and the FINANCIAL CORPORATION and the Framework Agreement to be transferred to the FINANCIAL CORPORATION, from the first day of payment, the BUYER shall be deemed to be in default and the FINANCIAL CORPORATION may resort to legal remedies to collect these amounts from the BUYER.

7.2. The BUYER will pay the receivables arising from this Agreement to the following account on the Invoice/Credit Payment Dates.

BUYER Account Number: T. Garanti Bankası A.Ş. Bakırköy Corporate Branch Account No. 6299544

## **8. WARRANTY OF THE SUPPLIER'S OBLIGATIONS:**

8.1. BUYER agrees, acknowledges and undertakes that under this program, within the scope of the early financing service provided by the FINANCIAL CORPORATION, the BUYER shall ultimately be liable for the payment of the receivables arising from the payment of the invoices/receivables to the FINANCIAL CORPORATION by the FINANCIAL CORPORATION to the Supplier, which are notified to the FINANCIAL CORPORATION in full, complete, accurate and timely manner by the SERVICE PROVIDER and requested early financing by the Supplier, even if the goods related to these receivables have not been delivered to the BUYER or even if they have been delivered incorrectly or incompletely, if the invoice/receivable amounts have been paid to the Supplier by the FINANCIAL ORGANIZATION, it guarantees to pay the invoice/receivable amounts to the FINANCIAL CORPORATION on the day of payment without raising an objection and making of plea against the FINANCIAL CORPORATION.

## **9. DISPUTES BETWEEN THE SUPPLIER AND BUYER**

9.1. The FINANCIAL CORPORATION shall be based on the information sent by the

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SERVICE PROVIDER to the FINANCIAL CORPORATION electronically while carrying out the relevant Early Financing transaction.

9.2. THE BUYER agrees that the FINANCIAL CORPORATION shall not be a party in any way and shall not be liable for any payment if the invoice/receivable amounts subject to early financing have been paid to the Supplier by the FINANCIAL CORPORATION and transferred to the dispute arising from the agreement with the Supplier for supplying the goods due to the nature, quality, quantity, duration etc. of the goods and/or services subject to transfer and early financing.

9.3. Payment of transfers of receivables arising from invoices/receivables that are known as it has been transferred by the Supplier to the FINANCIAL CORPORATION and sent by the BUYER to the FINANCIAL CORPORATION and paid by the FINANCIAL CORPORATION to the Supplier until the termination date of this Agreement shall be made in full by the BUYER in accordance with the provisions of this Agreement.

#### **10. OBLIGATIONS OF THE FINANCIAL CORPORATION:**

10.1. Without prejudice to other regulations in this Agreement, if the FINANCIAL CORPORATION fails to fulfill its obligations due to its own fault or negligence in full and/or in a timely manner, it is obliged to compensate the damage to be suffered by the other party in proportion to the defect in accordance with the final court decision.

10.2. The FINANCIAL CORPORATION has the right not to carry out factoring transactions of invoices for which original invoice images are not submitted in the annex of the Receivable Notification Form within the scope of factoring legislation.

10.3. The FINANCIAL CORPORATION will carry out TFS Factoring transaction under the agreement and therefore will transfer the invoice information regarding the receivables it has taken over to MFKS. After the registration and approval of MFKS, the responsibility of the FINANCIAL CORPORATE will start.

10.4. In accordance with the above articles, the Parties shall be responsible for their own systems and/or their own faults in disputes arising from incorrect notifications due to their own systems and data exchange and technical infrastructure between them.

#### **11. INVOICE**

11.1. For the realization of the factoring transaction. The Supplier shall list the relevant invoice in the attachment of the transfer notification form signed by the signature authorities of the Supplier together with the original image of the invoice subject to the factoring and submit the relevant invoice to the FINANCIAL CORPORATION in this way.

11.2. THE BUYER declares that the receivables arising from the invoices sent to the FINANCIAL CORPORATION electronically represent a real receivable and that the FINANCIAL CORPORATION has no obligation to check the authenticity and/or investigate the forgery of these receivables.

#### **12. ACCOUNTING OF RISK:**

12.1. The FINANCIAL CORPORATION separately sets a factoring limit for both the Supplier and the BUYER and provides all documents as required by the legislation. The sum of the invoices/receivables assigned to the suppliers within the limits defined and the BUYER's commitment to pay shall not exceed the limit determined for the BUYER.

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12.2. The "risk" of the FINANCIAL CORPORATION arising from the irrevocable transfer and early financing of the Supplier is monitored in the factoring account opened on behalf of the supplier in accordance with BDDK and other relevant Legislation as a FINANCIAL CORPORATION service. The factoring account of the Supplier is closed when the BUYER, who is obliged to pay the commercial debt subject to the transfer, makes the payment on the invoice/receivable maturity. However, if the BUYER fails to pay the invoice/receivable on due date, the risk incurred as much as the invoice/receivable amount shall be transferred to the account of the BUYER before the factoring and shall be monitored under the limits established under the Factoring Agreements signed on 11/11/2020 and, if necessary, to be signed in the future and shall be charged with the interest rate determined in the Factoring Agreement.

### **13. DURATION AND TERMINATION OF THE AGREEMENT:**

13.1. This Agreement shall enter into force on the date of signature and shall be valid between the Parties until. Unless otherwise agreed in writing by the Parties and this Agreement is terminated as follows, it shall be automatically renewed for one year periods at the end of the period without the need for any further action.

13.2. One of the Parties has the right to terminate unilaterally at any time at its own discretion and without any compensation and other payment depending on the 15 (fifteen) day notice period. In the event of termination of this Agreement, until the date of termination. The validity of the obligations written in this Agreement shall continue. In this period until the date of termination, the BUYER's obligation to pay to the FINANCIAL CORPORATION for the transferred receivables arising from the invoices/receivables notified to the FINANCIAL CORPORATION electronically by the BUYER and paid by the FINANCIAL CORPORATION to the Supplier shall continue to be valid until the BUYER pays the entire payment amount to the FINANCIAL CORPORATION in full, even if the Invoice/Receivable Payment Date corresponds to a fixed date from the termination of the Agreement. Notices of termination to be made pursuant to this article shall not take effect unless made by a notary public.

13.3. If either Party violates its obligations under this Agreement, the Party whose rights have been violated shall complete a period of 10 days by sending a notification to the other Party in accordance with the provisions of this Agreement regarding notification in order to remedy such violation. If the said breach is not remedied within this period, the party whose rights have been violated may terminate the agreement immediately and without compensation for a justified reason and may claim all damages incurred for this reason.

13.4. The FINANCIAL CORPORATION shall immediately notify the BUYER in writing of the termination of the Factoring Agreement and its Annexes and Framework Agreement signed by and between the Supplier.

### **14. AUTHORIZED COURT AND APPLICABLE LAWS:**

14.1. Istanbul Central Courthouse and Enforcement Offices are the competent authority for the settlement of disputes that may arise from this Agreement.

14.2. The laws and other legislation of the Republic of Turkey shall apply to the settlement of disputes.

### **15. CONFIDENTIALITY AND PERSONAL DATA PROTECTION**

The Parties agree and undertake that, during the provision of the Services, all personal data will

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be processed in accordance with the provisions of the Law on Protection of Personal Data and other relevant legislation, that they will take all necessary measures to ensure the security of this data when processing the personal data they will obtain from the other Parties within the scope of the Services and that they will not share this data with third parties outside the scope of the Services subject to the Agreement during and after the Agreement without the written consent of the other Party.

The Parties agree, declare and undertake that during the term of this Agreement and its annexes in force and for whatever reason, after the termination of the Agreement and its annexes, find and develop the works, projects, operations of the Parties, copyright, patent, trademark, trade secret, know-how, all kinds of improvement ideas, inventions, all kinds of innovations, including all kinds of works to be carried out within the scope of this Agreement and its annexes and all kinds of works that are necessary for the performance of these works and/or that the parties directly/will provide to each other (orally, in writing, in print, electronically or in any other way), the databases, computer programs and their documents, encryption techniques, processes, advertising, packaging and marketing plans, product plans, technical plans, business strategies, strategic alliances and information related to partners, engineering data, personnel information, product designs, specifications, identity of potential and real customers, all kinds of technical, administrative, financial, commercial, legal, written or oral and other information, drawings, systems and data (name, title, address, telephone, fax, other information data and all kinds of information including but not limited to), all kinds of information and/or documents related to business partners (briefly, "information"). The Parties agree, declare and undertake that they shall never disclose, give, transfer or assign, sell or otherwise use the said information within the working processes directly or indirectly and/or wholly to real or legal third parties and/or Corporations, not to take copies of them, not to display them, not to publish them, to keep them by taking all necessary precautions, to prevent access of third parties and to ensure that the persons, employees, auxiliaries and persons related to them comply with these obligations and comply with this article, and that the obligations of the employees of the parties related to this article are also the responsibility of the parties, and that they shall be jointly and severally liable together with their employees if their employees do not comply with this obligation. All necessary measures shall be taken by the parties to prevent disclosure and/or announcement of the information to other persons. In case the Parties violate any of the obligations and commitments undertaken by this article, they are obliged to compensate all kinds of damages incurred by the other Party for this reason. In such a case, the parties reserve the right to all kinds of legal actions and claims related to surplus.

Upon written request of the other Party or upon completion of the commercial purpose, whichever occurs first, the Parties shall promptly return the original documents of the confidential information to the disclosing Party. The Parties are reserved to act outside the provisions of this article due to their obligations arising from the applicable legislation.

The provision of this Agreement shall continue indefinitely after the termination of the Agreement for any reason.

## **16. GENERAL PROVISIONS:**

16.1. The Parties agree that the addresses written below are their legal notification addresses, and unless they notify the other party in writing of the address change, the notifications to be directed to these addresses will have all legal consequences of the legally valid notification.

Force Majeure is a situation that occurs in all kinds of acts, terrorism, insurrection, rebellion, natural disaster, earthquake, explosion, flood, fire, sabotage, communication systems and

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makes it impossible to perform the contractual acts due to war, administrative procedures and actions of the State, economic crisis, revolution, strike or industry occurring beyond the control of the relevant party. In case of force majeure, the Parties shall not be held liable for failure to fulfill their obligations under this Agreement or delay in performance during the continuation of the said situation. In the event that the force majeure continues for 15 (fifteen) days, each of the Parties may terminate the Agreement. If one of the Parties exercises this right; The Parties shall fulfill all their rights and obligations that have become due until the date of occurrence of force majeure. The Parties mutually agree, declare and undertake that they do not have any right to claim other than these rights and obligations.

16.3. This Agreement constitutes the entire agreement and agreement reached between the Parties and supersedes all previous agreements, negotiations and agreements regarding the agreement.

16.4. This Agreement is not a service agreement subject to the provisions of the Labor Law, but a financing agreement against transfer between the FINANCIAL CORPORATION and the BUYER. The Parties expressly agree and declare that they will act not as an agent or employee of each other but as completely independent companies. This Agreement shall not be construed as a partnership agreement between the Parties. Neither Party shall be held liable for the debts, obligations, responsibilities, intentional acts and/or omissions of the other party to third parties.

16.5. It is agreed by the Parties that the BUYER shall pay the responsibilities arising from all tax liabilities that may arise in connection with the signing of this Agreement.

16.6. Any amendments to this Agreement shall be made in writing and the annexes and amendments to be made without writing shall not be valid.

16.7. This Agreement does not prevent the FINANCIAL CORPORATION from working with different suppliers and the BUYER from working with different FINANCIAL CORPORATIONS in relation to the subject matter of this Agreement.

16.8. This Agreement has been signed in two copies between the Parties on 11/11/2020 and enters into force on the date of its signature.

**BUYER FINANCIAL CORPORATION**

D-Market Elektronik Hizmetler ve Ticaret A.Ş.

Doruk Faktoring A.Ş.

/s/ D-Market Elektronik Hizmetler ve Ticaret A.Ş.

/s/ Doruk Faktoring A.Ş.

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## ANNEX: 1 - BUYER CREDIT - FINANCING MODEL AND SYSTEM WORK FLOW

### 1. Supplier Financing Model and System Workflow

- 1.1. Following the membership of the Buyer, Supplier and Financial Corporations to the System, the working conditions and rule set of the Parties to be included in the Supplier Financing Model are determined.
  - 1.2. The Buyer makes the definitions regarding which Supplier can request financing from which Financial Corporation/ Corporations and then change these definitions at any time. The change of definition will only be valid for new transactions from the moment it is made by the Buyer.
  - 1.3. The information specified by the Buyer together with the invoice/receivable information on which term and in what amount to pay constitutes the payment information. The Buyer may revoke/withdraw its approval until it has requested financing by the Supplier, even if it has previously given its consent.
  - 1.4. Based on the payment information uploaded to the System by the Buyer, the Supplier may request financing on behalf of the Buyer by uploading the invoices/receivables information issued by the final consumers to the System.
  - 1.5. The financing proposal calculated by the System within the scope of the information provided by the Financial Corporation is submitted to the Supplier. In the event that the Supplier accepts the financing offer, the request of the Supplier is forwarded to the Financial Corporation through the said System. The Supplier may not withdraw or cancel the request for a financing proposal if it has been forwarded to the Financial Corporation. The Financial Corporation, which receives the financing request together with the invoice details, makes the necessary checks and feedback to the System regarding the invoices/receivables that cannot be subjected to the factoring for any reason and removes them from the payment information. The System shall immediately share this information with the Buyer. The Buyer can restart the process by adding new payment information.
  - 1.6. If the Financial Corporation deems the Financing request appropriate, i) if the Financial Corporation requests, the Receivable Notification Form shall be communicated to the Suppliers by the System and/or Financial Corporations by any means. The financing process will start after the Suppliers sign the Receivable Notification Forms in accordance with their signature circulars and submit them to the Financial Corporations with wet stamp signature. Otherwise, even if the process is finalized in the System, it will not be accepted that there is any valid financing transaction or that it is finalized, ii) if the Financial Corporation does not request a Receivable Notification Form, the financing process will start after the Suppliers give approval through the System.
  - 1.7. Upon completion of the factoring transaction, the Financial Corporation shall pay the amount of early financing to the account number notified by the Supplier to the Financial Corporation. The Financial Corporation shall transmit the information that the payment has been made to the System within the same day and the said information shall be notified to the Buyer immediately as soon as it is transmitted to the System by the System. The flow will be completed by the transmission of this information by the System to the Buyer.
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CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.



Türk Telekomünikasyon A.Ş.



**HEPSİBURADA**

**Data Center Server Hosting**

**Quote**

**19.06.2017**

turktelekom.com.tr

Business Center  
Örnek Mah., Turgut Özal Bulvarı 2 No:4 Aydınevler / Ankara

Registration No / Central Registration System No:  
103633/0876005220500016

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Türk Telekomünikasyon A.Ş.

Istanbul, 19 June 2017

[\*\*\*]  
Hepsiburada  
İstanbul

Dear [\*\*\*],

Within the scope of the project, server hosting, access and other value added services will be provided from Türk Telekom İstanbul Gayrettepe Internet Data Center.

If you have any questions regarding our quote, we would be happy to assist you.

Regards,

[\*\*\*]

Sales Manager

Türk Telekomünikasyon A.Ş.

Sales Department

Corporate Sales

turktelekom.com.tr

Business Center  
Örnek Mah., Turgut Özal Bulvarı 2 No:4 Aydınevler / Ankara

[\*\*\*]

Technical Sales Manager

Türk Telekomünikasyon A.Ş.

Sales Department

Corporate Sales

Registration No / Central Registration System No:  
103633/0876005220500015

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Türk Telekomünikasyon A.Ş.

Türk Telekom Gayrettepe Internet Data Center - Server Hosting

Monthly service fee (24 Months Commitment)

Gayrettepe Data Center Services

Service	Quantity/ Speed	List price	24 months Discount unit price	Amount	36 months discount unit price	Amount
Server Hosting	13 cabins *	[***]	[***]	[***]	[***]	[***]
Access	3 gbps	[***]	[***]	[***]	[***]	[***]
Access (optional)	5 gbps	[***]	[***]	[***]	[***]	[***]
DDOS (3 gbps at the time of attack)	1	[***]	[***]	[***]	[***]	[***]
DDOS (5 gbps at the time of attack)	1	[***]	[***]	[***]	[***]	[***]

\* One pod consists of 26 cabinets. If the pod is requested, you can consider the unit price as \*26.

Interconnection Options between Gayrettepe DC - Gebze DC

Service	Speed	List price	24 months discount unit price	Amount	36 months discount unit price	Amount
5 gbps 1 + 1 leased circuit	5+5 gbps	[***]	[***]	[***]	[***]	[***]
10 gbps back-up	10 gbps	[***]	[***]	[***]	[***]	[***]
10 gbps 1 + 1 leased circuit	10+10 gbps	[***]	[***]	[***]	[***]	[***]
10 gbps NN TTUNEL (back-up)	10 gbps	[***]	[***]	[***]	[***]	[***]

DWDM Device Fee

LEM24	[***]
LSX 10GB	[***]
6800 DWDM Equipment Customer Side	[***]
6800 DWDM Equipment TT Side	[***]
<b>TL / Month</b>	
Energy (per KW) - Gayrettepe	[***]
<b>TL / Month</b>	
IP KVM (Gayrettepe)	[***]

turktelekom.com.tr

Business Center  
Örnek Mah., Turgut Özal Bulvarı 2 No:4 Aydınevler / Ankara

Registration No / Central Registration System No:  
103633/0876005220500015

	<u>TL / Month</u>
/ 24 IP Block (256 pcs)	[***]
/ 25 IP Block (128 pcs)	[***]
/ 26 IP Block (64 pcs)	[***]
/ 27 IP Block (32 pcs)	[***]
/ 28 IP Block (16 pcs)	[***]
/ 29 IP Block (8 pcs)	[***]

**Descriptions**

The service will be provided from Türk Telekom İstanbul Gayrettepe Internet Data Center.

Cabin prices are priced over 13 cabins.

Cabin prices are priced under the 24-month commitment.

Energy usage values will be billed according to the energy value drawn by measuring the monthly ampere value.

Bandwidth price is TTNET Not guaranteed bandwidth price.

Burst access is charged based on the rate of speed used.

The rate of speed used by the customer for the relevant month is determined by the 95% rule.

The instantaneous velocity values downstream of the data center used in a one-month period are recorded at intervals of every 5 minutes.

The top 5% slice on the data center egress direction is not taken into account.

If the monthly traffic is below the contract value, which is the minimum value, the excess fee will not be charged.

The bandwidth exceeds are charged at intervals of 0.1 Mbps.

If the speed contract value is in the range of 0-5 Gbps, up to 3 times the speed contract value can be exceeded.18% VAT on cabin and energy charges is implemented.

In Bandwidth access fee, the tax rate is 18% VAT and 5% ÖİV. The total is 23%.

The tax rate for port access fee is 18% VAT and 15% ÖİV. The total is 33%.

The prices offered are calculated as TL / Month.

**Project Contact Information**

[\*\*\*]

Sales Manager

Türk Telekomünikasyon A.Ş.

Sales Department

Corporate Sales

turktelekom.com.tr

Business Center

Örnek Mah., Turgut Özal Bulvarı 2 No:4 Aydınevler / Ankara

[\*\*\*]

Technical Sales Manager

Türk Telekomünikasyon A.Ş.

Sales Department

Corporate Sales

Registration No / Central Registration System No:

103633/0876005220500016





of the customer is called BWcontract and the excess speed value resulting from the use of the customer above the contract speed value is called BWburst.

**Sample calculation method** is performed with 2 Mbps contract value (BW contract). At the end of one month of use, it is determined that the customer made a use of 3.6 Mbps (BWmax) (this is the result of the calculation made with 95% rule).

**Exceeding fee of this customer is calculated as follows;**

- The excess speed value of BWburst (BWmax-BWcontract) is calculated as 1.6 Mbps with the formula.
- The Mbps unit price of the 2 Mbps contract tariff is [\*\*\*] TL. [\*\*\*] TL overrun fee is calculated with the formula for 1.6 Mbps overrun value (BWburst x Burstunitprice).
- The said excess fee is charged to the customer in addition to the basic contract price of [\*\*\*] TL (2 Mbps contract was made). A total fee of [\*\*\*] TL + [\*\*\*] TL is charged to the customer.

**The upper speed limits to be applied to the customers benefiting from the Burst service are as follows.**

1. If the speed contract is in the range of 0-5 Gbps, it can be exceeded up to 3 times the speed contract value.
2. If the speed contract value is in the range of 5 Gbps - 10 Gbps, it will be possible to exceed up to 2 times the speed contract value.
3. If the speed contract value is 10 Gbps and above, it shall be possible to exceed up to 1.5 times the speed contract value.

### **ARTICLE -3- OBLIGATIONS OF THE PARTIES**

**3.1 The OPERATOR shall make the first connection within 10 (ten) business days from the date of signing and submission of this OPERATOR SUBSCRIPTION AGREEMENT DATA CENTER INTERNET ACCESS SERVICE ANNEX by THE SUBSCRIBER.**

**3.2 The speed of the DATA CENTER INTERNET Access SERVICE refers to the speed of connection to the nearest communication network to which the SUBSCRIBER is connected and to which the DATA CENTER INTERNET Access SERVICE is issued.**

**3.3 DATA CENTER INTERNET ACCESS SERVICE may not be TRANSFER to a third natural and/or legal person and/or to an address other than the address at which it is established.**

**3.4 Data center access service is provided to customers on a shared basis over total capacity unless otherwise specified.**

**3.5 This OPERATOR SUBSCRIPTION AGREEMENT DATA - CENTER INTERNET ACCESS ANNEX is an integral part of the AGREEMENT and shall be interpreted together with THE PROVISIONS of the agreement and in case the provisions contained herein constitute a violation of THE PROVISIONS of the agreement, the provisions of this OPERATOR SUBSCRIPTION AGREEMENT DATA CENTER INTERNET ACCESS ANNEX shall apply.**

**OPERATOR SUBSCRIPTION AGREEMENT DATA CENTER INTERNET ACCESS ANNEX was signed on / /20 as for 1 (one) original copy to be given to SUBSCRIBER.**

**I irrevocably declare that the information I have provided above is accurate and complete, that I will pay the damages and fees to be accrued in case of erroneous and incomplete according to the OPERATOR's applicable tariff, that this declaration is an integral part of the AGREEMENT, that I have been fully informed by the OPERATOR about the TARIFF/PACKAGE I have chosen, that I have read, understood and accepted this OPERATOR SUBSCRIPTION AGREEMENT DATA CENTER INTERNET ACCESS ANNEX BEFORE signing it.**

**3.6. Burst (flexible traffic use), service is applied for traffic in the direction of data center exit.**

**3.7. The speed information contracted by the customer is the upload speed and the connection download speed is established as 1/5 of the upload speed.**

**3.8. If the subscriber switches to higher speed packages due to the increase in traffic, his/her**

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## TÜRK TELEKOMÜNİKASYON A.Ş.

### DATA CENTER SERVICES AND ADDITIONAL CORPORATE SECURITY PRODUCTS AND BULUTT PRODUCTS' FRAME SUBSCRIPTION AGREEMENT

I do not allow communication to be performed by Türk Telekomünikasyon A.Ş. for marketing and promotion of services, products, campaigns and offers using my contact information.

#### 1. THE PARTIES:

This Agreement has been signed between TÜRK TELEKOMÜNİKASYON A.Ş. (hereinafter referred to as "TÜRK TELEKOM") and

D-MARKET ELEKTRONİK HİZ. ve TİC. A.Ş. (hereinafter referred to as "SUBSCRIBER").

In this Agreement, TÜRK TELEKOM and SUBSCRIBER can be together named as "PARTIES" and individually as "PARTY".

#### 2. DEFINITIONS:

In this Agreement;

##### SUBSCRIBER:

Natural or legal person signing this Agreement and the relevant FORM to benefit from DATA CENTER SERVICES, DATA CENTER SERVICES and additional CORPORATE SAFETY SERVICES or BULUTT PRODUCTS

##### APPLICATION FORM / APPLICATION FORMS (FORM / FORMS):

The form containing the additional features and special provisions related to the SERVICE constituting the subject of this Agreement, including the signatures of the PARTIES, which has become an integral part of this Agreement as of the specified date and which shall be issued separately in terms of each DATA CENTER SERVICE [and related CORPORATE SAFETY PRODUCTS] and BULUTT PRODUCTS, showing that it is subscribed in terms of the SERVICES it contains as of the date of signature, and which shall be given to the SUBSCRIBER with an annotation of "as original",

##### BULUTT PRODUCT / PRODUCTS:

Each and all of the services provided by TÜRK TELEKOM with the "Bulut" precode naming or cloud computing technologies, which have an APPLICATION FORM as an annex to this Agreement, which are utilized by SUBSCRIBER for a fee and which will be put into effect by TÜRK TELEKOM in the future with these features.

##### SERVICE / SERVICES :

Each and all of the DATA CENTER SERVICES/ CORPORATE SAFETY PRODUCTS/BULUTT PRODUCTS, which are offered by TÜRK TELEKOM in the current situation and will be offered in the future, and where the subscription of the SUBSCRIBER begins by signing the relevant FORM, from the DATA CENTER SERVICES/CORPORATE SAFETY PRODUCTS/BULUTT PRODUCTS, where the provisions of this Agreement and the special provisions in the FORM will apply as of the date of signing of the FORM,

##### INTERNET:

The total of computer networks that use the TCP / IP Protocol set and function as a single virtual network for users,

##### AUTHORITY:

Information Technologies and Communication Authority,

##### CORPORATE SECURITY PRODUCT / PRODUCTS:

Provided that a subscription request is made for the DATA CENTER SERVICE or a subscription is made for the DATA CENTER SERVICE, each and all of the products that the SUBSCRIBER benefits from for a fee by making the necessary markings on the APPLICATION FORM for the DATA CENTER SERVICE and the products that will be put into effect by TÜRK TELEKOM in the future with these special principles,

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**FORCE MAJEURE:**

Strikes, lockouts, slowdown of work, war, mobilization situations, public uprisings, terrorist incidents, transportation accidents such as sabotages, natural disasters [earthquake, flood, lightning, avalanche, etc.], fire or serious infectious diseases and similar events that constitute an obstacle to the delivery of the SERVICE,

**PREVIOUS SUBSCRIPTION / FRAMEWORK AGREEMENT:**

Framework Subscription Agreement for Data Center Services concluded by the PARTIES before the signing of this Agreement by the SUBSCRIBER, the rights and obligations related to the subscription are regulated and the subject matter is created by one of the DATA CENTER SERVICES (and in addition the CORPORATE SAFETY PRODUCTS received) and the PARTIES before the signing of this Agreement by the SUBSCRIBER,

**SELF SERVICE CHANNEL / CHANNELS:**

Each and all of the alternative channels such as internet page, IVR (Voice Response System), SMS (Short Message Service), where the SUBSCRIBER can perform the subscription transactions other than the transactions required to be made in writing by TÜRK TELEKOM in accordance with the legislation to which TÜRK TELEKOM is subject, with its password and display interactive services,

**TARIFF:**

In return for the SERVICES to be submitted by TÜRK TELEKOM under this Agreement and the relevant FORM, the schedule containing the fees that can be received from the SUBSCRIBER under different names, including those within the scope of the temporary tariff change,

**CONSUMER:**

A natural or legal person who benefits from or requests the SERVICE for non-commercial or non-professional purposes,

**TÜRK TELEKOM RECORDS ("RECORDS"):**

All kinds of records prepared and/ or recorded by TÜRK TELEKOM in audio, written and/or electronic form or in computer environment,

**TÜRK TELEKOM DATA CENTRAL ACCESS SERVICE ("TTDC ACCESS SERVICE"):**

The connection between the TTDC and the internet cloud, which can be purchased together with the DATA CENTER SERVICE or BULUTT PRODUCT where access is required, and which is offered for the SUBSCRIBER to access the DATA CENTER SERVICE or BULUTT PRODUCT,

**UNEXPECTED SITUATIONS:**

The disruptions and theft and interference caused by the services received by TÜRK TELEKOM from another institution, organization (General Directorate of Highways, Municipality, Electricity Distribution Companies, etc.) or the company and the situations that do not arise from the behavior of TÜRK TELEKOM but prevent and/or affect the continuity, quality or establishment of service caused by third parties and other institutions or organizations (General Directorate of Highways, Municipality, Electricity Distribution Companies, Village Services, Construction Companies, etc.).

**DATA CENTER:**

Special areas with redundant and reliable energy infrastructure, air conditioning system, fire detection extinguishing system, physical security, secure network and broadband required for server systems and components,

**DATA CENTER SERVICE / SERVICES:**

Any and all of the services provided/offered in TTDC to the current situation, having an APPLICATION FORM as an annex to this Agreement, benefiting from by the SUBSCRIBER in return for the fee, in addition to which he/she can request CORPORATE SAFETY PRODUCT, and the services that will be put into effect by TÜRK TELEKOM in the future with these features,

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## **VIRUS:**

It refers to programs that can enter any computer in different ways and cause undesirable results and damages by being placed on these computers in such a way that they can be operated without the user's awareness or against his will. The words described above in the form of "singular/plural" may be used only in "singular" cases in this Agreement and its Annexes. In the case of the use of such words in singular or plural form, the provisions in which the words are included shall apply to the plural in the case of singular use and to the singular in the case of plural use. However, the definitions in the relevant legislation shall apply to the above-defined words, the abbreviated versions of which are specified in brackets, in this Agreement and its Annexes.

## **3. SUBJECT OF THE AGREEMENT;**

The subject matter of this Agreement is to regulate the mutual general rights, powers and obligations of the PARTIES in relation to the DATA CENTER SERVICES/ BULUTT PRODUCTS, which are offered by TÜRK TELEKOM in the current situation and will be presented with it, and the CORPORATE SAFETY PRODUCTS, which are included in the DATA CENTER SERVICES/ BULUTT PRODUCTS and which the SUBSCRIBER has started to subscribe by signing the relevant FORM, and the special provisions related to the SERVICE are included in the relevant FORM. In this context, the FORMS signed by the SUBSCRIBER are an integral annex to this Agreement. As of the date of signing of the FORM by the SUBSCRIBER, all provisions of this Agreement shall be exactly applicable in terms of the SERVICE/SERVICES in the FORM. The fact that this Agreement has been signed by THE SUBSCRIBER does not create rights and obligations for the PARTIES in terms of SERVICES within the scope of the Agreement but the SUBSCRIBER has not signed the relevant FORM and therefore its subscription is not in question, this Agreement supersedes the PREVIOUS SUBSCRIPTION/Framework Agreement upon its signature by the SUBSCRIBER; Application/ Service Forms related to the SERVICE previously signed by the SUBSCRIBER within this scope shall become an annex to this Agreement. This situation shall not relieve the PARTIES of any rights and/or obligations arising from the PREVIOUS SUBSCRIPTION/ Framework Agreement, in particular receivables (together with interest and other subsidiaries) and litigation rights. In this context, if the PREVIOUS SUBSCRIPTION/Framework Agreement (or its annexes) contains a subscription commitment and SUBSCRIBER benefits from the Discount within this scope, as a result of the signing of this Agreement by the SUBSCRIBER, the subscription commitment of SUBSCRIBER arising from the PREVIOUS SUBSCRIPTION/Framework Agreement (or its annexes) shall continue to be valid for the remaining period of this Agreement (or the relevant application/service form to be connected to this Agreement) and the SUBSCRIBER shall continue to benefit from the discount rights arising from the PREVIOUS SUBSCRIPTION/Framework Agreement (or its annexes) provided that the subscriber acts in accordance with this commitment.

TÜRK TELEKOM shall issue APPLICATION forms for DATA CENTER SERVICES and shall include the sections that the SUBSCRIBER may choose in the APPLICATION form for DATA CENTER SERVICES and other ancillary services that the SUBSCRIBER may benefit from depending on DATA CENTER SERVICES.

This Agreement shall find a separate execution area for each SERVICE subject to separate FORMS. The cancellation of the subscription in terms of any SERVICE shall not affect the subscription of the other same or different types of SERVICES benefited by the SUBSCRIBER, without prejudice to the termination of the subscription for the CORPORATE SERVICE PRODUCT due to the provision of clause 5.7 of Article 5 of this Agreement and the termination of the subscription for the DATA CENTER SERVICE. Likewise, the termination of the subscription for the CORPORATE SAFETY PRODUCT included in the same FORM will not affect the subscription for the DATA CENTER SERVICE.

## **4. OBLIGATIONS OF THE PARTIES:**

**4.1. TÜRK TELEKOM shall ensure that the SUBSCRIBER benefits from the SERVICE and the SUBSCRIBER shall pay the fees specified in the DATE in due time for this SERVICE.**

**4.2.** Tariff packages to be implemented by TÜRK TELEKOM, their contents and any changes that may occur in them shall be accessible from the relevant TÜRK TELEKOM contact points or [www.turktelekom.com.tr](http://www.turktelekom.com.tr). TÜRK TELEKOM shall also notice the TARIFF changes to its SUBSCRIBERS with the information to be made on the web address specified in this clause before it enters into force.

**4.3. TÜRK TELEKOM is not responsible for the failure of the connection due to SUBSCRIBER's failure to meet the necessary conditions (SUBSCRIBER's failure to bring the servers on time, VLAN definitions, etc.).**

**4.4.** If the address of the SUBSCRIBER written in Article 10 of this Agreement/a different notification address is shown in the FORM by the SUBSCRIBER, the notification to be made to the address in the FORM or,

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if this address changes, to the new address to be notified shall be deemed to have been made to him. TÜRK TELEKOM shall be able to send the invoice ( s) of the SUBSCRIBER to the invoice notification address without registration. If the SUBSCRIBER does not notify the address change, TÜRK TELEKOM accepts no responsibility for not notifying the new address.

**4.5. The SUBSCRIBER is obliged to notify TÜRK TELEKOM in writing of the notifications requested to be made by TÜRK TELEKOM and to fulfill the said procedure in the Transactions where TÜRK TELEKOM requests to perform a certain procedure. TÜRK TELEKOM shall include the notifications to be made in writing and the procedures to be followed on its web address.**

**4.6. If the SUBSCRIBER wishes to terminate his/her subscription to the relevant SERVICE, he/she is obliged to forward the cancellation request to TÜRK TELEKOM in writing.** If the SUBSCRIBER wishes to terminate its subscription to the DATA CENTER SERVICE, its subscription to the CORPORATE SAFETY PRODUCT and other ancillary services he/she benefited from under the DATA CENTER SERVICE shall also automatically terminate its subscription to the ancillary services he/she benefited from under the BULUTT PRODUCT.

**4.7. If it is understood that the SUBSCRIBER has made any transaction related to the SERVICE under this Agreement through fraud or collusion, all works and transactions related to the fraudulent or collusive transaction shall be deemed invalid and TÜRK TELEKOM may terminate the relevant FORM unilaterally with its written notification.** The SUBSCRIBER shall not be entitled to any right or compensation due to such termination.

**4.8. Taxes, duties, fees and funds and other similar obligations arising from this Agreement and FORMS signed by the SUBSCRIBER shall be undertaken by the SUBSCRIBER.**

**4.9.** For reasons arising from technological developments, administrative decisions or legal/administrative regulations, TÜRK TELEKOM has the right to implement, amend, remove or renew the SERVICE and the value-added services provided through this SERVICE. However, TÜRK TELEKOM has the right to make all kinds of changes in the TARIFF according to the provisions of the legislation to which it is subject.

**4.10.** TÜRK TELEKOM may not disclose the information of the SUBSCRIBER to third parties without the consent of the SUBSCRIBER. However, TÜRK TELEKOM is obliged to provide the requested information to the authorized persons and institutions in cases determined by the legislation of the Republic of Turkey.

**4.11. TÜRK TELEKOM may obtain information about the SUBSCRIBER by applying to the relevant institutions in order to check the accuracy of the documents submitted by the SUBSCRIBER with the information during the application. In the event that the documents and information submitted are found to be incomplete, false or incorrect, and in cases deemed necessary by TÜRK TELEKOM, upon detection of an issue contrary to what is stated in the SUBSCRIBER statement and commitment, TÜRK TELEKOM may terminate the FORM related to its written notification unilaterally.** However, by signing this Agreement, the SUBSCRIBER has approved that TÜRK TELEKOM shall obtain the risk information of the SUBSCRIBER from credit institutions and financial institutions deemed appropriate by the Banking Regulation and Supervision Board in order to carry out risk management for the SERVICE, to carry out risk management assessment and practices related to risk management. THE SUBSCRIBER has the right to withdraw its consent at any time by notifying TÜRK TELEKOM.

**4.12.** If TÜRK TELEKOM establishes the necessary infrastructure, the SUBSCRIBER agrees to issue a single invoice for all SERVICES received from TÜRK TELEKOM. If a single invoice is issued for more than one SERVICES, the price of SERVICES shall be shown separately on the invoice,

**4.13.** Unless the SUBSCRIBER notifies the changes to the declared information to TÜRK TELEKOM, the information contained in TÜRK TELEKOM records shall be valid.

**4.14. The SUBSCRIBER undertakes to fulfill its obligations in this Agreement and the FORMS he/she has signed, as well as its obligations specified in the current and future legislation.**

**4.15. Thenatural person SUBSCRIBER may not transfer the SERVICE and the Related FORM to third parties without prejudice to the inheritance transfer occurring in terms of the SUBSCRIBER and the legal succession occurring in terms of the companies.**

**4.16.** In the event of the death of the natural person SUBSCRIBER,

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Until the succession of the SERVICE is completed, the heir / heirs are obliged to fulfill the provisions of this Agreement and the relevant FORM. The transfer of the SERVICE shall be carried out by all or any of the heirs upon submission of the document showing that they are heirs to TÜRK TELEKOM. Upon submission of the death certificate indicating the SUBSCRIBER's death to TURKTELEKOM, the cancellation of the SERVICE shall be carried out.

**4.17. The SUBSCRIBER accepts and undertakes to comply with the laws, regulations and regulations regarding the Relationship between TÜRK TELEKOM and to apply all subsequent amendments to the laws, regulations and regulations and the Tariff himself/herself.** SUBSCRIBER has the right to terminate this Agreement and all FORMS at any time in respect of the relevant SERVICE or in respect of all SERVICES, the SUBSCRIBER agrees and undertakes that the provisions contained in the Implementing Principles for TURK TELECOM DATA CENTER SERVICES and BULUTT PRODUCTS or any subsequent amendments to these Principles shall bind him/her. The said Principles shall be included in the web address,

**4.18.** If the SUBSCRIBER signing this Agreement is a CONSUMER, the general and special competent local courts and enforcement offices specified in the relevant laws are authorized to resolve all disputes between the SUBSCRIBER and TÜRK TELEKOM arising from this Agreement, the FORMS and/or the SERVICES falling within the scope of the Agreement/FORM, and if the SUBSCRIBER is not a CONSUMER, the place of performance of the Agreement and the residence (central) courts and enforcement offices of the defendant are exclusively authorized to resolve the dispute. However, if another exclusive authorization article is included in the FORMS and its annexes, the provision of the said authorization article shall prevail in the resolution of any dispute arising from the said FORM and/or annex and the SERVICE it contains.

**4.19.** Due to technological developments, administrative decisions and/or legal/administrative regulations, TÜRK TELEKOM may unilaterally change the provisions of this Agreement and the provisions contained in the FORMS provided that it informs the SUBSCRIBER a (one) week in advance. SUBSCRIBER has the right to terminate this Agreement and all FORMS unilaterally, without any liability, except for the accumulated debts until then, if SUBSCRIBER deems the amendments to be appropriate in terms of the relevant FORM or all SERVICES. **If the SUBSCRIBER benefits from the monthly/ annual Tariff package or a contracted application, in case of termination or cancellation for any reason before the monthly/ annual period/commitment period is completed, the entire monthly/annual fee shall be collected from the SUBSCRIBER; if the SUBSCRIBER has benefited from the SERVICE with prepayment, the fees received shall not be returned to the SUBSCRIBER; the results of the breach of the commitment shall find the applications.**

**4.20.** The SERVICE provided may stop partially or completely, temporarily or permanently, and the SUBSCRIBER may not claim any rights and compensation from TÜRK TELEKOM in such cases, especially due to reasons arising from legal/administrative regulations and/or administrative decisions or this Agreement or the relevant FORM, due to reasons that are not caused by the fault of TÜRK TELEKOM, due to CUSTOMER REASONS, UNEXPECTED SITUATIONS, network maintenance and repair works, operational failures, SUBSCRIBERS or third parties trying to fraudulently block the lines/SERVICE.

**4.21. In the event that a password is allocated to the SUBSCRIBER for the use of all or part of the SERVICE and additional services, the SUBSCRIBER shall be responsible for all kinds of transactions made under the password allocated to him. The SUBSCRIBER shall take all necessary measures to ensure that the password is not learned by third parties, and in case the password is learned and used by someone else for any reason, he/she shall be responsible for the damages he/she may suffer and the results of the transactions and savings to be made.**

**4.22.** In the event that SUBSCRIBER fails to pay its debt in relation to a SERVICE covered by this Agreement, TÜRK TELEKOM has the right not to accept the new (same or other type) SERVICE request. In the specified case and in other cases where TURK TELEKOM determines that there is a risk of not being able to collect its receivables [in every case where the SUBSCRIBER is indebted to TÜRK TELEKOM for any service not covered by this Agreement, the SUBSCRIBER is a subscriber that does not pay its debts in time (even if he/she has paid its debts later), requests more SERVICE/Device than usual, the SUBSCRIBER has a criminal record for crimes such as fraud, counterfeiting, but in any case where the risk is determined], the request is made on behalf of the SUBSCRIBER or on behalf of a company in which the person in which one of these situations occurs is the founder or partner (thus, in the case of the SUBSCRIBER in question), TÜRK TELEKOM has the right not to fulfill the SUBSCRIBER request for the SERVICE under this Agreement or to meet or to meet the limited extent (not all but part of the request) against advance or guarantee. TÜRK TELEKOM has the right to use this right against the SUBSCRIBER whose risk status is learned or whose risk situation arises after the signing of the Agreement. In addition, TÜRK TELEKOM is also authorized to close the SERVICE by written notice and to terminate this Agreement and/or related FORMS. In this case, THE SUBSCRIBER cannot claim any right or compensation.

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**4.23. The SUBSCRIBER may not use the SERVICE registered in its name for any purpose other than its purpose. Without prejudice to the fact that the feature of the SERVICE includes sharing, it may not be used by others without the written permission of TÜRK TELEKOM. Otherwise, TÜRK TELEKOM is authorized to terminate the relevant FORM unilaterally with a written notification and to make necessary applications before judicial and administrative authorities. The SUBSCRIBER's making others use the SERVICE does not eliminate its obligations related to the debt.**

**4.24. The SUBSCRIBER may not make any additions and/or changes to the SERVICE without the knowledge of TÜRK TELEKOM.** If it is determined that an addition and/or modification has been made in this way, the addition and/or modifications that damage the system or are requested to be removed by TÜRK TELEKOM shall be removed. In this case, TÜRK TELEKOM is authorized to terminate the relevant FORM and to file a lawsuit for compensation for the damages incurred due to the additional and/or amendment made.

**4.25. In cases such as stopping the submission of the SERVICE or sealing the place where the equipment related to the SERVICE is located by the competent authorities due to legal/administrative regulations, administrative decisions, CUSTOMER REASONS or UNEXPECTED SITUATIONS, the SUBSCRIBER cannot claim any rights and compensation from TÜRK TELEKOM. The SUBSCRIBER is obliged to pay the fees invoiced to him during the continuation of this Agreement.**

**4.26. TÜRK TELEKOM shall never be held responsible by the SUBSCRIBER for the information to be lost and/or incompletely received/transmitted during internet traffic and for the accuracy, validity or timeliness of the information published on the internet platform or published by them.**

**4.27. THE SUBSCRIBER agrees that TÜRK TELEKOM does not guarantee that VIRUS or SPAM will not be received. It is the SUBSCRIBER's responsibility to take necessary security measures such as antivirus, antispam and firewall in order not to suffer any material and/or moral damage due to traffic increases that may occur due to reasons not caused by TÜRK TELEKOM.** TÜRK TELEKOM shall not be liable in any way for the damages incurred by the SUBSCRIBER as a result of traffic increases due to reasons not arising from TÜRK TELEKOM. THE SUBSCRIBER may benefit from THE CORPORATE SAFETY PRODUCTS offered by TÜRK TELEKOM and can be purchased in addition to the DATA CENTER SERVICE upon request for a fee.

**4.28. TÜRK TELEKOM is not responsible for the damages incurred by the SUBSCRIBER due to the actions of third parties on the internet, especially in the case of reading the SUBSCRIBER's data [SUBSCRIBER sharing its information with other people, taking control of the website by someone else (hacking) etc.].**

**4.29. In the event that the SUBSCRIBER benefits from the SERVICE within the scope of a timed TARIFF package, in order to avoid any interruption in the SERVICE, the SERVICE will continue to be provided for the same period if the SUBSCRIBER does not request cancellation. This rule will apply at the end of each period.** TÜRK TELEKOM is obliged to inform the SUBSCRIBER about this before the end of the period. The SUBSCRIBER's cancellation of the SERVICE is reserved for the time being.

**4.30. The applications and data operated on the SUBSCRIBER's own server and/or the systems of TÜRK TELEKOM must comply with all relevant legal regulations, especially the Turkish Criminal Code, Turkish Commercial Code, intellectual and artistic works, trademarks, patent rights, and must not contain insults, criminal elements or violations of social rules or moral rules. Otherwise, all responsibility belongs to the SUBSCRIBER.**

**In addition to the above-mentioned obligations, the SUBSCRIBER shall not use the software, data and other materials for the purpose of sending e-mails that may damage the computer systems, networks or hardware of third parties and shall not distribute mail that is not authorized to be sent such as chain mail, software virus.**

**TÜRK TELEKOM has no legal and criminal responsibility for the failure of the SUBSCRIBER to fulfill its obligations.**

**In the event that TÜRK TELEKOM incurs any damages or pays a compensation due to the SUBSCRIBER's violation of its obligations specified in this article, the SUBSCRIBER is obliged to cover all damages incurred/to be incurred by TÜRK TELEKOM and to pay the compensation paid by TÜRK TELEKOM and all costs incurred (including trial costs) to TÜRK TELEKOM together with all its subsidiaries including advance interest.**

**TÜRK TELEKOM may terminate the relevant FORM and prevent the SUBSCRIBER from benefiting from the relevant SERVICE if the SUBSCRIBER acts contrary to its obligations specified in this article.**

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**THE SUBSCRIBER shall not claim any right or compensation from TÜRK TELEKOM in this case.**

**5. PAYMENTS:**

**5.1. The SUBSCRIBER is obliged to pay the fees to be accrued for the SERVICE until the last payment date specified in the invoice; if the SERVICE is a prepaid SERVICE in advance at the time of application (in the case of the sale of the SERVICE in the wide environment after the completion of the necessary systemic development, via credit card at the web address where the sale is realized. TÜRK TELEKOM has the right to change the last payment date of the invoice provided that it informs SUBSCRIBER in advance and implements it the following month (in terms of subsequently paid SERVICES) in order to prevent SUBSCRIBER from suffering.**

**5.2. In cases where it is possible for TÜRK TELEKOM to issue an electronic invoice for the relevant SERVICE technically and legally, an electronic invoice shall be sent to the e-mail address notified by the SUBSCRIBER or to an electronic environment that can be accessed with its password, provided that the SUBSCRIBER requests or permits. In this case, no printed invoice shall be sent to the SUBSCRIBER. The SUBSCRIBER has the right to request that a printed invoice be sent to him/her at any time by giving up this application. The SUBSCRIBER is obliged to make payments without waiting for the invoice to reach its address. If the INVOICE does not reach the address, the SUBSCRIBER will be able to learn the invoice information from the places that make subscription transactions on behalf of TÜRK TELEKOM or from the SELF SERVICE CHANNEL (if they have a password).**

**5.3. If any objection is made in determining SUBSCRIBER, subscription start and end dates, fees related to the SERVICE and debts and other issues related to the SERVICE, such objection shall be compared with TÜRK TELEKOM RECORDS. If the SUBSCRIBER's objection and TÜRK TELEKOM RECORDS do not match, TÜRK TELEKOM RECORDS shall be taken as basis. This situation cannot be interpreted as the SUBSCRIBER will not resort to any other evidence in case the dispute between the SUBSCRIBER and TÜRK TELEKOM is transferred to the judiciary. The SUBSCRIBER agrees that the meetings made with TÜRK TELEKOM call center, the transactions made over the internet and the approvals made online for the SERVICE shall be recorded by TÜRK TELEKOM, stored for a certain period of time and based on the transactions to be made. In the event that disputes arising from this Agreement and its Annexes are submitted to the judiciary, the books, all kinds of documents and records of TÜRK TELEKOM, on the condition that are not exclusive shall constitute conclusive evidence and shall be binding. This situation cannot be interpreted as the SUBSCRIBER will not resort to any other evidence and only the books, documents and TÜRK TELEKOM RECORDS will be considered valid in the settlement of the dispute.**

**5.4. Objections to the invoice will not stop the payment. If the SUBSCRIBER's objection is justified, the amount to be refunded shall be calculated and shall be returned to the SUBSCRIBER within 15 (fifteen) days upon the request of the SUBSCRIBER, provided that the SUBSCRIBER has fulfilled its financial obligations towards the relevant SERVICE until then, or (in case the SERVICE is paid later) shall be subject to a discount from the first invoice to be issued by the SUBSCRIBER, the situation in clause 4.19 of Article 4 of this Agreement is reserved.**

**5.5. If the invoice amount of the SERVICE is not paid by the due date, TÜRK TELEKOM is authorized to stop the SERVICE and terminate the relevant FORM with a one-sided written notification.**

**5.6. THE SUBSCRIBER shall pay the invoice amounts related to each SERVICE (in terms of subsequently paid SERVICES) to the places specified in the invoice or TÜRK TELEKOM's web address. If the invoice is sent to the SUBSCRIBER electronically, the location where the invoice will be paid can be specified in the e-mail sent to the SUBSCRIBER. For the payments made after the due date specified in the invoice, the SUBSCRIBER accepts and undertakes that due to the failure to pay the fees on time and in accordance with the procedure, he/she will pay the delay fee determined by TÜRK TELEKOM by taking into account the economic data and calculated by applying the interest rate included in the invoices, as well as the amounts requested for all kinds of written transactions to be carried out by TÜRK TELEKOM for the SUBSCRIBER, especially the follow-up and collection of the receivable and the sending of the letter with notice of receipt, as well as the advance interest applied by the Central Bank of the Republic of Turkey for short-term advances, which will be accrued from the date of termination to the date of payment, in case of termination of the relevant FORM.**

**5.7. In the event that the relevant FORM is terminated in terms of the relevant SERVICE due to the SUBSCRIBER's failure to pay its debt in relation to the SERVICE, TÜRK TELEKOM is authorized to close the other SERVICES registered on behalf of the SUBSCRIBER and of the same type with a written**

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notice and to terminate the relevant FORMS in a way that shall be valid for the said SERVICES.

5.8. THE SUBSCRIBER declares, accepts and undertakes to pay the debt together with the delay fee and advance interest at varying rates applied by the Central Bank of Turkey to short-term advances if he/she wishes to make payment after the file is transferred to TÜRK TELEKOM's Legal Unit due to the failure to pay the debt related to the SERVICE within the period but before legal remedies are applied by TÜRK TELEKOM.

5.9. The occurrence of one of the situations where the SERVICE is temporarily closed to communication, such as not cancelling it, stopping it with the request of the SUBSCRIBER, closing it due to its debt, and closing it as a precaution by TÜRK TELEKOM in case the necessary conditions arise, does not prevent the monthly/annual fees to be collected according to the TARIFF.

5.10. The SUBSCRIBER accepts and undertakes that TÜRK TELEKOM shall not be held liable for the loss of data that may arise as a result of the cancellation of the subscription to the SERVICE and the relevant FORM due to the suspension of the SERVICE due to the non-payment of the debt or due to the occurrence of one of the reasons for termination specified in this Agreement or the relevant FORM and for any material, moral/direct and indirect damage that he/she may suffer due to this reason.

5.11. In the event that this Agreement is terminated for any reason in terms of the relevant SERVICE, the SUBSCRIBER is obliged to apply to TÜRK TELEKOM as an inscription within 15 (fifteen) business days from the date of termination (this period can be extended or shortened with the information to be made by TÜRK TELEKOM on the relevant web address) and request to retrieve all its equipment and data before TÜRK TELEKOM unless there is no contrary regulation in the relevant FORM. If the SUBSCRIBER does not make such a written request within the specified period, after 15 (fifteen) business days following the termination of the relevant FORM in terms of the relevant SERVICE, TÜRK TELEKOM shall have no responsibility for the preservation of the equipment and data belonging to the SUBSCRIBER, the SUBSCRIBER accepts and undertakes that he/she shall not hold TÜRK TELEKOM responsible for any damage or loss incurred due to the destruction of such equipment and data and shall not claim any rights from TÜRK TELEKOM.

5.12. In the event that the relevant FORM is terminated in terms of SERVICE, the files that are subordinate to the SUBSCRIBER within the scope of the SERVICE other than the SERVICE and SUBSCRIBER information stored by TÜRK TELEKOM for registration purposes shall be deleted. For this reason, SUBSCRIBER's obligation to withdraw the files from the system belongs to SUBSCRIBER. THE SUBSCRIBER accepts and undertakes that he/she shall not hold TÜRK TELEKOM liable for any damages or losses incurred by TÜRK TELEKOM due to the deletion process to be performed by TÜRK TELEKOM and shall not claim any rights from TÜRK TELEKOM.

## 6. TERMINATION OF THE AGREEMENT:

6.1. The parties who do not fulfill their obligations written in this Agreement and the relevant FORM shall be in violation of the Agreement. In this case, the other PARTY may terminate the relevant FORM, in case one of the PARTIES terminates the relevant FORM for any reason, **the PARTIES are obliged to pay all debts arising and that may arise according to the records of TÜRK TELEKOM, the provision of Article 4.19 of Article 4 of this Agreement is reserved,**

6.2. The SUBSCRIBER has the right to terminate this Agreement and all FORMS completely by giving written notice by giving up all SERVICES received from TÜRK TELEKOM within the scope of this Agreement. If the SUBSCRIBER cancels all SERVICES received from TÜRK TELEKOM and there is no SERVICES registered in its name, this Agreement shall be deemed to be automatically terminated without any additional request/notification on the date of cancellation of the last FORM. **In this case, the PARTIES are obliged to pay all debts arising and likely to arise according to TÜRK TELEKOM records, the provision of Article 4.19 of Article 4 of this Agreement is reserved.**

6.3. In case the SUBSCRIBER fails to fulfil its obligations arising from this Agreement and/or the relevant FORM, upon the termination of the relevant FORM by TÜRK TELEKOM, the fees collected in advance from the SUBSCRIBER shall not be returned to the SUBSCRIBER and the amounts to be accrued until the date of termination and the advance interest applied by the Central Bank of the Republic of Turkey to the short-term advances to be accrued from the date of termination to the date of collection shall be collected from the SUBSCRIBER and if the said fee is not paid consensually by the SUBSCRIBER, TÜRK TELEKOM shall take legal action to collect the fee.

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6.4. Upon SUBSCRIBER's cancellation of its subscription or termination/Cancellation of the subscription by TÜRK TELEKOM for any reason, the SUBSCRIBER is obliged to cancel the automatic payment instruction (s) given by the banks in terms of any SERVICE benefiting from this Agreement in order to ensure that the new SUBSCRIBER to whom the SERVICE number will be allocated can issue automatic payment instruction in relation to the said number. However, by signing this Agreement, the SUBSCRIBER has approved the automatic cancellation of the automatic Payment order ( s) before the banks upon notification by TÜRK TELEKOM to the relevant bank (s) or upon learning that the subscription to the SERVICE has expired in order to enable the new SUBSCRIBER to issue an automatic payment order in relation to the SERVICE in case one of the situations specified in this clause occurs.

#### 7. ANNEXES OF THE AGREEMENT:

The FORMS signed by the SUBSCRIBER are an integral part of this Agreement. The SUBSCRIBER shall make the necessary markings by reading the FORMS and TÜRK TELEKOM shall establish a transaction according to the marking made by the SUBSCRIBER in the FORMS. The SUBSCRIBER shall not make any objection or claim any right or compensation against TÜRK TELEKOM by claiming that the transaction has not been carried out despite the approval given by TÜRK TELEKOM due to the transactions to be carried out by TÜRK TELEKOM in accordance with the approval given in FORMS or in cases where TÜRK TELEKOM has made notifications in FORMS.

#### 8. DURATION AND ENFORCEMENT OF THE AGREEMENT:

At least one FORM will need to be signed by the PARTIES in order for this Agreement to enter into force, this Agreement is of indefinite duration. APPLICATION FORMS are also indefinite if a special subscription period is not foreseen. In this context, the clause 4.29 of Article 4 of this Agreement shall apply in terms of FORMS.

#### 9. DURATION, DATE AND SIGNATURE OF THE AGREEMENT

The original of this Agreement has been concluded on DD/MM/YYYY in / to be kept in TÜRK TELEKOM and to be given to the SUBSCRIBER with an annotation of "as original".

#### 10. NOTIFICATION ADDRESSES OF THE PARTIES

##### SUBSCRIBER

##### Street/ Boulevard / Neighborhood:

Kuştepe Mah., Mecidiyeköyü Yolu

Cad.

Premise's name:

Premise No: 12

Door No: Floor: 2

Province: Istanbul

District: Şişli

Postal Code:

##### TÜRK TELEKOM

Turgut Özal Bulvarı 05103 Aydınliköyler/ANKARA

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Before signing this Agreement, I have read and accepted all the articles in the Agreement.

**CONSENT TO USE OF SUBSCRIPTION, USAGE AND LOCATION INFORMATION (\*)**

Apart from the application you have made, you can confirm the option below by checking the box at the beginning.

I consent to the use and sharing of our subscription, location and usage information by Türk Telekomünikasyon A.Ş., TTNET A.Ş. and Avea İletişim Hizmetleri A.Ş. in accordance with the law in order to provide products, services, advantages and offers for services, campaigns and projects.

\_\_\_\_\_  
*(\*) You can revoke the consent you have given by filling the Usage Permission Cancellation Form.*

Türk Telekomünikasyon A.Ş.

SUBSCRIBER / AUTHORIZED PERSON

Signature

TITLE NAME SURNAME

(stamp and signature)

D-MARKET ELEKTRONİK HİZMERLER VE TICARET A.S.

/s/ D-MARKET Elektronik Hizmetler ve Ticaret A.S.

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CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

**FRAMEWORK AGREEMENT  
FOR ELECTRONIC COMMUNICATION SERVICES**

**1. THE PARTIES:**

The agreement has been executed by and between Superonline İletişim Hizmetleri A.Ş. (**TURKCELL SUPERONLINE**) located at the address of İstanbul Maltepe Aydınevler Mah. İnönü Cad., No:20 Küçükyalı Ofispark and -Market Elektronik Hizmetler ve Tic. A.Ş. (**CUSTOMER**) located at the address of Kuştepe Mah. Mecidiyeköy Mah. Kule 2 No:12 Kat:2 Şişli/İstanbul.

In this agreement, the **CUSTOMER** and **TURKCELL SUPERONLINE** shall be hereinafter referred to as “**Party**” individually, and the “**PARTIES**” collectively.

**2. DEFINITIONS**

Definitions in this Agreement will be understood as given below.

**Electronic Communication:** It is the transmission, routing and reception of all kinds of signs, symbols, sounds, images and data that can be converted into electrical signs through cable, wireless, optical, electrical, magnetic, electromagnetic, electrochemical, electromechanical and other transmission systems.

**Electronic Communication Service:** It is the provision of some or all of the activities that fall under the definition of electronic communication as a service.

**Public Official:** Unless defined more broadly in accordance with the legislation provisions;

- a) All kinds of employees including, but not limited to, civil servants, personnel, members, managers working in public institutions and organizations,
- b) All kinds of employees including but not limited to officers, personnel, members, managers working in the representations of public institutions and organizations,
- c) Any person authorized to act officially on behalf and/or representation of the public institution and/or organization,
- d) Political party employees and/or members,
- e) Candidates to be appointed to serve in public institutions and organizations and/or political parties,
- f) Employees of any public and/or state-owned school, hospital and other.

**Tariff:** It is a chart that includes the fees that operators can receive from users under different names in exchange for providing electronic communication services.

**Specification:** It refers to the whole of the supplementary agreement and its annexes, which are an integral part of this agreement and include the procedures and terms of each service to be offered to the **CUSTOMER** by **TURKCELL SUPERONLINE** within the scope of Electronic Communication Service.

**SLA:** It refers to the Service Level Commitment.

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**Turkcell Group Companies:** They refer to Turkcell İletişim Hizmetleri A.Ş. (“TURKCELL”) and/or legal persons or companies that TURKCELL directly or indirectly controls. Within the scope of this agreement, control “means: i) the direct or indirect ownership of the majority of the capital or voting rights of the relevant legal person or company, or ii) the direct or indirect ownership of voting rights, the power to appoint or dismiss the majority of the board of directors or other governing bodies by agreement or in any way.

### 3. SUBJECT

The subject of this agreement is the regulation of the conditions regarding electronic communication services to be provided to the **CUSTOMER** by **TURKCELL SUPERONLINE** and the rights and obligations of the **PARTIES**.

Special conditions regarding each service to be offered to the **CUSTOMER** will be regulated by the Service Specifications in addition to this Agreement; the provisions of this Agreement will be valid for the matters not included in the Specifications.

Since the conditions specific to the service and the **CUSTOMER** will be determined by the Specifications, in case of conflict between this Agreement and the Specification in force, the relevant Specification clauses will prevail.

### 4. SUPPORT SERVICES

#### 4.1. CUSTOMER SUPPORT SERVICES

**a)** The **CUSTOMER** shall be able to reach the notification of problems related to the service received (malfunction, complaint), change requests; questions and suggestions via the support line and e-mail with the contact information below 24/7 via phone/e-mail. Provided that the **CUSTOMER** notifies, **TURKCELL SUPERONLINE** will intervene in the problems under its control and arising from it within 30 minutes at the latest and the action plan will be sent to the **CUSTOMER**.

**b)** The **CUSTOMER** Support Services contact information is below:

Phone from all over Turkey: 0850 222 1 222

Email Address [kurumsalteknik@superonline.net](mailto:kurumsalteknik@superonline.net)

**c)** The **CUSTOMER** will determine the authorities to open a call in support services and submit it to **TURKCELL SUPERONLINE** as a written list; these officials will notify all kinds of problems, support and service requests by calling the support line and/or via e-mail and open a call in order to fulfill the request in a short time. Otherwise, **TURKCELL SUPERONLINE** will not be held responsible for the delay.

#### 4.2. TECHNICAL SUPPORT SERVICES

On a service basis, all and/or some of the following technical support services will be provided to the **CUSTOMER** by **TURKCELL SUPERONLINE**, depending on the nature of the service specified in the Specifications.

**a)** 7 days 24-hour uninterrupted support access (except for force majeure and situations where **TURKCELL SUPERONLINE** is not responsible)

**b)** 7 days 24 hours remote monitoring

**c)** 7 days 24 hours remote technical support

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d) Providing infrastructure usage reports over the internet, provided that a username and password are provided.

## 5. THE RIGHTS AND OBLIGATIONS OF THE PARTIES

a) In case the installation of the devices required for the provision of the services subject to this Agreement is performed by the technical teams determined by **TURKCELL SUPERONLINE**, the said installation will be made with the pricing determined by the Specifications.

b) The **CUSTOMER** may either procure the necessary equipment to benefit from the service, **or procure it from TURKCELL SUPERONLINE** for a fee or within the scope of the commitment. Warranty and Maintenance Support responsibilities will be applied according to the table below.

	GUARANTEE RESPONSIBILITY	MAINTENANCE SUPPORT SUPERVISOR
IN CASE CUSTOMER PROVIDES THE DEVICE	CUSTOMER	CUSTOMER
IN CASE THE CUSTOMER PURCHASES THE DEVICE FROM TURKCELL SUPERONLINE	TURKCELL SUPERONLINE (2 YEARS)	CUSTOMER/TURKCELL SUPERONLINE (WITHIN THE SCOPE OF MAINTENANCE SUPPORT AGREEMENT)
IN CASE THE CUSTOMER PROVIDES THE DEVICE FROM TURKCELL SUPERONLINE WITHIN THE SCOPE OF THE COMMITMENT	TURKCELL SUPERONLINE (With a period to be determined in the relevant service specification)	TURKCELL SUPERONLINE (With a period to be determined in the relevant service specification)

c) **The CUSTOMER agrees and undertakes to use the hardware in accordance with the provisions of the Agreement, to pay attention to its own property, not to use, sell, transfer or rent it to other persons except for Doğan Online and Doğan Group affiliates, in cases where the equipment is provided by itself or by TURKCELL SUPERONLINE. In cases where the hardware in question belongs to TURKCELL SUPERONLINE, in the event that the Agreement is terminated for any reason, the CUSTOMER agrees and undertakes to return all hardware immediately and in full within 15 days at the latest. The CUSTOMER shall be personally responsible for all damages and losses incurred and to be incurred during use, except for wear and tear caused by normal use in the installed equipment, without prejudice to all requests surplus rights in cases of this of TURKCELL SUPERONLINE, the CUSTOMER irrevocably declares, accepts and undertakes that the repair price of the device and/or, in case of failure to perform the repair, the entire equipment cost shall be covered in cash and in a single sum according to the request of TURKCELL SUPERONLINE.**

d) **The CUSTOMER is obliged to answer the security questions asked to it for security and confirmation purposes within the scope of support requests related to its subscription, except in case of failure, and/or to perform the operations within this scope.**

e) **The increases that will occur due to the taxes related to the services subject to this Agreement will be reflected to the CUSTOMER immediately.**

f) If the services subject to this Agreement are not provided to the CUSTOMER under special conditions and commitment, the changes in the provision of the service, including tariff changes, within the scope of the Consumer Rights Regulation in the Electronic Communication Sector, will be notified to the CUSTOMER 30 days in advance by TURKCELL SUPERONLINE, depending on the changes in the market conditions.

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- g)** Provided that the **CUSTOMER** has no other commitment in the service specifications, the **CUSTOMER** has the right to make tariff changes among the alternatives offered by **TURKCELL SUPERONLINE**, except for prepaid services. The tariff change will be effective from the next invoice period after the change request is made by authorized persons on behalf of the **CUSTOMER**.
- h)** The **PARTIES**, by signing this Agreement, accept and undertake that they will not gain titles and status such as each other's representatives, agents, commercial representatives, partners, and will not make any transactions on behalf and account of each other.
- i)** **TURKCELL SUPERONLINE** reserves the right to change the technical configuration and update the software of all devices under the authority and management of **TURKCELL SUPERONLINE**, with the service provided when necessary, without violating the service-specific SLA provisions. In such changes, the **CUSTOMER** will be notified 3 (three) days in advance.
- j)** The **CUSTOMER** is responsible for ensuring the physical security of the routers, switches etc. of **TURKCELL SUPERONLINE** in its location, providing generator and UPS protected energy, providing and protecting the required cooling and cabling. The **CUSTOMER** is responsible for the damage caused by the failure to provide the required environment and the interruptions in the relevant service.
- k)** **TURKCELL SUPERONLINE** is not responsible for security problems arising from the **CUSTOMER**'s servers, network devices under the **CUSTOMER** management, systems and users, and the problems arising from the devices under the responsibility of the **CUSTOMER**.
- l)** **TURKCELL SUPERONLINE** accepts no liability for any failure, delay or other communication preventing situation arising from the reasons described in Article 8 of the Agreements and/or from Türk Telekomünikasyon A.Ş. and other operators other than its own system and delays arising from the **CUSTOMER**.
- m)** **TURKCELL SUPERONLINE** establishes the infrastructure by obtaining the necessary permissions from the relevant persons and/or institutions and/or organizations. The **CUSTOMER** agrees, acknowledges and undertakes that, in order for **TURKCELL SUPERONLINE** to provide services subject to this agreement, it has obtained the necessary permissions related to the location of the **CUSTOMER** from the relevant persons who need legal and/or administrative permissions and that it has granted **TURKCELL SUPERONLINE** all necessary authorizations on the location/parcel where the **CUSTOMER** is located within this scope. In this regard, the usage and maintenance rights of the infrastructure facilities established by **TURKCELL SUPERONLINE** belong exclusively to **TURKCELL SUPERONLINE**. The **CUSTOMER** undertakes that the infrastructure facilities created by **TURKCELL SUPERONLINE** will not be used by other institutions and/or organizations.
- n)** The **CUSTOMER** agrees and acknowledges that, in accordance with other legislation, the right of use arising from this Agreement belongs only to its legal personality, and the use of this right; except for the persons authorized in its own legal entity, it will not be able to use or transfer it to other persons, institutions and organizations, lease it, sell it to anyone else, otherwise it will be fully responsible and if this situation is determined, **TURKCELL SUPERONLINE** reserves the right to claim all kinds of claims arising from this Agreement and the legislation, it has the right to stop the service and/or terminate the Agreement and the relevant Specification.
- o)** The **CUSTOMER** accepts and undertakes not to engage in illegal activities, not to violate the laws and provisions of the Republic of Turkey, the titles and decisions of the official authorities while using the services subject to this Agreement.
- p)**
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We allow our information to be shared with and used by Turkcell İletişim Hizmetleri A.Ş.'s affiliates and their business partners until otherwise stated by us in order to make the most of the advantages of being a Superonline. \* 0  
No announcements about advantageous campaigns, services, tariffs and services should be received from Superonline. x

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(\*): You can obtain your rights under the Law on the Protection of Personal Data and the purpose of using the permissions from the Privacy Policy on our website and/or from our dealers.

q) If the devices are rented from TURKCELL SUPERONLINE, the CUSTOMER agrees, acknowledges and undertakes that the ownership of the devices belongs to TURKCELL SUPERONLINE, that it will keep the property declaration labels to be placed by TURKCELL SUPERONLINE in order to prevent the property claims of third parties on the devices as they are, that it will use the devices exclusively for the services provided by TURKCELL SUPERONLINE as a tenant during the term of the Agreement, that it will use the devices within the framework of the usage procedures specified in the user manual and with the care to be shown by a forceful trader, that it is obliged to return the devices to TURKCELL SUPERONLINE in full and completely and free of any encumbrances in the event of termination of the Agreement.

r) In the event that the CUSTOMER fails to comply with the commitments stated in the above articles, it agrees and undertakes that the CUSTOMER shall be liable for all kinds of damages incurred by TURKCELL SUPERONLINE, compensate TURKCELL SUPERONLINE for all kind of damages and TURKCELL SUPERONLINE shall have the right to stop the service and/or terminate the Agreement and the relevant Specifications within the scope of the Consumer Rights Regulation in the Electronic Communications Sector.

s) During the duration of the commercial relations established with this Agreement; the Parties agree, acknowledge and undertake that all natural and/or legal persons (the "Ecosystem"), including, but not limited to, consultants, contractors and subcontractors used by themselves, their employees, managers or in connection with this agreement, shall comply with applicable local legislation on bribery and corruption and the current international legislation ("Legislation"), including but not limited to the Foreign Corrupt Practices Act in force in the United States.

Parties agree, acknowledge and undertake that they will not offer and/or commit bribes or unlawful payments to any person, including Public Officials, directly or indirectly through the Ecosystem, they will not make such payments and/or will not accept such payments offered or promised.

In the event that any of the Parties request from the other Party to submit documents and records pertaining to the transactions (purchase-sale transactions, payments, expenses, etc.) made within the framework of the Agreement, the other Party agrees, acknowledges and undertakes that it will act in good faith and cooperation to meet the reasonable demands of the other Party.

The Parties agree, acknowledge and undertake to immediately notify the other Party in writing in the event that employment opportunities and/or will be provided for any Public Official within the scope of this Agreement.

If it is determined that one of the Parties or its Ecosystem has acted against the Legislation, the other Party has the right to terminate this Agreement immediately.

t) The CUSTOMER may not use the relevant services within the scope of this Agreement and its annexes in any way as disruptive to the public order, against general morality, violating the rights of third parties and in violation of the law, malicious, fraudulent and

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**collusive.** If it is determined otherwise, TURKCELL SUPERONLINE reserves the right to terminate this Agreement and its annexes.

## **6. LINE FACILITY AND ITS OPERATIONS**

- a) The line application and the installation of the line required for the provision of the service will be made by **TURKCELL SUPERONLINE** and the support and follow-up procedures related to the installation are included in the installation fees received for one time only.
- b) If the line allocated to the **CUSTOMER** is registered in the name of **TURKCELL SUPERONLINE**, all payments to be made to Türk Telekomünikasyon A.Ş. due to the line will be paid by **TURKCELL SUPERONLINE** and will be reflected to the **CUSTOMER** along with the service invoices to be issued.

## **7. SERVICE FEES AND PAYMENTS**

The costs to be paid by the **CUSTOMER** for the services received from **TURKCELL SUPERONLINE** will be determined separately in each Specification to be made in addition to this Agreement.

After the service is started, according to the monthly/annual agreement between the **CUSTOMER** and **TURKCELL SUPERONLINE**, **TURKCELL SUPERONLINE** will issue an invoice at the end of each billing period and send it to the **CUSTOMER** at the **CUSTOMER** invoice address, taking into account the due date of the invoice. The **CUSTOMER** is obliged to make the monthly invoice payments without waiting for the monthly invoice to reach its address. The **CUSTOMER** whose invoice does not reach it for any reason will be able to learn its invoice and payment information from **TURKCELL SUPERONLINE**.

**In the event that the CUSTOMER fails to pay the invoiced amount on time as in cash, in full and wholly to one of the payment points and/or account numbers indicated on the invoice, the CUSTOMER acknowledges and undertakes that TURKCELL SUPERONLINE reserves the right to apply default interest of 4% (fourpercent) per month from the due date and/or to stop the service and/or not to sell new services.** In case the **CUSTOMER** fails to pay the fees accrued together with the default interest, **PARTIES** agree and undertake that **TURKCELL SUPERONLINE** may enter into legal proceedings by terminating or without terminating the agreement and that the **CUSTOMER** shall pay all fees to be paid in cash and in lump sum.

## **8. FORCE MAJEURE AND LIMIT OF LIABILITY**

Until the reasons given below come to an end, neither of the **PARTIES** will be able to assume any liability or claim any compensation for the other party due to the failure of the other party to fulfill its action.

### **A. FORCE MAJEURE:**

Provided that it does not arise from a fault caused by the **PARTIES**, but there is a situation that prevents the fulfillment of the actions, the following situations are considered as force majeure situations.

- a) Partial or general declaration of mobilization, sabotage or state of war, terrorist attack
  - b) Earthquakes, floods and natural disasters that prevent continuous work, epidemics, fire
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- c) Measures and decisions taken by the government or legal authorities that would make it impossible to comply with the provisions of this agreement,
- d) Legal strikes, lockouts and other actions, embargo,
- e) Provided that **TURKCELL SUPERONLINE** has no fault; License and/or authorization revocation for electronic communication services provided by the Information Technologies and Communication Authority
- f) Impossibilities arising from changes in laws and regulations in effect (domestically or abroad) prior to the signing of the agreement

The occurrence of the aforementioned reasons will mean that the contractual acts are suspended until the force majeure state ends.

#### **B. CONDITIONS THAT NO LIABILITY CAN BE FOLLOWED**

**TURKCELL SUPERONLINE** commitment is to determine the scope of continuous communication with the specification to be made separately for **each** service; **TURKCELL SUPERONLINE** will not be liable for the following situations, since it includes the conditions required for the provision of the service and the reasons beyond the control of **TURKCELL SUPERONLINE**.

- a) Attacks that may come to the **CUSTOMER** over the internet and IP and that **TURKCELL SUPERONLINE** is not obliged to block within the scope of the services offered by **TURKCELL SUPERONLINE** and consequences thereof
- b) Loss of information and/or other damages due to software and/or hardware related malfunctions caused by the **CUSTOMER**'s fault
- c) Service interruptions to be experienced during the planned maintenance notified to the **CUSTOMER** by **TURKCELL SUPERONLINE** (determined within the framework of the service-specific SLA for planned maintenance periods.)
- d) Failures in cables providing connections between active and passive devices on the **CUSTOMER** side and all devices on the **CUSTOMER** side, except for devices under the management and responsibility of **TURKCELL SUPERONLINE**
- e) Problems caused by the **CUSTOMER**'s local network or the software applications it uses
- f) Problems arising from configuration changes made on active devices by the **CUSTOMER** or by third parties other than the solution partner authorized by **TURKCELL SUPERONLINE** and/or **TURKCELL SUPERONLINE**
- g) The **CUSTOMER** related problems such as electricity, cooling failures, theft, etc. that will occur at **CUSTOMER**'s location
- h) **All problems caused by Türk Telekom A.Ş., including the interruptions and delays, arising from force majeure or other reasons, on the leased line that are subject to the contract in the context of this Agreement and leased from another operator**
- i) In the event that the **CUSTOMER** requests to receive services at another location after the date of signature of the Agreement within the scope of this Agreement that the service cannot be provided to the **CUSTOMER** due to the lack of infrastructure of **TURKCELL SUPERONLINE** in the location and geography where the **CUSTOMER** requests the service and/or **SUPERONLINE**'s failure to provide services to the **CUSTOMER** for reasons not caused by its own fault and/or delays arising therefrom, **TURKCELL SUPERONLINE** shall not be held responsible.

Failure to provide service due to reasons arising from the **CUSTOMER** does not prevent **TURKCELL SUPERONLINE** from invoicing a monthly service fee.

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## 9. DURATION AND TERMINATION

Since the term of this Agreement can be determined separately for each Specification, the term of the Specification signed between the **PARTIES** and whose term will expire last shall be deemed to be extended until the end of the term. The relevant Specifications will enter into force on the date of signature unless otherwise specified, and the Terms of the Specifications will start as of the activation date of the service.

In the event that there is any commitment in any Specification and its annexes attached to this Agreement, the termination provisions will be regulated separately in the Terms of Reference and its annexes, and the provisions in the Specifications and its annexes will be applied within the termination conditions of this Agreement.

If the service provided to the **CUSTOMER** is provided to the **CUSTOMER** under special conditions in return for the **CUSTOMER**'s commitment, if the **CUSTOMER** terminates the Specification before the period set out in the Specification, it shall be deemed to have withdrawn from the **CUSTOMER**'s commitment and the cancellation fee and compensation amounts specified in this Specification shall be applied.

If the service provided to the **CUSTOMER** is not provided under special conditions for the **CUSTOMER** in return for the commitment of the **CUSTOMER** in the Specifications and its annexes; the **CUSTOMER** may terminate this Agreement and its annexes at any time, provided that a written notice of termination is made. **TURKCELL SUPERONLINE** will initiate termination procedures within the scope of the relevant legislation.

The following reasons are justified, and for these reasons, this Agreement can be unilaterally terminated immediately by the specified party without any notice and without paying any compensation, penalty, expense, etc.:

- a) Except for Doğan Online and Doğan Group affiliates, by **TURKCELL SUPERONLINE**, in case the **CUSTOMER** transfers this Agreement and the services specified in the Specifications, in whole or in part, without the written consent of **TURKCELL SUPERONLINE**,
  - b) by the other party, if a bankruptcy decision, concordat is declared against any of the **PARTIES** or the **PARTIES** become financially insolvent or suspended their payments,
  - c) by **TURKCELL SUPERONLINE**, in case the **CUSTOMER** defaults in paying the service fees determined by the Agreement and Specifications,
  - d) by **TURKCELL SUPERONLINE**, in the event that the **CUSTOMER** itself, the group and/or its affiliates and/or their partners, employees, officials, board members, consultants, suppliers and/or persons authorized to represent and bind them are evaluated as they engage in activities and acts that violate national / international security, public order within the scope of the relevant legislation that may constitute a crime and / or have direct or indirect relations with the persons or institutions involved in the said activities, by **TURKCELL SUPERONLINE** and/or any official decision (including, but not limited to, detention, arrest, conviction of natural persons; investigation by police/security units or prosecution authority; decision on the appointment of trustees to legal persons, etc.) has been taken regarding to this.
  - e) In the event that **TURKCELL SUPERONLINE** is exposed to actions such as operational problems against one of the Parties beyond the control of **TURKCELL SUPERONLINE** and/or illegal interventions against information systems that may come from
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third parties, virtual (cyber) attack actions, etc. or there is a suspicion that such dangers/incidents may occur even if not exposed to them, **TURKCELL SUPERONLINE**, regardless of the name under which and without paying any compensation, penalty, damage, loss, expense, loss of profit, price etc, reserves the right (i) to stop the service subject to this Agreement temporarily or completely, or (ii) to demand the suspension of the service from the **CUSTOMER** or (iii) to reduce or demand the reduction of the service level or (iv) to terminate the Agreement unilaterally immediately. Unless the **CUSTOMER** requests the termination of the Agreement and the related service Specification, even if the **CUSTOMER** closes the line, transfers it, closes it due to debt and so on, the Agreement shall not be deemed to be terminated automatically and shall give rise to all provisions of an effective agreement until it is duly terminated.

f) In case a deposit or advance payment is received from the **CUSTOMER** by **TURKCELL SUPERONLINE** except for the return, commitment and penal payment conditions to be determined by the service-specific Specifications to be made in addition to this Agreement, following the notice of termination of this agreement; **TURKCELL SUPERONLINE** shall deduct these fees received from the **CUSTOMER** in the last invoice and return the remaining amount to the **CUSTOMER** within 15 days.

g) Following the termination of this Agreement, the **CUSTOMER** will immediately deliver the equipment if there is any equipment obtained from **TURKCELL SUPERONLINE** and owned by **TURKCELL SUPERONLINE**; and will cover the documented damage or loss, if any, in cash and at once upon the first request of **TURKCELL SUPERONLINE**. However, if there is an issue that requires the **CUSTOMER** to pay for the devices specified in the Specification and its annexes, the **CUSTOMER** will make the payment immediately upon the first request of **TURKCELL SUPERONLINE**.

## 10. PRIVACY

Both Parties, without prejudice to the provisions of the laws, regulations and legislation in force of the Republic of Turkey, declare and undertake that they shall not disclose directly or indirectly to third parties and organizations in any way whatsoever, in whole or in part, any information of a technical nature or related to this Agreement and the services, production, performance, financial situation and similar matters of the other Party that they have learned due to the implementation of this Agreement.

The **PARTIES** will not use, distribute, transfer to third parties the private information transmitted to them for any other purpose and will take the necessary measures to ensure that their employees comply with this confidentiality obligation.

Proprietary information includes the **PARTIES'** written and/or oral and/or electronic formats in all kinds of products they communicate with each other, technology, procedures, programs, finance-related information and targets, data, know-how, design, software, the **CUSTOMER** lists, tariffs etc.. The **PARTIES** will keep private information confidential and take all kinds of security measures to prevent unauthorized use of the aforementioned information.

In the event that any of the **PARTIES** violates the provision of this article, compensation for the damage to be incurred is essential. Even in the event of termination of this Agreement for any reason, the obligations contained in this article will be evaluated by the **PARTIES** indefinitely in accordance with the provisions of this article, without being subject to any period of time.

This confidentiality clause takes effect with the Confidentiality Agreement signed between the **PARTIES** on 07.09.2012 and, should there be any conflict between the two, the provisions of the Confidentiality Agreement shall prevail.

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## 11. AUTHORIZED LAW AND COURT

Istanbul (Central) Courts and Enforcement Offices are authorized in disputes that may arise between the **PARTIES** due to this agreement and its annexes.

## 12. TAX DUTIES FEES

Except for the stamp tax resulting from the services to be provided to the **CUSTOMER** within the scope of this agreement and/or Specifications, other tax duties and fees will be paid by the **CUSTOMER**.

The stamp tax arising from the signature of this Agreement and/or the Specification and its annexes will be paid by **TURKCELL SUPERONLINE** and half of the stamp tax paid will be invoiced to the **CUSTOMER**.

## 13. TRANSFER AND WAIVER

The **CUSTOMER** cannot transfer this Agreement in whole or in part without the prior written consent of **TURKCELL SUPERONLINE**, due to the nature of the service.

**TURKCELL SUPERONLINE** may, at any time and without the **CUSTOMER**'s separate approval, directly or indirectly transfer or assign the works that are the subject of the Agreement or the rights and receivables arising from this Agreement or the rights and receivables arising from the Agreement, directly or indirectly, to Turkcell Group Companies.

Failure of any Party to enforce the provisions of this Agreement or any right arising from this Agreement and its annexes will not be interpreted as a waiver of these rights.

## 14. NOTIFICATION ADDRESS, AUTHORIZATION AND CHANGES

**a)** All legally binding notices/warnings between the **PARTIES** will be made to the addresses specified in Article 1 via registered mail or the Notary's Office. Notifications made other than these methods will not be taken into consideration by the **PARTIES**.

Address changes shall be notified in writing to the other party and, if no written notification is made, the notification sent to the addresses specified in Article 1 shall have the legal consequences of a valid notification even if it is not notified to the relevant Party.

**b)** During the subscription period, the **CUSTOMER** agrees and declares that it authorizes the persons whose names and contact information are specified in the Authorized Table below to fulfill all kinds of technical requests arising from all specifications signed between the parties and to be performed before **TURKCELL SUPERONLINE** including transactions to be carried out in digital environment using Superonline website ([www.superonline.net](http://www.superonline.net)), Corporate Online Transaction Center website ([www.kurumsalwebislem.superonline.net](http://www.kurumsalwebislem.superonline.net)), Superşirketim mobile application, Superonline My Account mobile application and capacity increase and decrease other than these. **TURKCELL SUPERONLINE** will take into consideration the requests from the below written e-mail addresses of the persons authorized by the **CUSTOMER** and will act in accordance with the request. Requests transmitted through channels other than this address will not be taken into consideration.

In the event that the person authorized by the **CUSTOMER** is changed, the **CUSTOMER** will notify **TURKCELL SUPERONLINE** immediately and in writing regarding this change, and **TURKCELL SUPERONLINE** does not accept responsibility if the **CUSTOMER** does not provide any and/or properly informed about the changes in the authorized person, and the Customer is personally responsible for all consequences of this situation.

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	Authorized Name	TR Identity No	Mail Address	GSM Contact Number	Admin Authority * Y/N
1	[***]	[***]	[***]	[***]	[***]
2	[***]	[***]	[***]	[***]	[***]
3	[***]	[***]	[***]	[***]	[***]
4	[***]	[***]	[***]	[***]	[***]

\* Admin authority can only be assigned to an authorized person.

## 15. ENFORCEMENT

This agreement consisting of 15 (fifteen) articles and their annexes has been executed as 2 (two) counterparts to enter into force on 26.02.2021 and has been signed by the authorized representatives of the Parties in accordance with the signature circular in ANNEX-A on 24.05.2021. A signed copy of the Agreement will remain with the CUSTOMER and the other signed copy will remain in TURKCELL SUPERONLINE.

### Annexes:

- A. Signature Circular
- B. Tax Plate
- C. Certificate of Activity
- D. Specifications
- E. Identity Copy

D-MARKET ELEKTRONİK HİZMETLER VE TİC A.Ş.

SUPERONLINE İLETİŞİM HİZMETLERİ A.Ş.

/s/ D-Market Elektronik Hizmetler ve Tic A.Ş.

/s/ Superonline İletişim Hizmetleri A.Ş.



## SERVER HOSTING SERVICE SPECIFICATION ANNEX-7

### 1- SUBJECT MATTER

The subject matter of this Server Hosting Service Specification ("Specification") consists of the determination of special conditions for the services defined below being subjected to the Framework Agreement for Electronic Communications Services ("Framework Agreement") dated 24.05.2021, which has been signed by and between Superonline Communication Services Inc. (**TURKCELL SUPERONLINE**) located at the address of İstanbul Maltepe Aydınevler Mah. İnönü Cad. No:20 Küçükyalı Ofispark and D-Market Elekt. Hizm. Ve Tic.A.Ş (**CUSTOMER**) located at the address of Kuştepe Mah. Mecidiyeköy Yolu Cad. No:12 Kule:2 Kat:2 Şişli, İstanbul

### 2- DEFINITIONS

**Server Hosting Service:** It consists of hosting the device(s) belonging to the **CUSTOMER** in **TURKCELL SUPERONLINE** system rooms by providing electrical energy and air conditioning infrastructure and connecting the related devices to the Internet backbone to which **TURKCELL SUPERONLINE** is connected

**Data Center/Facility:** It refers to the entire "Turkcell Gebze Data Center" located in the Gebze Organized Industrial Zone, including the White Area, the Customer Allocated Area and the Cabinet.

**White Space/System Room:** It refers to the 173 m<sup>2</sup> detached data center area allocated to the Customer under this specification.

**Cabinet/Cabinet:** It refers to the hardware cabinets to be allocated and positioned in the data center area for the **CUSTOMER**.

The **CUSTOMER** will be able to control and manage these device (s) directly connected to **TURKCELL SUPERONLINE** backbone via remote access protocols.

Service contents are as follows.

#### 2.1. Hosting (RackSpace) Services

**TURKCELL SUPERONLINE** will provide the **CUSTOMER** with the equipment cabin it will provide, and the **CUSTOMER**'s own equipment will be provided with the opportunity to operate in an open or caged area. The infrastructure environment that will ensure the healthy operation of the equipment (such as uninterrupted energy, temperature and humidity control, fire warning and extinguishing, security) will be provided by **TURKCELL SUPERONLINE** for a fee.

**TURKCELL SUPERONLINE**, within the scope of this service, will provide at least 1 (one) switch port regardless of the number of equipment.

The location of all kinds of additional hardware in the Data Center depends on the written approval of **TURKCELL SUPERONLINE**, and all kinds of responsibilities such as troubleshooting, part replacement etc. on the said equipment shall be borne by the **CUSTOMER**.

**TURKCELL SUPERONLINE** offers the following services free of charge to the **CUSTOMER**:

- a. Server on-off
- b. Accompanying: Accompanying principles are set out below under the title of **TURKCELL SUPERONLINE** Server Hosting Guidelines.

**2.2. Energy Services**

**2.2.1. TURKCELL SUPERONLINE** shall invoice to the **CUSTOMER** the total amount of

energy consumed by the **CUSTOMER**'s devices as monthly fixed energy value according to the maximum energy consumption values calculated over the power supply label values published by the relevant device manufacturer or the total amount of monthly energy consumption of the related devices as monthly Measurable Energy Cost Installed Power calculation is made without including the backup power supply values in case the device has a redundant power supply. The **CUSTOMER** agrees that the energy consumption price and values specified in ANNEX-X.1 will be invoiced from one of the mutually active Installed Power or Measurable Energy services.

**2.2.2.** According to the National Electricity Market Tariffs of the Turkish Energy Market Regulatory Authority, the Parties agreed that **TURKCELL SUPERONLINE** has the authority to reflect these additional costs on energy prices within the scope of legal legislation if there are situations that may cause an increase in the cost of supply under "All other distribution system users" due to tariff structure, legislative changes, newly created taxes, funds and similar issues.

**2.2.3.** In **TURKCELL SUPERONLINE** data centers, system cabinets are powered by a redundant energy infrastructure, and the **CUSTOMER** is obliged to use an in-cabinet static transfer switch (redundant energy unit transfer) for non-redundant (single power unit) devices without a power unit.

The **CUSTOMER** agrees and acknowledges that in case there are two power supplies feeding the cabinets during infrastructure maintenance and testing of **TURKCELL SUPERONLINE** Data centers [i.e. in case of use of in-cabinet static transfer switch (redundant energy unit transfer) for non-redundant devices (single power unit) without power unit backup], there is no risk of simultaneous interruption of the two power supplies supplying the cabinets, however, if it does not use in-cabinet static transfer switches for non-redundant (single power unit) devices, it knows that there will be an interruption in the **CUSTOMER** systems without redundant power supply input during infrastructure maintenance and tests of **TURKCELL SUPERONLINE** data centers and that it will not have any request from **TURKCELL SUPERONLINE** accordingly.

Since **TURKCELL SUPERONLINE** will notify the **CUSTOMER** about the work to be carried out on data centers infrastructure maintenance and tests to the **CUSTOMER** at least 48 hours in advance, any objection and/or failure record of the **CUSTOMER** that will delay the processes related to data center infrastructure maintenance and tests will not be considered within the scope of **TURKCELL SUPERONLINE**'s responsibility and the **CUSTOMER** will not have any objection to this situation.

**2.2.4.** From the date of signature of this Specification by **TURKCELL SUPERONLINE**, Annex 7.1. has been given the right to use energy specified in. If the **CUSTOMER** requests for additional equipment to be located in the White Area, **TURKCELL SUPERONLINE** will be informed in writing and this request will be covered on the condition that they are installed in **TURKCELL SUPERONLINE** standards and that the total energy load offered to the **CUSTOMER** does not exceed the threshold value. Even if the demand is met by **TURKCELL SUPERONLINE**, all responsibility such as fixing the malfunctions on the hardware, replacing the parts and so on shall belong to the **CUSTOMER** and **TURKCELL SUPERONLINE** has no responsibility in this regard. Although the energy usage right offered to the **CUSTOMER** and the actual energy consumption remain within the energy limits agreed by the Parties, the **CUSTOMER** will make all efforts to distribute the energy load in accordance with the standards of **TURKCELL SUPERONLINE**.

### **2.3. Cabling Services**

If the **CUSTOMER** needs cabling for different reasons in the **TURKCELL SUPERONLINE** Data Center; optionally, cabling services in UTP/PRI, Coax, F/O categories can be purchased from **TURKCELL SUPERONLINE**.



## 2.4. KVM (Keyboard Video Mouse)

**TURKCELL SUPERONLINE** provides the **CUSTOMER** with a KVM connection and provides the opportunity to work remotely from the **TURKCELL SUPERONLINE** colocation study room. In case KVM service is not utilized, direct intervention to servers in the system room conditions are set out below under **TURKCELL SUPERONLINE** server rack space On-Site Operating Principles.

## 2.5. First Level Support

**TURKCELL SUPERONLINE** assigns a staff member to perform operations on the server on behalf of the **CUSTOMER** at a predetermined time interval by the **CUSTOMER**. The action to be taken and the estimated working time required for this operation will be notified in advance. The list of personnel authorized to use the on-site work service in the **CUSTOMER**'s data center is as specified in the "relevant persons" defined in **TURKCELL SUPERONLINE** Corporate Technical department. Personnel not included in this list are not authorized to use the onsite service in the data center. The **CUSTOMER** accepts that all responsibilities arising from making the necessary changes and updates on this list are his sole responsibility and cannot hold **TURKCELL SUPERONLINE** responsible.

In this regard, the **CUSTOMER** may request from **TURKCELL SUPERONLINE** server on and off (hard reset), power supply replacement, Tape (Cassette) replacement, patch cable displacement, disk insertion, CD/DVD/USB memory insertion and removal, printer cable insertion and removal operations. **TURKCELL SUPERONLINE** shall not be responsible for any malfunctions, service interruptions or other problems that may arise as a result of the said transactions.

## 3- ON SITE OPERATING PRINCIPLES

3.1. If the **CUSTOMER** wishes to work on the server, it will notify **TURKCELL SUPERONLINE** 48 (forty-eight) hours prior to this request in writing.

3.2. In case the **CUSTOMER** wishes to do the work on the server in the server rack space, a **TURKCELL SUPERONLINE** technical staff will accompany the **CUSTOMER** technical staff and accompany them throughout the entire work process. If half an hour of work in this situation exceeds, the servers must be moved to the study room established by **TURKCELL SUPERONLINE**.

3.3. The **CUSTOMER** will be responsible for any damage or loss that may occur in the data center due to the work done by the **CUSTOMER**. In this case, the **CUSTOMER** agrees in advance to compensate the damage and loss that may arise.

## 4- SPECIAL PROVISIONS REGARDING THE SERVICE

### 4.1. Application and Installation Process

Based on the approval of the Specification sent to **TURKCELL SUPERONLINE** by **TURKCELL SUPERONLINE** to receive the **SERVICE**,

The **CUSTOMER** shall deliver the said devices to the **SERVICE** to **TURKCELL SUPERONLINE** within 2 (two) business days. The installation of the device and making it work shall be under the **CUSTOMERS**'s own responsibility. If **TURKCELL SUPERONLINE** determines that there is a deficiency or incompatibility or error in the information given by the **CUSTOMER** during the device acceptance, the devices will not be accepted, the **CUSTOMER** will apply again after the information provided on the Service Information Form is corrected and, if necessary, the corrections regarding the purchased **SERVICE** are made.

### 4.2. Data Center Transportation

If **TURKCELL SUPERONLINE** has to move the Data Center for any reason, it is obliged to notify the **CUSTOMER** at least 1 (one) year in advance if possible. The services to be provided in the new Data Center will be of the same quality, the same continuity rates and the same

commitments as before.

#### **4.3. Transportation of Intra Data:**

**TURKCELL SUPERONLINE** has the right to change the location of the **CUSTOMER** servers due to the change of layout within the Data Center. The moving work will be notified to the **CUSTOMER** at least 2 (two) months in advance and will be transported per Cabinet within the previously specified period. During this relocation, the **CUSTOMER** technical personnel must be in the data center.

#### **4.4. Rights and Obligations of the Parties**

**4.4.1.** The **CUSTOMER** agrees and acknowledges that in all cases such as spamming over its own server, attacking internal or external networks, illegal and that will adversely affect **TURKCELL SUPERONLINE** backbone, that the server will be disabled by **TURKCELL SUPERONLINE** without the need for a notice and that the fees regarding the services acquired until that date will not be refunded in any way. The **CUSTOMER** agrees and acknowledges that it is obliged to comply with the laws of the Republic of Turkey within this responsibility; otherwise, it accepts and undertakes that it knows that legal sanctions will be imposed on it.

**4.4.2.** The **CUSTOMER**, by signing this Specification, accepts that it has all legal responsibility regarding the use of the **SERVICE**. In case of interruptions or cessation of the **SERVICE** due to reasons arising from the **CUSTOMER**, the **CUSTOMER** will not have the right to terminate this service and the **CUSTOMER** will not be considered as a reason for the **CUSTOMER** not to make the payments to **TURKCELL SUPERONLINE** or to delay the payments.

**4.4.3.** **TURKCELL SUPERONLINE** cannot be held responsible for the attacks that may come to the **CUSTOMER** over the internet and their consequences, who do not take necessary and sufficient security measures in the existing network environment, due to the fact that the internet is open to worldwide access in a two-way and thus to unintentional and unexpected dangers.

**4.4.4.** The **CUSTOMER** cannot make additional or changes on the **SERVICE** without the knowledge of **TURKCELL SUPERONLINE**. If such a situation is detected, the **SERVICE** in question may be closed and additional and changes deemed objectionable may be removed. In this case, the **CUSTOMER** agrees in advance to compensate the damage and loss that may arise in the event that **TURKCELL SUPERONLINE** is held liable by other institutions, at the time of notification made to him.

**4.4.5.** The **CUSTOMER** has the right to purchase and replace the devices in the area rented within the scope of **SERVICE**. This right will be limited only by the size and energy capacity of the rented area. If an area larger than the leased area is needed and if this area can be provided by **TURKCELL SUPERONLINE**, the **CUSTOMER** will be able to enlarge the leased area by paying the upgrade fee.

**4.4.6.** The **CUSTOMER** agrees, acknowledges and undertake that the rights arising from the signature of this Specification belong only to itself and/or its affiliates, that it cannot make or transfer its private and confidential password and user name, user code regarding the use of this right, that it will not be able to transfer or transfer its user code to anyone else, it will change it immediately, even if there is a suspicion of being learned by someone else, otherwise all done that it will be responsible for the transactions and that it cannot claim that the passwords and codes are not used by itself.

**4.4.7.** In case the **CUSTOMER** needs to work on the server in an emergency; if the **CUSTOMER** receives approval from **TURKCELL SUPERONLINE** after briefly notifying **TURKCELL SUPERONLINE**'s relevant support staff of this request verbally or in writing to [destech@superonline.net](mailto:destech@superonline.net) e-mail address, it may come to **TURKCELL SUPERONLINE**' data center to perform the required work and may work under the supervision of the relevant **TURKCELL SUPERONLINE** support staff after submitting its valid identity (driver's license

or identity card). The list of personnel authorized to work remotely on the server rented to the **CUSTOMER** to **TURKCELL SUPERONLINE** is as specified in the “relevant persons” defined in **TURKCELL SUPERONLINE**’s customer contact lists. Personnel not included in this list are not authorized to enter the system rooms. The **CUSTOMER** acknowledges that it is fully responsible for making the necessary changes and updates to this list and cannot hold **TURKCELL SUPERONLINE** responsible for any reason.

All these notifications must be made to the relevant contact addresses at least 3 (three) hours in advance.

**4.4.8** If the **CUSTOMER** needs to work on the server provided as service within the scope of this specification, it will perform/have the work done in accordance with the **Turkcell Superonline Data Center Occupational Health** and Safety Work Instruction in Annex-7.2, otherwise it agrees in advance that it will be responsible for any accident, damage or loss and that it will compensate for all kinds of damages of **TURKCELL SUPERONLINE** in this context.

**4.4.9.** The **CUSTOMER** shall be responsible for any damage or loss that may occur in the data center due to the work carried out by the **CUSTOMER**. In this case, the **CUSTOMER** agrees in advance to compensate the damages and losses to be incurred at the first request of **TURKCELL SUPERONLINE**

**4.4.10.** The Data Backup responsibility of the systems has been personally undertaken by the **CUSTOMER**. The **CUSTOMER** can get backup service from **TURKCELL SUPERONLINE**. Backup services are subject to additional terms defined by a specification other than this specification.

**4.4.11.** The cost to be paid by the **CUSTOMER** to **TURKCELL SUPERONLINE** in return for Server Hosting services will be stated in ANNEX-7.1 together with the payment plan.

The prices of the services provided within the period of this Specification shall be increased by the producer price index (domestic-ppi) every year within the relevant year, unless otherwise stated in writing by the Parties.

**4.4.12.** In the event that the **CUSTOMER** fails to fulfill its obligations under this Specification, including money debt, and does not remedy the violation despite the warning, in addition to **TURKCELL SUPERONLINE**’s rights under the Framework Agreement, **TURKCELL SUPERONLINE** has the right to retain (retention) the devices, equipment and related installations hosted in the data center within the scope of this Specification and, if deemed necessary, to collect their receivables by converting them into cash. The **CUSTOMER** is obliged to receive all kinds of data in the detained systems immediately following the notification of **TURKCELL SUPERONLINE**.

In the event that the right to imprisonment is exercised, the **CUSTOMER** accepts in advance that it will not claim any rights, receivables or compensation from **TURKCELL SUPERONLINE** for any reason or any other reason that the services provided to third parties through the relevant systems are interrupted.

**4.4.13.** The **CUSTOMER** has the right to request 173 square meters and 180 kW for the White Space, in addition to 238 square meters of area and up to 249 kW in the table specified in Annex 7.1. Within the commitment period, **TURKCELL SUPERONLINE** will provide the **CUSTOMER** with the first place to take place regarding whether there is a growth demand. The **CUSTOMER** is obliged to notify its decision within 1 (one) month from the date of the proposal submitted to it, in case it does not convey its decision, it will waive this right.

For the **CUSTOMER** growth area, White Space and energy use will be priced at the agreed unit price in Annex 7.1. **TURKCELL SUPERONLINE** will start invoicing the relevant white space and energy cost as of the month the **CUSTOMER** starts to use it. If the Customer requests an additional area/energy other than 173 m<sup>2</sup> and 180 kW and Turkcell approves it, the additional

area cost will be invoiced to the customer if it is offered and agreed in writing. Turkcell has the right to refuse the requests other than 173 m<sup>2</sup> and 180 kW.

4.4.14. Gebze DC uptime availability infrastructure SLA percentage is 99.982%, and the SLA percentage for data center internet is 99.9%.

## 5- DURATION AND TERMINATION CONDITIONS OF THE SPECIFICATION

5.1. This specification will be in force for 36 (thirty six) months from the date of validity.

5.2. Unless the service is terminated in writing by any of the Parties 1 (one) month before the expiry of this specification period, the service will be automatically extended for 1 year under the same conditions except for the service fees. Service fees will be determined in writing by mutual agreement of the Parties.

5.3. Any of the parties may terminate this Specification at any time and without any reason, with 3 months' written notice to the other Party. (Provided that the CUSTOMER pays the withdrawal fee) In this case, TURKCELL SUPERONLINE will also be entitled to the full, complete and timely service fee fulfilled until the expiry date of the Specification.

5.4. If any of the Parties violates the obligations of this Specification, the other Party shall make a written notification to the other Party at least 15 days in advance in order to remedy the breach. If the violation is not remedied within this period, this Specification will automatically be deemed to be terminated at the end of the 15-day period.

## 6- WITHDRAWAL FEE

6.1. If the service provided to the CUSTOMER is provided to the CUSTOMER under special conditions in return for the CUSTOMER's commitment, if the CUSTOMER terminates the Specification before the period set out in the Specification, it shall be deemed to have withdrawn from the CUSTOMER's commitment and the compensation amounts specified in this Specification shall be applied.

6.2. Since the service is provided by TURKCELL SUPERONLINE to the CUSTOMER under special conditions, the CUSTOMER accepts, declares and undertakes that it shall not terminate this Specification before 36 (thirty six) months, which is the Specification period.

6.3. If this Specification is terminated by the CUSTOMER before the end of the commitment period and/or terminated by TURKCELL SUPERONLINE with justified reasons before the end of the commitment period, **the sum of the uncollected part of the discount, device or other benefits provided to the CUSTOMER** from the date of signing of this Specification by the CUSTOMER until the period of the breach of the commitment (included in ANNEX-7.1) shall be collected from the CUSTOMER. However; if the sum of the part of the service fees determined to be collected from the CUSTOMER within the scope of the commitment that has not yet been accrued is lower than this amount, the lower amount will be invoiced to the CUSTOMER.

6.4. The CUSTOMER will pay the invoiced withdrawal fee to TURKCELL SUPERONLINE immediately, in cash and at once. Except for withdrawal amounts mentioned in this Article, without prejudice to all rights of claim arising from TURKCELL SUPERONLINE agreement and legislation, the CUSTOMER declares, accepts and undertakes that TURKCELL SUPERONLINE shall compensate all damages arising/that may arise due to the termination of the Specification before the term of the Specification upon first request. The CUSTOMER shall also return the equipment leased from TURKCELL SUPERONLINE immediately to TURKCELL SUPERONLINE in full and complete, free from any encumbrances.

## 7- OTHER PROVISIONS

7.1. Special provisions regarding the services subject to the Framework Agreement have been regulated with this Specification, which is an integral part of the Framework Agreement dated 24.05.2021 and the provisions of the Framework Agreement shall continue to apply in the same way with regard to the matters not specified herein.

In case of conflict between this Specification and the provisions of the Framework Agreement, the provisions of this Specification shall prevail.

7.2. This Specification and its annexes, which are an integral part of the Framework Agreement consisting of 13 (thirteen) page, 7 (seven) articles, have been arranged by negotiating between the PARTIES and shall be valid as of 26.02.2021. It was signed as 2 (two) originals on 24.05.2021 and entered into force on the date of signature.

**Superonline İletişim Hizmetleri A.Ş.**

**CUSTOMER**

**Date:**

**Date:**

**Signature**

**Signature**

/s/ Superonline İletişim Hizmetleri A.Ş.

/s/ D-Market Elekt. Hizm. Ve Tic. A.Ş.

Table 1 Total Price Table

Service	Pcs	List price	Unit Price (TL/Month) excluding taxes	Total Unit Price (TL/Month) including taxes
DC White Space Used Unit Price (Gross) (Gebze DC Rent Price)	1 m <sup>2</sup>	[***]	[***/m <sup>2</sup> ]	[***/m <sup>2</sup> ]
DC White Space Reserved Unit Price (Gross) (Gebze DC Rent Price)	1 m <sup>2</sup>	[***]	[***/m <sup>2</sup> ]	[***/m <sup>2</sup> ]
Energy (Gebze DC)	kW/h	[***]	[***]	[***]

\* Energy Consumption will be calculated according to the formula below and an invoice will be issued according to the monthly consumption amount.

$$= (\text{Measured energy consumed by customer cabins}) \times (\text{Fixed } 1.425 \text{ PUE}) \times (\text{Energy Supplier Unit Price})$$

Table 1 Total Price Table

	Amount of Cabinet	Expected Active Energy Expenditure (W)	Customer m <sup>2</sup> (Gross)	Calculated Energy Cost (TL/Month) Excluding Taxes	Calculated Energy Cost (TL/Month) including Taxes	price per m <sup>2</sup> (TL/Month) excluding Taxes	price per m <sup>2</sup> (TL/Month) including taxes
2021 year	31	81.31	78	[***]	[***]	[***]	[***]
2021 year	50	131.15	125	[***]	[***]	[***]	[***]
2022 year	69	180.98	173	[***]	[***]	[***]	[***]
2023 year	95	249.18	238	[***]	[***]	[***]	[***]

**ANNEX-7.2  
TURKCELL SUPERONLINE DATA CENTER  
OCCUPATIONAL HEALTH AND SAFETY WORKING INSTRUCTIONS SUPPLEMENT**

1. Work will be done in the cabinet and area shown by the personnel in charge of the data center.
2. Flammable and cutting materials such as bags, pochette, packages will not be brought into the data center.
3. No photographs and/or videos will be taken in the data center.
4. Those who have health problems that pose a risk to working in the data center cannot work. Heart conditions, high blood pressure, vertigo, partial or complete blindness, being physically disabled, carrying infectious virus.
5. A person or persons with temporary discomfort within the data center white space cannot work. Flu infection, cold and similar infectious infections.
6. No cabinet or system will be moved within the data center. For situations that need to be moved or moved, permission will be requested from the data center officer to take action.
7. Smoking, food and beverages are not allowed in the data center.
8. No raised floor tiles or ceiling tiles are opened inside the data center without permission from the data center officer.
9. In the data center, only the cabinet or caged area that is allowed to work is operated, other than that, any device or cabinet is not touched.
10. Power supply cables of servers, data storage devices, network devices or similar electronic systems in cabinets within the data center are not installed. Only data center staff will connect the power cables to the devices. For systems to be powered, assistance will be requested from the data center officer.
11. If an open-ended or stripped electrical cable is seen in the data center, the area in question will be immediately moved away and the data center officer will be notified.
12. No equipment weighing more than 25 kilos will not be transported alone, a hand-held forklift will be used by asking the data center officer for assistance, or the transport personnel will be provided for transportation.
13. Network cable connections of systems within the data center will be processed under the supervision of data center personnel.
14. Work on electricity within the data center facility can only be carried out by electrical engineers, electrical technicians, certified electrical masters approved by the Ministry of National Education, and electrical foremen certified by the Ministry of National Education.
15. Only the authorized and authorized technical personnel of the contracted companies can perform maintenance or intervention in case of malfunction for the maintenance of all infrastructural electrical, electronic, electromechanical and mechanical devices in the data center facility. Persons or persons who do not comply with the conditions cannot work.
16. In case of an earthquake, emergency exit will be made immediately from the data center & system room by using emergency exit doors.
17. If the fire alarm goes off, the data center and system room will be evacuated immediately.

**Superonline İletişim Hizmetleri A.Ş.**

**CUSTOMER**

**Date:**

**Date:**

**Signature**

**Signature**

/s/ Superonline İletişim Hizmetleri A.Ş.

/s/ D-Market Elekt. Hizm. Ve Tic. A.Ş.

**CONDITIONS OF SHIPPING PRODUCTS OR ELECTRONIC  
EQUIPMENT TO TURKCELL SUPERONLINE DATA CENTER**

Within the scope of this annex, the **CUSTOMER** agrees to abide by the following Occupational Health and Safety rules in order to bring any device or equipment belonging to **TURKCELL SUPERONLINE** data centers.

The **CUSTOMER** shall ensure that the shipping/transportation company and/or the **CUSTOMER's own employees involved in the transportation process of the CUSTOMER** comply with the following conditions during the transportation process of any device and equipment to be transported to **TURKCELL SUPERONLINE** data centers.

The **CUSTOMER** will be responsible if its employees or the shipping company it works with do not comply with the following conditions.

Conditions and requirements for the shipping/handling company where the **CUSTOMER** works or for the **CUSTOMER's own employees involved in the transportation process;**

- 1- Basic occupational health & safety trainings
- 2- Health examination
- 3- Professional competence training. (According to the Regulation on the Vocational Education of the Persons to be employed in Dangerous and Very Dangerous Classes numbered 28706; it is obligatory for the employees specified in the relevant regulation to undergo vocational training and to certify their vocational training within the scope and conditions of the relevant regulation.
- 4- First aid certificates.
- 5- PPE (Personal Protective equipment) debit forms
- 6- Occupational safety expertise and workplace doctor contracts:
- 7- SSI document.
- 8- Risk assessment report/business hazard analysis. The form in ANNEX-X.4 must be filled and signed by the occupational safety specialist.
- 9- Responsible assignment letter. Responsible assignment letter ANNEX-X.5 form must be filled and stamped.

**Superonline İletişim Hizmetleri A.Ş.**

**CUSTOMER**

**Date:**

**Date:**

**Signature**

**Signature**

/s/ Superonline İletişim Hizmetleri A.Ş.

/s/ D-Market Elekt. Hizm. Ve Tic. A.Ş.





**RESPONSIBLE ASSIGNMENT LETTER**

who is working with the title of \_\_\_\_\_ in our company, who is holder of Turkish ID with number \_\_\_\_\_ has been assigned on behalf of our company to ensure that the work is carried out in a healthy and safe manner during our \_\_\_\_\_ works to be carried out at your workplace.

Among the works to be done;

- o Work environment health and safety surveillance
- o Monitoring the use of personal protective equipment
- o Ensuring the field layout
- o Security coordination with other companies in the work area
- o In cases of imminent and serious danger, stopping the work and providing information on the subject.

**Company Official**

**Name Surname** :  
**Date** :  
**Seal-Signature** :

During the work to be done, I will work in accordance with my job description stated above.

**Name and Surname** :  
**Date** :  
**Signature** :

**Superonline İletişim Hizmetleri A.Ş.**

**CUSTOMER**

**Date:**

**Date:**

**Signature**

**Signature**

Convenience English translation of the HAPP (as defined below) adopted by the Board of Directors of D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. on March 24, 2021.

## General

Board of Directors adopted a cash and share based employee incentive plan (Turkish: *Nakit ve Hisse Bazlı Çalışan Teşvik Planı*) (“HAPP”) for key executives and employees who contribute to our performance. The purpose of the HAPP is to motivate and reward the existing and future key executives, directors, managers, employees, and consultants as determined by our Board of Directors, to attract and maintain talent, and to promote the success of the business.

HAPP will take effect upon the company’s listing its ordinary shares in connection with its initial public offering, with such shares representing at least 20.0% of our capital stock by December 31, 2021.

HAPP includes a triple plan consisting of (i) cash, (ii) restricted stock units and (iii) performance stock units or a combination of these. In accordance with the HAPP, key executives and employees as determined by our board of directors, may be awarded (i) a cash based award, (ii) restricted stock units or (iii) performance stock units, as individual awards or in combination, to motivate and reward employees, attract and retain talent, and promote the success of the business.

- (i) **Cash Based Award:** Key executives and employees who are in the scope of the HAPP and contributed to the works relating to the execution of this initial public offering of our ADSs may be entitled to cash award at the end of the 3<sup>rd</sup> month following the date of this initial public offering.
- (ii) **Restricted Stock Units (“RSUs”):** Key executives and employees who are in the scope of the HAPP may be entitled to RSUs to encourage them to work in the Company for the periods specified below after the initial public offering.
- (iii) **Performance Stock Units (“PSUs”):** Key executives and employees who are in the scope of the HAPP may be entitled to PSUs depending on their performance in the relevant period.

## Plan administrator

Our HAPP is administered by the board of directors.

## Eligibility

We may grant awards to key executives and employees (including our subsidiaries’), consisting of c-level executives, directors, managers, officers, employees, consultants and board members of our Company to be determined by the board of directors.

## Reserved Pool

The board of directors has reserved up to a maximum amount of:

- (i) **Cash pool:** USD 30 million for the cash award consisting of the “Cash Based Award” described above,
- (ii) **Share pool:** 6,500,000 of our Class B ordinary shares, constituting the total of RSUs and PSUs described above, to be used within the scope of the HAPP.

The maximum amounts specified above are subject to change based on the market capitalization of the Company on the date of the initial public offering.

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## **Vesting schedule**

RSUs and PSUs will generally vest in the three-year-period as specified below, following the end of 18 months after the date of the initial public offering:

- **First Period:** In the eighteenth (18<sup>th</sup>) month following the date of the initial public offering, up to 3,250,000 Class B ordinary shares may be issued;
- **Second Period:** In the twelfth (12<sup>th</sup>) month following the end of the First Period, up to 1,750,000 Class B ordinary shares may be issued;
- **Third Period:** In the twelfth (12<sup>th</sup>) month following the end of the Second Period, up to 1,500,000 Class B ordinary shares may be issued.

If fewer shares are issued for a specific period as a result of changes in the number of the HAPP participants, duration of employment of such HAPP participants and the actual performance recorded for a given period, the remaining shares allocated for a specific period can be used in the following period(s).

## **Terms of Awards**

### **General**

Any payment under the HAPP (i.e. all of the cash based award, RSUs and the PSUs) is contingent upon the IPO Condition and on the employee's continuing employment with the Company on the date of payment.

### **Cash Based Awards**

No other specific terms of awards are specified for cash based awards.

### **RSUs**

The RSU award is conditioned on the employee actually working for the Company on the date of payment specified above. At the discretion of the plan administrator, eligible employees whose employment will cease, other than those terminated for cause, may continue to receive RSUs until the date of the termination of employment.

### **PSUs**

The PSU award is conditioned on the employee actually working for the Company on the date of payment specified above and that he or she performs the KPIs as determined by the board of directors in these periods.

### **Transfer Restrictions**

All rights relating to vesting and cash awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge except in certain situations.

### **Amendment, Suspension and Termination**

The board of directors has unilateral authority to change, suspend and terminate the HAPP conditions. The HAPP shall automatically expire on the tenth anniversary of the date of the initial public offering. Board of directors and shareholders may terminate the plan at any time, in whole or in part.

**Prior Agreements**

With the establishment of the HAPP, all of prior signed agreements with certain executives including an exit bonus for the sale of the Company have been terminated.

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*].” SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (i) NOT MATERIAL AND (ii) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

## ADDITIONAL PROTOCOL

### 1- THE PARTIES

#### 1.1 Lessor:

D GAYRİMENKUL YATIRIMLARI VE TİCARET A.Ş.  
Burhaniye Mahallesi, Kısıklı Caddesi No:65 Üsküdar— İstanbul

#### 1.2 Lessee:

D MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.  
Kuştepe Mah. Mecidiyeköy Yolu Cad. No: 12, K:2 Şişli - İstanbul

### 2- SUBJECT OF THE PROTOCOL:

This protocol relates to the amendment of the Lease Agreement and additional protocols signed between the parties on 24.12.2014 regarding the lease of the properties in the 2nd Tower (office floors) Block structure, 5.473.00 m2 located on the 2nd, 3rd and 4th floors, 579 m2 on the 5th floor, 100 m2 on the 26th floor and 140 m2 on the 11th floor of the premises named, registered in Mecidiyeköy Mah., Şişli, İstanbul, in İstanbul Province, Şişli District, Mecidiyeköy Mahallesi, Plot 298, Block 2524 and Parcel 3 within the scope of Decree No. 32 on the Protection of the Value of Turkish Currency, which was amended by the Presidential Decree No. 85 of 12.09.2018 and leasing the area with the section number and area written below in addition to the premises in order to meet the Lessee’s request for additional rental area.

### 3- PROVISIONS ON NEW AREA LEASE

In addition to the areas specified in the Lease Agreement and the additional protocol, a total area of 1295 m<sup>2</sup>, details of which are given below, has been leased.

Section No.	5th Floor Office 502	5th Floor Specified areas of office 503 and 504	11th floor Office 1102
<b>Area</b>	260 m <sup>2</sup>	562 m <sup>2</sup>	473m <sup>2</sup>

3.1 The Parties agree that the provisions of the Agreement, the provisions of Article 4 of this Protocol and all rights and obligations under this Protocol shall also apply to the additional area leased under this Protocol.

3.2 **Duration:** The duration of this Protocol will be evaluated depending on the date of the main Lease Agreement. The starting date of this protocol is 15.04.2019 and the expiry

date is 31.12.2019, same as the date of the expiry of the main agreement.

- 3.3 Monthly Rental Fee:** In addition to the monthly rental fee determined in the Agreement and additional protocols between the parties, the lessee shall pay the monthly rental fees for the additional area subject to this protocol determined below to the Lessor in the form and period specified in the relevant provisions of the Agreement. At the end of this protocol period, it shall be renewed together with the agreement within the scope of the conditions specified in the lease agreement.

**Monthly Rental Fees (For 5. Floor 822 m<sup>2</sup> newly leased office):** [\*\*\*]

**Monthly Rental Fees (For 11. Floor 473 m<sup>2</sup> office):** [\*\*\*]

- 3.4** The premises has been delivered to the Lessee and this protocol replaces the delivery report. The starting date of the lessee's responsibility to pay the rent, common expenses and expenses belonging to the lessee related to the additional area has been accepted by the Parties as 15.04.2019. The Lessee agrees and undertakes to pay the consumption expenses belonging to the Lessee [Article 7 of the Agreement] and the Common Expense costs [Article 8 of the Agreement] within the scope of the current agreement between the parties in addition to the Monthly Rental Fee.

**4- PROVISIONS WITHIN THE SCOPE OF DECISION NO.32 ON THE PROTECTION OF THE VALUE OF THE TURKISH CURRENCY**

- 4.1** The Parties have agreed that the provisions of the Lease Agreement and additional protocol shall be adapted to the relevant decision within the scope of the Decision No. 32 on the Protection of the Value of Turkish Currency amended by the Presidential Decision dated 12.09.2018 and numbered 85 stating that "some of the agreement values shall not be determined in foreign currency" and the provisions other than the adapted provisions shall remain valid.

- 4.2** The Parties have agreed that the Monthly Rental Price specified in Article 1.4 of the Lease Agreement and Additional Protocols shall be arranged as follows. The following monthly rental fees do not include the newly leased areas and the monthly rental fees specified in Article 3.3 of this protocol shall be paid in addition to the following monthly rental fees.

**Monthly Rental Fees (For 2., 3., and 4. Floors 5473 m<sup>2</sup> office):** [\*\*\*]

**Monthly Rental Fees (For 11. Floor 579 m<sup>2</sup> office):** [\*\*\*]

**Monthly Rental Fees (For 5. Floor 579 m<sup>2</sup> office):** [\*\*\*]

**Monthly Rental Fees (For 26. Floor 100 m<sup>2</sup> office):** [\*\*\*]

During the agreement period in each lease renewal period, at the beginning of the period for the renewed lease period "Monthly Rental Fee" shall be determined by increasing at the exchange ratio of Consumer Price Index ("CPI") determined annually by the Turkish Statistical Institute. In cases where the relevant legislation requires the Producer Price Index ("PPI") or CPI-PPI average to be taken as a basis instead of CPI, these principles shall apply in determining the "Monthly Rental Fee" without the need to sign an additional protocol.

Common Expense Fee and consumption expenses shall be paid to the Lessor within the scope of the provisions specified in the agreement.

- 4.3** The Parties agree that 1<sup>st</sup> and 2<sup>nd</sup> sub clauses of Article 6 of the Lease Agreement titled
-

“Provisions regarding the Monthly Rental Fee have been arranged as follows.

“6.1 The lessee shall pay the Monthly Rental Fee together with the VAT and in advance until 17.00 o'clock to be transferred to the Lessor's bank account.

6.2 The Lessor shall submit the invoice to be issued to the Lessee within the legal period for the Monthly Rental Fee + VAT. “

- 4.4 The Parties have agreed to amend the first paragraph of Article 10 titled Special Provisions Related to the Allocation and Use of the Leased Property as follows. “10.1 The Lessee shall use the Leased Property as an office and shall not change its intended use; contrary behaviours are deemed to be contradiction to the agreement and the reason for evacuation. In case it is used contrary to the purpose of the Leased Property, the Lessee is obliged to pay the penalty amounting to 3 days' rent for each day for which the contradiction is not remedied, even if the contradiction is remedied immediately, and in case the Lessor exercises the right to terminate the agreement, the amount to be calculated in accordance with the provisions of Article [9.3] shall be paid to the Lessor as termination compensation.”
- 4.5 The Parties agree that in the case of penalty clauses and compensations specified in the adaptations made with this Protocol depending on the rental price, a calculation will be made within the scope of the last rental fee invoice issued before the month in which the application will be made.
- 4.6 For the avoidance of doubt, the parties have agreed that the words “US Dollars” and “Currency” within the scope of the Rental Agreement and Additional Protocols shall be removed from the text of the Agreement and upon the removal of these words the provisions that have no meaning or necessity shall be completely removed from the text of the Agreement.
- 4.7 In the event that the provision added to paragraph g of Article 4 of the Decree on the Protection of the Value of Turkish Currency No. 32 with the Presidential Decision dated 12.09.2018 and numbered 85 is repealed, the Parties have agreed that this protocol shall automatically become null and void and the provisions of the Lease Agreement shall be applied in its former form.
- 5- This Protocol has been issued in two copies and Stamp Tax and notary fees shall be paid by the Lessor, if any, and the entire amount shall be invoiced to the Lessee. The lessee shall pay the said amount to the Lessor's bank account within 5 days from the invoice date.

This Protocol consisting of 5 (five) articles was issued and signed by the Parties on 14.06.2019 and it is deemed to be effective from 12.10.2018 in terms of the provisions related to the decision numbered 32, and it is deemed to be effective from 15.04.2019 in terms of the regulations related to new leases.

Lessee

Lessor

D- Market Elek. Hiz. Ve Tic. A.Ş.

D Gayrimenkul Yatırımları Ve Ticaret A.Ş.

/s/ D- Market Elek. Hiz. Ve Tic. A.Ş.

/s/ D Gayrimenkul Yatırımları Ve Ticaret A.Ş.

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**ADDITIONAL PROTOCOL**

**I – THE PARTIES**

**1.1 Lessor:**

D GAYRİMENKUL YATIRIMLARI VE TİCARET A.Ş.

Burhaniye Mahallesi, Kısıklı Caddesi No:65 Üsküdar — İstanbul

**1.2 Lessee:**

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.

Kuştepe Mah, Mecidiyeköy Yolu Cad, No: 12, K:2 Şişli - İstanbul

**2- SUBJECT OF THE PROTOCOL:**

This Additional Protocol (hereinafter referred to as the “Protocol”) has been issued regarding the partial termination of the Lease Agreement concluded between the parties on 24.12.2014 (hereinafter briefly referred to as the “Agreement”) Regarding the lease of the property as an office which is located in the 2nd Tower’s block structure (office floors) of the premises named registered in Istanbul Province, Şişli District, Mecidiyeköy, Sheet 298, Block 2524 and Parcel 3 and of which address is at Mecidiyeköy Mah. Şişli, İstanbul.

3- The Parties have agreed to arrange the agreement within the scope specified below, if the provisions of the existing Lease Agreement signed between them do not affect the validity of the provisions and these provisions remain valid.

4- The part of the lease agreement and additional protocols signed between the parties regarding the area of 26th floor 613 m<sup>2</sup> has been terminated as of 15.06.2019 with the mutual agreement of the parties, and the agreement will continue on the floors and areas detailed below. The lessee’s rental fee, common expenses and usage expenses of the lessee shall continue to be paid within the scope of the provisions of the agreement on the following square meters as of 15.06.2019.

	2nd Floor	3rd Floor	4th Floor	5th Floor	26th Floor	TOTAL
<b>Area</b>	2010 m <sup>2</sup>	1959 m <sup>2</sup>	1504 m <sup>2</sup>	1401 m <sup>2</sup>	100 m <sup>2</sup>	<b>6974 m<sup>2</sup></b>

5- The Parties have released each other in a public and irrevocable manner in relation to the mutually and voluntarily terminated part of the Lease Agreement with this protocol.

6- This Protocol issued in two copies and the Lessor will pay the Stamp Duty and the entire amount will be invoiced to the Lessee. The Lessee shall pay the said amount to the Lessor’s bank account within 5 days from the invoice date.

The **Protocol** consisting of 6 (six) articles was issued and signed by the Parties on 15/06/2019.

**Lessee**

D-Market Elektronik Hizmetler ve Ticaret A.Ş.

(stamp and signature)

**Lessor**

D Gayrimenkul Yatırımları ve Ticaret A.Ş.

(stamp and signature)

**ADDITIONAL PROTOCOL**

**I – THE PARTIES**

**1.1 Lessor:**

D GAYRİMENKUL YATIRIMLARI VE TİCARET A.Ş.

Burhaniye Mahallesi, Kısıklı Caddesi No:65 Üsküdar — İstanbul

**1.2 Lessee:**

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.

Kuştepe Mah, Mecidiyeköy Yolu Cad, No: 12 K:2 Şişli - İstanbul

**2- SUBJECT OF THE PROTOCOL:**

This Additional Protocol (hereinafter referred to as the “Protocol”) has been issued regarding the partial termination of the Lease Agreement concluded between the parties on 24.12.2014 (hereinafter briefly referred to as the “Agreement”) Regarding the lease of the leased property called as an office which is located in the 2nd Tower’s block structure (office floors) of the premises named registered in Istanbul Province, Şişli District, Mecidiyeköy District, Sheet 298, Block 2524 and Parcel 3 and of which address is at Mecidiyeköy Mah. Şişli, İstanbul.

3- The Parties have agreed to arrange the agreement within the scope specified below, provided that the provisions of the existing Lease Agreement signed between them do not affect the validity of the provisions and these provisions remain valid.

4- The part of the lease agreement and additional protocols signed between the parties regarding the area of 26th floor 100 m<sup>2</sup> has been terminated as of 31.08.2019 with the mutual agreement of the parties, and the agreement will continue on the floors and areas detailed below. The Lessee’s rental fee, common expenses and usage expenses of the lessee shall continue to be paid within the scope of the provisions of the agreement on the following square meters as of 01.09.2019.

Area	2nd Floor	3rd Floor	4th Floor	5th Floor	TOTAL
	2010 m <sup>2</sup>	1959 m <sup>2</sup>	1504 m <sup>2</sup>	1401 m <sup>2</sup>	6874 m <sup>2</sup>

5- The Parties have relinquished each other in a public and completely irrevocable manner in relation to the mutually and voluntarily terminated part of the Lease Agreement with this protocol.

6- This Protocol has been issued in two copies and the Stamp Duty will be paid by the Lessor and the entire amount will be invoiced to the Lessee. The lessee shall pay the said amount to the Lessor’s bank account within 5 days from the date of invoice.

The **Protocol** consisting of 6 (six) articles was issued and signed by the Parties on 21/08/2019.

**Lessee**

D-Market Elektronik Hizmetler ve Ticaret A.Ş.

(stamp and signature)

/s/ D-Market Elektronik Hizmetler ve Ticaret A.Ş.

**Lessor**

D Gayrimenkul Yatırımları ve Ticaret A.Ş.

(stamp and signature)

/s/ D Gayrimenkul Yatırımları ve Ticaret A.Ş.

## ADDENDUM

- This agreement is an addendum and an integral part of the lease agreement dated 07/04/2014 signed between Megeye Lojistik A.Ş. and D-Market Elektronik Hizmetler ve Tic. A.Ş.
- Measurement results of the leased spaces:

LEASED SPACES MEASURED	M2
First floor storage space	21,328.54
First mezzanine of first floor	2,586.14
Second mezzanine of first floor	2,586.14
Second floor storage space	18,746.01
First mezzanine of second floor	2,974.92
Second mezzanine of second floor	2,974.92
<b>Total storage space</b>	<b>40,074.55</b>
Total area of first mezzanine on both floors	5,561.06
Total area of second mezzanine on both floors	5,561.06
<b>Total mezzanine area</b>	<b>11,122.12</b>
<b>TOTAL LEASED SPACE</b>	<b>51,196.67</b>

- The parties have agreed to build and lease further two mezzanines on both of the floors in addition to the two mezzanines on the basement and ground floor as specified in the agreement. Consequently, a total of four (two on each storage floors) reinforced concrete mezzanines has been built in the premises as specified in the main agreement.
- The lessee shall not pay any rent during the first 18 months from the start of the rental period for the second mezzanine areas measured to be a total of 5,561.06 m2 built in addition to each floor apart from the first mezzanines as specified in the main agreement and continue to pay the rent specified for the mezzanine of the current period from the 19<sup>th</sup> month.
- The following table shows the rent payments of the first 18 months by measuring the leased spaces pursuant to article 3.3. of the lease agreement dated 07/04/2014.

Years	Storage Area (m2)	Storage Area m2 price (USD) + VAT	Mezzanine Area (m2)	Mezzanine m2 price (USD) + VAT	Monthly Rent (USD) + VAT
Year 1	40,074.55	5.15	5,561.06	3	223,067.11
Year 2 (first six months)	40,074.55	5.28	5,561.06	3.08	228,671.60

## EMBOSSSED STAMP

BEYOĞLU 58<sup>TH</sup> NOTARY PUBLIC

Gülizar IRMAK

Represented by Clerk Authorized to Sign

SELMA BÜYÜK

/s/ SELMA BÜYÜK

6. The following table shows the rent payments from the 19<sup>th</sup> month to the end of the contractual term:

Years	Storage Area (m2)	Storage Area m2 price (USD) + VAT	Mezzanine Area (m2)	Mezzanine m2 price (USD) + VAT	Monthly Rent (USD) + VAT
Year 2 (2 <sup>nd</sup> six months)	40,074.55	5.28	11,122.12	3.08	245,849.75
Year 3	40,074.55	5.41	11,122.12	3.15	251,837.99
Year 4	40,074.55	5.55	11,122.12	3.23	258,338.20
Year 5	40,074.55	5.68	11,122.12	3.31	264,437.66
Year 6	40,074.55	5.83	11,122.12	3.39	271,338.61
Year 7	40,074.55	5.97	11,122.12	3.48	277,950.04
Year 8	40,074.55	6.12	11,122.12	3.57	284,962.21
Year 9	40,074.55	6.27	11,122.12	3.66	291,974.39
Year 10	40,074.55	6.43	11,122.12	3.75	299,387.31

7. Rent payments shall start from 15/08/2015. The stamp duty in connection with this Additional Protocol shall be borne by D-MARKET.

8. All of the provisions of the Lease Agreement signed between the parties on 07/04/2014, which are not amended with this Additional Protocol shall remain fully in force and effect and be interpreted in its entirety including the provisions in this Additional Protocol. The parties hereby agree that this Additional Protocol is an integral part of the LEASE Agreement signed on 07/04/2014.

9. This agreement consisting of 9 articles has been drawn up in one single copy and entered in to effect on the signing date. The original copy of the Additional Protocol shall be kept by Megeye and a copy shall be provided to D-MARKET. 01/09/2015

Megeye Lojistik A.Ş.

D-Market Elektronik Hizmetler ve Tic. A.Ş.

/s/ Megeye Lojistik A.Ş.

/s/ D-Market Elektronik Hizmetler ve Tic. A.Ş.

**CERTIFIED TRUE COPY**

I certify that this is a true copy of the original document presented to me and a copy is caused to be signed by the applicant and kept in the file of our office and 1 copy is delivered to the applicant.

**BEYOĞLU 58<sup>TH</sup> NOTARY PUBLIC**  
**GÜLÜZAR IRMAK**

**BEYOĞLU 58<sup>TH</sup> NOTARY PUBLIC**

Gülüzar IRMAK

**Represented by Clerk Authorized to Sign**

**SELMA BÜYÜK**

/s/ SELMA BÜYÜK

[PwC Letterhead]

[May 28], 2021

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Commissioners:

We have read the statements made by D-Market Elektronik Hizmetler ve Ticaret A.Ş. pursuant to Item 304(a)(1) of Regulation S-K (copy attached), which we understand will be filed with the Securities and Exchange Commission, as part of the Registration Statement on Form F-1 of D-Market Elektronik Hizmetler ve Ticaret A.Ş. dated [May 28], 2021. We agree with the statements concerning our Firm contained therein.

Very truly yours,

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

/s/ Cenk Uslu

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Cenk Uslu

Partner

Istanbul, Turkey

Attachment

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## CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

On August 17, 2020, following a resolution of the General Assembly Meeting of the Company, the Company dismissed PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (“**PwC**”) and appointed GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. as its statutory independent auditor. The Company changed its independent audit firm due to the local mandatory independent auditor rotation regulations.

The reports of PwC on the consolidated financial statements of the Company for the fiscal years ended December 31, 2018 and 2019 prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

PwC was reengaged to audit these consolidated financial statements as of and for the years ended December 31, 2018 and 2019 in accordance with PCAOB standards on February 15, 2021 and completed its PCAOB audit on March 17, 2021.

During the fiscal years ended December 31, 2018 and 2019 and the interim period through March 17, 2021, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreements in connection with its report. During the fiscal years ended December 31, 2018 and 2019 and the subsequent period through March 17, 2021, there were no reportable events as described in Item 4(d) of Form F-1, except for the material weakness related to information technology general controls (see “*Risk Factors—If we fail to implement and maintain an effective internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud and investor confidence in our company and the market price of our ADSs may decline*”).

The Company has requested that PwC furnish it with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of such letter, dated [May 28], 2021, is filed as Exhibit 16.1 to this registration statement on Form F-1.

GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. has served as our independent auditor since 2020. During the two most recent fiscal years ended December 31, 2018 and 2019 prior to 2020, neither we nor anyone on our behalf consulted with GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S. on the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements or any matter that was the subject of a disagreement, as described in Item 4(d) of Form F-1.

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## Subsidiaries of the Registrant

<u>Legal Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş.	Turkey
D Fast Dağıtım Hizmetleri ve Lojistik A.Ş.	Turkey

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form F-1 of D-Market Elektronik Hizmetler ve Ticaret A.Ş. of our report dated 17 March 2021 relating to the financial statements of D-Market Elektronik Hizmetler ve Ticaret A.Ş., which appears in this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

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

Cenk Uslu  
Partner

Istanbul, Turkey  
28 May 2021

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**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated May 10, 2021, in the Registration Statement (Form F-1) and related Prospectus of D-Market Elektronik Hizmetler ve Ticaret A.Ş. for the registration of its Class B ordinary shares.

GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S.  
Istanbul, Turkey  
May 28, 2021

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16 March 2021

Korhan Öz  
Chief Financial Officer

D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi  
Kuştepe Mahallesi Mecidiyeköy Yolu  
Cadde no: 12 Trump Towers Kule 2 K2  
Şişli 34387 İstanbul, Turkey

Dear Mr. Öz,

We, Arthur D. Little Danışmanlık Hizmetleri Limited Şirketi, hereby consent to the use of our name in the Registration Statement on Form F-1 (together with any amendments or supplements thereto, the "Registration Statement") to be filed by D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi ("Hepsiburada") with the Securities and Exchange Commission and the references to the Arthur D. Little Danışmanlık Hizmetleri Limited Şirketi market research prepared for Hepsiburada, wherever appearing in the Registration Statement, including, but not limited to, the references to our company under the sections titled "Market and Industry Data," "Prospectus Summary," "Industry Overview," "Business," and "Experts" in the Registration Statement.

We also hereby consent to the filing of this letter as an exhibit to the Registration Statement.

Yours faithfully,

Signed: /s/ Samih Coşkun Baban

Name: Samih Coşkun Baban

Title: Board Member, ADL Turkey

Arthur D. Little Danışmanlık Hizmetleri Limited Şirketi

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16 March 2021

Korhan Öz,  
Chief Financial Officer

D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi  
Kuştepe Mahallesi Mecidiyeköy Yolu  
Cadde no: 12 Trump Towers Kule 2 K2  
Şişli 34387 İstanbul, Turkey

Dear Mr. Öz,

We, FutureBright Research, hereby consent to the use of our name in the Registration Statement on Form F-I (together with any amendments or supplements thereto, the "Registration Statement") to be filed by D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi ("Hepsiburada") with the Securities and Exchange Commission and the use of the Total Brand Awareness (Aided), Spontaneous Brand Awareness and Top-of-Mind Awareness data in the Turkish market for the full year 2020 prepared by us, wherever appearing in the Registration Statement.

We also hereby consent to the filing of this letter as an exhibit to the Registration Statement.

Yours faithfully,

Signed: /s/ Akan Abdula  
Name: Akan Abdula  
Title: Partner  
FutureBright Research

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