# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

## FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**OR**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of event requiring this shell company report**

**Commission File Number: 001-40553**

## 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)

**Türkiye**

(Jurisdiction of Incorporation or Organization)

**Kuştepe Mahallesi Mecidiyeköy Yolu**

**Cad. no: 12 Kule 2 K2**

**Şişli-Istanbul, Türkiye**

(Address of principal executive office)

**M. Seçkin Köseoğlu**
**+90 212 7056844**

**seckin.koseoglu@hepsiburada.com**

**Kuştepe Mahallesi Mecidiyeköy Yolu**

**Cad. no: 12 Kule 2 K2 Şişli-Istanbul, Türkiye**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| American Depositary Shares | HEPS | The Nasdaq Stock Market LLC |
| Class B ordinary shares, nominal value TRY 0.20 per share* | | The Nasdaq Stock Market LLC |

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. 281,382,906 Class B ordinary shares and 40,000,000 Class A shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

*Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.*

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ 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 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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## ABOUT THIS ANNUAL REPORT

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 Türkiye, together with its consolidated subsidiaries.

All references in this annual report to "**TRY**" and "**Turkish Lira**" are to the legal currency of Türkiye, to "**U.S. dollars**," "**US$**", "**USD**" and "**$**" 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 annual report to "**Turkstat**" are to the Turkish Statistics Institute and to "**BKM**" are to the Turkish Interbank Card Center.

All references in this annual report 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 "**Türkiye**" are to the Republic of Türkiye.

With respect to our business and operations:

- all references to "**users**" are to all persons accessing 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 on 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 have purchased at least one item listed on our platform within the 12-month period preceding the relevant date, including returns and cancellations;
- 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 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 (FBM is 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 *Item 4.B. "Information on the Company— Business Overview— 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;

- 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 (the Drop-shipping model is only applicable to 1P-based Direct Sales operations);

- all references to the "**Hepsipay Wallet**" are to our embedded wallet within our online platform that we launched as part of our Hepsipay strategic asset in June 2021;

- all references to "**Hepsiburada Premium**" are to our loyalty program launched on July 1, 2022 (which replaced our former loyalty program, the Loyalty Club);

- all references to "**Hepsiburada Premium members**" are to our customers that have subscribed to Hepsiburada Premium, excluding customers that have unsubscribed from Hepsiburada Premium as of the relevant date;

- all references to "**digital products**" are to non-cash games on our platform, such as sweepstakes and gamified lotteries , game pins and codes, gift vouchers and the first monthly payment of Hepsiburada Premium membership subscription; and

- all references to "**SKU**" are to stock keeping units including variants (color, size, *etc*.).

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

We report under International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**"). None of our financial statements were prepared in accordance with generally accepted accounting principles in the United States. We present our consolidated financial statements in Turkish Lira.

Pursuant to the International Accounting Standard 29, Financial Reporting in Hyperinflationary Economies ("**IAS 29**"), the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. IAS 29 does not establish an absolute rate when hyperinflation is deemed to arise and IASB does not identify specific hyperinflationary jurisdictions. However, IAS 29 provides a series of non-exclusive guidelines that assist companies in exercising their judgement as to when restatement of financial statements becomes necessary. These guidelines consist of (i) analyzing the behavior of the population regarding preservation of wealth in non-monetary assets or in relatively stable foreign currency, prices being quoted in terms of a relatively stable currency, interest rates and wages being linked to a price index, and the loss of the currency's purchasing power, and (ii) as a quantitative characteristic, verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the International Practices Task Force of the Centre for Audit Quality, which monitors countries experiencing high inflation, categorized Türkiye as a country with projected 36 months' cumulative inflation rate greater than 100% as of February 28, 2022. Therefore, Turkish companies reporting under IFRS, including Hepsiburada, have been required to apply IAS 29 to their financial statements for periods ended on and after June 30, 2022.

The Company's consolidated balance sheets at December 31, 2023 and 2022, and consolidated statements of comprehensive income/(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and, unless otherwise stated, the financial information included elsewhere in this annual report, including figures corresponding to the same period of the prior year, reflect a restatement pursuant to IAS 29. Under IAS 29, the Company's financial statements are presented in terms of the measuring unit current as of December 31, 2023. All the amounts included in the financial statements which are not stated in terms of the measuring unit current at the end of the reporting period are restated applying the general price index. Adjustment for inflation has been calculated considering the price indices published by the Turkish Statistical Institute (Turkstat). Such indices used to restate the financial statements at December 31, 2023 are as follows:

| Date | Index | Conversion Factor |
|---|---|---|
| **December 31, 2023** | 1,859.38 | 1.00 |
| **December 31, 2022** | 1,128.45 | 1.65 |
| **December 31, 2021** | 686.95 | 2.71 |

On July 1, 2021, we issued 41,670,000 Class B ordinary shares (with a nominal value of TRY 0.20 per share) represented by American Depositary Shares, with each ADS representing one Class B ordinary share (the "**ADSs**"), as part of our initial public offering (the "**IPO**").

***Use of Non-IFRS Financial Measures***

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

- **"EBITDA"** as profit or loss for the period *plus* taxation on income less financial income *plus* financial expenses, *plus* depreciation and amortization *plus* monetary gains/ (losses);

- "**Gross Contribution**" as revenues *less* cost of inventory sold;

- "**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, cash equivalents and financial investments) *minus* current liabilities (excluding current bank borrowings and current lease liabilities).

The non-IFRS financial measures included in this annual report are unaudited supplementary measures that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles. See Item 5. "*Operating and Financial Review and Prospects—Summary Consolidated Financial and Other Data—Key Indicators of Operating and Financial Performance and Non-IFRS Measures*" for a reconciliation of certain of these non-IFRS measures to the closest IFRS measure set forth in the consolidated financial statements.

These measures have limitations as analytical tools, and you should not consider them as: (a) an alternative to operating profit or net profit as presented in our consolidated financial statements 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. See Item 5. "*Operating and Financial Review and Prospects —Summary Consolidated Financial and Other Data—Key Indicators of Operating and Financial Performance and Non-IFRS Measures*" for more detail on the limitations of EBITDA, Gross Contribution, Free Cash Flow and Net Working Capital. Accordingly, investors should not place undue reliance on the non-IFRS financial measures contained in this annual report.

***Key Operating Performance Indicators***

Certain parts of this annual report contain a number of key operating performance indicators used by our management and often used by competitors in our industry. We define certain terms used in this annual report 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 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 have purchased at least one item listed on our platform within the 12-month period preceding the relevant date, including returns and cancellations;
- "**Active Merchants**" are to merchants who sold at least one item within the 12-month period preceding the relevant date, including returns and cancellations;
- "**Gross Contribution Margin**" as Gross Contribution represented as a percentage of GMV; and
- "**frequency**" as the average number of orders per Active Customer over a 12-month period preceding the relevant date.

***Rounding Adjustments***

Certain figures included in this annual report 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 annual report 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 Electronic Commerce Information System of Turkish Ministry of Trade ("**ETBİS**"), FutureBright Research, BKM, The Information and Communication Technologies Authority of Türkiye ("**ICTA**"), Turkstat, the Central Bank of Republic Türkiye ("**CBRT**") and the International Monetary Fund (the "**IMF**").

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 annual report, 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 annual report 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 ETBİS, BKM, ICTA and FutureBright Research, 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 annual report, 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 Item 5. "*Operating and Financial Review and Prospects*" in this annual report.

Some market data and statistical information contained in this annual report are also based on management's estimates and calculations, which are derived from 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 is subject to the same qualifications and uncertainties as other forward - looking statements in this annual report.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains “forward-looking” statements as defined in Section 27A of the Securities Act, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under Item 3.D. “*Key Information—Risk Factors,*” Item 5. “*Operating and Financial Review and Prospects*” and Item 4.B. “*Information on the Company—Business Overview*,” 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,” “seek,” “should,” “anticipate,” “aim,” “intend,” “future,” “plan,” “potential,” “continue,” “is/are likely to,” “target” or other similar expressions. Forward-looking statements contained in this annual report 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;
- our ability to successfully remediate the material weaknesses in our internal control over financial reporting;
- the outcome of litigation and other proceedings;
- our ability to improve our technology platform, customer experience and product offerings to attract and retain merchants and customers; and
- our ability to expand our base of Hepsiburada Premium members, and grow and externalize the services of our strategic assets.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements and forecasts are reasonable, no assurance can be given that such expectations will prove to be correct. 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.*” You should refer to the “*Risk Factors*” section of this annual report for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this annual report will prove to be accurate.

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 annual report relate only to events or information as of the date on which the statements are made in this annual report. 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 annual report and the documents that we have filed as exhibits hereto completely and with the understanding that our actual future results or performance may be materially different from what we expect.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

### Item 2. Offer Statistics and Expected Timetable

Not applicable.

### Item 3. Key Information

### A. [Reserved]

### B. Capitalization and Indebtedness

Not applicable.

### C. Reasons for the Offer and Use of Proceeds

Not applicable.

### D. Risk Factors

*You should carefully consider the risks described below. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, prospects, financial condition or results of operations could be materially and adversely affected by any of these risks. This annual report also contains forward-looking statements that involve risks and uncertainties. You should carefully review the "Cautionary Statement 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 annual report.*

## RISK FACTOR SUMMARY

**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 operational profitability going forward.

- Our expansion into new products, services, technologies, geographies 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, or adopt and apply technological advances, 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 competitive markets, and in the future we may not be able to compete effectively.

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

- If we fail to 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.

- We may need to raise additional funds to finance our future capital needs including investing in growth and technology, which may prevent us from growing our business.
- Changes in our share ownership could result in our inability to draw loans or cause acceleration or events of default under our indebtedness.
- 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.
- Any 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.
- A cybersecurity incident, including undetected software errors and hacking, may cause material delays or interruptions in our information systems and may reduce the use of our services and damage our brand reputation, which may hinder our ability to conduct our business effectively or result in lost revenues or other costs.
- 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.
- Hepsipay is subject to a number of risks that, if they were to occur, could materially and adversely affect our goal of leading the financial technologies market in Türkiye.
- We are subject to credit risk of our borrowers and counterparties in relation to our Buy-Now-Pay-Later solution and consumer finance loan offering.
- We are subject to payment-related risks.
- We may suffer losses relating to the products we sell through our Direct Sales business.
- 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 operate platforms that include third parties over whose actions we have no control.
- Our strategic acquisitions may 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.
- We may use open source code in a manner that could be harmful to our business.
- Our operating metrics and competitive information, both internally calculated and provided by third parties and included in this annual report, 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.
- 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 depend upon our Founder, 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.

- Employee misconduct or inadvertent mistakes are difficult to determine and detect and could harm our reputation and business.

- 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 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.

**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 Türkiye's digital service tax and earthquake tax.

- 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.

- 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 administrative fines and our reputation may be harmed if the Personal Data Protection Authority were to determine that we breached Turkish Data Protection Law No. 6698.

- If we fail to obtain intellectual property rights protection or adequately protect our intellectual property rights, or if we infringe third-party intellectual property rights, 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 have been and in the future may be involved in litigation, some of which is material.

- 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.

- 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 have identified material weaknesses in our internal control over financial reporting and have as a result determined that our disclosure controls and procedures were not effective. If we are unable to remediate identified material weaknesses, or if we have additional material weaknesses in the future, or otherwise fail to implement and maintain 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 requirements of being a public company will continue to require significant resources and management attention, which could make it difficult to manage our business.

- 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.

**Risks Relating to Türkiye**

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

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

- As a result of a trend of inflation in Türkiye, the Turkish economy is treated as hyperinflationary, which may adversely affect our business, profitability, results of operations and the value of our ADSs.

- Türkiye's economy has been facing risks related to its current account deficit, which could have a material adverse effect on our business and results of operations.

- The effects of the earthquakes that hit the southeastern region of Türkiye in February 2023 as well as potential similar earthquakes in the future may adversely affect our prospects, business, financial condition and results of operations.

- 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.

- 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.

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

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

- Risks from events affecting Türkiye's relationship with Syria, Iraq and other countries in the Middle East.

- Risks from events affecting Türkiye's relationship with Russia and Ukraine.

- Risks from events affecting Türkiye's relationship with the EU.

- Risks from events affecting Türkiye's relationship with the United States.

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

- Internet and e-commerce regulation in Türkiye is recent, has undergone changes since its inception and is subject to further development.

**Risks Relating to 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.

- The dual class structure of our ordinary shares concentrates voting control with certain shareholders, in particular our Founder, which limits your ability to influence corporate matters.

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

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

- As a foreign private issuer we 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.

- 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.

- 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.

- An active trading market for our ADSs may not be sustained to provide adequate liquidity.

- We may need to raise additional funds to finance our future capital needs, which may dilute the value of our outstanding ADSs.

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

- 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, the price of our ADSs and trading volume could decline.

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

- 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.

- ADS 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.

- 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.

- 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.

- Dividends paid to holders of the ADSs who are not tax resident in Türkiye will be subject to a 10% withholding tax.

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

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

- 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 may grant share based compensation to our management and employees, which may cause your interest in the Company to be diluted and our employees' interests to become excessively tied to the trading price of our ADSs.

- We may not maintain our listing on Nasdaq which could limit investors' ability to make transactions in our ADSs and subject us to additional trading restrictions.

## 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 operational profitability going forward.***

In 2023, we generated net income of TRY 75.5 million. We have historically incurred net losses of TRY 4,790.7 million and TRY 3,330.1 million for the years ended December 31, 2022 and 2021, respectively, as we invested in the expansion of our core businesses and in growing our strategic assets. Our net losses were also significantly impacted by inflation adjustments primarily at the Gross Contribution level as we began to implement IAS 29 inflation accounting in 2022. In 2023, as we have not yet achieved operational profitability, our net income generation was mainly driven by the monetary gains due to the Group's net monetary position. Since monetary liabilities, mainly consisting of trade payables and payables to merchants, exceeded monetary assets, mainly consisting of cash and cash equivalents during 2023, the difference between resulted in a monetary gain position. We will need to generate and sustain increased revenue and Gross Contribution levels to outpace growing operating expenses and capital expenditures in future periods to achieve profitability in our operations, and even if we do, we may not be able to maintain or increase profitability. We anticipate that we may continue to incur net losses in the near term mainly as a result of continued capital expenditures, including investments in our core businesses and the expansion of our logistics operations and financial services operations.

We believe that our ability to generate future profits mainly depends on our ability to execute our strategy and opportunistic mergers and acquisitions. See Item 4.B. "*Information on the Company—Business Overview—Our Strategy.*" This, in turn, depends 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. These efforts may prove more expensive than we anticipate, particularly since some of our ongoing revenue generation initiatives remain unproven (for example, our investments in complementary businesses, see Item 4.B. "*Information on the Company—Business Overview—Strategic Assets*" and "*—Complementary Businesses*"). 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, if we introduce new services in connection with our ongoing expansion, including in international markets, this 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 such markets and categories may be less profitable than those in which we currently operate, which may not offset the costs required to expand into such markets or categories and could impact our ability to achieve or sustain profitability.

As a result of the preceding factors, we may not be able to achieve, maintain or increase operational profitability in the near term or at all.

***Our expansion into new products, services, technologies, geographies 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 strategic assets and complementary businesses (see Item 4.B. "*Information on the Company—Business Overview—Strategic Assets*" and "*—Complementary Businesses*"). 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 places significant demands on our management and key employees. Expansion has increased, and will continue to increase, the complexity of our business and places 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.

Our re-investments in the Company's growth and certain Company initiatives may fail, which could harm us financially. For example, in 2022, we determined that Hepsiburada Market (formerly known as HepsiExpress) would no longer be considered a strategic asset as we did not believe that this business model was likely to be economically feasible, which ran contrary to our focus on becoming a profitable company in the near term.

Expansion of the new services we are offering, such as our expected expansion of payment and lending solutions (including through Hepsiburada Global B.V., which was incorporated on July 28, 2023 and is expected to facilitate Hepsiburada's integration with European payment solutions and marketplaces), and any future expansion of the scope or reach of HepsiGlobal, through which we currently offer a selection of products from international merchants on our platform and enable merchants in Türkiye to make cross-border sales in additional countries such as Azerbaijan and Ukraine (on a pilot project basis), 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*." and "*—Risks from events affecting Türkiye's relationship with the EU.*"

***We may fail to maintain or improve our technology infrastructure, or adopt and apply technological advances, 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 frequently upgrading our technology to provide improved performance, increased scale and better integration among our core businesses and complementary businesses (see Item 4.B. "*Information on the Company—Business Overview—Strategic Assets*" and "*—Complementary Businesses*"). Adopting new technologies (including technologies based on artificial intelligence and machine learning), 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 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. However, 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, the value of our brand awareness may not outpace marketing and brand building expenses. In addition, our existing competitors or potentially new entrants may increase the intensity of their 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 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, merchants, suppliers or business partners, 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 or defamation campaigns in social media against us or e-commerce in general, 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, our user traffic and number of merchants on our platform could decline. If our brand is harmed or we are forced to increase our marketing expenses to gain back customer and/or merchant trust, 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, investment in developing programs and technology infrastructure to help customer service representatives carry out their functions as well as a dedicated budget that can be used to resolve disputes and restore customer satisfaction. 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 and social media influencers to promote our sites and brands in marketing campaigns. Harm to those celebrities' or social media influencers' reputations, even if not associated with our sites and brands, could also harm our brand image and result in a material decrease in our revenues, which could have a material adverse effect on our business, results of operations and financial condition.

***We operate in competitive markets, 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 nurture the loyalty of our customer base, capitalize on our differentiators, promote profitability and offer our payment services, lending solutions and last-mile delivery services to third parties.

We have many competitors in our e-commerce business. We compete with other e-commerce companies, including online third-party marketplaces and online hybrid marketplaces that, like us, combine a third-party marketplace with their own first-party sales. We also face competition from offline retailers, including traditional brick-and-mortar retailers with omni-channel capabilities. Some of those omni-channel retailers have advanced their online sales capabilities over the past few years to meet the increased demand for online retail. 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 competition. Our merchants may also decide to switch to our competitors' services. Some of our existing or potential competitors may have greater resources including funding, more customers, and/or greater brand recognition to develop stronger capabilities and expertise in management, technology, finance, product development, sales, marketing, logistics 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 Türkiye, to compete against us. We also face e-commerce competition in markets outside of Türkiye that we serve via HepsiGlobal.

In addition, we face competition across other sectors in which we operate. We face intense competition with several well-funded players investing heavily in growth, across the parts of the country and in the verticals we serve our customers. In the last-mile delivery services market, in which HepsiJet operates, small, emerging delivery companies, albeit few in number, are challenging us, particularly in large cities, by offering their delivery services at relatively lower delivery fees. If competition continues to intensify, we may fail to grow our third-party delivery businesses. In the fulfillment as a service market, in which HepsiLojistik operates, other players have invested in such services. Additionally, competition has intensified in the financial services industry, in which Hepsipay operates, spurred by significant investment into the fintech space and new regulations such as digital banking, open banking, banking-as-a-service and Know Your Customer ("**KYC**") regulations in Türkiye, and as a result we may not achieve our goal of becoming one of the leading players in the financial technologies market in Türkiye. Other retailers or marketplaces may also obtain e-money, digital banking or consumer finance licenses and extend their operations off-platform, challenging our plans to extend our off-platform partnerships, and as a result, we may fail to reach our goals.

Most recently, the rapid development of new and enhanced technologies, including those based on artificial intelligence and machine learning, continue to increase our competition. Although we have invested and will continue to expend financial resources to strengthen and improve our information technology systems and online platform, some of our current and potential competitors have greater resources and more specialized personnel to support technological advances and to more rapidly enhance their capabilities in this area. Any failure to adapt to technological advances in a timely manner and to integrate our offerings through our online platform and apps could decrease the attractiveness of our platform and apps and could have a material adverse effect on our business, financial condition, results of operations and prospects.

As a result of these various types of current and potential competitors, we may not be able to maintain our 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 retain our existing customers and merchants, and we may be required to offer additional customer discounts, 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 verification of the customer's identity via customer signature, confirmation code sent to customer's mobile phone or otherwise. When products are delivered without verification, we may be required to obtain reimbursement from the courier company for the cost of delivery of a duplicate product to the customer or a refund of the purchase price.

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 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 order frequency and customer loyalty, are critical to our success. A significant component of our value proposition to merchants is their ability to access our over 63 million members. Our business and financial performance have been and will continue to be significantly determined by our success in engaging, retaining, and adding Active Customers. We continue to focus on increasing engagement, whether through our paid-subscription loyalty program, innovation, providing new or improved goods or services, marketing efforts or other means. Accordingly, our customer base and/or engagement levels may fail to grow at satisfactory rates, or at all, or may decline. For example, our Active Customers declined by 2.5% to 11.9 million as of December 31, 2023 from 12.2 million as of December 31, 2022. 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;
- we fail to compete with the current competitors or the potential new entrants in the market;
- 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;
- we fail to maintain the competitive advantage of our platform with respect to pricing;
- there are unexpected temporary or permanent changes to the demographic trends, customer sentiment, competitive landscape or economic development of the markets in which we operate; or
- there is political instability in the markets that we operate in.

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 engage with or experience a material decrease in the size of 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 prevent us from growing our business.***

Our strategy and technological infrastructure require 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 payment and lending solutions, the cross-border expansion of HepsiGlobal, and expansion of our existing services. Raising additional funds through financing arrangements may not be possible at the required amounts or on sufficiently advantageous terms, including as the result of the current macroeconomic conditions. 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.

While we primarily have been financed by equity investments from our shareholders, the proceeds of our initial public offering in 2021 and cash flows from operations, we also have entered into financing arrangements with several major Turkish banks (see Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Current Sources of Liquidity and Capital Resources"* and Item 4.B. "*Information on the Company—Business Overview - 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.

We have also invested, and may continue to invest from time to time our available cash in fixed-income investments other than term deposits. These can be direct investments in Eurobonds issued by the Turkish government or Turkish companies, or in mutual funds investments investing in such assets. This exposes us risks associated with the Turkish government or associated issuers, as well as interest rate fluctuations, hence we can provide no assurance that such investments will yield expected returns, which could have an adverse effect on our financial condition.

***Changes in our share ownership 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, which include loans under our supplier and merchant financing where the Company is the borrower (see Item 4.B. "*Information on the Company—Business Overview—Supplier and Merchant Financing*") and under which the total amount available was TRY 186.3 million and TRY 39.5 million as of December 31, 2023 and December 31, 2022, respectively (see Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Current Sources of Liquidity and Capital Resources*"), 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, provide our lenders with the right to accelerate the repayment of outstanding debt facilities and may result in events of default that provide our lenders the right to terminate our arrangements.

Although based on such banks' prior practice, we do not believe it is likely that they would exercise their rights to acceleration or termination under such clauses, any future sale of the Company's shares may result in the termination of our general loan agreements or acceleration of our outstanding debt thereunder, in which case the Company would have to rely on credit lines under its other loan agreements to maintain its liquidity position.

If one or more banks providing such credit lines were to 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 Türkiye'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 Türkiye'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 Türkiye 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. For example, in early February 2023, the southeastern and southern regions of Türkiye were hit by two devastating earthquakes registering 7.7 and 7.6 in magnitude and numerous aftershocks that affected primarily 11 provinces, which caused significant disruptions in the telecommunications networks and internet access in the affected regions. The earthquakes resulted in a material temporary decline in overall customer demand on our platform and in the number of orders received, particularly during the first week of the disaster compared to the prior week as well as the same week of the prior year. We believe that the decline was in part caused by the lack of, or very poor, internet connection in the affected regions. In this instance, traffic to our platform recovered to pre-earthquake levels by the second quarter of 2023. If the period of destabilization had been prolonged, or if the extent or the magnitude of the earthquakes had been more detrimental, the duration of traffic loss (and hence order loss) would have materially impacted our financial performance. See "—*The effects of the earthquakes that hit the southeastern region of Türkiye in February 2023 as well as potential similar earthquakes in the future may adversely affect our prospects, business, financial condition and results of operations*."

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, when too many customers access our sites within a short period of time due to increased 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 reduces the volume of goods we sell and the attractiveness of our products and services. We cannot assure you that such events will not occur again in the future 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 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 order frequency and spending, increased competition, a slow-down in consumption particularly in discretionary goods, slowing overall growth of the e-commerce market, the emergence of alternative business models, changes in government policies or regulations and general economic conditions. We may also lose customers and merchants for other reasons, such as a failure to deliver a satisfactory customer or transaction experience or high-quality services at a level that our customers expect. 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 has historically taken place during our fourth quarter and we expect this trend to continue in 2024. The limitations introduced by amendments to the E-Commerce Law in 2022 (as defined under Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*") providing that capped annual marketing expenditures and customer discounts must be equally distributed among the four fiscal quarters do not apply to the Company as we were below the applicable statutory threshold of marketing expenditures in 2023 and expect to remain so in 2024 (see Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*"). However, they could apply in the future, which could adversely affect our ability to align our marketing efforts with our business's seasonality. Additionally, 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). As of December 31 each year, this operating cycle typically results in a corresponding increase in accounts payable, combined with a decrease in inventories. 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. Additionally, we typically experience decreased frequency and traffic on our platform during the summer vacation months which may or may not continue in 2024. Our results of operations and cash flows may fluctuate significantly as a result of a variety of factors, including those described above. Additionally, we factor monthly inflation rates into our financial reporting under IAS 29. The distribution of our sales throughout the months and the level of inflation during each month have a material impact on our revenue growth calculated as per accounting standard IAS 29. See "—*As a result of a trend of inflation in Türkiye, the Turkish economy is treated as hyperinflationary, which may adversely affect our business, profitability, results of operations and the value of our ADSs*." 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 quarterly period as an indication of our annual results of operations, cash flows or future performance.

***Any 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.***

Epidemics and pandemics or other health outbreaks may materially affect our business, including with respect to customer behavior, product sourcing and delivery considerations. For example, the COVID-19 pandemic and the measures taken to limit its spread during 2020 and 2021 have impacted consumer behavior, including e-commerce shopping trends. During the early months of the COVID-19 pandemic, increased numbers of consumers in the Turkish market shifted to e-commerce as a result of social distancing and other government restrictions, which resulted in growing demand for our products and services. With the lifting of Türkiye's lock down measures in July 2021, we observed a slow-down in online consumer activity which had a negative impact on our operational and financial performance and prospects, particularly in 2021.

In addition, other crises or conflicts, such as the Russia-Ukraine conflict, the hyperinflationary environment in Türkiye and the potential for any sudden and significant changes in the value of the Turkish Lira may generate pressure on the supply to our Direct Sales operation and to our merchants. See "*—Risks from events affecting Türkiye's relationship with Russia and Ukraine*", "*—As a result of a trend of inflation in Türkiye, the Turkish economy is treated as hyperinflationary, which may adversely affect our business, profitability, results of operations and the value of our ADSs*." and "*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*."

The above developments have materially affected, and may continue to materially and negatively affect, certain of our business activities and results.

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. For example, in early February 2023, the southeastern and southern regions of Türkiye were hit by two devastating earthquakes registering 7.7 and 7.6 in magnitude and numerous aftershocks that affected primarily eleven provinces. We observed a temporary decline in overall customer demand on our platform and in the number of orders received, particularly during the week of February 6, compared to the previous week and the same week of the prior year. See "*—The effects of the earthquakes that hit the southeastern region of Türkiye in February 2023 as well as potential similar earthquakes in the future may adversely affect our prospects, business, financial condition and results of operations*." These types of events could also cause us to close some or all of our operating facilities temporarily or disrupt our logistics and last-mile delivery capabilities, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. In addition, our 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.

***A cybersecurity incident, including undetected software errors and hacking, may cause material delays or interruptions in our information systems and may reduce the use of our services and damage our brand reputation, which may hinder our ability to conduct our business effectively or result in lost revenues or other costs.***

Our online systems, including our websites, mobile apps and other software applications, products and information systems, could contain undetected errors, or "bugs," that could adversely affect their performance. While we regularly update and enhance our websites and information systems 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 cybersecurity incidents have in the past and may in the future cause delays or other service interruptions on our information systems. We have in the past and may in the future 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, or other cybersecurity incidents.

During February 2024, the Company experienced a cybersecurity incident. Based on our investigation to date, we believe that a threat actor utilized compromised merchant login details to access certain merchant accounts on our merchant portal and then download certain merchant and customer data through those merchant accounts. We believe that approximately 673 merchant accounts were breached (representing less than 0.7% of our Active Merchants as of December 31, 2023) and fraudulent listings or transactions were made on 107 merchant accounts. We believe that customer data was downloaded from merchant accounts for approximately 7,200 customers and suspicious orders were created for approximately 1,200 customers (representing approximately 0.06% and 0.01%, respectively, of our Active Customers as of December 31, 2023). Once the Company became aware of the incident, the threat actor was promptly excluded from the merchant portal and a series of measures were implemented, designed to reinforce security protocols, prevent further unauthorized access and remediate the incident, including by suspending and resetting passwords for compromised merchant accounts, cancelling suspicious transactions and reimbursing customers who were impacted. Further, to satisfy our obligations as a data controller under the Turkish Data Protection Law No. 6698 (the "**LPPD**"), we notified the Personal Data Protection Authority ("**PDP Authority**") as well as merchants and customers affected by the data breach.

Although we have incurred immaterial expenses in connection with investigation and remediation of this incident and to reimburse customers for purchases made based on manipulated listings, there have been no additional financial losses from this incident. Additionally, in the event the PDP Authority determines that Hepsiburada has not sufficiently fulfilled its obligations as a data controller under the LPPD, the PDP Authority may impose an administrative fine between TRY 141.9 thousand and TRY 9.5 million. We cannot provide any assurance that the various antivirus and computer protection software that we employ in our operations will successfully prevent future 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 cybersecurity breaches or inadvertent disclosure of confidential, sensitive or personal information and hinder access to our platform.

We may in the future use intelligence solutions to inform our Direct Sales pricing and 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 public, 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 platform, products and services.

Any failure to properly respond to cybersecurity incidents or threats 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, financial services and communications is the secure transmission of confidential information and personal data 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 (along with the decisions, publications and good-practice examples of the relevant authorities, such as the Turkish Personal Data Protection Authority) 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. We collected and processed personal data in connection with the services of Hepsiburada Seyahat until it stopped operating at the end of March 2024 and continue to collect and process such data in connection with the services of HepsiJet, Hepsipay and Hepsifinans. We expect that the amount of personal data collected and processed may further increase as Hepsipay and Hepsifinans launch new financial services and expand their coverage beyond Hepsiburada. 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, regulatory investigations and liability, subject us to negative publicity, disrupt our operations and harm our business. For example, in February 2024, a threat actor used compromised merchant login details to access an immaterial number of merchant accounts on our merchant portal (see "*—A cybersecurity incident, including undetected software errors and hacking, may cause material delays or interruptions in our information systems and may reduce the use of our services and damage our brand reputation, which may hinder our ability to conduct our business effectively or result in lost revenues or other costs*."). 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 require our vendors to carry cybersecurity insurance to compensate for any losses that may result from any breach of security and our cybersecurity insurance does not cover any breach of security occurring at our vendors. 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.

***Hepsipay is subject to a number of risks that, if they were to occur, could materially and adversely affect our goal of leading the financial technologies market in Türkiye.***

Hepsipay conducts a significant amount of payments on our platform. In 2023, customers with a Hepsipay wallet generated 87% of GMV compared to 81% in 2022, reflecting strong performance in migrating Hepsiburada clients to Hepsipay. Hepsipay is subject to a number of risks that, if they were to occur, could materially and adversely affect our goal of leading the financial technologies market in Türkiye, including, but not limited to:

- increasing competition, including from other established companies, e-money companies, companies engaged in other financial technology services and potential new entrants;
- changes to laws and regulations applicable to Hepsipay that may impact our Hepsipay operations' feasibility or profitability, including increased KYC requirements or severe restrictions on digital banking, open banking and banking-as-a-service;
- low penetration of Hepsipay to merchants due to intense competition, cumbersome integration process and/or monetization model;
- breach of customers' privacy and concerns over the use and security of information collected from customers and any related negative publicity or liability relating thereto;
- service outages, system failures or failure to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to Hepsipay, including fees charged by banks to process transactions through Hepsipay, which would also increase our related costs;
- negative news about and social media coverage on Hepsipay, its business, its service offerings, or matters relating to Hepsipay's data security and privacy; and
- failure to manage customer funds accurately or loss of customer funds, whether due to employee fraud, security breaches, technical errors or otherwise.

***We are subject to credit risk of our borrowers and counterparties in relation to our Buy-Now-Pay-Later solution and consumer finance loan offering.***

We launched our first "Buy-Now-Pay-Later" ("**BNPL**") solution in early 2022, which provides customers the opportunity to complete their purchase and submit payment a month later or in up to twelve monthly installments. In early 2024, we also launched a consumer loan offering to our customers (which we intend to offer in the future to other third parties as well), in line with the scope of our consumer financing license held through Hepsi Finansman A.Ş. (former trade name "**Doruk Finansman A.Ş.**"). As we expand our financing activities, we anticipate we will be increasingly subject to inherent risks concerning the credit quality of borrowers and counterparties, which affects the value of our finance-related assets. Systemic risks and macroeconomic factors in Türkiye and surrounding markets, discussed under "—*Risks Relating to Türkiye*" below, can affect the credit quality of our customers, merchants and other counterparties and their ability to make payments on such financing. As these are fairly new service offerings, we do not yet have a track record of providing financial services and our credit review procedures may be insufficient at evaluating and measuring credit risks such that our costs and financial liabilities from borrowings used to fund our financing activities may exceed the value of our financing assets and returns from financing activities, which could negatively impact our financial condition. We are subject to the risk that customers using the BNPL solution or consumer finance loans may be unable or unwilling to provide payment when due and we may incur greater-than expected financing costs or legal costs as a result.

Furthermore, we anticipate extending our financing activities over time, including our BNPL solution, to address new growth opportunities such as "underbanked" populations (i.e., persons with insufficient access to a bank). While we closely monitor non-performing loans, the credit risk of such "underbanked" population may increase and could place additional pressure on the quality of our financial assets.

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

We accept payments using a variety of methods, including credit and debit cards, and money transfers. For certain payment methods, including credit and debit cards, we pay various fees to banks and payment companies. 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, 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 or to anticipate and adequately respond to events such as adverse global or local economic conditions, including recessionary fears or rising inflation, natural or human-caused disasters (including public health crises) or extreme weather (including as a result of climate change), or geopolitical events. This may result in disruptions in our cash conversion cycle or we may suffer losses due to sales below inventory cost or lower than expected price levels. Furthermore, such disruptions may result in overstock and when we overstock products, we may be required to take significant inventory markdowns or write-offs and incur commitment costs, which could materially reduce our profitability. 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 Türkiye). 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, or at all, and, therefore, face the need of switching to new third-party providers, who may provide services to us at higher prices. Our backup systems and contingency 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 products 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. We cannot be certain that efforts to conduct security and know-your-customer procedures with respect to our merchants and screen the listings placed by our merchants periodically and upon receipt of complaints (see Item 4.B. "*Information on the Company—Business Overview—Marketplace —Merchants*") 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 (as defined under Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*") and Article 9 of the E-Commerce Law, respectively, we may nevertheless face compensation claims, administrative fines or even criminal complaints under Turkish laws for counterfeit products, content or products blocked or prohibited in Türkiye or content or products 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 or products, 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.

***Our strategic acquisitions may 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.***

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. For example, in 2022, we completed the acquisition of Hepsifinans, through which we have entered the consumer finance sector and in 2023, we announced a joint investment in one of the leading payment gateway service providers in Türkiye, Craftgate Technology. 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. Our acquisitions or investments may not 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 annual report, 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 annual report and which we regularly communicate to the market are calculated by us internally. We also provide industry, market and competitive information in this annual report 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 annual report 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 included in this annual report 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 Item 5. "*Operating and Financial Review and Prospects—Summary Consolidated Financial and Other Data—Key Indicators of Operating and Financial Performance and Non-IFRS Measures*."

***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 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 liability insurance for our directors and executive committee. 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. For example, we do not require our vendors to carry cybersecurity insurance to compensate for any losses that may result from any breach of security and our cybersecurity insurance does not cover any breach of security occurring at our vendors. See "—*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*." 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, 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 is 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 and chairwoman, Hanzade Vasfiye Doğan Boyner (our "**Founder**"). As discussed in Item 6.A. "*Directors, Senior Management and Employees-Directors and Senior Management—Legal Proceedings Relating to Directors*," 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 annual report, 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 entity, including the Company, which could have an adverse impact on our business. Further, although this lawsuit has been in the public domain over the past seven 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 annual report, we have not experienced any negative impact from these standing allegations. For more information, see Item 6.A. "*Directors, Senior Management and Employees—Directors and Senior Management—Legal Proceedings Relating to Directors*."

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 have chosen 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 Türkiye and compete directly with us for the same talent pool, which has a limited number of skilled IT or other professionals.

Our focus on profitability has involved, and may continue to involve, cuts to personnel costs, such as salary and benefits reductions and downsizing efforts. Additionally, we may make certain organizational changes, which may include changes to our management team, our structure, our business strategy and our strategic priorities. These efforts to manage costs and to effect other changes may not succeed or may result in disruption, which could adversely affect our business, employee morale and our ability to compete effectively, and in turn impact our revenues, operations and results of operations.

If we lose key employees, training new ones 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 our targets, 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 or inadvertent mistakes are difficult to determine and detect and could harm our reputation and business.***

We face risks 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. For example, in late 2023, an incident of theft occurred at one of our warehouses with respect to merchandise of a value of approximately TRY 4.5 million (approximately US$ 140 thousand). We determined that three then-employees of the Company were involved in the theft. The three employees were dismissed, with criminal charges subsequently filed. Any further misconduct may result in unknown and unmanaged risks and losses. Moreover, our employees may make inadvertent mistakes while carrying out their duties, including where data is compiled manually. There can be no assurance that our internal audits, compliance procedures, security departments, ethics hotline, codes of conduct and other procedures in place that are designed to monitor our employees' conduct will allow us to discover employee misconduct or mistakes in a timely and effective manner, if at all. It is not always possible to guard against employee misconduct or mistakes and ensure full compliance with our risk management and information policies. The direct and indirect costs of employee misconduct or mistakes 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 of the overall retail sector in a hyperinflationary environment where consumers, in general, have faced and may continue to face pressure with respect to their purchasing power;
- 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;
- regulatory changes that may hinder the development of the e-commerce sector; and
- the development of logistics, payment and other ancillary services associated with e-commerce.

Low rates of growth and profitability in the local e-commerce industry as a result of any of these other factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

***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. We believe that our carriers are independent contractors, as they decide for themselves how best to perform their services, 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. Turkish law allows for employees of third-party subcontractors to bring certain claims against us directly, due to our indirect relationship. From time to time in the ordinary course of our operations we have been involved in legal proceedings initiated by employees of third-party subcontractors, such as employment-related claims arising out of termination of our relationship with their employer. While we do not believe the employees of our subcontractors are our employees, several employment-related claims are pending against us before courts specializing in employment law. We do not currently believe that the outcome of these cases will have a material adverse impact to our financial position, either individually or in the aggregate.

If courts or government agencies of competent jurisdictions reclassify our self-employed carriers as our 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. Moreover, the government or government agencies may introduce new legislations or regulations setting forth a minimum percentage of carriers as our employees and restricting the proportion of self-employed carriers used as subcontractors in our operations. Further, any such reclassification of our carriers as employees or such legislative or regulatory restrictions on our ability to contract with self-employed carriers 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 Türkiye's digital service tax and earthquake tax.***

We are subject to a variety of taxes in Türkiye including but not limited to corporate income tax, withholding tax, value added tax ("**VAT**"), payroll taxes and social security taxes, among others. The estimated net results of our business are 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, there are changes to tax rates by governmental authorities.  For example, effective as of July 2023, the general VAT tax rate was increased from (the previously reduced rate of) 18% to 20%, the reduced VAT of 8% was increased to 10%, and the reduced VAT for certain cleaning product was increased from 8% to 20%. From time to time, we may be subject to tax audits by the Turkish tax authority, which can result in additional charges or fines. For example, in July 2020, we received a request from the Turkish tax authority for the initiation of a tax audit for the years 2019 and 2018 with regards to corporate income tax and VAT. This tax audit resulted in the Company having to pay an additional TRY 501 thousand tax liability in September 2022. New tax audits were initiated for the financial year 2022, with respect to corporate income tax and VAT, on February 29, 2024, for D-Ödeme and on March 5, 2024 for D-Fast. These tax audits are in early stages therefore we are not able to quantify the risk associated, at this stage. A limited-scope tax audit focused on our gift vouchers and digital codes has also been initiated on October 6, 2023, for the Company. Audits may be time-consuming and divert efforts and resources of management and may sometimes result in material tax penalties that would have an adverse impact on our financial condition. 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 10%.

In March 2020, a digital service tax (the "**DST**") took effect in Türkiye 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 Türkiye and (ii) €750 million globally. As of the date of this annual report, we are not subject to the DST as our revenues from such services 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 EU and Latin America have already enacted or are discussing new tax laws, rules and regulations directed at the digital economy and multi-national businesses.

We may also be subject to one-off taxes. For example, in February 2023, two earthquakes hit the southeastern region of Türkiye. In response to the effects of these earthquakes, in March 2023, an earthquake tax was implemented to generate funds. The tax was introduced with Article 10(27) of the Law No. 7440 on Restructuring of Certain Receivables and Amendments to Certain Laws (the "**Law No. 7440**"). The rate of the earthquake tax was set at 10% on exemption and deduction amounts applied on income under the applicable laws, among other items, and pertained to the accounting period ended on December 31, 2022. While we were not subject to this one-time earthquake tax, any amendments to the tax legislation or subsequent practice of tax authorities may require us to pay an earthquake or other one-off tax in the future, including on a retroactive basis for prior accounting periods.

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 the DST, sales tax, value-added taxes, withholding taxes, revenue - based taxes, earthquake tax 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. For example, in April 2021, the TCA initiated an investigation against 32 companies regarding anti-competitive agreements in the labor markets (including companies operating in the e-commerce, retail, broadcasting and fast-food industries, but excluding us) to determine whether those entities have violated the Law on the Protection of Competition (the "**Competition Law**"), which prohibits such anti-competitive agreements. The TCA's public announcement makes it clear that the allegations that led to the investigation solely relate to direct or indirect agreements regarding non-solicitation of employees, thus potentially restricting the competition in the labor markets in Türkiye. On June 15, 2021, without notice, TCA officials visited our headquarters and reviewed the digital correspondence of a limited number of senior managers and human resources employees. On August 18, 2021, we received a notification from the TCA stating that the Competition Board had decided to initiate an investigation on August 5, 2021 against 11 companies including Hepsiburada the subject of which was the same as the existing April 2021 investigation, and to merge these two investigations. On April 18, 2022, we received notice that the rapporteurs completed an investigation report stating their opinion that we violated the Competition Law that prohibits anti-competitive agreements in the labor markets and an administrative fine should be imposed. Following an oral defense meeting on July 18, 2023, the Competition Board concluded its investigation and rendered its decision on July 31, 2023, stating that the Company had violated Article 4 of the Competition Law prohibiting anti-competitive agreements. The Competition Board imposed an administrative fine in the amount of TRY 3,627 thousand (with a 25% discount on early payment) thousand on Hepsiburada for which we had recognized a provision of TRY 157,596 thousand (as adjusted for inflation) in our consolidated financial statements for the year ended December 31, 2022. As of the date of this annual report, we have not yet received the reasoned decision from the TCA.

In addition, with respect to the on-site inspection conducted by the Competition Board in June 2021 in connection with the abovementioned investigation, an administrative fine in the amount of TRY 58,129 thousand was imposed based on the conclusion that the on-site inspection was hindered. Subsequently TRY 43,597 thousand was paid by the Company on November 11, 2022 (reflecting a 25% discount due to an early payment), without prejudice to the Company's right to file a lawsuit against the fine. The Company requested reconsideration of the decision from the Competition Board on December 9, 2022, but the Competition Board's decision was not reversed. Thereafter, an administrative case was filed with the Ankara administrative courts for the reversal of the Competition Board's decision on December 30, 2022. On March 12, 2023, new legislation came into force in Türkiye (Law No. 7440 on the Restructuring of Certain Receivables and Amendments to Certain Laws) making entities involved in administrative proceedings eligible to receive a 50% discount on any administrative fines imposed on them by the authorities, provided such entities abandoned the proceedings. To benefit from this discount, Hepsiburada abandoned its case against the Competition Board and accepted payment of the administrative fine imposed by the Competition Board for which it was granted a refund of TRY 16,428 thousand (corresponding to 50% of the administrative fine paid by Hepsiburada). Hepsiburada subsequently deducted the amount from accrued withholding tax payable in the amount of TRY 16,428 thousand.

On August 31, 2023, the TCA initiated a separate preliminary investigation to determine whether Hepsiburada had violated Article 4 of the Competition Law in connection with the Company's automatic pricing mechanism in our Marketplace. On that date, the TCA conducted an on-site inspection at Hepsiburada's headquarters and the Company subsequently submitted the information and documents requested by the TCA. As a result of the preliminary investigation conducted by the Competition Board, the Competition Board decided to initiate an investigation against Hepsiburada, DSM Grup Dan.İletişim ve Satış Ticaret A.Ş (Trendyol) and Amazon Turkey Perakende Hizmetleri Limited and we were notified of the investigation decision by hand on October 19, 2023. This investigation is ongoing. On October 31, 2023, a second on-site inspection was conducted by the TCA at the headquarters of Hepsiburada. The first written defense was submitted on November 30, 2023. On January 30, 2024, we submitted an undertaking to the TCA addressing the competition-related concerns raised in terms of the Company's automatic pricing mechanism. This undertaking is under review by the TCA, however, on March 21, 2024, the TCA decided to extend its investigation period by six months ending in October 2024. At the end of its review, the TCA may come to a resolution that there is no impediment to competition and close the case. The TCA may also accept the undertaking and terminate the investigation accordingly. In these scenarios, no administrative fine will be imposed. Conversely, if the TCA concludes that the law has been violated, we may have to pay a fine ranging from 0.5 percent to 3.0 percent of our annual revenue in the preceding fiscal year.

On March 12, 2024, the TCA initiated a separate preliminary investigation to determine whether one of our merchants and e-commerce platforms including Hepsiburada had violated Articles 4 and 6 of the Competition Law. We believe that the preliminary investigation relates to potential sales restrictions on the products and brands of which this merchant is the authorized distributor within Türkiye. The preliminary investigation is still ongoing as of the date of this annual report and we await the decision of the Competition Board as to whether an investigation will be initiated.

Although we believe that our operations are in material compliance with Turkish competition laws, these or any other 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.

Additionally, the TCA may from time to time modify regulations or adopt new regulations in response to developments of new markets and market behaviors in different sectors or industries. In order to better understand these developing markets such as the emerging e-marketplace platform sector, the market forces and behaviors, as well as to ensure their operational efficiency and identify any potential competition problems, the TCA undertakes routine inquiries and information-gathering processes with various stakeholders within these developing markets. For example, the TCA launched a sector inquiry in relation to the online advertisement market, which is a developing market in Türkiye. Similarly, in June 2020, the TCA commenced a sector inquiry on the e-marketplace platforms sector. The preliminary report relating to the inquiry process was published by the TCA in May 2021, which raised a number of findings related to (i) competition between platforms, (ii) competition with respect to products sold within a platform and (iii) certain privacy or data protection matters with respect to platform customers. We submitted an interested party opinion to provide the TCA further information about our business' role and operations in the e-marketplace platform sector and our view about the operation and regulation of the sector in general. The TCA conducted a workshop in July 2021 to obtain the opinions of the market players and stakeholders, customers, lawyers and academics regarding the findings, assessments and proposed policies within the preliminary report. The TCA issued its final report on April 14, 2022, which may result in additional regulations for the e-marketplace platform sector with which we may be required to comply in the future. Such sector inquiries are not company-specific investigations and do not result in company-specific administrative fines and penalties. However, if the TCA adopts new rules and regulations which we may need to comply with in the future, the additional regulatory burden may have a negative impact on our operations and financial results.

***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 Türkiye 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, consumer finance 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. 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 annual report, 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 our ramp-up of Hepsipay and other payment solutions, our consumer finance loans through Hepsifinans, and any future expansion into cross-border sales through HepsiGlobal 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 payment services regulations, consumer finance services 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. In certain cases, such regulatory changes may adversely affect our growth plans and we may not be able to achieve our targets in those areas.

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 periodically 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 Hepsipay and Hepsifinans, such as e-wallet, e-money, payment facilitation services and consumer lending, is highly 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 the Republic of Türkiye (the "**Central Bank**"). The Central Bank has in the past and may in the future 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. For example, in December 2021, the Central Bank published the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers (the "**Payment Services Regulation**") and the Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services in the Field of Payment Services Providers (the "**Payment Services Communiqué**"), in Türkiye's Official Gazette, requiring compliance within one year with the following new requirements, among others, on e-commerce payment services such as Hepsipay's wallet service: (i) to keep collateral at the Central Bank, in accordance with the number of customers, volume of transactions and other conditions specified therein, (ii) to comply with higher minimum equity requirement, and (iii) to comply with additional obligations such as remote know-your-customer diligence. The one-year compliance period for the new requirements introduced in the Payment Services Communiqué, initially extended to February 28, 2023 (and subsequently to April 30, 2023 and June 30, 2023) was ultimately finalized as of September 30, 2023. On October 7, 2023, the Central Bank introduced certain amendments to the Payment Services Regulation within key areas, including, among others, digital wallets, payment service providers, e-money issuers, card-based payment instruments, the scope of Central Bank permissions for share transfers, and the protection of payment funds. Notably, the amendments impose new requirements on payment service providers such as Hepsipay to obtain certain licenses and authorizations for their activities, including an operating license for providers offering digital wallet services and an authorization for digital wallet service providers involved in transferring funds to issue electronic money. These new statutory permits must be obtained from the Central Bank by October 7, 2024. Further, on January 27, 2024, the Official Gazette published the Communiqué on the Redetermination of Minimum Equity Amounts for Payments and Electronic Money Institutions, revising the minimum equity amounts for payment and electronic money institutions set forth in the Payment Services Regulation. Payment and electronic money institutions are mandated to adhere to the updated minimum equity requirements by June 30, 2024, when the communiqué will take effect. We believe we are in compliance with the currently applicable requirements under the Payment Services Regulation and the Payment Services Communiqué and that we will obtain the necessary new licenses and be in compliance with the revised minimum equity requirements by the applicable deadlines in 2024. If the Turkish Banking Regulation and Supervision Agency does not approve our license expansion application in a timely manner or at all, this would delay the growth of, or materially hinder the development of, our one-click check-out and digital wallet businesses outside Hepsiburada platform. A failure to comply with these or other regulations may result in the limitation, suspension or termination of services or the imposition of penalties, including fines which could have a material adverse effect on our business, results of operations and financial condition.

In addition, on April 28, 2023, the Central Bank notified Hepsipay that it had identified seven instances of non-compliance by Hepsipay under the (Repealed) Communiqué on the Management and Supervision of IT Systems of Payment Institutions and Electronic Money Institutions relating to data security and authorization, ID verification and the creation of an audit trail. The Central Bank requested that Hepsipay provide a written response, including an action plan to remedy the identified instances of non-compliance within one month. On March 14, 2024, the Central Bank informed Hepsipay that it had imposed administrative fines on Hepsipay totaling TRY 898,197 for the seven instances of non-compliance previously identified. Hepsipay settled this penalty on April 3, 2024, availing itself of an early payment discount of 25%.

Moreover, Hepsiburada acts as a commercial representative of merchants and funds are transferred to the merchants through Hepsiburada. According to the Payment Services Regulation and the Payment Services Communiqué, a report must be filed with the Central Bank in January of each year in which the amount of intermediary service provider activities exceeds TRY 50 million within the prior twelve-month period. As a consequence of this provision, intermediary service providers, including Hepsiburada, submitted reports in January 2022, January 2023 and January 2024. The Central Bank is the competent authority to evaluate our reports to determine whether our reported activity qualifies as a payment service, within the scope of the Payment Services Regulation and the Payment Services Communiqué. If the Central Bank concludes that our reported activity is a payment service, we plan to restructure our service such that we transfer funds to merchants through Hepsipay instead of Hepsiburada.

We are subject to the Turkish Regulation on Precautions regarding Prevention of the Money Laundering and the Financing of Terrorism (the "**AMLCFT**") due to Hepsiburada being deemed (i) an "intermediary in the purchase and sale of precious metals, stones or jewels" because we conduct the sale of gold and (ii) as "operating in the field of gambling" because we offer digital products on our platform, including non-cash games, pursuant to an authorization obtained from the Turkish General Directorate of the National Lottery Administration (the "**GDNL**"). Accordingly, we are required to, among other things, carry out certain KYC checks, report suspicious transactions and monitor certain activities. Any failure to comply with the terms of the AMLCFT may result in the limitation, suspension or termination of our services and/or imposition of civil and criminal penalties, and fines. Additionally, we are subject to the rules and regulations of the GDNL regarding non-cash games offered on our platform. In case of any failure to comply with the rules and regulations of the GDNL, our authorization granted by the GDNL may be cancelled, and we may be subject to administrative fines.

Our consumer finance company, Hepsifinans, is under the regulatory authority of the BRSA, and subject to regulations and audits by them. Further, HepsiPay and Hepsifinans are subject to rules and regulations by the Turkish Financial Crimes Investigation Board ("**MASAK**"). MASAK is responsible for overseeing compliance with the rules on national terrorist asset freezing under Law No. 6415 on the Prevention of the Financing of Terrorism and may impose criminal penalties and administrative fines in case of failure to comply with the rules. On October 16, 2023, MASAK initiated investigations against Hepsipay due to alleged breaches of Law No. 6415, specifically related to the opening of wallet accounts for 17 clients who were subject to asset freezing orders due to systemic errors. On March 25, 2024, MASAK informed that it had imposed administrative fines totaling TRY 1,028 thousand on Hepsipay. Hepsipay settled this penalty on April 3, 2024, availing itself of an early payment discount of 25%.

Further, Hepsifinans was acquired with its existing customers, loans and associated data and contracts. Therefore, it is also subject to audit for its past business by the related parties. Although we carry indemnifications from the previous shareholders due to these past operations, any future findings might create regulatory fines as well as disruptions to daily business, some of which may not be covered by these indemnifications. We anticipate devoting substantial operational and financial resources to comply with the requirements of all the existing and new regulations and communiqués associated with our financial services businesses, and change our internal rules and procedures in accordance with any predefined and future changes. We have in the past, and may in the future, face additional audits and investigations by regulators or third parties appointed by the regulators for alleged violations of such requirements. As of the date of this annual report, 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.

***We may be subject to administrative fines and our reputation may be harmed if the Personal Data Protection Authority were to determine that we breached Turkish Data Protection Law No. 6698.***

Our Company is subject to the Turkish Law on the Protection of Personal Data (the "**LPPD**") and other relevant secondary legislation on the protection of personal data. The Personal Data Protection Board (the "**PDP Board**") may request information and documents ex officio or upon complaint, and if it determines that there is a violation of the LPPD as a result of its investigation, it may decide to issue instructions and impose administrative fines. In addition, there is a risk that the decisions to be taken by the PDP Board in investigations may be published on the PDP Authority's website and will identify the subject company. If a decision against the Company is published on the PDP Authority's website, in addition to any sanctions that may be imposed with such a decision, our reputation may be negatively and materially affected.

Our Company was subject to six investigations conducted by the Personal Data Protection Authority ("**PDP Authority**") in 2022 and 2023 and is likely to be subject to such investigations in the future. For example, on October 12, 2022, the PDP Authority notified the Company of an ongoing investigation initiated by the PDP Authority due to a complaint regarding the sending of electronic commercial messages in e-mail format to a total of 600 individuals. These electronic commercial messages contained an error wherein the e-mail addresses of the data subjects were mistakenly added to the "TO" section instead of the intended "BCC" section. This error resulted in the inadvertent disclosure of all recipients' contact data (email addresses) to each other. The complaint also cited unauthorized data processing as well as unauthorized transfer of personal data abroad through the use of cookies. On March 16, 2023, the PDP Authority determined that the Company, as the data controller, had failed to take the necessary technical and administrative measures to ensure the security of personal data. The Company was notified of this decision on April 6, 2023. Therefore, the PDP Authority imposed an administrative fine of TRY 732 thousand. The Company settled the fine by paying TRY 549 thousand (benefitting from a discount).

On February 20, 2023, the PDP Authority notified the Company of an ongoing investigation initiated by the PDP Authority due to a complaint regarding an e-mail containing a customer's personal data (such as invoices, shopping summaries, etc.) having been sent to another customer's email address. On October 10, 2023, the PDP Authority determined that the Company had failed to establish the necessary verification processes in connection with customer registration on its platform. Therefore, the PDP Authority imposed an administrative fine of TRY 159 thousand. The Company settled the fine by paying TRY 120 thousand (benefitting from a discount).

On June 8, 2023, the PDP Authority notified the Company of an ongoing investigation initiated by the PDP Authority due to a complaint regarding compliance with the LPPD in connection with the processing of personal data through Hepsipay Wallet. On October 25, 2023, the PDP Authority notified the Company that it had been found to have violated the LPPD in this respect, and as a result, the Authority imposed an administrative fine of TRY 532 thousand on Hepsiburada. The Company settled the fine by paying TRY 399 thousand (benefitting from a discount).

In each of the above three cases, in which the Company was required to pay an administrative fine, the Company decided not to exercise its right to appeal to the Turkish Criminal Court of Peace. For the remaining three investigations, the PDP Authority has decided to close the investigation without imposing any administrative fine.

In February 2024, in accordance with its obligations as a data controller under the LPPD, the Company notified the PDP Authority of unauthorized access to some customer personal information in connection with a cybersecurity incident. In the event the PDP Authority determines that Hepsiburada has not sufficiently fulfilled its obligations as a data controller under the LPPD, the PDP Authority may impose an administrative fine between TRY 141.9 thousand and TRY 9.5 million. See "*—A cybersecurity incident, including undetected software errors and hacking, may cause material delays or interruptions in our information systems and may reduce the use of our services and damage our brand reputation, which may hinder our ability to conduct our business effectively or result in lost revenues or other costs.*"

***If we fail to obtain intellectual property rights protection or adequately protect our intellectual property rights, or if we infringe third-party 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 principally rely on trademarks (including by applying to register our trademarks in respect of key jurisdictions based on our business assessment) and confidentiality agreements to protect our intellectual property rights. We have a portfolio of registered trademarks in Türkiye in respect of many of our core brands, such as our "hepsiburada" and "hepsiglobal" brands. However, we may in some circumstances be unable to (or may be delayed in our ability to) apply for or register our trademarks (including where third parties allege pre- existing rights or have made earlier applications) or acquire our desired domain names or prevent third parties from acquiring trademarks or domain names that are identical or similar to, infringe or diminish the value of our trademarks and other proprietary rights. There is also a risk that third parties will claim that our products, trademarks or brands infringe their intellectual property rights — for instance, if a third-party claims that it has obtained prior rights or a pre-existing trademark application or registration for an identical or similar trademark. These third parties may bring infringement claims against us or may oppose the registration and protection of our brands and/or trademark rights.

These risks are further exacerbated by our growth and the expansion of our business into new geographies, including the EU and the United States. For example, our application filed with the European Union Intellectual Property Office ("**EUIPO**") in August 2020 for a figurative EU trademark for our "hepsiglobal" brand (EU trademark application no. 18292598) was opposed by PepsiCo, Inc. ("**PepsiCo**"), on the basis of certain claimed prior rights in respect of its "Pepsi" brand. We were notified almost three years later, on May 4, 2023, that PepsiCo had withdrawn its opposition to the trademark. Our "hepsiglobal" brand (EU trademark application no. 18292598) was registered on May 11, 2023 before EUIPO.

Similarly, our application filed with the EUIPO in August 2018 for the word mark "hepsiburada.com" (EU trademark application no. 17941312) was opposed by Alpak B.V. ("**Alpak**"), on the basis of certain claimed prior rights in respect of the "hepsiburada" brand including its EU trademark for the word "hepsiburada" registered in December 2017 under trademark no. 17151796. We believe Alpak applied for and registered the foregoing trademark in bad faith in an effort to copy our well-known brands and/or to frustrate or delay (or extract compensation for) our protection of these brands in the EU. Accordingly, we applied for a declaration of invalidity against Alpak's trademark so that the application with respect to our trademark "hepsiburada.com" may proceed. Alpak's opposition was suspended until the Board gives a decision in respect of our request about declaration of invalidity of Alpak's trademark. Our initial application for declaration of invalidity was rejected by the Cancellation Division of the EUIPO in March 2021 on grounds with which we do not agree, and we subsequently appealed this decision to the Board of Appeal.

On January 3, 2023, we were informed that our appeal had been allowed in its entirety. The appealed decision has been reversed and the European Union trademark No. 17151796 "hepsiburada" has been declared invalid in respect of all the registered goods and services. The Board of Appeal stated in its reasoning that the Cancellation Division was wrong to disregard the evidence submitted about the dishonest intention of Alpak B.V. Alpak B.V. appealed this decision before Luxembourg Courts on March 30, 2023 and was subsequently granted time to remedy certain procedural deficiencies in its appeal. On February 21, 2024, the trial was held in Luxembourg and the Court decided in favor of Hepsiburada, declaring that Alpak's trademark is invalid. However, this decision can be appealed before the Court of Justice of the EU until April 21, 2024. As of the date of this annual report, there has been no update on whether an appeal has been filed before the Court of Justice of the EU.

If we are unable to prevent third parties from acquiring trademarks or domain names that are identical or similar to ours or that infringe or diminish the value of our brands, trademarks and/or other proprietary rights, or if we are not able to defend our brands and/or trademarks from infringement claims or from oppositions to registration, our market recognition may be diluted, third parties may be free to use our brands and/or trademarks in respect of the same or similar goods or services, our expansion into new markets could be stifled and our business, financial conditions, customer relationships, reputation and results of operation could be adversely affected.

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 may be unsuccessful, and may 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 have been and in the future may be involved in litigation, some of which is material.***

We have been involved in litigation relating principally to contract disputes, employment, consumer, intellectual property, tax, securities law and other matters in the ordinary course of our business, which have also included legal proceedings initiated by employees of third-party subcontractors, such as employment-related claims arising out of termination of our relationship with their employer. 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. As we became a publicly listed company with a higher profile and as our public profile is expected to continue to grow in the future through any expansion of our cross-border business by HepsiGlobal, we may face additional exposure to claims and lawsuits inside and outside Türkiye.

For example, in September 2021 and October 2021, alleged holders of our ADSs filed class action lawsuits in the state and federal courts of the State of New York, respectively. After negotiations, the parties signed a stipulation of settlement agreement with no admission of liability on March 22, 2023 which was approved by the federal court at a fairness hearing held on August 1, 2023 and pursuant to which the state court action was dismissed with prejudice on September 22, 2023. Pursuant to the settlement, Hepsiburada paid $13.9 million to resolve both actions in their entirety. According to a contribution agreement entered into between the Company and TurkCommerce B.V. (a co-defendant in the lawsuits and currently a holder of the Company's Class B Ordinary Shares) on September 28, 2023, TurkCommerce B.V. agreed to contribute $3,975,000 towards the settlement amount and the Company agreed to purchase 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. against payment of $5,732,307 which was partially offset by the $3,975,000 settlement contribution amount owed by TurkCommerce B.V. The transaction regarding acquisition of 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. was completed on October 18, 2023, and the repurchased shares remain as treasury shares of the Company.

We may also initiate proceedings from time to time. For example, we have initiated litigation for annulment of the Turkish Capital Markets Board (the "**TCMB**") decision regarding a fee imposed by the TCMB on the Company. Following the IPO of the Company on the Nasdaq Stock Exchange, the TCMB imposed a "Board registration fee" amounting to over TRY 53.0 million, including interest accruing on this fee, attorney's fees and the costs of the proceedings. The TCMB fee was calculated based upon the shares sold in our IPO, including the shares sold by TurkCommerce B.V. The Company applied to the TCMB with an objection letter on July 30, 2021. A year later, on May 31, 2022, the Company received a reply letter from the TCMB maintaining their initial decision. The Company has initiated proceedings for annulment of the decision. We filed the case on June 15, 2022. The court dismissed our request for suspension of execution of the decision of the TCMB, and the Court of First Instance dismissed the case, which was notified to us on March 23, 2023. The Company appealed the decision on April 17, 2023 and requested a stay of execution. On May 4, 2023, the request for stay of execution was rejected by the Ankara Regional Administrative Court. On February 22, 2024, the Ankara Regional Administrative Court dismissed Hepsiburada's request to appeal. Hepsiburada appealed the decision before the Council of State on March 10, 2024.

Although the appeal is ongoing, on June 19, 2023, the TCMB notified Hepsiburada that the Board Registration Fee should be paid in accordance with the calculation method set out by the TCMB. The Company responded to the TCMB with a letter on July 3, 2023, to object to the calculation method of the TCMB. On July 19, 2023, the Company received a reply letter from the TCMB stating that the objection of the Company was rejected. On August 22, 2023, a separate litigation for the annulment of the case was initiated by the Company before the Ankara Regional Administrative Court requesting a stay of execution of the TCMB's decision to reject the Company's objection. Although the stay of execution request was rejected by the Ankara Regional Administrative Court on November 30, 2023, the lawsuit is pending as of the date of this annual report.

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 weekly payments to merchants rather than immediately after the sale of a product. Our standard form agreement with our merchants and suppliers provides that we will directly compensate a 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.

While we have no liability for the content provided by third parties on our website under the E-Commerce Law or the related E-Commerce Regulation, we may face compensation claims, administrative fines or even criminal complaints if we become aware of unlawful or illegal content and do not take any action. We are deemed to be aware of unlawful or illegal content in circumstances such as if the content is determined as unlawful within the scope of a regulatory compliance report or notified to us by a judicial decision, the Turkish Ministry of Trade or other public institutions and organizations in Türkiye. We are also required to remove or restrict access to content constituting certain crimes under Article 8 of the Law on Internet Crimes, if we are notified of an order of the president of the Information and Communication Technologies Authority of Türkiye to this effect. The scope of crimes under this provision was expanded with the amendment made to this provision on October 13, 2022.

In addition, if we receive from the relevant rights holder a complaint of infringement of intellectual and industrial property rights that complies with the requirements of Article 12 of the E-Commerce Regulation, we are required to remove products from our platform within 48 hours and inform the rights holder and the seller of the product accordingly. If we receive an objection from the seller that complies with the requirements of Article 13 of the E-Commerce Regulation, we are required to re-publish the product within 24 hours and inform the rights holder and the seller, provided that it can be clearly understood from the documents and information submitted by the seller that the objection is justified. Pursuant to Article 14 of the E-Commerce Regulation, our examination is limited with the information and documents obtained from the seller and we are not required to conduct a separate investigation to determine the ownership of relevant intellectual and industrial rights. We are also not required to process complaints regarding the same product and claim unless the rights holder submits new documents proving the infringement of intellectual and industrial property rights. Failure to comply with these provisions will result in an administrative penalty of TRY 15,846 to TRY 1,584.6 thousand for each violation.

***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 strategic assets, 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.

***We have identified material weaknesses in our internal control over financial reporting and have as a result determined that our disclosure controls and procedures were not effective. If we are unable to remediate identified material weaknesses, or if we have additional material weaknesses in the future, or otherwise fail to implement and maintain 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.***

Pursuant to SEC rules, our management must report on the effectiveness of our disclosure controls and procedures. Additionally, under Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"), our management is required to report on the effectiveness of our internal control over financial reporting. Although we expect that Section 404(b) of the Sarbanes-Oxley Act will require our Independent Registered Public Accounting Firm to issue an annual report attesting to the effectiveness of our internal control over financial reporting in the future, we have elected to rely on the exemptions provided in the JOBS Act, and will not be required to provide an attestation report from our Independent Registered Public Accounting Firm until such time as we are no longer an "emerging growth company." Under SEC rules, management is required to assess our internal control over financial reporting at the end of each fiscal year. In prior fiscal years as well as the fiscal year ended December 31, 2023, our assessment has revealed material weaknesses in our internal controls that render our internal control over financial reporting ineffective. There is no guarantee that we will be able to remediate identified material weaknesses or that additional material weaknesses will not be identified in the future. Additionally, we have incurred and expect to continue to incur additional expenses and to spend significant management time in complying with testing requirements and working to establish effective internal control over financial reporting.

For example, in 2021, we identified material weaknesses in our internal controls over financial reporting related to (i) not effectively performing internal controls with respect to the review of complex and unusual transactions in accordance with IFRS and (ii) not effectively performing information technology general controls ("**ITGCs**") for one of our information technology products. Further, in 2022, we identified deficiencies in our internal control over financial reporting related to the design and operating effectiveness of ITGCs for information systems with respect to access rights, IT program change management controls and segregation of duties, in all cases with respect to IT applications, including the product described in (ii) above, which in the aggregate constituted a new material weakness.

The 2021 weaknesses have been remediated. However, the ITGC control deficiencies identified in 2022 related to access rights, IT program change-management controls and segregation of duties at the IT application level were only partially remediated as of December 31, 2023 and are therefore included as part of the material weaknesses disclosed below.

As part of management's assessment of its internal control over financial reporting for the fiscal year ended December 31, 2023, we have identified material weaknesses as described below, in our internal control over financial reporting related to:

a. the design and operating effectiveness of ITGCs for information systems with respect to certain IT applications and IT databases that are relevant to the preparation of our consolidated financial statements; and

b. deficiencies in the control environment, information and communication, monitoring and control activities components of the COSO Framework (as defined herein) that constitute material weaknesses, either individually or in the aggregate. The material weaknesses identified in the components of the COSO Framework are commensurate with the nature, growth and complexity of the Company's business.

As a result of these material weaknesses, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting, and therefore our overall disclosure controls and procedures, were not effective.

If we are unable to remediate these material weaknesses in a timely manner, or if additional material weaknesses in our internal control over financial reporting are discovered, we may not be able to timely or accurately report our financial position, results of operations or cash flows or establish and maintain effective disclosure controls and procedures. If additional material weaknesses are discovered, or if significant deficiencies are discovered, or if we otherwise fail to maintain an effective internal control environment, our consolidated financial statements could contain material misstatements and we could fail to meet our reporting obligations, which could cause investors to lose confidence in our reported financial information. Investors' loss of confidence in our reported financial information could in turn limit our access to capital markets, harm our results of operations, and lead to a reduction in 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 Nasdaq listing violations, regulatory investigations and civil or criminal sanctions.

***The requirements of being a public company will continue to require significant resources and management attention, 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 are 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 has increased and may continue to 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 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 and maintaining 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 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 are subject to a broader scope of laws, regulations and standards, and therefore, potentially subject to a broader scope of fines, penalties and liability under U.S. securities laws. For example, in September 2021 and October 2021, holders of our ADSs filed class action lawsuits in the state and federal courts of the State of New York, respectively, which have since been finally settled with no admission of liability. For more information about our legal proceedings, see Item 8. "*Financial Information—Consolidated Statements and Other Financial Information—Legal Proceedings.*" We may be named as a defendant in other legal actions, which could result in material costs and expenses.

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.

As a public company, these rules and regulations make it more expensive for us to maintain insurance, such as director and officer liability insurance, and we may be required to incur higher costs to obtain the same.

For as long as we are an "emerging growth company," 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. Although the JOBS Act allows us to be qualified as an emerging growth company for up to five years following our IPO, we may lose our emerging company status earlier than five years post-IPO should we exceed the revenue threshold of USD 1.235 billion set forth under the JOBS Act. See "*—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.*" 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 market price of our ADSs and the composition of our Group's income, assets and operations, we do not believe we were a PFIC for the 2023 taxable year or 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 any year, certain adverse U.S. federal income tax consequences could apply to a U.S. investor who holds 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 Item 10.E. "*Additional Information—Taxation—Material U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules.*"

**Risks Relating to Türkiye**

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

We mainly operate in Türkiye and derive substantially all of our revenue from activities in Türkiye, which is an emerging market. 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 Türkiye. External events and financial turmoil in neighboring emerging markets could disrupt the business environment in Türkiye. Moreover, financial turmoil in one or more emerging market(s) tends to adversely affect prices for securities in other emerging market countries. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Türkiye and adversely affect the Turkish economy. Investors' interest in Türkiye 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/or stock price could have a material adverse effect on our business, results of operations and prospects.

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

Substantially all of our revenue is derived from our operations in Türkiye. Accordingly, political uncertainty, instability and economic conditions in Türkiye may directly affect our business.

Political matters have affected certain investors' perception of Türkiye and the attractiveness of the Turkish economy from time to time. Should there be any new developments that are considered to contribute to instability in Türkiye emerge, the value of our ADSs could decline.

***As a result of a trend of inflation in Türkiye, the Turkish economy is treated as hyperinflationary, which may adversely affect our business, profitability, results of operations and the value of our ADSs.***

Inflationary pressures affect our business and financial performance. The Turkish economy has experienced significant inflationary pressures with year-over-year consumer price inflation rates rising as high as 69.7% in the late 1990s and early 2000s. While inflation decreased during the 2010s, the Turkish economy saw a rapid surge in inflation in 2022 due to numerous factors. The annual consumer price index ("**CPI**") increased by 36.1%, 64.3% and 64.8% in 2021, 2022 and 2023, respectively, as published by Turkstat. The annual CPI inflation reached its highest level since June 1998, at 85.5%, in October 2022. Additionally, developments in the USD/TRY and global commodity prices materially impact the inflation outlook. As a result, the course of global economic activity, geopolitical developments and the impact of climate conditions on commodity prices must be closely monitored to understand and anticipate inflation developments in Türkiye. In the first Inflation Report of the year published on February 8, 2024, the CBRT made an inflation forecast for the end of 2024 of 36%. According to the results of the CBRT's Market Participants Survey dated April 2024, the markets' inflation expectation for the end of 2024 was 44.2%.

In the event of continued or rising inflation, we may not be able to and/or our merchants 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, profitability and results of operations. Inflation and government measures to combat inflation that impact macroeconomic stability in Türkiye have affected and may continue to affect supply as well as general demand for our products and services. Inflation may impact consumer behavior and may lead to further reductions in purchasing power of our users, consumer confidence and consumer spending, which may have a material adverse effect on our business and results of operations. For example, during 2022 and 2023, we observed the impact of inflation in the increased average price of products on our platform. We have also observed that pressure on consumer spending has caused a tendency for customers to substitute products with more affordable alternatives (*i.e.,* towards lower-priced brands, regardless of whether sales are of essentials or non-essentials) and postponement of purchase decisions for certain categories of products. Although the consumer confidence index (seasonal and calendar adjusted) in Türkiye increased by 1.8 percentage points from 75.6% in December 2022 to 77.4% in December 2023 (and remained at levels around 79% and 80% during the first quarter of 2024), the levels indicate a pessimistic outlook. In addition, a continued rise in inflation could increase our costs of operation, particularly in payroll expenses and delivery costs. Moreover, we may not be able to keep wages and salaries at attractive levels in order to retain talent. These factors may negatively affect our business, financial condition and results of operation.

If the high inflation environment worsens or if new economic developments arise that have a similar effect, the resulting impact on consumer behavior and on our expenses may continue to have an adverse effect on our GMV growth, revenue, profitability and financial position.

Following the categorization of Türkiye as a country with a three-year cumulative inflation rate greater than 100% in March 2022 by the International Practices Task Force of the Centre for Audit Quality, Türkiye has been considered as a hyperinflationary economy pursuant to IFRS rules (IAS 29 *Financial Reporting in Hyperinflationary Economies*), requiring companies in Türkiye reporting under IFRS, including us, to apply IAS 29 to their financial statements for periods ending on and after June 30, 2022. As a result, we had to allocate additional resources to the preparation of our IFRS financials, which resulted in additional associated expenses in 2022. Our financial statements following the application of IAS 29 and related adjustments are no longer directly comparable to our historical financial statements. This may have created, and may continue to create, a challenge for investors and security analysts who look at our past performance to analyze and make forecasts about our future performance, including with respect to comparisons of current and historical margins. Therefore, investors and security analysts would require additional detailed information about our business plan and our macroeconomic assumptions in order to make their own projections for the Company. We cannot guarantee that we will be disclosing such detailed information in relation to our business plans or macroeconomic assumptions. Even if we do so, we cannot predict whether our investors or security analysts will be able to or willing to make their own projections about our Company. See *"—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, the price of our ADSs and trading volume could decline."*

***Türkiye's economy has been facing risks related to its current account deficit, which could have a material adverse effect on our business and results of operations.***

Macroeconomic developments in Türkiye, including those related to Türkiye's net trade and current account deficit, affect our business and financial performance.

Türkiye's volatile current account deficit may reflect both Türkiye'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, Türkiye'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 Türkiye 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 effects of the earthquakes that hit the southeastern region of Türkiye in February 2023 as well as potential similar earthquakes in the future may adversely affect our prospects, business, financial condition and results of operations.***

On February 6, 2023, the southeastern region of Türkiye was hit by two devastating earthquakes registering 7.7 and 7.6 in magnitude and numerous aftershocks that affected primarily 11 provinces and approximately 14 million people. As a result, more than 50,000 people lost their lives in Türkiye and hundreds of thousands of people have been displaced due to moderate to severe damage to their buildings or complete building collapses.

Eight out of HepsiJet's then-existing network of 192 cross-dock points (*i.e.*, parcel transfer centers) were directly impacted and required renovation. All had resumed operations, either at newly rented locations or through renovation of existing locations by the end of March 2023. However, given the size of the earthquake zone, the death toll, the number of displaced people and the resulting decrease in consumers' discretionary shopping, we suffered a decline in customer demand on our platform during the first quarter of 2023, a negative impact on our customer numbers (including on our total Active Customer base for 2023) and a temporary disruption in our delivery services to and around the region.

The earthquakes also adversely impacted the Turkish economy and the business environment in Türkiye. In a report published in March 2023, the Presidency of Strategy and Budget of the Presidency of the Republic of Türkiye estimated the total impact of the earthquakes on the Turkish economy to be US$103.6 billion, whereas, in January 2024, the Minister of Treasury and Finance stated that the expenses related to the earthquakes amounted to TRY 950 billion (corresponding to approximately US$ 30 billion), representing 3.7% of the GDP of Türkiye in 2023. More generally, Türkiye has been the site of devastating earthquakes in the past and may again be hit by serious earthquakes in the future. The country is covered by numerous fault lines including the North Anatolian Fault extending from eastern Türkiye across northern Türkiye and into the Aegean Sea for a length of 1200−1500 kilometers and the East Anatolian Fault extending from eastern Türkiye to south of the country. The fault lines covering the country may trigger future earthquakes in the country. These possible earthquakes may have severe impacts on the Turkish economy which may adversely affect our business and results of operations and prospects.

In particular, considering Istanbul's large population and economic importance for Türkiye, any major earthquake near Istanbul may cause substantial economic damage which may adversely affect our business and results of our operations and prospects. Most of our headquarters and offices are located in Istanbul and one of our fulfillment centers which also includes an office building is located in Gebze, a district of Kocaeli situated very close to Istanbul. Such an earthquake near Istanbul could therefore have a material adverse impact our business and results of our operations.

***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 Türkiye, and as a public company in the United States, we are 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 EU, 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. For example, starting in February 2022, the United States and a number of other countries around the world have been imposing sanctions and export controls against Russia over its invasion of Ukraine including regional trade bans, designations of entities (including Russian banks and state-owned entities) and individuals as Specially Designated Nationals and Blocked Parties, and restrictions on access by Russia to financial systems.

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 may still 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, U.S. dollars and Euros. 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, 2023, 2022 and 2021, we maintained Turkish Lira equivalent assets in U.S. dollars of TRY 6,135.0 million, TRY 4,712.6 million and TRY 13,294.7 million respectively, primarily consisting of cash, cash equivalents and financial investments. As of the same dates, we maintained Turkish Lira equivalent liabilities in U.S. dollars of TRY 1,285.4 million, TRY 1,830.2 million, and TRY 1,758.5 million, respectively, primarily consisting of trade payables, payables to merchants and due to related parties and short-term provisions. The variety of currencies that we work with may increase if and when HepsiGlobal expands its cross-border operations.

As of December 31, 2023, if the U.S. dollar had strengthened or weakened by 10% against the Turkish Lira, with all other variables held constant, our income/ (loss) before income taxes would have been TRY 485.0 million lower or higher, mainly as a result of foreign exchange gains or losses on the translation of U.S. dollar assets and liabilities. We do not currently undertake any currency hedging to manage our exposure in Türkiye 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 Türkiye, 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 57.4% against the U.S. dollar as of December 31, 2023, 44.1% in 2022 and 76.8% in 2021. Despite lower depreciation and reduced volatility in 2022 and in 2023 compared to the high volatility in 2021, negative real interest rates and limited foreign exchange reserves, among other factors, have continued to exert pressure on the Turkish Lira. Any further significant fluctuations in the value of the Turkish Lira relative to U.S. dollars could have a materially adverse effect on consumer demand, our business, and results of operations.

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

Türkiye is located in a region that has been subject to ongoing political and security concerns. Türkiye 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.

Türkiye has been subject to a number of bombings, including in tourist-focused centers in Istanbul and the city center in Ankara, including most recently incidents in Ankara in October 2023 and in Istanbul in November 2022, which have resulted in a number of fatalities. Such incidents may continue to occur periodically. 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 Company's business, financial condition, results of operations or prospects.***

Türkiye 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 Türkiye 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 Türkiye's international relations, especially resulting from the events which affect Türkiye'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.

HepsiGlobal has begun its operations in Ukraine in a pilot phase which may have an adverse effect on the Company's business, financial condition, results of operations or prospects if potential partners or third-party service providers choose not to work with the Company, or existing or future employees disagree with this expansion decision of the Company, in each case on political grounds.

***Risks from events affecting Türkiye's relationship with Syria, Iraq and other countries in the Middle East.***

The impact on Türkiye of political instability in the Middle East is exemplified by the internal conflict in the region. Türkiye 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 Türkiye. Separately, on October 8, 2023, Israel formally declared war on Hamas in response to the coordinated attacks perpetrated by Hamas on October 7, 2023. Following Hamas' attack on Israel, the Houthi movement, which is based in Yemen, launched a number of attacks on marine vessels in the Red Sea. The armed conflict is ongoing as of the date of this annual report.

Although we do not have material direct or indirect business operations, interests or investments in Syria, Iraq, Israel or Gaza, it is not possible to predict the broader consequences of the ongoing conflicts. It is also not possible to predict any additional adverse effects on existing macroeconomic conditions, consumer spending habits, currency exchange rates, and financial markets, all of which could adversely impact our business, financial condition, and results of operations.

Given the continuing hostilities in the Middle East 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 Türkiye.

***Risks from events affecting Türkiye's relationship with Russia and Ukraine.***

Russia has become one of Türkiye's most important trading partners and is the largest supplier of natural gas to Türkiye. Tourism from Russia to Türkiye constitutes another important aspect of Türkiye's relationship with Russia. Türkiye also has important relations with Ukraine, a significant tourism and trading partner. On February 24, 2022, Russia commenced a full scale military invasion of Ukraine. Türkiye publicly opposed the Russian invasion and subsequently acted as a host to peace negotiations between Ukraine and Russia, and helped broker a deal between the two countries to allow maritime grain shipments from Ukraine. Türkiye's position as a NATO member and a host to negotiations between Ukrainian and Russian negotiators may materially affect Türkiye's global diplomatic position as well as its economic and financial condition.

Following the invasion of Ukraine, the United States, the EU, Canada, Japan and Australia have imposed sanctions on Russia, select Russian companies and select Russian nationals. Following these sanctions, thousands of Russians and Ukrainians have fled to Türkiye to stay, invest, and hold assets because Türkiye has not imposed any sanctions on Russia except for the closure of the Bosporus and Dardanelles straits to warships. Türkiye may reconsider its current sanction-free policy in light of international pressure and any further sanctions that may be imposed by the aforementioned countries, which in turn would require Türkiye to impose sanctions on Russia. If Türkiye were to impose such sanctions, they may have a material adverse effect on Türkiye's economy and financial condition due to Türkiye's significant trade, natural gas supply and tourism relationships with Russia. Sanctioning countries including the United States. and the EU may take measures against Türkiye if it fails to impose sanctions on Russia, which may inflict a material adverse effect on Türkiye's economy. Heightened tensions, if any, between Türkiye and Russia, or Ukraine, or the sanctioning countries such as the U.S. could materially negatively affect global macroeconomic conditions and the Turkish economy, which would have a material adverse effect on our business and results of operations.

***Risks from events affecting Türkiye's relationship with the EU.***

In recent years, several important natural gas reserves have been discovered in the eastern Mediterranean, where Türkiye has also been engaging in exploration activities.

The EU and Türkiye 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 Türkiye. Any decision by the EU to abolish the customs union with Türkiye, end Türkiye's EU accession bid or impose additional sanctions on Türkiye might cause a deterioration of the relationship between Türkiye and the EU, impede Türkiye's access to EU funding and have a material adverse impact on Türkiye'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 HepsiGlobal.

On July 28, 2023, the Company incorporated Hepsiburada Global B.V., a wholly-owned subsidiary in the Netherlands, in line with Hepsiburada's strategy to expand its operations into the European Union. European Union directives require entities incorporated in Europe to comply with the European Union's international sanctions rules. Although Hepsiburada currently uses its best efforts to comply with EU international sanctions as a best practice and as part of its contractual obligations, the fact that Hepsiburada now has an EU-based subsidiary will subject Hepsiburada to European legal and compliance requirements and regulatory scrutiny.

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

The relationship between the United States and Türkiye has been strained by recent developments in the Turkish region, and also by Türkiye'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 against Türkiye. In December 2020, the United States imposed sanctions that targeted the Presidency of Defense Industries (SSB) of Türkiye, its chairman and three other employees.

Moreover, certain legal proceedings in the United States against Turkish individuals and entities may impact Türkiye's relationship with the United States. In 2018, a New York federal court found a former executive at Türkiye'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 U.S. Department of Justice brought similar allegations against Türkiye Halk Bankası A.Ş., which are ongoing as of the date of this annual report. As of the date of this annual report, 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 Türkiye, 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 Company's business, financial condition or results of operations or on the market price of the ADSs.

***Türkiye'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.

According to Turkstat, the annual rate of change in the consumer price index was at 64.8% in December 2023. (See "*—As a result of a trend of inflation in Türkiye, the Turkish economy is treated as hyperinflationary, which may adversely affect our business, profitability, results of operations and the value of our ADSs*"). Türkiye had a current account deficit of USD 45.4 billion in 2023, compared to USD 49.1 billion in 2022 and USD 7.4 billion in 2021. (See "*—Türkiye's economy has been facing risks related to its current account deficit, which could have a material adverse effect on our business and results of operations.*").

In March 2019, the United States announced that imports from Türkiye 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 Türkiye'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 Türkiye's economy and/or the financial condition or one or more industries within Türkiye.

The Turkish Treasury and Finance Minister announces GDP growth estimates and inflation rate with a 3-year horizon on an annual basis. There can be no assurance that those targets indicated 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 Company's business, financial condition, results of operations or prospects.*") and political developments in Türkiye (see "*—Our headquarters and other operations and facilities are located in Türkiye and, therefore, our prospects, business, financial condition and results of operations may be adversely affected by political or economic instability in Türkiye.*"). Any of these developments might cause Türkiye's economy to experience macroeconomic 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 Türkiye is recent, has undergone changes since its inception and is subject to further development.***

In 2007, Türkiye 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 Türkiye have been enacted since 2007, including amendments to the Internet Law, the E-Commerce Law (as defined under Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*"), 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.

In 2022, significant amendments were made to the E-Commerce Law, and the E-Commerce Regulation was adopted, which introduced new obligations for electronic commerce intermediary service providers and electronic commerce service providers, such as Hepsiburada, with the aim of preventing unfair competition, a harmful competitive environment and monopolistic commercial practices in the Turkish e-commerce market. We are required to comply with certain obligations set forth in the E-Commerce Law and the E-Commerce Regulation and may face administrative fines in case of any violations. See Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*."

The E-Commerce Law and the E-Commerce Regulation provide for different obligations depending on the annual Net Transaction Volume (in nominal terms) and number of transactions pertaining to electronic commerce intermediary service providers and electronic commerce service providers. Depending on our annual Net Transaction Volume and number of transactions, the scope of our obligations under the E-Commerce Law and the E-Commerce Regulation may be subject to change, which may materially affect our business. Hepsiburada's Net Transaction Volume is currently below the TRY 98,851.5 million threshold.

The provisions of the amendments to the E-Commerce Law and the E-Commerce Regulation introduced in 2022 that are most likely to be directly relevant to the Company include the following:

- limits on the total amount of advertising and marketing expenditures and customer discounts with the goal to prevent e-commerce platforms from gaining an asymmetric market share through excessive discounts and excessive marketing by using disproportionate economic power. This provision went into effect on January 1, 2023. In 2023, we were not subject to any restrictions with respect to advertisement and discount budgets as our Net Transaction Volume in 2022 did not exceed TRY 45 billion. In 2024, we continue not to be subject to any restrictions with respect to advertisement and discount budgets, since we are below the threshold applicable in 2024 of TRY 98,851.5 million. If our Net Transaction Volume exceeds the threshold for the relevant period and we become subject to advertisement and discount budget restrictions in the upcoming years, we may have to limit our advertisement and discount expenditures, which could directly or indirectly have an adverse impact on our business.

- restrictions on engaging in certain business operations, such as payments and financial services. The restrictions also limit specified listing activities within a platform and the provision of last-mile delivery services to third parties. This provision went into effect on January 1, 2024. Similarly to the above, we are not subject to restrictions concerning the provision of payments and financial services and last-mile delivery services to third parties as the restrictions apply only to companies whose Net Transaction Volume exceeds TRY 197,703 million. It is expected that the applicable threshold will be adjusted every year, and our Net Transaction Volume will need to be assessed on an annual basis.

- a ban on the sale of private label products for all e-commerce companies on their own platforms. This provision went into effect on January 1, 2024. We have continued our private label business in the fashion category outside of Türkiye as part of our HepsiGlobal operations, which are not quantitatively material to the Company. We are also considering selling our private label products on other platforms in Türkiye.

- a prohibition on unfair commercial practices in electronic commerce. Examples of unfair commercial practices under the E-Commerce Law include failing to make payment to the seller within the time specified in the E-Commerce Law, forcing the seller to sell goods or services with special offers, failing to determine the conditions of the commercial relationship with the seller through an intermediation contract and/or making unilateral amendments to such contract to the detriment of the seller, charging a fee from the seller when no service is provided or the type of service provided and the amount/rate of the service fee is not specified in the intermediation contract and, suspending or terminating the service provided to the seller in the absence of any objective criteria in the intermediation contract. In addition, Article 11(6) of the E-Commerce Regulation lists additional practices which would only constitute unfair commercial practices for large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023. We believe that our practices are currently in compliance with these provisions. In the future, in case of amendments to these provisions or emergence of certain common practices in the market as a result of application of these provisions or due to the decisions of judicial or regulatory authorities regarding these regulations or their interpretation, we may need to adjust our operations.

- a requirement to include mandatory elements of intermediation contracts concluded between electronic commerce intermediary service providers and electronic commerce service providers. The E-Commerce Regulation provides for additional mandatory elements for the intermediation contracts of medium, large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023. The relevant provisions of intermediation contracts concluded before January 1, 2023, that were not amended to comply with the E-Commerce Regulation within six months are invalid. We believe we made the necessary amendments to our contracts in a timely fashion to ensure compliance with these provisions.

- a new obligation for electronic commerce intermediary service providers operating in Türkiye whose Net Transaction Volume is over TRY 32,950.5 million in a calendar year and the number of transactions (excluding cancellations and returns) is over one hundred thousand, to obtain and annually renew an e-commerce license upon payment of a license fee. The effective license fee will be calculated based on a graduated rate of a company’s Net Transaction Volume derived from within Türkiye for the prior calendar year such that the effective license fee applied would be the sum of progressively higher proportions of the electronic commerce intermediary service provider’s Net Transaction Volume exceeding the thresholds specified in the E-Commerce Law. Where the Net Transaction Volume is between TRY 32,950.5 million and TRY 65,901 million, the license fee is calculated as the three per ten thousand of the amount exceeding TRY 32,950.5 million. In case Net Transaction Volume is between TRY 65,901 million and TRY 98,851.5 million, the license fee is the sum of the above amount, plus five per thousand of the part exceeding TRY 65,901 million. For example, a Net Transaction Volume of TRY 75 billion in 2023 would have yielded a license fee of TRY 55.4 million, being the sum of the three per ten thousand of the differential between TRY 32,950.5 million and TRY 65,901.0 million, and five per thousand of the TRY 9,099.0 million excess over TRY 65,901.0 million. This provision goes into effect on January 1, 2025. In line with the above, if our Net Transaction Volume stays above TRY 32,950.5 million (which we believe will be the case) and the number of our transactions (excluding cancellations and returns) stays over one hundred thousand until January 1, 2025, we will be subject to the obligation to obtain an e-commerce license and pay the relevant fee. The license fee will materially increase if our Net Transaction Volume passes the threshold of TRY 98,851.5 million.

In September 2022, the Turkish opposition party appealed to the Constitutional Court for the cancellation of certain provisions of the E-Commerce Law. On July 13, 2023, the Constitutional Court rejected the appeal, ruling that the provisions of the E-Commerce Law were constitutional. In addition, the Council of State appealed to the Constitutional Court for the cancellation of different provisions of the E-Commerce Law. On February 1, 2024, the Constitutional Court rejected this appeal once again, ruling that the relevant provisions of the E-Commerce Law were constitutional.

Under Article 4 of the Tax Procedure Law General Communiqué No. 538 published in the Official Gazette on May 31, 2022, as a hosting service provider and intermediary service provider, we became subject to an obligation to provide continuous information to the Turkish Revenue Administration for tax purposes. This information may include web addresses where the service is provided, name, ID/tax number and workplace address of service receivers, amount and date of each collection or sale transaction, and bank account information regarding payments made to service receivers. We may be subject to penalties under Tax Procedure Law if we fail to comply with this reporting obligation.

In the future, the Company may face more stringent restrictions and higher compliance costs if we grow at a faster pace, which could have a material adverse effect on our competitiveness and on our business, financial condition and/or results of operations. For more detail on regulatory changes, see Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*."

**Risks Relating to 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 December 31, 2023, our Founder beneficially owned all of our issued Class A shares and 10.6% of our Class B ordinary shares, representing 71.5% of the voting power of all of our issued and outstanding Class A shares and Class B ordinary shares when considered together as a single class. As a result, our Founder has 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 increases 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 concentrates voting control with certain shareholders, in particular our Founder, which limits your ability to influence corporate matters.***

Our Class A shares have fifteen votes per share and our Class B ordinary shares have one vote per share. As of December 31, 2023, our Founder beneficially owned all of our issued Class A shares and 10.6% of our issued and outstanding Class B ordinary shares, representing 71.5% of the voting power of all of our Class A shares and Class B ordinary shares when considered together as a single class.

Because of the fifteen-to-one voting ratio between our Class A and Class B ordinary shares, holders of our Class A shares (the "**Class A Shareholders**"), which, as of December 31, 2023, only includes 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, 2024. We would cease to be a foreign private issuer at such time if (i) more than 50% of our outstanding voting securities are held by U.S. residents and (ii) any of the following three circumstances applies: (1) the majority of our executive officers or members of our board of directors are U.S. citizens or residents, (2) more than 50% of our assets are located in the United States or (3) our business is administered principally in the United States. If we lose our foreign private issuer status on that 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, 2025, 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 qualify for, and intend to continue to rely on, exemptions from certain corporate governance requirements.***

Our Founder controls a majority of our voting power. 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.

We intend to continue to rely on these and other exemptions described in more detail under Item 16G. "*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 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 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.

We intend to continue to rely on these and other exemptions described in more detail under Item 16G. "*Corporate Governance*." We may in the future elect to follow home country practices in Türkiye 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 $1.235 billion; (ii) the last day of the fiscal year during which the fifth anniversary of the date of the IPO occurs, being December 31, 2026; (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 $1.0 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.

***An active trading market for our ADSs may not be sustained to provide adequate liquidity.***

We cannot predict the extent to which investor interest in us will sustain an active trading market for our ADSs on Nasdaq or how liquid that market might remain. If an active trading market is not sustained, holders may have difficulty selling the ADSs that they purchase, and the value of such ADSs might be materially impaired.

***We may need to raise additional funds to finance our future capital needs, which may dilute the value of our outstanding ADSs.***

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 has been and may continue to 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;
- negative market perception of our performance as compared to our competitors;
- additions or departures of key personnel;

- sale of our ADSs by us or our principal shareholders;
- litigation and regulatory allegations or proceedings that involve us or our subsidiaries;
- general economic and geo-political conditions, both globally and in Türkiye;
- ongoing or future occurrences of natural disasters, epidemics, other catastrophic events, including acts of war;
- 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. For example, we were named as a defendant in certain purported shareholder class action lawsuits, which have been settled. See Item 8.A. "*Financial Information—Consolidated Statements and Other Financial Information—Legal Proceedings*." We may be involved in future litigation which may have a material adverse effect on our financial condition and results of operations.

***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, the price of our ADSs and trading volume could decline.***

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us, our business or our industry. 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, if we so request, 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 and 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 (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. 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.

***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 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 a general meeting of shareholders 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. 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 or holders of ADSs 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 or holders of ADSs 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.

***ADS 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 paid.

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 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.

***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 Türkiye will be subject to a 10% withholding tax.***

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

However, the depositary 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 depositary may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary 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 Türkiye 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 Türkiye. 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 our 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, Türkiye 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 Türkiye.

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 Item 16G. "*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, Türkiye 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 Türkiye. 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.

***We may grant share based compensation to our management and employees, which may cause your interest in the Company to be diluted and our employees' interests to become excessively tied to the trading price of our ADSs.***

From time to time, we have and expect to continue to grant share-based compensation 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.

On April 24, 2023, the board of directors adopted revisions to our Incentive Plan (as defined under Item 6.B. "*Directors, Senior Management and Employees—Compensation—Incentive Plan*"), which were subsequently approved at the Company's general assembly, pursuant to which grants may be made to a larger pool of Plan Participants (as defined under Item 6.B. "*Directors, Senior Management and Employees—Compensation—Incentive Plan*"). Certain Plan Participants have in the past been granted and will in the future be granted awards of restricted stock units and performance stock units. In the near term, some Plan Participants will be delivered Class B ordinary shares following the vesting of restricted stock unit and performance stock unit awards that were conditional on meeting specified conditions. For more information about our Incentive Plan, see Item 6.B. "*Directors, Senior Management and Employees—Compensation—Incentive Plan*." and Note 27 audited consolidated financial statements included elsewhere in this annual report.

***We may not maintain our listing on Nasdaq which could limit investors' ability to make transactions in our ADSs and subject us to additional trading restrictions.***

Our ADSs are listed on Nasdaq. We cannot assure you that our ADSs will continue to be listed on Nasdaq in the future. In order to continue listing our ADSs on Nasdaq, we must maintain certain financial, distribution and share price levels, including that our ADSs cannot have a bid price of less than US$1.00. In 2023, the trading price of our ADSs ranged from US$0.61 to US$1.89 per ADS. On July 22, 2022, on November 3, 2022, and on March 22, 2023, we received written notices from the Listing Qualifications Department of Nasdaq indicating that the bid price for our ADSs had closed below the minimum bid price requirement of US$1.00 per share under the Nasdaq Listing Rules (the "**Listing Rules**") for 30 consecutive trading days. Pursuant to Listing Rule 5810(c)(3)(A), we had 180 calendar days from the date of this notice, or January 18, 2023, May 2, 2023, and September 18, 2023, respectively, to regain compliance (by achieving the minimum bid requirement for 10 consecutive trading days), during which time the ADSs would continue to trade on the Nasdaq Global Select Market. We regained compliance with the minimum bid requirement on August 17, 2022, January 31, 2023, and April 6, 2023, respectively.

If Nasdaq delists our ADSs from trading on its exchange and we are not able to list our ADSs on another national securities exchange, we expect our ADSs could be quoted on an over-the-counter market. However, if we were to be delisted from the Nasdaq, we could face significant material adverse consequences, including:

- investors disposing of our ADSs;
- a limited availability of market quotations for our ADSs;
- reduced liquidity for our ADSs;
- reduced availability of information concerning the trading prices and volume of our ADSs;
- fewer broker-dealers willing to execute trades in our ADSs;
- a determination that our ADSs represent a "penny stock" which will require brokers trading in our ADSs adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our ADSs;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional ADSs or obtain additional financing in the future.

We can provide no assurance that any action taken by us to restore compliance with listing requirements would be sufficient to maintain our listing or allow our ADSs to become listed again, stabilize the market price or improve the liquidity of our ADSs, prevent our ADSs from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq's listing requirements.

If we were no longer listed on Nasdaq, our ADSs may no longer qualify as "covered securities" for the purposes of Section 18(b) of the Securities Act and Rule 146 thereunder. As such, our ADSs would be subject to regulations in each state in which we may offer our securities which would add additional complexity, time and expense to ensure compliance with the applicable state's securities laws with respect to ADRs being purchased or sold in that state, which may have a material adverse effect on our business, financial condition and/or results of operations. An active, liquid trading market for our ADSs may not be maintained.

## ITEM 4. INFORMATION ON THE COMPANY

### A. History and Development of the Company

***Corporate Information***

We were incorporated in İstanbul, Türkiye as a joint stock company on April 11, 2000, under the Turkish Commercial Code as D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. and we operate primarily under our "Hepsiburada" brand name.

In July 2021, we completed our initial public offering and listed our ADSs on the Nasdaq Global Select Market under the symbol "HEPS."

Our registered office is located at Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli Istanbul, Türkiye. Our telephone number 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 annual report. The SEC maintains a website at www.sec.gov that contains in electronic form, reports and other information that we have filed electronically with the SEC. Our agent for service of process in the United States for U.S. federal security law purposes 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.

***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 Türkiye to collect customers' reviews, which enabled us to pursue a more customer-oriented approach. Although our story began with a focus on the sale of electronic devices, starting in 2010, we increased our offerings of non-electronic products (still through our 1P-based Direct Sales model). We started widening the range of products we offer by not only introducing new categories such as home textile, cosmetics and gardening, but also by increasing product range in non-electronic categories such as fast moving consumer goods (FMCG), fashion and home and garden. See Item 4.B. "*—Business Overview —Our Business*." In the same year, we introduced the first "one click shopping" feature in Türkiye 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. We 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 first mobile applications in the Turkish e-commerce market.

In 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 in Türkiye. Our Gebze fulfillment center has significantly expanded since 2015 to a total area of approximately 85 thousand square meters as of December 31, 2022. Following the launch of our Marketplace, we reached more than 4,000 Active Merchants in 2016. In order to maintain and improve 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, our own delivery service, 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 Türkiye. With the launch of HepsiJet, we began providing last-mile delivery services (inclusive of scheduled same day and next day delivery). In the same year, Hepsiburada took leading steps in the Turkish e-commerce market to establish Türkiye'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, through which we offer our experience and technology infrastructure to the service of women entrepreneurs by collaborating with non-governmental organizations to strengthen the standing of women in business.

In 2018, we achieved in-house product search capability on our online platform. In the same year, to further 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 Türkiye, which was rebranded to "HepsiMat" in 2020.

We launched Hepsiburada Market (formerly known as HepsiExpress) and HepsiGlobal (only for inbound sales, *i.e*., from other countries into Türkiye) 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 Türkiye, which enables us to directly source Apple products and sell them online to our customers. This strategic partnership was followed by agreements with other leading global and local brands, suppliers and banks.

In 2021, we acquired the requisite travel agency license to launch Hepsiburada Seyahat (formerly known as HepsiFly) and began our efforts to leverage our online platform for enhanced advertisement capabilities by launching HepsiAd. In June 2021, we launched Hepsipay Cüzdanım (Hepsipay Wallet), an embedded digital wallet product on the Hepsiburada platform and also completed expansion of HepsiJet services across the 81 cities in Türkiye. Furthermore, HepsiJet rolled-out its two-man cargo handling service called HepsiJet XL, in 13 cities. As of December 31, 2023, we had nine fulfillment centers.

On July 1, 2021, we became the first-ever Nasdaq-listed Turkish company.

In December 2021, we signed a Share Purchase Agreement to acquire Doruk Finansman, a consumer finance company in Türkiye, to enable us to offer our customers diversified consumer financing solutions matching their needs, enhancing our value proposition by providing financial flexibility. The acquisition closed in February 2022 for a total transaction value of TRY 20 million in nominal terms. In January 2023, the company name of Doruk Finansman was changed to Hepsifinans (original trade name "Hepsi Finansman A.Ş.").

In February 2022, we launched the first end-to-end digital "Buy-Now-Pay-Later" solution for e-commerce in the Turkish market embedded within Hepsipay Wallet. Additionally, in February 2022, HepsiJet XL completed expansion to all 81 cities in Türkiye.

In April 2022, we became a member of the United Nations Global Compact. By becoming a signatory, Hepsiburada has committed to adopting UNGC principles which outline the basic responsibilities of the global business community to the issues of human rights, labor rights, the environment and anti-corruption, and to aligning the company's strategy and operations with these principles.

In July 2022, we marked a first-in-the-market by introducing Türkiye's first new generation smart physical store, Hepsiburada Smart Store. In Hepsiburada Smart Store, all shopping-related transactions are carried out using artificial intelligence, image processing and digital weight sensor technologies for an easy and convenient shopping experience. As of the date of this annual report, our Hepsiburada Smart Store project has been put on hold indefinitely while management focuses on other projects.

In July 2022, we also launched our paid subscription service, Hepsiburada Premium, replacing our earlier loyalty club. Hepsiburada Premium subscribers have access to a range of benefits.

In March 2023, we initiated a two - year program to support the development of e - commerce capabilities of merchants and women entrepreneurs based in the southeastern region of Türkiye affected by the earthquakes which occurred on February 6, 2023.

In January 2024, we granted our first consumer finance loan through Hepsifinans.

As of the date of this annual report, the principal market in which we operate is Türkiye and for the years ended December 31, 2023, 2022 and 2021, respectively, almost all of our revenue was generated from our e-commerce operations performed in Türkiye.

The operations of two subsidiaries, Altıncı Cadde Elektronik Ticaret A.Ş. ("**Altıncı Cadde**") and Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. ("**Evimiz**"), were ended in 2018 and 2019, respectively, and the two entities were subsequently merged into our wholly owned subsidiary, D-Fast, in August 2021. Further, on March 31, 2024, the operations of Hepsiburada's complementary travel agency business, Hepsiburada Seyahat, were discontinued. Any tickets sold prior to the discontinuance will remain valid and Hepsiburada will remain at the service of such ticketholders.

On July 28, 2023, Hepsiburada established a wholly owned subsidiary in the Netherlands under the trade name Hepsiburada Global B.V. The aggregate issued share capital of Hepsiburada Global B.V. is €1 million, of which €100,000 was paid in on October 26, 2023.

On March 29, 2024, Hepsiburada established a wholly owned subsidiary in Türkiye under the trade name Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş. The aggregate issued share capital of Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş. is TRY 5.0 million which was paid in full on March 29, 2024.

***Capital Expenditures***

Please refer to Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Material Cash Requirements—Capital Expenditures*" for a description of our capital expenditures. See Item 5. "*Operating and Financial Review and Prospects—Key Factors Affecting Our Financial Condition and Results of Operations—Our Ability to Leverage our Growing Scale*" and Item 4.B. "*Information on the Company—Business Overview—Our Strategy*" for principal projects recently developed, in progress and anticipated. See Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Anticipated Sources of Funds*" for our methods of financing.

**B. Business Overview**

We believe we are one of the leading commerce platforms in Türkiye and as of December 31, 2023, we connected over 63 million members, 11.9 million Active Customers and approximately 101.5 thousand Active Merchants. As of December 31, 2023, we had over 230.4 million SKUs, including variants (color, size, *etc*.) across 30 different product categories offered through a hybrid model combining a first-party Direct Sales model (1P model) and a third-party Marketplace model (3P model). We believe we offer a compelling value proposition, both for our customers and our merchants, including via our customer loyalty program, Hepsiburada Premium, our last-mile delivery and fulfillment services and diverse payment and affordability solutions.

Founded in 2000, Hepsiburada has been one of the early pioneers of digitalization of commerce in Türkiye 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 100% for aided brand awareness according to a FutureBright Research Brand Health Report in 2023 commissioned by Hepsiburada. Additionally, our brand had a market leading net promoter score ("**NPS**") of 72 for the year ended December 31, 2023, according to the market research conducted by FutureBright on our behalf.

The three pillars of our business culture are:

- our customers;
- innovation through entrepreneurship; and
- social consciousness.

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;
- **Hepsiburada Market:** Order groceries and essentials on-demand with slotted delivery options in a localized experience through a multi-store model;
- **HepsiGlobal:** Discover and purchase products from international merchants online in Türkiye and enable customers in the Azerbaijani and Ukrainian markets to access products sold by merchants in Türkiye; and
- **Hepsipay:** Benefit from Hepsipay Wallet, its BNPL product, prepaid card, and other payment and lending solutions, while still accessing payment options, such as debit and credit cards.

We have more than 20 years of e-commerce experience in Türkiye, 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 Türkiye.

Since the launch of our Marketplace in 2015, Hepsiburada has become a trustworthy partner for merchants in Türkiye by providing access to over 63 million members and 11.9 million Active Customers (as of December 31, 2023) and comprehensive end-to-end solutions to empower merchants to thrive digitally. In 2023, our 3P-based Marketplace model accounted for approximately 67% 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 end-to-end e-commerce solutions which include our last-mile delivery services including oversized products delivery under HepsiJet, our fulfillment options under HepsiLojistik, affordability solutions for our consumers under Hepsipay and our advertising solutions under HepsiAd.

We believe powerful network effects are created by our leading brand, hybrid commerce model rooted in 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 an Active Customer base of 11.9 million in 2023 (compared to 12.2 million in 2022 and 11.3 million in 2021) and increase the frequency of orders on our platform to 9.5 in 2023, up from 6.6 in 2022 and 4.7 in 2021, which in turn draws more merchants and further enhances our customer value proposition. In addition, our proprietary data and insights collected over more than 20 years enable us to understand the needs of our customers and merchants and help us develop new services, 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 December 2023, we operate:

- a nationwide infrastructure including nine fulfillment centers in strategic locations that encompass a total area of more than 162 thousand square meters;
- one of the largest logistics companies in Türkiye, HepsiJet, with an on-time delivery performance of 94.7% in 2023, operating in 81 cities with 213 cross-docks; and
- a pick-up & drop-off (PUDO) network through HepsiMat, with 6,046 parcel lockers and pick-up points in partnership with gas stations, distributor networks of other retailers and service points of other delivery companies.

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

Our revenues increased by 34.3% to TRY 35.6 billion in the year ended December 31, 2023, from TRY 26.5 billion in the year ended December 31, 2022, and our total GMV increased by 31.1% to TRY 116.5 billion in the year ended December 31, 2023, from TRY 88.9 billion in the year ended December 31, 2022, fueled by increased order frequency, greater customer loyalty and a pool of Active Customers of 11.9 million as of December 31, 2023, with a compound annual growth rate ("**CAGR**") of 2.9% from 2021 to 2023. For the year ended December 31, 2023, our net income increased by TRY 4,866.2 million to TRY 75.5 million from a net loss of TRY 4,790.7 million for the year ended December 31, 2022. We had net cash provided by operating activities of TRY 5,019.1 million, TRY 706.8 million and negative TRY 47.4 million for fiscal years 2023, 2022 and 2021, respectively, while Free Cash Flow for the same periods was TRY 3,873.0 million, negative TRY 685.5 million and negative TRY 688.0 million.

***Industry Overview***

The Turkish e-commerce market has developed over the last twenty-five years with the adoption of online sales channels by traditional brick-and-mortar merchants, the establishment of new local e-commerce businesses, and the entrance of global e-commerce companies through organic growth or acquisitions. Based on the announcement on February 27, 2024, published by the Turkish Ministry of Trade through the Electronic Commerce Information System, ETBİS, regarding thresholds defined in the E-commerce Law, we understand that the e-commerce sector in Türkiye grew by 119.67% in 2023. ETBİS has not yet announced any further details on the underlying factors of the growth in 2023. The most recent detailed information published by ETBİS covers growth performance for the first six months of the year. Accordingly, the e-commerce sector in Türkiye accounted for 19.1% of total retail as of first half of 2023. The size of the e-commerce market in Türkiye increased by 109.7% in the first six months of 2023 compared to the same period in 2022 and reached TRY 652.7 billion in nominal terms. In particular, the online retail market grew by 119%, attaining a market size of TRY 390 billion. The growth of the e-commerce sector in Türkiye in the first half of 2023 was mainly attributable to: (i) an increase in the number of orders by 20% to 2,556 million in the first six months of 2023 from 2,131 million in the first half of 2022, (ii) a 68% increase in the average order value to TRY 255 in the first half of 2023 from TRY 152 in the first half of 2022 for all payments in nominal terms, (iii) a 74% increase in average order value to TRY 412 in the first half of 2023 from TRY 273 in the first half of 2022 for credit card payments in nominal terms, and (iv) high year-over-year spending increase in the top two categories of online e-commerce volume including fashion (145% growth in the first half of 2023 compared to 126% in the first half of 2022), and domestic appliances (130% growth in the first half of 2023 compared to 95% in the first half of 2022).

The strong historical and projected growth of the e-commerce sector in Türkiye is underpinned by: (1) a nationwide internet infrastructure with 87% internet penetration among the population between the ages of 16 and 74 in 2023, according to Turkstat, (2) high credit and debit card usage with 138% credit card penetration and 222% debit card penetration in 2023 according to BKM (where penetration is calculated by dividing the number of credit and debit cards, respectively, by the population of Türkiye) (3) well-established logistics infrastructure with high quality highways, railway networks, airports and seaports enabling nationwide delivery of orders, (4) an increase in the penetration rate of home internet access to 95.5% in 2023 from 94.1% in 2022, and (5) an increase in individuals purchasing or ordering goods or services for private use online to 49.5% in 2023 from 46.2% in 2022, according to Information and Communication Technologies Authority, ICTA.

Hepsiburada was among the first e-commerce businesses in Türkiye, starting operations in 2000. Since then, in the Company's estimate, Hepsiburada has grown to become one of the leading players in the market, while its competitors either adopted alternative business models or were acquired. For example, Gittigidiyor was launched in 2001 and was subsequently acquired by eBay in 2011.

Hepsiburada's main e-commerce competitors in Türkiye include Trendyol, Amazon and N11. Trendyol was founded in 2010, initially as an online fashion web-store, but after Alibaba acquired a majority stake in the company in 2018, it has increasingly focused on expanding its product offering across a broader set of categories, including regular marketplace categories as well as food and grocery deliveries via quick commerce. In August 2021, Trendyol completed a round of fundraising activity. Amazon entered the Turkish market in 2018 and remains focused on implementing its global model. N11 (initially owned by SK Group) has operated a competing marketplace business model since its launch in 2012. In 2022, Getir, a Türkiye-based quick delivery player, became a shareholder of N11 and subsequently became the sole owner in 2023. Following this acquisition, N11 launched "N11 Çabuk" in 2024, a quick-commerce service made utilizing Getir's micro warehouses with limited retail assortment and solely available in İstanbul. Also in 2022, eBay shut down its Gittigidiyor operations in Türkiye. There are also several small-sized marketplaces such as Pasaj (of Turkcell), Her Şey Yanımda (of Vodafone) and Pazarama (of İşbank) serving the Turkish e-commerce retail market. The majority of the Turkish retail market, however, remains offline, which means that we continue to compete with offline retailers and omni-channel retailers for business.

The competitive landscape in the financial services sector in Türkiye is fragmented. Different companies are specialized in payments services, consumer financing, digital banking etc. While banks in the market are strategic partners for both Hepsiburada and Hepsipay, they also are competitors to Hepsipay and Hepsifinans with different capacities. Hepsipay's direct competitors include (i) wallet solutions of banks and payment service providers such as Masterpass, GarantiPay, WorldPay, Jüzdan, (ii) wallet solutions of telecommunications operators such as Paycell, Vodafone Pay and TT Ödeme, (iii) solutions-by-payment companies such as İyzico, Papara and Param, and (iv) direct payments with credit cards or debit cards. The financial services sector also includes more specialized consumer finance companies in the market focusing on auto loans, so Hepsifinans primarily competes with banks in the financial services sector. However, there are emerging competitors such as Kredim that focus purely on point of sale lending other than auto loans.

***Our Strategy***

At Hepsiburada, our vision is to lead the digitalization of commerce and our mission is to be the reliable, innovative, sincere companion in people's daily lives whereby each member of our community feels 'I'm so happy to have Hepsiburada'.

To achieve this, since 2023, we have pursued a strategic plan built on the following four key priorities: a) nurturing loyalty, b) capitalizing on clear differentiation with affordability and lending solutions as well as high service levels on the platform and superior delivery services, c) promoting profitability by focusing on core operations, growth in non-electronic categories and a step change in operating expenses and d) offering payment, lending and last-mile delivery services to third parties. Our aim is to build on these priorities in 2024. The discussion below elaborates on each of these priorities.

*Nurturing loyalty*

Our priority is to nurture customer loyalty within our core commerce operations. Central to this priority is our loyalty program, Hepsiburada Premium, given the higher frequency use of its members. Launched in July 2022, the program offers a wide range of benefits including free delivery, cashback, and free access to an on-demand streaming service in exchange for a fixed monthly fee. See *"—Customers—Hepsiburada Premium."* Hepsiburada Premium members tend to shop more often on our platform. In December 2023, Hepsiburada Premium monthly order frequency was 1.48 times the frequency those customers had generated before joining the program. One of our targets is to continue expanding this base of Hepsiburada Premium members throughout 2024 with enhanced offerings and partnerships. These members numbered 2.4 million as of March 15, 2024. Our aim is to provide an exceptional customer experience on our platform that will keep our customers coming back.

*Capitalizing on our clear differentiation with affordability and lending solutions as well as high service levels on the platform and superior delivery services*

We are focused on leveraging our sustainable differentiators within our core commerce operations to remain ahead of the competition. These differentiators include our ability to offer a range of payment services and solutions such as payment with multiple credit cards, installment payments, instant shopping loans, and buy-now-pay-later services with Hepsipay. We believe these options provide our customers greater flexibility and convenience. As of December 31, 2023, we were the only e-commerce player in Türkiye with a payment services license and we were the first in the market to launch a "Buy-Now-Pay-Later" solution. Additionally, our last-mile delivery services through HepsiJet, enable us to provide our customers fast and reliable delivery across our extensive network of 81 cities, and with 3,187 carriers. By focusing on these sustainable differentiators, we aim to deliver a high quality customer service to our customers, thereby maintaining our competitive edge in the market. One of our targets is to build on HepsiJet's integral role in our logistics ecosystem and excel in providing fast delivery and outstanding customer experience throughout 2024. Additionally, we aim to solidify our position as an e-commerce player providing a wide range of payment and lending solutions in 2024.

*Promoting profitability by focusing on core operations*

Another key focus during 2023 was the promotion of profitability through a prioritized approach to core commercial operations in parallel with a considerable reduction in operational expenses (opex) as a percentage of GMV. In order to generate growth in our core platform operations, our approach is to increase our wallet share of the retail sector in Türkiye. In doing so, we have a particular focus on increasing our sales in non-electronic categories. In terms of operating expenses, we aim to adopt a Company-wide frugal approach, including for our subsidiaries. Our plan also includes automating several business processes and actions to optimize our operations, which is also expected to contribute to higher efficiency. We will consider stepping back from any business as we analyze its contribution to our overall performance should we consider it dilutive of our profitability target levels. Meanwhile, we believe a continued investment in our platform technology, particularly in search and navigation capabilities, as well as our merchant app remain essential to improving our service level. Overall, our focus on improving profitability through core commercial operations and reducing operational expenses is designed to promote the long-term sustainability and success of our business. In 2023, we delivered a significant improvement in our profitability margins and performance. In 2024, we aim to generate a higher EBITDA margin through our operations by building on profitability milestones achieved to date.

*Offering payment, lending and last-mile services to third parties*

We offer our payment services, lending solutions, and last-mile delivery services to other retailers. This priority is based on the potential for us to leverage the assets of Hepsipay and HepsiJet and increase their revenue contribution to our group. Externalizing these services has facilitated and is expected to continue to facilitate economies of scale and improved operational efficiency, as well as establishing market share in new businesses and advancing the digitalization of commerce in Türkiye. Through Hepsipay and Hepsifinans, our aim is to be able to serve the overall e-commerce industry in Türkiye and equip retailers with convenient payment methods and attractive affordability solutions, thereby creating incremental sales for them. After launch in July 2023, Hepsipay's one-click check-out (Pay with Hepsipay) offering has been successfully integrated into the online check out of several Turkish retailers. Through this offering, Hepsipay has gained a share of these retailers' online sales by enabling payment with cards stored on Hepsipay wallet. We believe that the envisaged growth in one-click check-out integrations will become instrumental in Hepsipay's off-platform expansion. Through HepsiJet, we aim to serve the overall e-commerce industry in Türkiye with high quality last-mile delivery services and a two-man handling delivery service for oversized products.

Overall, we believe that executing on these priorities will facilitate further sustainable growth, drive margin improvement, and lead us into operational profitability. And as we execute, we intend to remain flexible enough to take any action required in response to macroeconomic volatility or change in market conditions.

***Our Business***

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 customers ("**Direct Sales**") (see "—*Direct Sales*"). For the year ended December 31, 2023, we generated TRY 116.5 billion GMV of which 3P accounted for approximately 66.9%. For the year ended December 31, 2023, we generated a total of TRY 35.6 billion in revenue, up from TRY 26.5 billion and TRY 24.8 billion for the years ended December 31, 2022 and 2021, respectively. Of our total revenues for the year ended December 31, 2023, TRY 26.4 billion (74.1% of total revenue) were derived from Direct Sales, TRY 4.5 billion (12.6% of total revenue) from Marketplace sales, TRY 3.6 billion (10.2% of total revenue) from delivery services and TRY 1.1 million (3.1% of total revenue) from other services, compared to TRY 20.7 billion and TRY 20.1 billion from Direct Sales, TRY 2.8 billion and TRY 2.0 billion from Marketplace sales, TRY 2.5 billion and TRY 2.4 billion from delivery services and TRY 0.5 million and TRY 0.3 million from other services, in the years ended December 31, 2022 and 2021, respectively.

We believe we are one of the leading commerce platforms in Türkiye, with 100% aided brand awareness in 2023 (source: *FutureBright Research Brand Health Report*). Through our website and shopping app, as of December 31, 2023, we brought together over 63 million members, 11.9 million Active Customers and approximately 101.5 thousand Active Merchants. In 2023, we had 320 million average monthly visits and as of December 31, 2023, offered a wide selection of over 230.4 million SKUs across 30 different product 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 Türkiye supported by in-house last-mile delivery capabilities and a platform built on proprietary technology.

***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 on our online platform set up their own stores, list and sell their products. As of December 31, 2023, we had approximately 101.5 thousand Active Merchants operating in our Marketplace. As of December 31, 2023, 2022 and 2021, our Marketplace GMV represented approximately 66.9%, 66.7% and 68.0% 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 model 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, 2023, 2022 and 2021 we had approximately 101.5 thousand, 99.7 thousand and 75.0 thousand Active Merchants, respectively. As of December 31, 2023, of our approximately 101.5 thousand Active Merchants, approximately 99.1 thousand were small and medium enterprises ("**SMEs**") and the remaining approximately 2.4 thousand Active Merchants we consider to be key account merchants. Key account merchants are those that enable us to provide products from top brands at high volumes and quality, while 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 up to 28 calendar days following product delivery in 2023. See Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources.*" Merchants may also elect to finance the amount payable by using our supplier and merchant financing services to receive payment in 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 and Application*") with their official legal documents. Becoming a merchant on our Marketplace is designed to be as straightforward as possible, without compromising our security, or our standard terms and conditions typically applicable to our merchants as well as know your customer procedures regulated under the E-Commerce Law. Once the merchant's application process is complete and approved, it can immediately start listing its products on our platform. Our typical engagements with merchants, subject to our standard terms and conditions (which can be negotiated by both parties to the engagement), are for indefinite periods. There is no obligation for a merchant to actually offer 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. In the event that Hepsiburada amends the terms and conditions of the agreement unilaterally, merchants must be notified 15 days prior to the effective date of the amendment. However, if the unilateral amendment requires any technical development or comprises any increase in commission rates and service fees, imposes any penal sanction or causes limitations on, suspension of or cessation of the intermediary service and has any negative impact on the merchant's rights, the merchants must be notified 30 days prior to the effective date of such amendment.

We may unilaterally suspend a merchant's account under certain circumstances explicitly stated under the agreement, including when the merchant's service quality (based on customer feedback and delivery performance) has fallen to a level stipulated under the agreement that warrants suspension, the merchant is in default in respect of its payments to us, or its product listings are found to be misleading or inaccurate. We detect misleading or inaccurate listings through our periodic reviews or receipt of complaints from our customers or trademark/brand owners, as well as through review 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. 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 platform. We also have the right to immediately terminate our agreement with any merchant without giving any notice in case of violation of any relevant legislation, including infringements of third-party intellectual property rights and the sale of counterfeit products.

In our Marketplace, each merchant is individually rated, based on an algorithm combining customer feedback, timely dispatch of products sold, and fulfillment of the merchant's obligations towards us. Each merchant's ratings are displayed publicly 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, Turkish central commercial registration system (MERSİS) number and the city where their headquarters are located.

We have taken steps to support women entrepreneurs in our Marketplace since 2017, and followed separate procedures, our Technology Empowerment for Women Entrepreneurs program, for legal entities with 51% or more ownership held by women to incentivize and promote participation and success. These incentives include, among others, (i) free online trainings, (ii) free studio shoots for marketing materials, and (iii) discounted rates and digital advertisement support on our platform. Since the launch of our Technology Empowerment for Women Entrepreneurs program, we have reached over 50 thousand woman entrepreneurs from all across Türkiye (as of December 31, 2023) enabling more than 38,157 entities within the program to make sales through our platform. As of December 31, 2023, more than 51 million products had been listed on our platform within this program. Our Technology Empowerment for Women Entrepreneurs program was awarded two national awards (Women Friendly Companies) in 2023. Our "Women Entrepreneurs Breaking Financial Difficulties Project", which was launched in August 2021 and aims to facilitate easier access to funding alternatives for women entrepreneurs in collaboration with nine major banks in Türkiye, had helped arrange funding totaling over TRY 276.7 million as of the end of 2023.

We also support our merchants that are non-governmental organizations (NGOs) with benefits including free shipping and a fixed commission of 1% plus VAT indefinitely. As of December 31, 2023, we supported 85 of these NGOs.

Following the devastating earthquake disaster of February 2023, we mobilized our resources to various aid efforts, delivering urgent relief supplies to the victims. We continue to support the region with our technology, logistics, and sales and marketing power to get the local economy back on track. On March 6, 2023, we announced the launch of a two-year "Trade and Technology Empowerment for the Earthquake Region" program in order to contribute to the efforts of ensuring sustainable welfare in the earthquake region. With the program we pledged to support around ten thousand SMEs and merchants and over five thousand women entrepreneurs and women's cooperatives, while boosting the region's e-commerce and logistics capacity, shifting employment-enhancing services and activities to the region, and providing educational and social support to children and families. This program aims to boost regional GMV generation to TRY 10 billion in total over its duration. In the first 9 months of the program, active sellers in the earthquake region sold a total of 6.2 million products through 3.9 million orders and hence, generated a trade volume exceeding TRY 3 billion. We have established two of the planned three e-commerce specialization centers, enabling the growth and development of the regional e-commerce ecosystem.

In addition to our online platform, Marketplace merchants benefit from our "integrated ecosystem", which provides the merchants with a wide range of end-to-end solutions, namely,

(i) seamless last-mile delivery (*i.e.*, HepsiJet), see "—*Strategic Assets—HepsiJet*";

(ii) fulfillment solutions (*i.e.*, HepsiLojistik), see "—*Business Overview—Order Fulfillment*.";

(iii) supplier and merchant financing options, see "—*Supplier and Merchant Financing*"; and

(iv) advanced targeting and onsite advertisement solutions (*i.e.*, HepsiAd), see "—*Business Overview—Advertising Solutions Through HepsiAd*."

In addition, merchants in our Marketplace have access to our "Merchant Portal," which offers automated campaign management, a merchant support center, business intelligence and support, proprietary merchant store management, and online courses features as well as our merchant-specific application, Hepsiburada My Business Partner. See "—*Merchant Portal and Application*" below.

*Merchant Portal and Application*

Our merchant portal is an 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 (through our training portal, HepsiAkademi). During 2023, over 233 thousand training sessions were completed at our academy on the merchant portal and we believe those training programs were instrumental in accelerating the integration of our merchants to our platform. 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.

Since 2021, we also have a merchant-specific application called Hepsiburada My Business Partner. With this application, we have enhanced our interaction with our merchants while enabling them to operate more efficiently. Through Hepsiburada My Business Partner, our merchants can view their transaction summary, handle inventory management, participate in our campaigns, respond to customer questions, review their financial summary, connect to customer services and access our training portal.

***Direct Sales***

We began our operations with 1P model Direct Sales in 2000. As of December 31, 2023, 2022 and 2021, Direct Sales represented 33.1%, 33.3% and 32.0% of our total GMV, respectively.

For 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 demand for products in each product category on our platform. As our platform offers 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 (as a merchant) and third-party merchants using the same criteria.

We source products in bulk and aim to leverage our bargaining power as a leading and trustworthy Turkish e-commerce platform to obtain competitive prices. We purchase inventory for our Direct Sales with one of three general types of payment terms: a purchase basis, consignment basis or "sell and pay" (*i.e.*, similar to the consignment basis but with payment due within 15 to 90 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 or "sell and pay" basis only after the products have been sold on our platform. The acquisition of inventory on a consignment or "sell and pay" 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, consignment basis and "sell and pay" basis for acquiring inventory gives us additional financial headroom for better cash management. In our online platform, Hepsiburada appears as the merchant for products sold via Direct Sales.

We generally engage cargo companies in Türkiye to provide long-haul transportation of products between our nine fulfillment centers and our 18 sorting (transfer) hubs on an annual basis, which is renewable for further periods. Like 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 fulfillment centers, parcels are delivered to customers through our various last-mile delivery channels (*i.e.*, HepsiJet and other cargo firms).

*Direct Sales Pricing Strategy*

We aim to provide our customers with a strong value proposition by offering products at competitive prices on our platform. We track available pricing information to level our prices for products sold through Direct Sales, against the most competitive prices offered for the same or similar products that can be found in the wider Turkish e-commerce market. We also leverage our direct business relationship with our suppliers to ensure our competitive pricing.

*Suppliers*

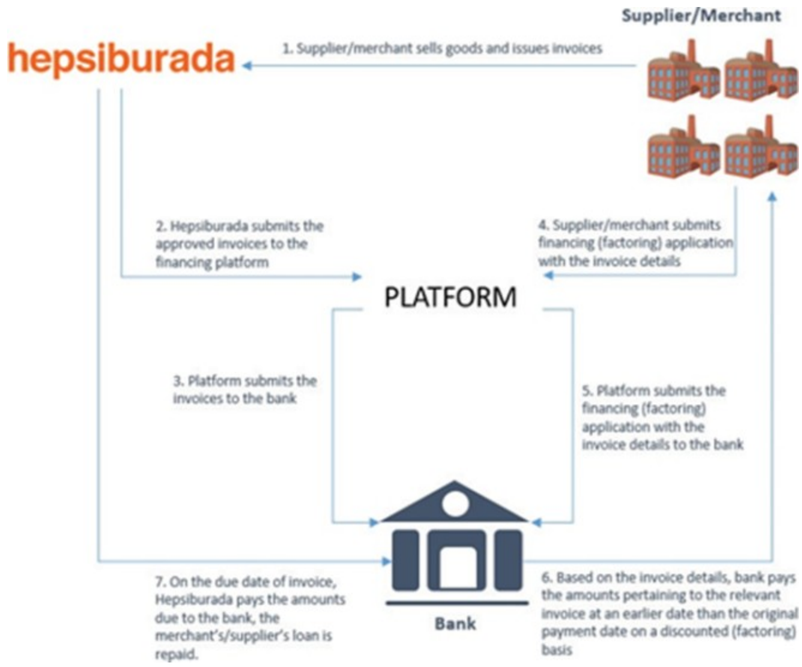
In our Direct Sales business, we benefit from long-lasting relationships (*i.e.*, more than three years of business relationship with approximately 68% of our suppliers as of December 31, 2023) that we have built with a wide range of our suppliers, who are either owners or distributors of global and local brands. We source directly from owners or licencees of these brands. These relationships enable us to offer a differentiated selection of products, including private label and exclusive products. We make strategic procurements based on seasonality and competition. In addition, we enjoy direct procurement from key brands such as Apple, Casper, Oppo, Tefal, Rowenta, Eczacıbaşı, Spigen, Delta, Huawei Türkiye, Phillips, Vestel, Puma, Adidas and Mango, both for new launches and existing products, 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 chat support from live agents from 55 well-known brands, including Colgate-Palmolive, Apple and L'Oréal.

In our Direct Sales business, we aim to maintain a cash generating and profitable inventory of products and use forecasting tools to ensure efficient demand planning.

***Supplier and Merchant Financing***

We facilitate financing to our 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 supplier/merchant 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 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 program does not impose any financial risk on the Company's financial statements. Neither we nor our subsidiaries provide any guarantee to the banks in respect of this supplier and merchant financing. We may choose from time to time to extend or to reduce the volume of this program in parallel with related regulations (see Item 10.D "*Exchange Controls*") and/or depending on our net working capital requirements or our future plans.

The phases of merchant financing are illustrated in the graphics below.




***Product Assortment***

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 is an intuitive and easy-to-use directory that facilitates browsing and viewing of listings.

For our Direct Sales, 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, seasonality, consumer demand as well as operational capability.

As of December 31, 2023, there were over 230.4 million SKUs across 30 different product categories grouped under seven major domains on our platform. We categorize our GMV by domains. As of the date of this annual report, listings on our platform cover the following selection domains:

- **Mobile:** This domain includes mobile phones.

- **Supermarket:** This domain includes fast moving consumer goods (FMCG), health and beauty, pet shop, cosmetics and mother and baby products. Starting from 2023, this category also includes Hepsiburada Market. See "—*Hepsiburada Market*"

- **Appliances:** This domain includes consumer electronics (TV), major domestic appliances (MDA) and small domestic appliances (SDA).

- **Home and Garden:** This domain includes home textile, furniture, kitchenware, and home improvement products.

- **Technology:** This domain includes computers, camera and automobile accessories and parts.

- **Fashion and Lifestyle:** This domain includes apparel, shoes and bags, outdoor wear, sports equipment, watches, accessories, sunglasses, perfumery and jewelry.

- **Books and Hobbies:** This domain includes books, toys, stationery, mobile devices accessories, consumer electronics (non-TV) gaming consoles, games, musical instruments, digital products such as sweepstakes and gamified lotteries, and more.

The following table sets forth our GMV breakdown by product domain for the year ended December 31, 2023:

| | GMV (TRY billion) | % to total |
|---|---|---|
| Appliances | 26.0 | 22.3 % |
| Mobile | 22.5 | 19.3 % |
| Technology | 19.5 | 16.8 % |
| Supermarket | 12.9 | 11.1 % |
| Home and Garden | 12.6 | 10.8 % |
| Fashion and Lifestyle | 11.9 | 10.2 % |
| Books and Hobbies | 9.6 | 8.2 % |
| HepsiGlobal and Hepsiburada Seyahat | 1.5 | 1.3 % |
| **Total** | **116.5** | **100.0 %** |

*Single Catalogue (Buy Box)*

To provide our customers with the best possible quality and value for their money, we established a "Single Catalogue" system for our platform where we list and rank all merchants (including Hepsiburada in relation to its Direct Sales business) in the Buy Box.

Our Buy Box ranking criteria comprise the sales price of the product, difference between the price of the same product with the lowest price, estimated and actual dispatch time, sales performance based on volume and merchant rating based on customer satisfaction score, cancellation performance (by merchant), merchant's dispatch performance and customer service feedback from customers.

Our customers have easy access to the Buy Box section, which is located on the right hand side of each product's own page. When a customer proceeds to buy the product through this section, the merchant which is highest ranked by an algorithm at that time will appear as the first choice seller.

*Hepsiburada Market*

Hepsiburada Market is an app-in-app initiative and on-demand delivery service focusing on delivering everyday needs for our customers with slotted delivery models. Starting from 2023, we monitor sales in Hepsiburada Market under the Supermarket domain.

Hepsiburada Market serves as a one-stop shop for the daily needs of our customers. Hepsiburada Market verticals include (i) groceries from major nationwide retail grocery chains, local independent stores and our Direct Sales for relevant products, (ii) water delivery from Türkiye's major bottled water companies and (iii) flower delivery through a flower shop network in Istanbul (each of which we refer to as a "partner"). In the first quarter of 2024, Hepsiburada decided to discontinue the flower delivery offering as of the end of June 2024.

For its partners, Hepsiburada Market provides a unified delivery marketplace platform through a service model where Hepsiburada Market through its platform acts only as an intermediary and is not involved in any kind of operations except customer interaction (*i.e.*, picking and delivery are done by the partner), having optimized its service model in 2022.

As of December 31, 2023, Hepsiburada Market was available in 77 cities through 64 partners from both leading national and regional retailers across roughly 1,963 stores.

***Customers***

We define all persons accessing our online platform (either through our 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, 2023, 2022 and 2021, we had over 63 million, 55.6 million and 41.8 million members, respectively, and had 11.9 million, 12.2 million and 11.3 million Active Customers for each respective period.

For the year ended December 31, 2023, 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, of 72 (according to the results of the market research conducted by FutureBright, a local research company, on behalf of Hepsiburada). Our NPS score was the highest in the Turkish e-commerce space, evidencing strong customer satisfaction on our platform.

*Hepsiburada Premium*

Hepsiburada Premium is a subscription-based loyalty program launched on July 1, 2022. Hepsiburada Premium replaced our previous loyalty program "Loyalty Club" which had been in place since August 2020. All memberships in Loyalty Club were canceled in line with the Loyalty Club's rules in October 2022 and the program was dissolved.

Hepsiburada Premium members have access to a range of benefits including but not limited to free delivery, free same-day and next-day delivery, 3% cashback (with a ceiling of TRY 20 per order) and subscription to a paid-TV channel called BluTV for a monthly subscription fee TRY 29.90 as of the date of this annual report. An annual membership option was also introduced on November 10, 2023. As of December 31, 2023, we had 2.2 million Hepsiburada Premium members and by March 15, 2024, this number had reached around 2.4 million.

We value this program for its higher engagement and order frequency generated among its members. Our data in the fourth quarter of 2023 indicated that Premium customers' monthly order frequency was 1.4 times the frequency they generated before joining the program.

In January 2024, we launched a Hepsiburada Premium co-branded credit card with one of the leading banks of Türkiye, Yapı Kredi Bank, which offers its users attractive benefits.

*One-to-One Marketing Automation*

We developed an in-house "growth-engine" in order to establish one-to-one interactions with our customers through real-time data and personalized messages. This marketing engine is fully integrated in all of the Company's communication channels, allowing customers to receive the most suitable offers according to their propensities with an always-on approach. Our one-to-one marketing automation ecosystem uses machine-learning models such as lifetime value ("**LTV**") prediction, churn propensity, micro and macro segmentations, category, brand or product recommendations developed by our customer data science team to understand each customer and engage with each customer in a personalized way. The growth engine constantly tracks and evaluates every campaign against a control group to determine the incremental return it provides and to increase efficiency through optimization. With the help of the advanced prediction and segmentation models and abilities of the engine, we created automated, measurable, ever-growing customer campaign and communication pipelines with relevant, well-timed and tailor-made offers. We also feed paid performance channels through a central marketing engine in order to attract the relevant customers with targeted messages, maximizing our return on investment. We continuously monitor and optimize paid media through an integrated marketing-tech ecosystem, enhanced with an integrated KPI set and attribution models at customer and category levels.

*Customer Payment Methods*

Customers can pay for their purchases on our platform through the Hepsipay payment gateway with their Hepsipay e-money account, with loyalty points accumulated in their Hepsipay Wallet, with their Hepsipay prepaid card, with their credit card (either stored in their wallet or via an instant new card entry), with loyalty points accumulated under their affiliated credit card program, with their debit card (either stored in their wallet or via an instant new card entry), with the buy-now-pay-later option, with an instant point-of-sale (shopping) loan through banks and Hepsifinans, in addition to having the option to pay by wire-money-transfer, instant money-transfer (enabling transfers through the interfaces of selected banks), or digital wallets of selected banks. Furthermore, 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.

Customers have four different methods to make their purchases in installments; installments through their credit cards (which can be with or without interest depending on the basket size and number of installments), buy-now-pay-later, instant point-of-sale loans and general purpose loans. From time to time, we offer a "buy now start paying in 2 or 3 months" feature as an additional payment deferral option for credit cards (supported by most of our partner banks). Instant shopping loans at point of sale and general purpose loans through Hepsipay are provided through integrations with several leading banks. Customers also have the option to spend their general purpose loans outside of the Hepsiburada platform by applying the loans to top up their e-wallets and using the balance on their Hepsipay prepaid card. Depending on the payment method, and the campaign period in the year, the customer might bear the cost of a payment deferral or might be provided an interest free deferral option.

In order to provide instant shopping loans at point of sale, we act as the intermediary between leading Turkish banks that we have agreements with and the customers. Using this facility, customers instantly apply for general purpose (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. In 2023, this method was available only for baskets between TRY 500 and TRY 100,000 (increased to TRY 150,000 in 2024) and up to a maturity of 36 months (lower in some categories where regulations limit the number of installments). Minimum and maximum limits vary depending on the bank. We receive a commission based on the amount of the loan from the banks once the loan is drawn by our customers.

Buy-now-pay-later is the first in market offering by Hepsiburada as a deferred payment facility. Hepsiburada promotes this offering under the "Hepsiburada Limit" brand. Once the customer applies for his/her Hepsiburada dedicated BNPL limit, the limit is calculated by using the scorecards that leverage both the retail shopping behavior of the customer at Hepsiburada, as well as the financial credit history of the customer at the Credit Bureau (KKB). The credit scorecards and policies are developed by our credit intelligence team in our financial services group, and are continuously enhanced as we collect new data from BNPL borrowers. We have also developed a partnership with one of the leading financial services groups in the market to leverage its customer credit behavior and credit scorecard development know-how. Customers can select to pay in up to 12 installments (lower in some categories where regulations limit the number of installments). Installments are automatically collected from the selected credit or debit card of the customer.

***Platform***

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. All of our access channels offer the same listings ensuring a consistent offering and user experience.

Our users can browse and search within our 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 access a product’s details 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 the specific barcode of the product through our mobile application, (v) taking and/or uploading a picture of the product through our mobile application, and (vi) using speech-to-text feature to search products on our mobile app. From December 1, 2023 to December 30, 2023, we received approximately 998 thousand distinct queries on our search engine on a daily average basis compared to 992 thousand during the same period in 2022.

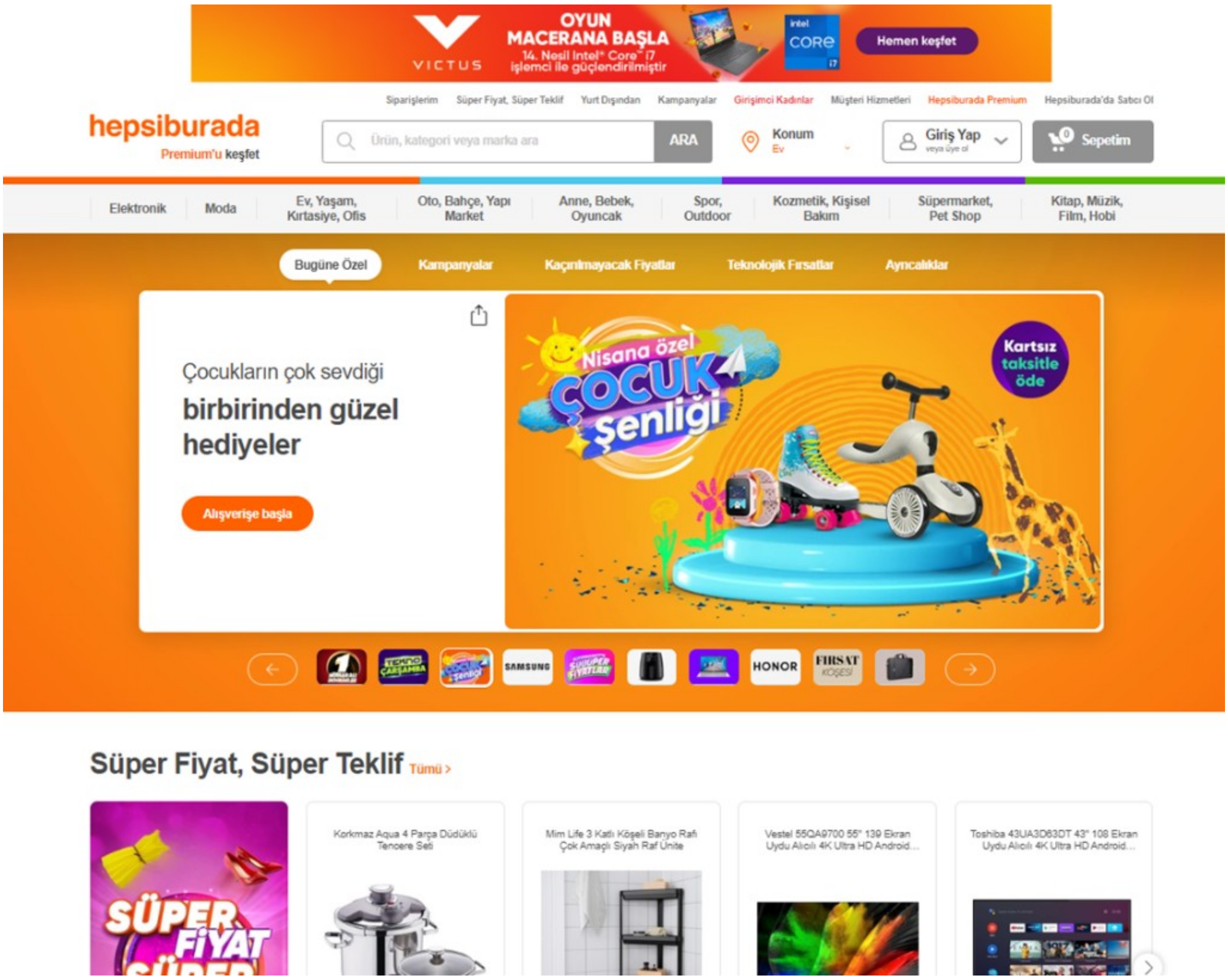
For the years ended December 31, 2023, 2022 and 2021, we received 91%, 89% and 89%, respectively, of total user traffic through mobile access channels (mobile application and mobile website) with the remainder through the desktop website.

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, facilitates enhanced shopping experiences on our platform.

*Website*

Our online platform is designed to be accessed through web browsers on desktops, feature phones (phones with basic internet capabilities), smartphones and tablet computers, to provide a smooth user experience, with listings grouped in clear content categories and subcategories.

Below is a screenshot illustrating our website experience as of April 16, 2024 at www.hepsiburada.com.




*Mobile Channels*

In 2011, along with our custom mobile website, we launched our iOS application and Android application. In anticipation of mobile access channels gaining popularity and surpassing our web platform in terms of traffic and page views, we established dedicated in-house teams for mobile application development in 2014. We released our first in-house developed mobile applications in 2014, and since then our internal mobile application teams have developed and released all application versions in both iOS and Android platforms. We have enjoyed significant growth in our mobile traffic over the past several years.

In 2023, 91.3% of all sessions originated from mobile channels (*i.e.*, mobile application and mobile website). For the years ended December 2023, 2022 and 2021, our mobile applications were downloaded 23.3 million, 32.8 million and 40.8 million times, respectively.

Below is a screenshot from Hepsiburada's main page on our iOS application:


***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 a 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."

The delivery fee charged to a customer depends on the delivery method, product volume and transaction amount. As of December 31, 2023, delivery fees were waived for orders above TRY 200 (except mobile phones, tablets and computer products) for non-Hepsiburada Premium customers and for all orders for Hepsiburada Premium members. See "*—Hepsiburada Premium.*"

We also generate revenues from other services including advertisement and fulfillment services and define them as "other services revenues." Specifically, for services provided under the HepsiLojistik model, we also charge merchants fees related to the storage and handling of products.

See Item 5. "*Operating and Financial Review and Prospects—Components of Our Results of Operations—Revenues*."

***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 use either the HepsiLojistik model or FBM model and our Direct Sales operations use either the HepsiLojistik model or Drop-shipping model.

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 cargo companies.

We launched the HepsiLojistik model in late 2020 and continue to steadily on-board merchants into this model. Through the HepsiLojistik model, we provide fulfillment services on behalf of merchants through our fulfillment and logistics infrastructure, using all our fulfillment centers across Türkiye which provide 24/7 fulfillment operations capability. As of December 31, 2023, we provide fulfillment services to 381 companies.

We believe fulfillment-as-a-service is a strong proposition to our merchants. Our HepsiLojistik model is typically preferred by merchants who do not have their own storage facilities or who are seeking a 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 websites or other online platforms where merchants have stores. In addition, merchants making sales through other e-commerce platforms are able to fulfill such orders 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, more 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.


*1. In case merchant has store on our platform*

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.

***Delivery***

We offer our customers a comprehensive selection of delivery options, including:

(i) standard delivery by (a) our last-mile services (through HepsiJet) see "—*Strategic Assets—HepsiJet*", which is generally within two calendar days (and on the next-day/same-day in metropolitan areas), or (b) through other cargo companies;

(ii) same day/next day scheduled delivery through HepsiJet, where our customers (except for Hepsiburada Premium members) pay additional delivery fees (in the case of FBM, 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 "—*Strategic Assets—HepsiJet*."

Through HepsiJet, we offer our customers the ability to live-track their parcels prior to delivery, postpone delivery and change delivery address while the shipment is en route. We also offer scheduled return pickup services from the customer's address across the country at no additional fee (subject to certain exceptions) by HepsiJet, a convenience service for our customers to facilitate returns.

We also offer two-man cargo handling service through HepsiJet, which we refer to as HepsiJet XL, addressing the need for high quality and reliable service in that segment. As of December 31, 2023, HepsiJet provided this service in all 81 cities in Türkiye. HepsiJet also offers scheduled return pick-up for such oversized products. HepsiJet's two-man cargo handling service is highly appreciated by customers, evidenced by an approximately 87% customer satisfaction score in 2023 according to our internal reporting. Initially rolled out for our Direct Sales, we have expanded HepsiJet XL to serve merchants on our platform, contributing further to customer satisfaction given its service quality and easy return option.

For the years ended December 31, 2023, 2022 and 2021, we, as Hepsiburada, delivered approximately 91 million, 81 million and 74 million packages, respectively. This represented a year-to-year increase of 13% from 2022 to 2023 and 9% from 2021 to 2022.

***Marketing***

We have dedicated marketing teams that cover our advertising and marketing needs across all product categories and channels. Our marketing is designed to explicitly address brand marketing, customer value management, performance marketing, commercial marketing and influencer marketing functions across teams. Accordingly, our key marketing functions include the following:

(i) **Brand marketing**: Our brand marketing capabilities include our efforts across marketing communications, in-house creative production and an agency network.

(ii) **Customer value management**: We aim to maximize the lifetime value of each customer by offering them one-to-one solutions through a personalized and contextual approach. Our customer value management team develops advanced journeys (*e.g.*, welcome, cross-sell, churn management, reactivation), which are supported by a one-to-one marketing automation ecosystem across channels. We have a dedicated Hepsiburada Premium team offering a differentiated service to premium subscribers in all touchpoints.

(iii) **Performance marketing:** Our performance marketing team leverages paid digital media to stimulate growth based on an integrated marketing-tech ecosystem. They utilize mobile, search, social and other digital channels in an integrated approach to attract relevant customers in a targeted way. For this purpose, we designed a holistic data system, which enables tracking and improvement capabilities, supported with customized attribution models.

(iv) **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 team comprises individual units each dedicated to specific product categories and operate on tailored incentive programs based on key performance indicators driving growth.

(v) **Influencer marketing**: We work with more than 10 thousand influencers under a revenue share model where our influencers generate commission income based on our sales generated through them. We also make use of a “social commerce” model through various campaigns. Since 2021, we run the “share your favorites/shopping list and win cash back” program, through which any of our platform members could share their own list of favorite items to earn cash points if other customers purchase products through their lists. Cash points could be redeemed on our platform to pay for items in lieu of cash. In the year ended December 31, 2023, there were 360 thousand such lists created and shared on average in a month.

We allocate a majority of our marketing budget to online marketing channels. For the year ended December 31, 2023, approximately 76% of our marketing budget was allocated to online marketing channels (*e.g.*, website advertisements) compared to 77% in 2022 and 76% in 2021, the remainder being allocated to offline marketing channels (*e.g.*, billboards).

See “*—Customers—Customer Payment Methods*” for installment payment options advertised and offered to our customers.

*Advertising Solutions Through HepsiAd*

We offer advertisement services and technologies to merchants and suppliers through banners, video ads, search monetization and first party data targeting options placed on our main page and certain high-traffic sub-sections of our online platform and application. We also have an Adtech solution which we partnered with Google to create using Google’s Ad infrastructure. This solution uses Hepsiburada’s first party cookie data to create collaborative campaigns with brands to maximize their efficiency and the effectiveness of their acquisition of new customers. HepsiAd operates as an integrated function of our core business and, through our merchant portal. During the year ended December 31, 2023, we have improved the performance of our product ads, expanding merchants’ ads inventory on search and display monetization, as well as providing a reporting dashboard analytics and insights offering to merchants.

During the year ended December 31, 2023, around 18 thousand merchants used our advertising solutions. In 2024, our aim is to continue monetizing our advertisement services by increasing the adoption of HepsiAd’s solutions by our merchants.

***Seasonality***

For a discussion of the impact of seasonality on our business see Item 5. “*Operating and Financial Review and Prospects—Key Factors Affecting our Financial Condition and Results of Operations—Seasonality*.”

***Strategic Assets***

In addition to our core business comprising the Marketplace and Direct Sales, we offer end-to-end solutions to our customers and merchants. We regard HepsiJet and Hepsipay as “strategic assets” and consider HepsiGlobal as a “complementary business” within our operations.

*HepsiJet*

See “*Logistics Infrastructure — Last-mile Delivery*.”

*Hepsipay*

Hepsipay is the flagship company of our financial services operations, which also include Hepsi Finansal, Hepsifinans (formerly named as Doruk Finansman A.Ş.) in addition to Hepsipay.

Hepsipay acquired its license as an e-money and payment services provider in Türkiye on February 20, 2016, and was the sole e-commerce platform holding such license to provide a wide range of services both to Hepsiburada and other merchants as of December 31, 2022 (according to the Central Bank’s list of such providers as well as the licensing conditions of these providers).

We launched Hepsipay Wallet in June 2021 as an embedded wallet that enables payments on our platform. Hepsipay Wallet offers customers innovative payment solutions and services such as one-click check-out, multi-credit card payment, store credit, prepaid card, charge to mobile phone billing, secure payments and money transfers to other wallet customers. Consumers also can receive cashback from purchases on our platform when promotional campaigns are run as well as through our Hepsiburada Premium program. Since its debut, Hepsipay Wallet has continued its rapid penetration within our platform, recording 14.3 million Hepsipay Wallet customers (representing those users who have opened their wallet account by giving the required consent to Hepsipay) as of December 31, 2023.

In 2022, the Hepsipay Wallet was redesigned and relaunched with new features, enriching the shopping experience with improved customer verification and e-wallet capabilities. In addition to the existing ability to transfer money from credit or debit cards, Hepsipay users are able to top up their e-wallets by making money transfers from their bank accounts. Additionally, during 2022, Hepsipay has progressed towards becoming a payment gateway by consolidating payment options within the Hepsiburada platform. As an extension of this strategy, we announced a joint investment in one of the leading payment gateway service providers in Türkiye, Craftgate Technology (“**Craftgate**”) on August 23, 2023. Craftgate helps e-commerce companies easily integrate and manage the virtual point of sale of all banks and e-money institutions from a single platform.

Since the first quarter of 2022, we offer the first end-to-end digital “Buy-Now-Pay-Later” solution for e-commerce in the Turkish market which provides customers the opportunity to complete their purchase and submit payment a month later or in up to 12 monthly installments. BNPL purchase limits are defined based on the financial history of consumers based on their record at the Credit Bureau of Türkiye and shopping behavior at Hepsiburada. As of December 31, 2023, our BNPL solution had been used by over 328 thousand customers with approximately 978 thousand orders processed through our non-card affordability solutions (including BNPL and shopping loans). In December 2022 and 2023, in connection with our BNPL solution, we were awarded the Golden PSM (“**Payment Systems Magazine**”) award in the “Innovative Customer Interaction and Experience” category by Payment Systems Magazine, a highly regarded Turkish publication.

In February 2022, Hepsiburada began preparations to enter the consumer finance sector by acquiring a consumer finance company, Hepsifinans (formerly Doruk Finansman A.Ş.). This acquisition gives us the ability to offer our customers consumer financing solutions matching their needs, in addition to those offered by leading banks already available through our platform. With our own consumer finance company, we can leverage the shopping behavior of Hepsiburada customers in our credit decisions, provide a seamless, custom-made user experience to our customers, while extending loans with more favorable payments terms compared to BNPL. In January 2024, we launched our offering for a limited user base.

As part of our plans to externalize our services, in May 2023, Hepsipay launched the Hepsipay prepaid card available through the Hepsipay Wallet, targeting also physical retail points in Türkiye. As of December 31, 2023, approximately 1 million Hepsipay prepaid cards had been issued through the Hepsiburada mobile app. The Hepsipay prepaid card is linked to a QR payment feature allowing customers to use it at any off-line retailer that accepts QR payments in addition to any online retailer. On October 10, 2023, we announced that Hepsiburada had entered into a five-year agreement with Visa, a world leader in digital payments, to ensure that Hepsiburada's digital prepaid cards are accepted worldwide for both online and physical purchases. With this partnership, Hepsipay prepaid cards bear the Visa logo and are accepted at any point of sale outside the Hepsiburada platform. Hepsipay remains focused on developing new use cases linked to the Hepsipay Wallet as well as increasing its user base during 2024. By expanding its capabilities on-platform and off-platform, Hepsipay is expected to continue to grow its payment volume and add value to the overall ecosystem.

Further, in July 2023, we launched Hepsipay's one-click check-out (Pay with Hepsipay) service offering integration with merchants. As of December 31, 2023, the one-click check-out solution was integrated into the online check out system of 10 retailers in Türkiye. Through this offering, Hepsipay has gained a share of these retailers' online sales by enabling payment with cards stored on Hepsipay Wallet. By delivering on our plans, we aim to become a leading Fintech player in the Turkish financial services sector.

***Complementary Businesses***

*HepsiGlobal*

HepsiGlobal was launched in 2020 and designed as an international platform to enable cross-border sales operations. It is based on the Hepsiburada marketplace model. In 2021, during HepsiGlobal's initial year, we focused on reinforcing the inbound arm of the HepsiGlobal offering, where customers in Türkiye are able to access international merchandise offered by a large merchant base located outside of Türkiye through a platform in the Turkish language, operating in Turkish Lira and integrated with logistics partners for faster delivery.

With our HepsiGlobal offering, we aim to offer to our customers (i) long-tail selections (*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), (ii) fast delivery, with a majority of orders placed in 2023 delivered in Türkiye within less than 2 weeks, with a goal of further decreasing the delivery time, (iii) transparent order costs with customs and shipment fees disclosed to customers at the time of order, (iv) cheaper prices with higher quality, compared to substitute goods that are already available in Türkiye (and possibly in other expansion markets) and (v) local customer service with multi-language customer and merchant support features.

With the increased number of international merchants actively selling on Hepsiburada, we aim to grow this business by enabling merchants in Türkiye to make sales outside the country. In 2023, we initiated a strategic testing phase for our business model in the Azerbaijani market. Additionally, in early 2024, we replicated this model in Ukraine, launching a pilot phase to evaluate its potential and effectiveness. We may seek further expansion either through HepsiGlobal or through integrations into other marketplaces in upcoming years.

*Hepsiburada Seyahat*

Until the end of March 2024, Hepsiburada's complementary business, Hepsiburada Seyahat, conducted airline and bus ticketing operations under a travel agency license granted in February 2021. Hepsiburada Seyahat offered airline tickets of major local and global airlines, with competitive prices. The contribution of the Hepsiburada Seyahat business to the Company's GMV was not material for the year ended December 31, 2023.

We have made the commercial decision to discontinue Hepsiburada Seyahat with effect from the close of business on March 31, 2024. Any tickets sold prior to the discontinuance will remain valid and Hepsiburada will remain at the service of such ticketholders.

### *Logistics Infrastructure*

*Fulfillment Center Network*

Our logistics infrastructure comprises a network of 9 fulfillment centers across Türkiye, including our Gebze fulfillment center which is one of the largest dedicated e-commerce operation centers in the region. Our fulfillment centers, including regional warehouses, encompass a total area of around 162 thousand square meters. As of December 31, 2023, we have 18 transfer centers which are central to our infrastructure.

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 merchants selecting the HepsiLojistik model, we provide storage and fulfillment services at our fulfillment centers. The fulfillment process involves the acceptance, storage, picking, consolidation and packaging of ordered products into parcels at 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.

For the year ended December 31, 2023, our logistics infrastructure has enabled us to reach over 96% on time dispatch performance for orders coming from our Gebze fulfillment center compared to 95% in 2022. For the year ended December 31, 2023, we had 1,037 full time equivalent ("**FTE**") employees (which is an employee's scheduled hours divided by the employer's hours for a full time workweek) including employees on our payroll as well as outsourced employees, on average (and 1,245 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 2023, our fulfillment centers enabled us to dispatch 2.8 times the volume of products at peak times (calculated as the ratio of products handled on Legendary Friday (which takes place in November) to the average daily number of products handled in 2022). Our fulfillment centers and the ability to quickly setup new temporary fulfillment centers for short periods enabled us to store more than 8.1 million items at peak times, as of November 2023, with storage at peak times of 1.75 times more than the usual number of items, based on peak volumes in November 2023 compared to the 2023 on average.

For additional information on our fulfillment center network see Item 4.D. "*Information on the Company—Property, Plant and Equipment*" below.

*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 (for Direct Sales and Marketplace operations run on a HepsiLojistik model basis) or from our merchants' warehouses (for Marketplace operations run on a FBM basis). We also serve external third parties (*i.e.*, parties that are not our merchants or our customers) as a last-mile delivery service (which represented approximately 25% of the total volume handled by HepsiJet in 2023).

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 Türkiye and a crowd-sourced model where we subcontract carriers who use their own vehicles for this service. HepsiJet also 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, indirectly supporting the Turkish economy.

As of December 31, 2023, HepsiJet operated in all 81 cities in Türkiye with 213 cross-docks. During 2023, HepsiJet continued its focus on increasing its Marketplace penetration and its average delivery time. For the year ended December 31, 2023, HepsiJet's average penetration in Marketplace reached 61% from 60% in 2022. Furthermore, average delivery times for the years ended December 31, 2023, 2022 and 2021, were 1.7, 1.7 and 2.0 days respectively, as compared to the average delivery time of 2.6 days for 2023 among third-party last mile delivery services providers. HepsiJet recorded 94.7% on-time delivery performance in 2023 compared to 91.6% in 2022.

For the same period, HepsiJet's average penetration in Direct Sales was 92% and delivered approximately 82% of its orders from Direct Sales by the next day during 2023. Our 3,187 carriers (*i.e.*, motorcycle and truck carriers) as of December 31, 2023 are independent contractors and we also subcontract additional carriers as necessary through several delivery services providers.

Through HepsiJet, we provide a return pick-up service at the customers' addresses by appointment across the country at no additional fee (subject to certain exceptions). HepsiJet also enables us to offer same-day and next-day delivery by appointment services for an extra delivery fee. In August 2022, we registered a new patent for HepsiJet's multi-vehicle route optimization technology. This solution creates a model according to the priority of the shipments and distance matrix between the delivery and receiving points of the orders. The system also allows adding special time parameters to the route time in exceptional cases, allowing manual intervention when necessary, and viewing the created route plan via mobile and web applications.

HepsiJet also provides a two-man cargo handling service, which we refer to as "HepsiJet XL", in all 81 cities in Türkiye since February 2022. HepsiJet offers scheduled return pick-up also for such oversized products. Overall, HepsiJet XL delivered nearly 58% of parcels in our Marketplace and Direct Sales operations in 2023.

*PUDO Points (HepsiMat)*

As part of our delivery services, we have a network of customer collection points (referred to as PUDO points in this annual report or HepsiMat) from which our customers are able to pick-up their purchases or at some of them, drop off their returns. As of December 31, 2023, we had 6,046 HepsiMat points located in all 81 cities in Türkiye. Our HepsiMat points are generally located in parcel drop off service points of other delivery companies, distributor networks of other retailers, and gas stations. Some of these collection points are marked with a HepsiMat sign, and all are available as long as such points are open for business.

***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. 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 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 managers 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 design functions by operation 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 December 31, 2023, we had approximately 852 employees dedicated to technology operations (approximately 703 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 80 product function teams dedicated to a particular technology product. Our technology operations are directly supported by our three state-registered research and development centers in strong cooperation with leading Turkish universities. This, coupled with the attractiveness of our tech stack diversity, 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 and Kocaeli, Türkiye which help ensure 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 over 99.9% availability in 2023, 2022 and 2021. 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 is needed. Within the last five 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 Türkiye. We receive data center service from Superonline İletişim Hizmetleri A.Ş. (“**Turkcell Superonline**”) and Türk Telekomünikasyon A.Ş. (“**Türk Telekom**”), who together provide over 80% of Türkiye’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. In mid-2023, we completed the migration process of one of our data centers in Istanbul to a new location without any interruptions. 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. On January 1, 2023, we signed an additional agreement with Türk Telekom and TTNET A.Ş. regarding the provision of server hosting and data center access services.

*Product*

Our technology teams develop almost all key functions and features of our online platform with in-house capabilities. From time to time, such teams use 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. We also 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-front end 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*

For a description of our cybersecurity risk management, strategy and governance, see Item 16K. “*Cybersecurity.”*

***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”, “hepsifinans”, “hepsifinansman”, “hepsiexpress/hepsiburada market”, “hepsimat”, “hepsiad”, “hepsilojistik”, “hepsiburada işortağım” and “hepsifly/hepsiburada seyahat” 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”, “hepsifinansman.com”, “hepsifinans.com” “hepsijet.com.tr”, “hepsijet.com”, “hepsiad.com”, “hepsilojistik.net”, “hepsiburadaisortagim.com”, “hepsiburadaseyahat.com”, “hepsiexpress.com.tr”, “hepsiexpress.com”, “hepsifly.com.tr”, “hepsifly.com”, “hepsiglobal.com”, and “hepsiglobal.com.tr” 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, 2023, we had 457 registered trademarks with the TPTO (excluding our subsidiaries’ trademarks). 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 Türkiye. 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, 2023, we held three patents in Türkiye as D-Market and one patent as HepsiJet. As of the same date, we also had seven pending patent applications as D-Market as well as six pending patent applications as HepsiJet.

***Regulatory Overview***

Various aspects of our business are subject to Turkish laws and regulations, including the following:

(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**") 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. For additional information on the impact on our business of the Law on Protection of Personal Data, and of similar laws in other jurisdictions, see Item 3.D. "*Key Information—Risk Factors—Risks Relating to our Business and Industry—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*." On March 12, 2024, a law which amends the Law on Protection of Personal Data was enacted. According to this amendment, provisions regarding the data transfer abroad and processing of sensitive personal data have been changed. This amendment will be applicable and all data controllers must comply with the changes as of the date of June 1, 2024. We expect the new requirements will be addressed via new contractual provisions, as and where applicable.

(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**") 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, which regulates consumer rights (which have been expanded with the amendments to the Law on Protection of Consumers that were published in the Official Gazette dated April 1, 2022), from delivery of products or services, to the establishment of contractual agreements. Pursuant to the Law on Protection of Consumers, consumer disputes can be raised at a consumer arbitral tribunal, at a provincial consumer arbitral tribunal or at a consumer court, depending on the amount at issue in the dispute.

(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**") is applicable to all of our online services. As a "hosting services provider" as well as "content provider" for our Direct Sales under the Law on Internet Crimes, 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 and its secondary legislation. The Information and Communication Technologies Authority of Türkiye ("**ICTA**") oversees implementation of 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 of our online services to the extent we provide commercial services to our users through our online platform. We are classified as an "electronic commerce intermediary service provider" and "electronic commerce service provider" according to the E-Commerce Law, subjecting us to various obligations, including in relation to notifications, commercial communications, and other e-communications envisaged under the E-Commerce Law.

On July 1, 2022, the Turkish Parliament approved an amendment to the E-Commerce Law with the aim of preventing unfair competition, a harmful competitive environment and monopolistic commercial practices in the Turkish e-commerce market. The amendments were announced in the Official Gazette on July 7, 2022. The Regulation on Electronic Commerce Intermediary Service Providers and Electronic Commerce Service Providers ("**E-Commerce Regulation**") was announced in the Official Gazette numbered 32058 on December 29, 2022. The E-Commerce Regulation has replaced 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**"). We are required to comply with various provisions under the E-Commerce Regulation and may face administrative fines ranging between TRY 15,846 to TRY 316.9 million in case of non-compliance. See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Türkiye—Internet and e-commerce regulation in Türkiye is recent, has undergone changes since its inception and is subject to further development*."

The provisions of the amendments of both the E-Commerce Law and the E-Commerce Regulation, which may apply to us acting as an electronic commerce intermediary service provider, include but are not limited to:

- In the E-Commerce Law, electronic commerce intermediary service providers are classified according to their net transaction volumes referring to the sum of the values of final invoices or invoice substitute documents (excluding cancellations and returns) that must be issued for the contracts made and orders placed in a certain period through the electronic commerce marketplaces where electronic commerce intermediary service provider provides intermediary services, or, for electronic commerce service providers, its own electronic commerce environments that do not qualify as electronic commerce marketplaces. Hepsiburada's Net Transaction Volume in 2023 was below the TRY 98,851.5 million threshold.

- For all electronic commerce intermediary service providers:

  - a requirement to provide certain information regarding electronic commerce service providers and transaction methods on the marketplace's homepage, to verify this information and to ensure that this information is up to date. The provision in the E-Commerce Regulation went into effect on January 1, 2023;

  - a prohibition against unfair commercial practices in electronic commerce. In addition, Article 11(6) of the E-Commerce Regulation lists additional practices which would only constitute unfair commercial practices for large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023;

  - a ban on the sale of goods which bear the trademark of itself (electronic commerce intermediary service provider) or the persons with whom it has economic integrity. This provision went into effect on January 1, 2024;

  - a ban on marketing and promotion activities in online search engines by using the registered trademarks constituting the main element of the domain name of an electronic commerce service provider, without its consent. These provisions went into effect on January 1, 2023; and

  - a requirement to include mandatory elements of intermediation contracts concluded between electronic commerce intermediary service providers and electronic commerce service providers. The E-Commerce Regulation provides for additional mandatory elements for the intermediation contracts of medium, large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023. The relevant provisions of intermediation contracts concluded before January 1, 2023, that were not amended to comply with the E-Commerce Regulation within six months are invalid. We believe we made the necessary amendments to our contracts in a timely fashion to ensure compliance with these provisions.

- Furthermore, a new obligation was introduced for electronic commerce intermediary service providers operating in Türkiye whose net transaction volume is over TRY 32,950.5 million in a calendar year and the number of transactions (excluding cancellations and returns) is over one hundred thousand, to obtain and annually renew an e-commerce license upon payment of a license fee. This provision goes into effect on January 1, 2025.

The effective license fee will be calculated based on a graduated rate of a company's Net Transaction Volume derived from within Türkiye for the prior calendar year such that the effective license fee applied would be the sum of progressively higher proportions of the electronic commerce intermediary service provider's Net Transaction Volume exceeding the thresholds specified in the E-Commerce Law. Where the Net Transaction Volume is between TRY 32,950.5 million and TRY 65,901 million, the license fee is calculated as the three per ten thousand of the amount exceeding TRY 32,950.5 million. In case Net Transaction Volume is between TRY 65,901 million and TRY 98,851.5 million, the license fee is the sum of the above amount, plus five per thousand of the part exceeding TRY 65,901 million. For example, a Net Transaction Volume of TRY 75 billion in 2023 would have yielded a license fee of TRY 55.4 million, being the sum of the three per ten thousand of the differential between TRY 32,950.5 million and TRY 65,901.0 million, and five per thousand of the TRY 9,099.0 million excess over TRY 65,901.0 million.

- For electronic commerce intermediary service providers whose Net Transaction Volume in a calendar year is above TRY 32,950.5 million: (in addition to the restrictions above) prohibition on providing accessibility between their own electronic commerce environments and promoting each other in these environments, restrictions on data usage and sharing, obligation to notify share transfers and to submit an independent audit report and a regulatory compliance report to the Turkish Ministry of Trade. Some of these provisions went into effect on January 1, 2023, with the remaining provisions in effect as of January 1, 2024.

- For electronic commerce intermediary service providers whose Net Transaction Volume in a calendar year is above TRY 98,851.5 million and the number of transactions excluding cancellations and returns is above one hundred thousand (in addition to the restrictions above); limits on the total amount of advertising and marketing expenditures and customer discounts. These provisions went into effect on January 1, 2023.

- For electronic commerce intermediary service providers whose Net Transaction Volume in a calendar year is above TRY 197,703 million and the number of transactions excluding cancellations and returns is above one hundred thousand: (in addition to the restrictions above) restrictions from engaging in certain business operations, such as payments and financial services. The restrictions also limit specified listing (announcement) activities within its platform and the provision of last-mile delivery (postal and transport) services to third parties. These provisions went into effect on January 1, 2024.

We are not subject to all of the above-listed obligations, as the E-Commerce Law and the E-Commerce Regulation provide for different obligations depending on the annual Net Transaction Volume and number of transactions pertaining to electronic commerce intermediary service providers and electronic commerce service providers. The monetary thresholds in Additional Article 2, Additional Article 3 and Additional Article 4 of the E-Commerce Law (including the monetary thresholds for annual Net Transaction Volumes) were increased by half with the Presidential Decree No. 6829 dated February 22, 2023, and again by the Ministry of Trade on February 28, 2024. Depending on our annual Net Transaction Volume and number of transactions, the scope of our obligations under the E-Commerce Law and the E-Commerce Regulation may be subject to change. Current thresholds are listed as below:

| **Article** | **Subject** | **2024 Threshold** |
|---|---|---|
| Additional Article 2(2) | Data usage and sharing, Accessibility between e-commerce environments, Share transfer notifications, Independent audit report, Regulatory compliance report (electronic commerce intermediary service providers) | TRY 32,950.5 million |
| Additional Article 2(3) | Advertisement Budget, Discount Budget, Prohibition of restriction on the commercial relations, advertisement through alternative channels for the electronic commerce service provider (electronic commerce intermediary service providers) | TRY 98,851.5 million |
| Additional Article 2(4) | Payment Services, Postal and Transport Services, Listing and Announcement Services (electronic commerce intermediary service providers) | TRY 197,703 million |

| Article | Subject | 2024 Threshold |
|---|---|---|
| Additional Article 4(1) | Minimum net transaction volume for e-commerce license obligation | TRY 32,950.5 million |
| Additional Article 4(3)(a) | Net transaction volume to which a marginal rate of 0.03% will be applied for the calculation of e-commerce license fee | TRY 32,950.5 million – TRY 65,901 million |
| Additional Article 4(3)(b) | In addition to the above amount, net transaction volume to which a marginal rate of 0.5% will be applied for the amount exceeding the above threshold for the calculation of e-commerce license fee | TRY 65,901 million – TRY 98,851.5 million |
| Additional Article 4(3)(c) | In addition to the above amounts, net transaction volume to which a marginal rate of 1% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 98,851.5 million – TRY 131,802 million |
| Additional Article 4(3)(ç) | In addition to the above amounts, net transaction volume to which a marginal rate of 5% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 131,802 million – TRY 164,752.5 million |
| Additional Article 4(3)(d) | In addition to the above amounts, net transaction volume to which a marginal rate of 10% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 164,752.5 million – TRY 181,227.75 million |
| Additional Article 4(3)(e) | In addition to the above amounts, net transaction volume to which a marginal rate of 15% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 181,227.75 million – TRY 197,703 million |
| Additional Article 4(3)(f) | In addition to the above amounts, net transaction volume to which a marginal rate of 20% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 197,703 million – TRY 214,178.25 million |
| Additional Article 4(3)(g) | In addition to the above amounts, net transaction volume over which a marginal rate of 25% will be applied for the amount exceeding the above thresholds for the calculation of e-commerce license fee | TRY 214,178.25 million |

Acting as an electronic commerce service provider through Direct Sales on our online platform, we are also required to comply with the obligations provided for electronic commerce service providers under the E-Commerce Law and the E-Commerce Regulation. Service provider refers to natural or legal persons engaged in electronic commerce activities; whereas intermediary service provider refers to natural and legal persons that provide an electronic commerce environment for the economic and commercial activities of others. Accordingly, merchants on our online platform qualify as service providers. We are also liable as a "content provider" for the content made available through our Direct Sales under the Law on Internet Crimes. Content provider refers to natural or legal persons who produce, modify and provide all kinds of information or data offered to users over the internet.

According to the Law on Internet Crimes and the E-Commerce Law, we, as a hosting service provider and as intermediary service provider, respectively, have no liability in relation to the content listed by third parties or 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 from a third-party intellectual property right owner related to an illegal activity and/or content (including intellectual property infringement or sale of counterfeit product), on condition that the third-party intellectual property right owner submits all the mandatory information and documents as detailed in Article 12 of the E-Commerce Regulation, we remove the product/products subject to the complaint within 48 hours, and then we inform the third-party intellectual property right owner and seller of the product with explanations about the seller's right to object. If the seller objects by submitting the documents and information specified in the E-Commerce Law in full, and it is clearly understood from the information and documents that the seller is right in his/her objection, we re-publish the product for sale within 24 hours and we inform the third-party intellectual property right owner and the seller. 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*," Item 3.D. "*Key Information—Risk Factors—Legal and Regulatory Risks—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*," and Item 3.D. "*Key Information—Risk Factors—Risks Relating to Our Business and Industry—We operate platforms that include third parties over whose actions we have no control.*" See also Item 3.D. "*Key Information—Risk Factors—Risks Relating to Türkiye—Internet and e-commerce regulation in Türkiye is recent, has undergone changes since its inception and is subject to further development.*"

(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**") is applicable to all our online services. We are subject to various obligations in relation to notifications, commercial communications, complaints, and e-mails under the Regulation on Commercial Communication.

(vii) The Regulation on Distance Contracts published in the Official Gazette dated November 27, 2014, and numbered 29188 (the "**Regulation on Distance Contracts**") 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 under the Regulation on Distance Contracts. With the Regulation on the Amendment of the Distance Sales Contracts' Regulation published in the Official Gazette on August 23, 2022, that entered into force on October 1, 2022, obligations of intermediary service providers have been extended, in particular with respect to provision of information to consumers and authorities. In addition, *inter alia*, the following amendments were made to be effective as of January 1, 2025 (originally as of January 1, 2024):

- In case the consumer exercises the right of withdrawal, return costs can be charged to the consumer provided that it is included in the distance sales contract, except in cases where consumers return defective products as defined in the Regulation on Distance Contracts.

- The exceptions to exercise the right of withdrawal are expanded and it is stated that the consumer can not exercise his/her withdrawal right for the following products purchased and/or contracts executed:

  - Movables and drones that are required to be registered with the Traffic Registry,

  - Mobile phones, smart watches, tablets and computers,

  - Contracts concluded by public auction in the form of a live auction and

  - Products of which the installation and configuration are fulfilled by the seller or authorized technical service in accordance with the user manuals.

The Ministry of Trade is the competent authority for imposing fines on service providers and intermediary service providers under the E-Commerce Law, Regulation on Commercial Communication, E-Commerce Regulation and the Regulation on Distance Contracts.

All regulations that are applicable to Hepsiburada are also applicable for Hepsiburada Market, as Hepsiburada Market is a function of our platform.

In addition,

(a) HepsiJet 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) Hepsipay 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, which published the Payment Services Regulation and the Payment Services Communiqué in December 2021. The Payment Services Regulation and the Payment Services Communiqué required Hepsipay to comply with certain minimum levels of collateral, equity and diligence by September 23, 2023 (following a number of extensions to the original deadline). Moreover, on October 7, 2023, the Central Bank introduced certain amendments to the Payment Services Regulation within key areas, including, among others, digital wallets, payment service providers, e-money issuers, card-based payment instruments, the scope of Central Bank permissions for share transfers, and the protection of payment funds. Notably, the amendments impose new requirements on payment service providers such as Hepsiburada to obtain certain licenses and authorizations for its activities, including an operating license for providers offering digital wallet services and an authorization for digital wallet service providers involved in transferring funds to issue electronic money. These new statutory permits must be obtained from the Central Bank by October 7, 2024. Further, on January 27, 2024, the Official Gazette published the Communiqué on the Redetermination of Minimum Equity Amounts for Payment and Electronic Money Institutions, revising the minimum equity amounts for payment and electronic money institutions set forth in the Payment Services Regulation. Payment and electronic money institutions are mandated to adhere to the updated minimum equity requirements by June 30, 2024, when the communiqué will take effect. We believe we are in compliance with the currently applicable requirements under the Payment Services Regulation and the Payment Services Communiqué and that we will obtain the necessary new licenses and be in compliance with the revised minimum equity requirements by the applicable deadlines in 2024. If the Turkish Banking Regulation and Supervision Agency does not approve our license expansion application in a timely manner or at all, this would delay the growth of, or materially hinder the development of, our one-click check-out and digital wallet businesses outside Hepsiburada platform. Within the scope of Communique on the Management and Supervision of IT Systems of Payment Institutions and Electronic Money Institutions, regular independent audit which has been performed every two years has been initiated in November 2023 and audit period has been ongoing under new requirements. See Item 3. *"Key Information—D. Risk Factors–Legal and Regulatory Risks—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.";*

(c) Prior to its discontinuance in March 2024, Hepsiburada Seyahat carried out its activities under the license issued by the Turkish Ministry of Culture and Tourism and was under the regulatory oversight of such governmental authority;

(d) HepsiGlobal is subject to consumer protection regulations as well as relevant customs regulations:

- for inbound and outbound operations in Türkiye, Turkish customs regulations are applied, and
- for operations in other markets (including the Azerbaijani and Ukranian markets) applicable customs and VAT regulations of the relevant country will be applicable;

(e) Hepsifinans (of which the former trade name was Doruk Finansman) carries out its activities under the permission by the Turkish Banking Regulation and Supervision Agency, and is under the regulatory oversight of such governmental authorities.

Accordingly, Hepsipay, Hepsifinans, HepsiJet and HepsiGlobal are (or, in the case of Hepsiburada Seyahat, was) 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 (Hepsipay), Highway Transportation Law No. 4925 and Law on Postal Services No: 6475 (HepsiJet), and Law on Travel Agencies and the Association of Travel Agencies No: 1618 (Hepsiburada Seyahat) and Law On Financial Leasing, Factoring, Financing and Saving Financing Companies No: 6361- (Hepsifinans). HepsiPay, Hepsifinans and HepsiJet are also subject to the Turkish Financial Crimes Investigation Board (MASAK) rules and regulations.

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 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.

See also Item 3.D. "*Key Information—Risk Factors—Legal and Regulatory Risks—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*."

**C. Organizational Structure**

We are a joint stock company incorporated under the laws of Türkiye. Our operating subsidiaries include D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş. ("**D-Ödeme**"), D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. ("**D-Fast**"), Hepsi Finansal Danışmanlık A.Ş. ("**Hepsi Finansal**"), Hepsburada Global B.V. and Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş., all of which are wholly owned by us. With the exception of Hepsiburada Global B.V. which is incorporated in the Netherlands, all of our subsidiairies are incorporated in Türkiye. Upon completion of the acquisition of 100% of the equity of Hepsi Finansman A.Ş. ("**Hepsifinans**") by Hepsi Finansal on February 28, 2022, Hepsifinans became our indirect wholly-owned subsidiary.

*D-Ödeme*

D-Ödeme was founded on June 4, 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 the BRSA on February 20, 2016. D-Ödeme commenced its first payment service transaction on June 15, 2016. We have developed our payment tool, Hepsipay, through D-Ödeme.

*D-Fast*

D-Fast was founded on February 26, 2016, and operates as a cargo and logistic firm which provides last mile delivery services to the customers of Hepsiburada and other companies. D-Fast is the operating company for our last-mile delivery service business, HepsiJet.

*Hepsi Finansal*

Hepsi Finansal was incorporated on December 1, 2021, and is the parent company of Hepsifinans, which was acquired in February 2022.

*Hepsifinans*

Hepsifinans (formerly known as Doruk Finansman) was founded on April 24, 2006, and obtained its operational license from the BRSA in 2008. Following the Company's acquisition of Doruk Finansman in February 2022, the company name was changed to Hepsifinans in January 2023. Hepsifinans operates as a consumer financing company in Türkiye.

On December 16, 2021, Hepsiburada, through Hepsi Finansal, entered into a Share Sale and Purchase Agreement with the holders of 100% of the equity interest in Hepsifinans (formerly known as Doruk Finansman): Doğan Şirketler Grubu Holding A.Ş. ("**Doğan Holding**"), the holder of 97% equity interest in Hepsifinans, Doğan Dış Ticaret ve Mümessillik A.Ş. and Doğan family individuals (collectively, the "**Sellers**"), to acquire a 100% stake in Hepsifinans, for a total transaction value of TRY 20 million in nominal terms (equivalent to US$1.3 million as of December 16, 2021) (the "**Transaction Value**"). After obtaining regulatory approval, the transaction closed on February 28, 2022 (the "**Closing Date**"). At closing, we paid the Sellers an aggregate of TRY 5 million in cash on a pro rata basis and we agreed to pay Doğan Holding approximately TRY 15 million (the "**Conditional Amount**"), subject to certain conditions. TRY 10 million of the Conditional Amount was paid to Doğan Holding in 2022 and TRY 6.4 million of the Conditional Amount was paid in 2023. The specific amounts were subject to the collection of receivables identified in the financial statements of Hepsifinans as of the Closing Date. The Conditional Amount has now been settled in full. The Sellers are all related parties and the transaction, including the Share Sale and Purchase Agreement, was approved by the Company's Audit Committee and the Corporate Governance Committee, as well as the board of directors.

*Hepsiburada Global B.V.*

Hepsiburada Global B.V. was incorporated on July 28, 2023, in the Netherlands with an aggregate issued share capital of €1 million. Hepsiburada Global B.V. is expected to facilitate Hepsiburada's integration with European payment solutions and marketplaces.

*Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş.*

On March 29, 2024, Hepsiburada established a wholly owned subsidiary in Türkiye under the trade name Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş. ("Hepsiburada Global Elektronik Hizmetler") The aggregate issued share capital of Hepsiburada Global Elektronik Hizmetler is TRY 5.0 million which was paid in full on March 29, 2024. Hepsiburada Global Elektronik Hizmetler is expected to facilitate our global expansion activities and cross-border e-commerce operations.

**D. Property, Plant and Equipment**

Our principal office is located at Kuştepe Mah. Mecidiyeköy Yolu Cad. Kule 2 Kat:2 No:12 34387 Şişli/ Istanbul and is leased. In 2022, we leased a three floor office space at Meclis Mah, Boğazici Cad, Seheryeli Sk, No:1, Karsan Plaza Sancaktepe/Istanbul under a sub-lease agreement dated October 1, 2022, with D-Fast for a four-year term. This location is our second R&D center, to which we have relocated the majority of our technology team.

We lease and operate a network of fulfillment centers across Türkiye with a total footprint of approximately 162 thousand square meters. Our fulfillment centers located in Gebze/Kocaeli, İzmir, Adana, Tuzla, Ankara and Diyarbakır are leased from third parties. In Gebze/Kocaeli and Ankara, we operate two fulfillment centers, whereas we have one fulfillment center in the other locations. The following table provides an overview of our fulfillment centers:

| | **Approximate size of total area as of December 31, 2023 (in square meters)** |
|---|---|
| Gebze/Kocaeli | 85,045 |
| İzmir | 15,400 |
| Adana | 12,644 |
| Tuzla | 12,000 |
| Ankara | 11,500 |
| Gebze/Kocaeli | 10,000 |
| Ankara | 7,630 |
| Erzurum | 2,500 |
| Diyarbakır | 4,900 |
| **Total** | **161,619** |

We operate the Gebze/Kocaeli's approximately 85 thousand square meters of fulfillment center space under a lease agreement dated April 2014 (as amended in September 2015, February 2022 and August 2022) with Megeye Lojistik Anonim Şirketi for a ten-year extendable term from May 2015. Additionally, we operate Gebze's approximately 10 thousand square meters of fulfillment warehouse under a lease agreement dated September 18, 2023 with Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. (Reysaş GYO A.Ş.) for a one-year term, which is automatically renewed for successive one-year terms unless we terminate the agreement with 15 days' prior notice. We may terminate the agreement unilaterally with 90 days' prior written notice.

We operate İzmir's approximately 15.4 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 successive additional one-year terms unless we terminate with 15 days' notice and which we can terminate unilaterally during the effective period with three months' written notice.

We operate Adana's approximately 12.6 thousand square meters of fulfillment center space under a lease agreement dated August 31, 2020 (as amended in April 2022), with Emrenes 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 agreed to operate the warehouse as lessee for a minimum five-year term) and is automatically renewed for successive one-year terms.

We operate Tuzla's approximately 12 thousand square meters of fulfillment center space under a lease agreement dated October 2021 with an individual landlord for a three-year term, which is automatically renewed for successive one-year periods unless we terminate at the end of two years with 90 days' notice (although we agreed to operate the warehouse as lessee for a minimum three-year term).

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 successive additional one-year terms and which we can terminate unilaterally with three months' written notice. Additionally, we operate Ankara's approximately 7.6 thousand square meters of fulfillment warehouse under a lease agreement dated March 1, 2023, with Doğruer Uluslararası Nakliye ve Dış Ticaret A.Ş. for a five-year term which is automatically renewed for successive additional one-year terms and which we can terminate unilaterally with three months' written notice.

We operate Diyarbakır's approximately 4.9 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 successive one-year terms unless we terminate with one-month notice.

We operated Erzurum's approximately 2.6 thousand square meters of fulfillment center space under a lease agreement dated August 7, 2020, with four individual landlords (acting collectively) for a one-year term, which was automatically renewed for successive one-year periods with rent increased with inflation. We terminated this lease agreement with a termination protocol dated January 13, 2023. We now operate Erzurum's approximately 2.5 thousand square meters of fulfillment center space under a lease agreement dated March 1, 2023, with D-Fast for an eight-year term which we can terminate unilaterally with fifteen days' prior written notice.

Additionally, we subleased Bursa's approximately 540 square meters of office space / warehouse on June 11, 2023 from D-Fast for a one-year term which is used as a warehouse on an as-needed basis. Parties may terminate the agreement with 15-days' prior written notice.

We operate Adana's approximately 85 square meters of specialized center branch under a lease agreement dated July 8, 2023, with Adana Ticaret Odası for one-year term, which can be renewed for an additional one-year term at our request.

We own the warehouse equipment used in our leased fulfillment centers, such as mezzanines, sorting machines and conveyor lines. We also own the computer equipment and hardware that we use in our warehouses, used to automate fulfillment and sorting processes, as well as the computer equipment and hardware in our call centers and offices.

Eight out of HepsiJet's then network of 192 cross-dock points (*i.e.*, parcel transfer centers) were directly impacted by the two earthquakes of February 6, 2023, in Türkiye. All had resumed operations, either at newly rented locations or through renovation of existing locations by the end of March 2023. See "—*The effects of the earthquakes that hit the southeastern region of Türkiye in February 2023 as well as potential similar earthquakes in the future may adversely affect our prospects, business, financial condition and results of operations*."

As of December 31, 2023, we also had 56 owned and 496 leased vehicles, used for operational purposes and provided as benefits to a number of our employees.

## ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this annual report. Actual results and the timing of certain events could differ materially from those contained in any forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements" for more information.*

*The discussion below relates to our consolidated financial condition and results of operations for the years ended December 31, 2023, 2022 and 2021, and year-to-year comparisons between 2023 and 2022 as well as 2022 and 2021.*

**Overview**

We believe we are one of the leading commerce platforms in Türkiye and as of December 31, 2023, we connected 63.0 million members, 11.9 million Active Customers and approximately 101.5 thousand Active Merchants. We strive to provide a high-quality customer experience by relentlessly focusing on selection, affordability solutions, price and delivery.

Since the launch of our Marketplace in 2015, Hepsiburada has become a trustworthy partner for merchants in Türkiye by providing comprehensive end-to-end solutions to empower merchants to thrive digitally. In 2023, our 3P-based Marketplace model accounted for approximately 67% of our GMV, compared to 67% in 2022 and 68% in 2021, following the successful transformation of Hepsiburada from a 1P-based Direct Sales only business to its current hybrid 1P and 3P-based model.

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 an Active Customer base of 11.9 million as of December 31, 2023, compared to 12.2 million as of December 31, 2022, and 11.3 million as of December 31, 2021, and to increase the frequency of orders on our platform to 9.5 in 2023 from 6.6 in 2022 and 4.7 in 2021, which in turn draws more merchants and further enhances our customer value proposition. In addition, our proprietary data and insights collected over more than 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 December 31, 2023, we operated:

- a nationwide infrastructure including nine fulfillment centers in strategic locations that encompass a total area of around 162 thousand square meters;

- one of the leading logistics companies in Türkiye, HepsiJet, with an on-time delivery performance of 94.7% in 2023, operating in 81 cities with 213 cross-docks; and

- a pick-up & drop-off (PUDO) network through HepsiMat, with 6,046 parcel lockers and pick-up points in partnership with gas stations, distributor networks of other retailers and other delivery companies.

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

Our revenues increased by 34.3% to TRY 35.6 billion in the year ended December 31, 2023, from TRY 26.5 billion in 2022 (TRY 24.8 billion in 2021). Our total GMV increased by 31.1% to TRY 116.5 billion in the year ended December 31, 2023, from TRY 88.9 billion in 2022 (TRY 85.7 billion in 2021). The 31.1% GMV increase was fueled by a 13.7% increase in the number of orders (excluding digital products), greater customer loyalty and a 15.2% increase in average order value (excluding digital products) due to a faster-than-inflation rise in average selling prices and to the higher share of large-ticket items in electronics in 2023 compared to 2022.

For the year ended December 31, 2023, our net income increased by TRY 4,866.2 million to TRY 75.5 million from a net loss of TRY 4,790.7 million for the year ended December 31, 2022. The increase in net income was mainly due to a TRY 4,387.8 million reduction in operating losses during the same period. The increase in net income was also contributed to by a TRY 1,284.4 million increase in monetary gains. For the year ended December 31, 2022, our net loss increased by 43.9% to TRY 4,790.7 million from TRY 3,330.1 million for the year ended December 31, 2021, which was partially offset by a TRY 1,663.9 million reduction in operating loss during the same period. The increase in net loss was mainly due to a TRY 3,834.3 million decrease in foreign currency exchange gains. We had net cash provided by operating activities of TRY 5,019.1 million, TRY 706.8 million and negative TRY 47.4 million and Free Cash Flow of TRY 3,873.0 million, negative TRY 685.4 million and negative TRY 688.0 million, in each case for the years ended December 31, 2023, 2022 and 2021, respectively.

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

***General***

Our performance and results of operations have been, and we believe will continue to be, affected by a number of key factors, including but not limited to the following:

- the market landscape in Türkiye, including macroeconomics, demographics and competition;
- inflation and hyperinflation;
- the regulatory environment in e-commerce;
- retention and engagement of our customers while growing the customer base;
- number of merchants and the product assortment offered on our platform;
- efficiency of our logistics infrastructure;
- our ability to leverage our growing scale;
- COVID-19 impacts in 2021 and 2022;
- seasonality;
- exchange rate volatility; and
- the impact of the February 2023 earthquakes in Türkiye.

***Market landscape in Türkiye including macroeconomics, demographics and competition***

Türkiye is a member of the OECD and G20, with US$1,119 billion GDP and US$13,100 GDP per capita at current prices in 2023, according to TurkStat. In 2023, the Turkish economy grew by 4.5% according to the Turkish Statistical Institute ("**TurkStat**"), bringing its real GDP CAGR to 5.8% between 2010 and 2023. Türkiye's real GDP is projected to grow at a rate of 3.1% in 2024 and 3.2% in 2025 with economic activity strengthening in the second half of 2024 as monetary tightening ends and consumption starts to recover, according to the IMF World Economic Outlook report dated April 2024.

Two devastating earthquakes on February 6, 2023 impacted primarily 11 provinces accounting for 16.4% of Türkiye's population and 9.4% of its economy. In a report published in March 2023, the Presidency of Strategy and Budget of the Presidency of the Republic of Türkiye estimated the total impact of the earthquakes on the Turkish economy to be US$103.6 billion, whereas, in January 2024, the Minister of Treasury and Finance stated that the expenses related to the earthquakes amounted to approximately TRY 950 billion (US$ 30 billion) (representing to 3.7% of the GDP of Türkiye in 2023).

According to TurkStat, Türkiye's population reached 85.4 million as of December 31, 2023, with a CAGR of 1.1% from 2010 to 2023. Türkiye benefits from attractive demographics, with 44% of the population being under the age of 30 according to TurkStat data, a working age (between ages of 15 and 64) population of 68.3%, and an urban population share (living in provinces and districts) of 93.0% based on TurkStat data as of December 31, 2023.

Türkiye has been facing elevated inflation, reaching double digits in each of the last five years. Annual consumer price index (CPI) increased by 11.8%, 14.6%, 36.1%, 64.3% and 64.8% in 2019, 2020, 2021, 2022 and 2023, respectively, as published by TurkStat. See "—*Inflation and Hyperinflation*." Following the general elections in May 2023, the new leadership of the Central Bank of the Republic of Türkiye ("**CBRT**") embarked on a policy of monetary tightening by raising the key interest rate from 8.5% to 15% in June 2023, marking the first increase in more than two years. The CBRT continued to raise interest rates in the remainder of 2023. In March 2024, the CBRT raised its key interest rate from 45% to 50%, citing the stickiness in services inflation, inflation expectations, geopolitical risks, and food prices. The CBRT stated that the tight monetary stance will be maintained until a significant and sustained decline in the underlying trend of monthly inflation is observed. The CBRT expects inflation to decrease in the second half of 2024.

The consumer confidence index (seasonal and calendar adjusted) in Türkiye increased by 1.8 percentage points from 75.6% in December 2022 to 77.4% in December 2023 and remained at around 80%, on average, during the first quarter of 2024. The consumer confidence index calculated from the survey results is evaluated within the range of 0-200 and indicates a pessimistic outlook when it is below 100. As consumer confidence is an important factor affecting consumer willingness to spend in the next 12 months, this pessimistic outlook indicates that we may face lower than anticipated consumer demand, particularly for non-essential products. See "—*Inflation and Hyperinflation*."

Based on the announcement on February 27, 2024, published by the Turkish Ministry of Trade through the Electronic Commerce Information System, ETBİS, regarding thresholds defined in the E-commerce Law, we understand that the e-commerce sector in Türkiye grew by 119.67% in 2023. ETBİS has not yet announced any further details on the underlying factors of the growth in 2023. The most recent detailed information published by ETBİS covers growth performance for the first six months of the year. Accordingly, the e-commerce sector in Türkiye accounted for 19.1% of total retail as of first half of 2023. During the first six months of 2023, the size of the e-commerce market in Türkiye reached TRY 652.7 billion in nominal terms (i.e., unadjusted for inflation), marking an increase of 109.7% compared to the first six months of 2022. In particular, the online retail market grew by 119%, attaining a market size of TRY 390 billion. The average basket size in nominal terms (i.e., unadjusted for inflation) in the e-commerce market in the first six months of 2023 grew by 67.8% to TRY 255, compared to TRY 152 during the same period in 2022. The number of orders in the e-commerce market in the first six months of 2023 grew by 20% compared to the same period in 2022. The growth of the e-commerce sector in Türkiye is also underpinned by: (1) a nationwide internet infrastructure with 87% internet penetration among the population between the ages of 16 and 74 in 2023, according to TurkStat, (2) high credit and debit card usage, with 138% credit card penetration and 222% debit card penetration in 2023 according to BKM (where penetration is calculated by dividing the number of credit and debit cards, respectively, by the population of Türkiye), (3) well-established logistics infrastructure with high quality highways, railway networks, airports and seaports enabling nationwide delivery of orders, (4) an increase in the penetration rate of home internet access to 95.5% in 2023 from 94.1% in 2022, and (5) an increase in individuals purchasing or ordering goods or services for private use online to 49.5% in 2023 from 46.2% in 2022, according to the Information and Communication Technologies Authority, ICTA.

Hepsiburada has been in operation in Türkiye's e-commerce market since 2000. Hepsiburada has grown to become one of the market leaders in the space, while its competitors either adopted alternative business models or were acquired. For example, Gittigidiyor was launched in 2001 and was subsequently acquired by eBay in 2011. Hepsiburada's main e-commerce competitors in Türkiye include Trendyol, Amazon and N11. Trendyol was founded in 2010, initially as an online fashion web-store, but after Alibaba acquired a majority stake in the company in 2018, it has increasingly focused on expanding its product offering across a broader set of categories, including regular marketplace categories as well as food and grocery deliveries via quick commerce. In August 2021, Trendyol completed a round of fundraising activity. Amazon entered the Turkish market in 2018, and remains focused on implementing its global model. N11 (initially owned by SK Group) has operated a competing marketplace business model since its launch in 2012. In 2022, Getir, a Türkiye-based quick delivery player, became a shareholder of N11 and subsequently became the sole owner in 2023. Following this acquisition, N11 launched "N11 Çabuk", a quick-commerce service made utilizing Getir's micro warehouses, with limited retail assortment and solely available in Istanbul. Also in 2022, eBay shut down its Gittigidiyor operations in Türkiye. The Turkish e-commerce retail market also features several small-sized marketplaces, including Pasaj (of Turkcell), Her Şey Yanımda (of Vodafone) and Pazarama (of İşbank). The majority of retail continues to be offline in Türkiye. As a result, offline retailers and omni-channel retailers are regarded as other players in the market.

Competition in the financial services sector in Türkiye is fragmented. Different companies are specialized in payments services, consumer financing, digital banking, etc. While banks are strategic partners in the financial services sector for both Hepsiburada and Hepsipay, they also are competitors to Hepsipay and Hepsifinans in other capacities. Hepsipay's direct competitors include (i) wallet solutions of banks and payment service providers such as Masterpass, GarantiPay, WorldPay, and Jüzdan, (ii) telecommunications operators such as Paycell, Vodafone Pay and TT Ödeme, (iii) solutions-by-payment companies such as İyzico, Papara and Param, and (iv) direct payments with credit cards or debit cards. The financial services sector also includes more specialized consumer finance companies focusing on car loans, but Hepsifinans primarily competes with banks in the financial services sector. However, there are emerging competitors such as Kredim that focus purely on point of sale lending other than auto loans.

Our results of operations, in particular our sales of goods revenue and services revenue, as well as our profitability and our GMV, are dependent on the growth in GDP and GDP per capita growth in Türkiye in addition to the growth in the Turkish retail market, e-commerce market penetration and the dynamics of the competitive environment. Elevated inflation and a hyperinflationary operating environment may adversely impact private consumption due to rising living costs.

***Inflation and Hyperinflation***

The annual consumer price index (CPI) in Türkiye over the past five years has ranged from 11.8% to 64.8%. The CPI increased by 11.8%, 14.6%, 36.1%, 64.3% and 64.8% in 2019, 2020, 2021, 2022 and 2023, respectively, as published by TurkStat. The inflation indicators were still high during the first months of 2024, and annual CPI inflation was announced as 68.5% in March 2024. Inflation is expected to decline in 2024 with the year-end inflation forecast being around 36.0%, according to the most recent inflation report issued by the CBRT in February 2024.

Pursuant to IAS 29, the financial statements of entities whose functional currency is that of a hyperinflationary economy must be adjusted for the effects of changes in a general price index. IAS 29 does not establish an absolute rate when hyperinflation is deemed to arise and IASB does not identify specific hyperinflationary jurisdictions. However, IAS 29 provides a series of non-exclusive guidelines that assist companies in exercising their judgment as to when restatement of financial statements becomes necessary. These guidelines consist of (i) analyzing the behavior of the population regarding preservation of wealth in non-monetary assets or in relatively stable foreign currency, prices being quoted in terms of a relatively stable currency, interest rates and wages being linked to a price index, and the loss of the currency's purchasing power, and (ii) as a quantitative characteristic, verifying if the three-year cumulative inflation rate approaches or exceeds 100%. In March 2022, the IPTF, which monitors countries experiencing high inflation, categorized Türkiye as a country with projected 36 months' cumulative inflation rate greater than 100%. Therefore, Turkish companies reporting under IFRS, including us, are required to apply IAS 29 to their financial statements for periods ending on and after June 30, 2022. Under IAS 29, financial statements of an entity that reports in the currency of a hyperinflationary economy should be expressed in terms of the measuring unit current at the end of the reporting period and the amounts for the corresponding periods should also be stated in terms of the measuring unit current at the end of the reporting period. Non-monetary items which are not already expressed in terms of the measuring unit current valid at the end of the reporting period and components of owners' equity in the statement of financial position, and all items in the statement of profit or loss and other comprehensive income would be restated by applying a general price index. In addition, gains or losses arising from net monetary position would be included in net income under a separate line item .

Inflation has an impact on the costs of inventories, which we generally aim to pass on to customers by increasing sales prices accordingly. However, if such costs cannot be passed on to customers through increased product prices due to competitive pressures or otherwise, this may have a negative impact on our margins. These factors negatively affected our margins in 2023 and may continue to negatively affect our margins in 2024. Separately, as the seller, we determine product prices for our Direct Sales operations. On our Marketplace, our merchants determine their price levels. Should they prefer, for any reason, to not pass through inflation to customers in their prices, our GMV growth may be slower than the level of inflation. Furthermore, inflationary pressures have and may continue to lead to a deterioration in the purchasing power of our customers. In 2023, pressure on the purchasing power of customers mainly resulted in a tendency among customers for product substitution with more affordable alternatives (*i.e.*, towards lower-priced brands, regardless of whether for sales of essentials or non-essentials). Our platform offers a wide range of products with over 230.4 million SKUs as of December 31, 2023. We believe our large catalogue remains an advantage in our customers' search for more affordable product alternatives.

In a high inflationary environment, liquidity becomes much more important for our suppliers and merchants. From time to time, we have and may continue to commit to shorter payment terms to continue securing favorable procurement prices in a hyperinflationary environment. Furthermore, our merchants may ask us for early payments for cash flow reasons. Accordingly, these may result in an unfavorable decrease in our negative net working capital position.

Our general business practice is to reflect the impact of inflation in our payroll and outsource staff expenses. A substantial portion of our other operating expenses are sensitive to the prevailing inflation although we negotiate and fix some of our unit costs, such as consultancy expenses and insurance policies. Shipping expenses used to be fixed at the beginning of each fiscal year, but given the significant increase in oil prices, an additional inflation adjustment on shipping prices (along with an adjustment on salaries) were applied in July 2023. Elevated inflation beyond what we or our business partners envisage at the beginning of the year may result in additional unit cost increases for such expenses. Our profitability remains sensitive to inflation trends throughout the year.

***Regulatory Environment in E-Commerce***

In 2022, significant amendments were made to the E-Commerce Law, and the E-Commerce Regulation was adopted, which introduced new obligations for electronic commerce intermediary service providers and electronic commerce service providers, such as Hepsiburada, with the aim of preventing unfair competition, a harmful competitive environment and monopolistic commercial practices in the Turkish e-commerce market. We are required to comply with certain obligations set forth in the E-Commerce Law and the E-Commerce Regulation and may face administrative fines in case of any violations. See Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview.*"

The E-Commerce Law and the E-Commerce Regulation provide for different obligations depending on the annual Net Transaction Volume and number of transactions pertaining to electronic commerce intermediary service providers and electronic commerce service providers. Depending on our annual Net Transaction Volume and number of transactions, the scope of our obligations under the E-Commerce Law and the E-Commerce Regulation may be subject to change, which may materially affect our business. Hepsiburada's Net Transaction Volume in 2023 was below the TRY 98,851.5 million threshold.

The provisions of the amendments to the E-Commerce Law and the E-Commerce Regulation introduced in 2022 that are most likely to be directly relevant to the Company include the following:

- limits on the total amount of advertising and marketing expenditures and customer discounts with the goal to prevent e-commerce platforms from gaining an asymmetric market share through excessive discounts and excessive marketing by using disproportionate economic power. This provision went into effect on January 1, 2023. In 2023, we were not subject to any restrictions with respect to advertisement and discount budgets as our Net Transaction Volume in 2022 did not exceed TRY 45 billion. In 2024, we continue not to be subject to any restrictions with respect to advertisement and discount budgets, since we are below the threshold applicable in 2024 of TRY 98,851.5 million. If our Net Transaction Volume exceeds the threshold for the relevant period and we become subject to advertisement and discount budget restrictions in the upcoming years, we may have to limit our advertisement and discount expenditures, which could directly or indirectly have an adverse impact on our business.

- restrictions on engaging in certain business operations, such as payments and financial services. The restrictions also limit specified listing activities within a platform and the provision of last-mile delivery services to third parties. This provision went into effect on January 1, 2024. Similarly to the above, we are not subject to restrictions concerning the provision of payments and financial services and last-mile delivery services to third parties as the restrictions apply only to companies whose Net Transaction Volume exceeds TRY 197,703 million. It is expected that the applicable threshold will be adjusted every year, and our Net Transaction Volume will need to be assessed on an annual basis.

- a ban on the sale of private label products for all e-commerce companies on their own platforms. This provision went into effect on January 1, 2024. We have continued our private label business in the fashion category outside of Türkiye as part of our HepsiGlobal operations, which are not quantitatively material to the Company. We are also considering selling our private label products on other platforms in Türkiye.

- a prohibition on unfair commercial practices in electronic commerce. Examples of unfair commercial practices under the E-Commerce Law include failing to make payment to the seller within the time specified in the E-Commerce Law, forcing the seller to sell goods or services with special offers, failing to determine the conditions of the commercial relationship with the seller through an intermediation contract and/or making unilateral amendments to such contract to the detriment of the seller, charging a fee from the seller when no service is provided or the type of service provided and the amount/rate of the service fee is not specified in the intermediation contract and, suspending or terminating the service provided to the seller in the absence of any objective criteria in the intermediation contract. In addition, Article 11(6) of the E-Commerce Regulation lists additional practices which would only constitute unfair commercial practices for large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023. We believe that our practices are currently in compliance with these provisions. In the future, in case of amendments to these provisions or emergence of certain common practices in the market as a result of application of these provisions or due to the decisions of judicial or regulatory authorities regarding these regulations or their interpretation, we may need to adjust our operations.

- a requirement to include mandatory elements of intermediation contracts concluded between electronic commerce intermediary service providers and electronic commerce service providers. The E-Commerce Regulation provides for additional mandatory elements for the intermediation contracts of medium, large and very large-scale electronic commerce intermediary service providers (as defined in the E-Commerce Regulation). These provisions went into effect on January 1, 2023. The relevant provisions of intermediation contracts concluded before January 1, 2023 that were not amended to comply with the E-Commerce Regulation within six months are invalid. We believe we made the necessary amendments to our contracts in a timely fashion to ensure compliance with these provisions.

- a new obligation for electronic commerce intermediary service providers operating in Türkiye whose Net Transaction Volume is over TRY 32,950.5 million in a calendar year and the number of transactions (excluding cancellations and returns) is over one hundred thousand, to obtain and annually renew an e-commerce license upon payment of a license fee. The effective license fee will be calculated based on a graduated rate of a company's Net Transaction Volume derived from within Türkiye for the prior calendar year such that the effective license fee applied would be the sum of progressively higher proportions of the electronic commerce intermediary service provider's Net Transaction Volume exceeding the thresholds specified in the E-Commerce Law. Where the Net Transaction Volume is between TRY 32,950.5 million and TRY 65,901 million, the license fee is calculated as the three per ten thousand of the amount exceeding TRY 32,950.5 million. In case Net Transaction Volume is between TRY 65,901 million and TRY 98,851.5 million, the license fee is the sum of the above amount, plus five per thousand of the part exceeding TRY 65,901 million. For example, a Net Transaction Volume of TRY 75 billion in 2023 would have yielded a license fee of TRY 55.4 million, being the sum of the three per ten thousand of the differential between TRY 32,950.5 million and TRY 65,901.0 million, and five per thousand of the TRY 9,099.0 million excess over TRY 65,901.0 million. This provision goes into effect on January 1, 2025. In line with the above, if our Net Transaction Volume stays above TRY 32,950.5 million and the number of our transactions (excluding cancellations and returns) stays over one hundred thousand until January 1, 2025, we will be subject to the obligation to obtain an e-commerce license and pay the relevant license fee. The license fee will materially increase if our Net Transaction Volume passes the threshold of TRY 98,851.5 million.

See Item 3.D. "*Key Information—Risk Factors—Risks Relating to Türkiye—Internet and e-commerce regulation in Türkiye is recent, has undergone changes since its inception and is subject to further development.*"

***Growth, Retention and Engagement of our Customers***

Our ability to generate revenues and profits mainly depends on increasing order frequency and customer loyalty as well as expanding our Active Customer base, which, in turn, depend on our success in improving the customer experience through expanded logistics and fulfillment capabilities, developing and improving our platform and offering new products and services. We believe our Hepsiburada brand, hybrid commerce model with a unified 1P and 3P catalogue, and strong customer and merchant value propositions create powerful network effects. As of December 31, 2023, we had 11.9 million Active Customers compared to 12.2 million as of December 31, 2022, and 11.3 million as of December 31, 2021. The loss of customers during the February earthquakes had a negative impact on our total Active Customer base for 2023. We have also prioritized order frequency growth from our existing customer base rather than customer acquisition given our profitability prioritization. Going forward, we aim to increase both frequency and total number of Active Customers by our continued focus on our Hepsiburada Premium loyalty program, expanding our selection and by collaborating with other non-competing online platforms. For the year ended December 31, 2023, we had a frequency of orders of 9.5 compared to 6.6 for the year ended December 31, 2022 and 4.7 for the year ended December 31, 2021 Strong digital products orders continued to fuel the rise in order frequency. Order frequency (excluding digital products orders) was 6.3 in 2023 compared to 5.4 in 2022, corresponding to 16.1% growth.

Our increasing selection of products and services, price competitiveness, attractive loyalty program and wide range of lending solutions are other factors that contribute to maintaining our Active Customer base and increasing the frequency of orders on our platform, which in turn draws more merchants and further enhances our customer value proposition. As of December 31, 2023, there were over 230.4 million SKUs on our platform (compared to 163.6 million SKUs as of December 31, 2022, and 90.3 million SKUs as of December 31, 2021) across 30 different product categories, including appliances, books & hobbies, fashion & lifestyle, home & garden, supermarket, mobile and technology products.

Some of the main drivers of our GMV growth have been the increase in the number of orders and the average order value. As a result of increased customer loyalty and a wider selection of products, we observed a 40.6% increase in number of orders on our platform to 113.0 million in 2023, from 80.4 million in 2022 and 53.5 million in 2021. Strong customer demand for our digital products contributed to the 40.6% rise in number of orders. Excluding the orders of digital products, number of orders would have been 75.1 million in 2023, compared to 66.1 million in 2022, corresponding to 13.7% growth. Meanwhile, the average order value (excluding digital products) grew by 15.2% in 2023, compared to 2022. The increase in average order value growth (excluding digital products) is attributable mainly to a faster-than-inflation rise in average selling prices and to the higher share of large-ticket items in electronics in 2023.

We are focused on growing our subscription-based loyalty program, Hepsiburada Premium, launched on July 1, 2022, which replaced our previous loyalty program "Loyalty Club." All memberships in Loyalty Club were canceled in line with the Loyalty Club's rules in October 2022 and the program was dissolved. Hepsiburada Premium aims to promote increased customer retention, and create sustainable and recurring revenue by increasing the order frequency of our customers. As of December 31, 2023, we had 2.2 million Hepsiburada Premium members. These members enjoy access to a wide range of benefits that include free delivery, cashback subject to certain conditions, and free access to an on-demand streaming service, among other things. Hepsiburada Premium members tend to shop more often. We value this program for its higher engagement and order frequency generated among its members. Our data in the fourth quarter of 2023 indicate that Hepsiburada Premium customers' monthly order frequency was 1.4 times the frequency those customers had generated before joining the program.

Moreover, we aim to leverage our deep understanding of our customers' preferences, which we have developed over our more than 20 years of operation, 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. Adopting new technologies, upgrading our online platform 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 can result in increased capital expenditure and operational expenses. On the other hand, these initiatives also enable us to retain and grow our customer base and in turn increase order frequency.

Our results of operations, in particular our sales of goods revenue and services revenue, as well as our profitability and our GMV are dependent on our ability to engage with and retain our customer base. We also aim to grow our customer base with a focus on increasing customer retention and order frequency.

***Number of Merchants and the Product Assortment Offered on Our Platform***

We believe we are an attractive digital platform for merchants to access consumers across Türkiye. We offer an online platform that had over 63 million members and 11.9 million Active Customers as of December 31, 2023. Within our Marketplace operations, we believe we have one of the largest merchant bases in Türkiye, with approximately 101.5 thousand Active Merchants as of December 31, 2023. As of the years ended December 31, 2023, 2022 and 2021, our Marketplace, which is based on a 3P model of merchants selling on our platform, represented approximately 66.9%, 66.7% and 68.0% of our total GMV, respectively.

As of December 31, 2023, of our approximately 101.5 thousand Active Merchants, approximately 99.1 thousand were SMEs and the remaining approximately 2.4 thousand were key account merchants. Key account merchants enable us to provide products from top brands, high volumes and quality while SMEs provide us with product assortment and variety. 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.

From 2021 to 2023, our Active Merchant base grew at a CAGR of approximately 16.3%. The growth in our Active Merchant base enabled us to increase our product selection with competitive pricing. 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, 2023, there were over 230.4 million SKUs on our platform (compared to 163.6 million SKUs in 2022) across 30 different product categories.

We have our toolsets and solutions for our merchants, including Hepsiburada My Business Partner. Through Hepsiburada My Business Partner, our merchants can view their transaction summary, handle inventory management, respond to any customer questions, review their financial summary and connect to customer services, as well as our training portal on this platform (HepsiAkademi). During 2023, over 233 thousand training sessions were completed at HepsiAkademi on the Hepsiburada My Business Partner platform and we believe those trainings were instrumental in accelerating the integration of our merchants into our platform. In addition, average onboarding speed reduced by 0.6 days in 2023 to approximately 3.2 days, compared to approximately 3.8 days in 2022, considering our performances in the fourth quarter of each respective year.

We are continuously upgrading our technology to provide improved performance, increased scale and better integration among our core businesses and end-to-end solutions to our merchants. Such solutions mainly include fulfillment services, last-mile delivery services, payment solutions and advertisement solutions (see Item 4.B. "*Business Overview—Strategic Assets*"). In addition, we facilitate financing to our 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. See Item 4.B. "*Information on the Company—Business Overview—Supplier and Merchant Financing.*"

***Efficiency of our Logistics Infrastructure***

We offer an end-to-end ecosystem with full in-house capabilities across fulfillment, logistics and last mile delivery in Türkiye.

Our logistics infrastructure comprises a network of nine fulfillment centers across Türkiye, including our Gebze fulfillment center which is one of the largest dedicated e-commerce operation centers in the region in terms of square meters. Our fulfillment centers, including regional warehouses, encompass a total area of approximately 162 thousand square meters.

We provide last-mile delivery services through HepsiJet. Launched in 2016, HepsiJet provided last-mile delivery logistics across 81 cities in Türkiye as of December 31, 2023, through our nine fulfillment centers, 18 transfer hubs, and 213 cross-docks encompassing an area of 233 thousand square-meters. Since 2021, HepsiJet also offers two-man cargo handling for oversized products under the brand HepsiJet XL. As of December 31, 2023, HepsiJet services were available with 3,187 carriers (carriers increased by 30% from December 31, 2022 to December 31, 2023). Our carriers (*i.e.*, motorcycle and truck carriers) are independent third parties (*i.e.*, we subcontract carriers who use their own vehicles for this service rather than using our employees or vehicles) and we also subcontract additional carriers as necessary through several delivery services providers. We also have a pick-up & drop-off (PUDO) network of 6,046 parcel lockers and pick-up points in partnership with gas stations, distributor networks of other retailers and service points of other delivery companies, complementing our logistics services.

In 2023, HepsiJet delivered 92% of Direct Sales and 61% of total Marketplace parcels. Around 82% of Direct Sales delivered by HepsiJet arrived the next day (calculated from acceptance of parcel by HepsiJet to delivery). HepsiJet's average delivery times for the years ended December 31, 2023 and 2022 were 1.7 days and 1.7 days, respectively, as compared to the average delivery time of 2.6 days for 2023 among third-party last mile delivery services providers.

We believe that our logistics infrastructure is an important pillar of our success and enables us to improve the customer experience. Our return pickup services from a customer's address at their preferred time across the country at no additional fee (subject to certain exceptions) through HepsiJet is a convenient service for our customers, contributing to their overall purchasing experience on our platform. 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 amongst the key factors affecting our ability for last-mile delivery services. We also believe that further expansion of our HepsiJet last-mile services "on-platform", as well as for third parties ("off-platform", with over 2,000 off-platform clients at the end of 2023), will give us an ability to provide delivery services in a more cost-effective manner, resulting in higher revenues, 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 as on our ability to expand our services, particularly affordability solutions (*i.e.,* lending) and last-mile delivery services to third parties.

In our Marketplace and Direct Sales operations, we believe our ability to retain (i) our leading position based on aided brand awareness of 100% in 2023 (*FutureBright Research Brand Health Report*), (ii) high levels of traffic (320 million average monthly visits on our platform in 2023), and (iii) our wide selection of product offerings (over 230.4 million SKUs across 30 different product categories in 2023) has driven our results of operations, in particular our revenues, our profitability and our GMV. 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, customer value management, performance marketing, commercial marketing and influencer 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 position in the Turkish e-commerce market.

In addition, we expanded our commerce platform during 2021, 2022 and 2023, and developed an ecosystem of services. The ecosystem we have been building includes Hepsipay, HepsiJet, HepsiLojistik, HepsiAd and HepsiGlobal as of the date of this annual report. We have taken advantage of the natural synergies that exist between our services to increase adoption amongst our customer and merchant base. We believe a greater utilization of our resources will drive further improvements in our unit economics. During 2023, we worked on building and enhancing our HepsiAd solutions, which include display advertising, sponsored brands and products as well as pop-up and push notifications. These solutions were used by around 18 thousand merchants in 2023. One of our focus areas for 2024 is to increase the number of merchants utilizing HepsiAd's solutions.

Launched in 2016, HepsiJet provides last-mile delivery logistics across 81 cities in Türkiye through our 9 fulfillment centers, 18 transfer hubs, 213 cross-docks encompassing an total area of 233 thousand square-meters as December 31, 2023. In 2021, HepsiJet expanded its service offering to include two-man cargo handling under the brand HepsiJet XL. Similar to HepsiJet last-mile delivery services, we expect HepsiJet XL to become the primary delivery service provided for two-man cargo handling operations required for deliveries of products purchased through the Hepsiburada platform. We aim to continue to differentiate our customer experience with our nationwide logistics network. Additionally, HepsiJet serves other retailers in Türkiye as part of our strategic priorities. The share of external customer volume in HepsiJet's operations increased to 24.9% in 2023, from 19.6% in 2022.

In June 2021, we launched Hepsipay Wallet, which enables instant return and cancellation credit and cashback. It is designed to be a "companion wallet" to mobilize, spend, transfer and save money in a flexible manner across online and offline channels. In 2021, we acquired Hepsifinans, which holds a consumer financing license. Since the first quarter of 2022, we offer the first end-to-end digital "Buy-Now-Pay-Later" solution for e-commerce in the Turkish market which provides customers the opportunity to complete their purchase and submit payment a month later or in up to 12 monthly installments. As of December 31, 2023, our BNPL solution had been used by over 328 thousand customers with approximately 978 thousand orders processed through our non-card affordability solutions (including BNPL and shopping loans). In May 2023, we launched Hepsipay prepaid card, which enables customers to spend their Hepsipay Wallet balance in offline retailers via QR payments and in online stores. Around one million Hepsipay prepaid cards had been issued through the Hepsiburada mobile app as of December 31, 2023. In July 2023, Hepsipay launched its one-click checkout offering "Pay with Hepsipay." As of December 31, 2023, Pay with Hepsipay was integrated into the online checkout of 10 retailers. Through this offering, Hepsipay has gained a share of these retailers' online sales by enabling payment with cards stored on the Hepsipay Wallet. During 2023, we worked on our capabilities to offer our customers consumer financing solutions, in addition to those offered by leading banks already available through our platform. In early 2024, we launched our consumer finance operations. We expect to further upscale our financial services in 2024.

Given their levels of maturity, growth rates, and scale, in the long term we believe these investments will enhance our market position and positively impact our total revenue, Gross Contribution and Free Cash Flow. For the year ended December 31, 2024, we anticipate that HepsiJet will account for approximately 13% of total capital expenditure and Hepsipay will account for approximately 24% of total capital expenditure (compared to approximately 13% in 2023). For further discussion on our total capital expenditure in 2023, see "*—Capital Expenditures*." Several factors, including demand, the competitive landscape and internal capabilities, may impact our decision to ultimately reconsider, change, or delay our original plans related to these assets. For a discussion of risks related to our strategic assets and complementary businesses, including risks related to future costs, please see "*Risk Factors—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 operational profitability going forward*."

***Seasonality***

Our business is affected by seasonality, which historically has resulted in higher sales volumes 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 sales during the month of November, which we refer to as "Legendary November." During Legendary November in 2023, our average daily GMV was roughly 1.64 times our average daily GMV for the remaining 11 months in 2023. As a result of peak seasonal sales, as of December 31 of each year, our cash flows provided by our operations typically reach an elevated level. This operating cycle results in a corresponding increase in accounts payable, combined with a decrease in inventories, as of December 31st. Our accounts payable balance generally declines during the first month of each year, resulting in a corresponding decline in cash flows provided by our operations. Additionally, we typically experience decreased frequency and traffic on our platform during the summer vacation months. See "*—Liquidity and Capital Resources*."

***Exchange Rate Volatility***

We are exposed to foreign exchange rate risks mainly 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, 2023, 2022 and 2021, we maintained Turkish Lira equivalent assets in U.S. dollars of TRY 6,135.0 million, TRY 4,712.6 million and TRY 13,294.7 million, respectively, primarily consisting of cash, cash equivalents and financial investments. As of the same periods, we maintained Turkish Lira equivalent liabilities in U.S. dollars of TRY 1,285.4 million, TRY 1,830.2 million and TRY 1,758.5 million, respectively, primarily consisting of trade payables and payables to merchants and due to related parties.

If, as of December 31, 2023, 2022 and 2021, the U.S. dollar had strengthened or weakened by 10% against the Turkish Lira, with all other variables held constant, income/(loss) before income taxes would have been TRY 485.0 million higher/lower, TRY 288.2 million lower/higher and TRY 1,153.6 million 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 Türkiye to changes in foreign exchange rates because such hedging strategies are not available on commercially reasonable terms.

In 2023, the U.S. dollar appreciated 43.5% against the Turkish Lira, on average, as compared to 2022. This has resulted in TRY 2,413.0 million in foreign exchange gains from our U.S. dollar denominated bank deposits (including IPO proceeds) and financial investments. While we continue to hold a considerable cash position denominated in U.S. dollars as at the date of this annual report and therefore any further Turkish Lira depreciation would have a positive impact on our consolidated financial statements, any sudden and significant changes in foreign exchange rates may have an adverse impact on our operating environment, and consequently our financial condition, revenue and results of operations. As in the case of inflation, the U.S. dollar appreciation has a negative impact on customers' disposable income if increases in wages and salaries do not match such decline. Furthermore, U.S. dollar appreciation triggers a rise in oil prices, negatively impacting the costs of delivery service for merchants and in our Direct Sales. In addition, U.S. dollar appreciation triggers a rise in prices of nearly any imported good, particularly consumer electronics almost immediately. While such price increases may suggest a cost benefit in Direct Sales over existing inventory, this may decrease consumption levels should consumers' purchasing power not stay at the same levels.

***Impact of the February 2023 Earthquakes in Türkiye***

On February 6, 2023, two high-magnitude earthquakes, with their epicenters in Kahramanmaraş impacted primarily 11 provinces across the southeastern region of Türkiye, directly affecting the lives of around 14 million people.

None of our employees lost their lives as a result of the disaster. Our physical headquarters and offices, and our Gebze fulfillment center (where most of our employees are based, apart from those working remotely) are located beyond the earthquake zone and hence were unaffected.

Eight out of HepsiJet's then-existing network of 192 cross-dock points (*i.e.*, parcel transfer centers) were directly impacted and required renovation. All had resumed operations, either at newly rented locations or through renovation of existing locations, by the end of March 2023.

As expected during natural disasters, we observed a temporary decline in overall customer demand on our platform and in the number of orders received, particularly during the week of February 6, compared to the week prior, and the same week of the prior year. This decline was likely caused by the loss of traffic and demand from the affected region, and our decision to put major marketing campaigns, events and media advertising on hold for two weeks to honor the nation's mourning. As the overall situation stabilized by mid-March, traffic to our platform recovered to almost pre-earthquake levels. The order trend during this period was relatively volatile which had also recovered to almost pre-earthquake levels by mid-March 2023.

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

**Segments**

Our Company is comprised of one reportable segment, namely e-commerce operations. Therefore we do not present any segment information in our audited consolidated financials .

**Summary Consolidated Financial and Other Data**

The summary consolidated statement of comprehensive income/(loss), consolidated balance sheet and consolidated statement of cash flows as of and for the years ended December 31, 2023, 2022 and 2021 have been derived from our audited consolidated financial statements included elsewhere in this annual report. Our historical results for any prior period are not necessarily indicative of results expected in any future period.

We present our audited consolidated financial statements in Turkish Lira.

The summary consolidated financial and other data set forth below should be read in conjunction with the other sections of this Item 5. "*Operating and Financial Review and Prospects*" and our audited consolidated financial statements and notes thereto included elsewhere in this annual report.

*Summary Consolidated Statement of Comprehensive Income/Loss*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 (audited) | 2022 (audited) | 2021 (audited) |
| | | (thousand Turkish Lira) | |
| Revenues | 35,558,521 | 26,478,009 | 24,792,125 |
| Cost of inventory sold | (24,788,674) | (20,723,995) | (19,437,507) |
| Shipping and packaging expenses | (3,323,926) | (2,629,327) | (3,129,641) |
| Payroll and outsource staff expenses | (3,504,010) | (2,949,586) | (2,615,881) |
| Advertising expenses | (2,427,752) | (2,908,700) | (4,862,066) |
| Technology expenses | (412,177) | (302,220) | (204,238) |
| Depreciation and amortization | (1,174,133) | (844,891) | (637,012) |
| Other operating income | 478,979 | 129,600 | 262,337 |
| Other operating expenses | (1,131,805) | (1,361,640) | (944,750) |
| **Operating loss** | **(724,977)** | **(5,112,750)** | **(6,776,633)** |
| Financial income | 3,539,610 | 3,153,151 | 6,630,917 |
| Financial expenses | (4,010,055) | (2,817,667) | (3,277,178) |
| Monetary gains/(losses) | 1,270,956 | (13,421) | 92,814 |
| **Income/(Loss) before income taxes** | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Taxation on income | — | — | — |
| **Income/(Loss) for the year** | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Actuarial losses arising on re-measurement of post-employment benefits | (75,111) | (23,041) | (10,969) |
| **Total comprehensive income/(loss) for the year** | **423** | **(4,813,728)** | **(3,341,049)** |

*Summary Consolidated Balance Sheet*

| | As of December 31, | | |
|---|---|---|---|
| | 2023 (audited) | 2022 (audited) | 2021 (audited) |
| | | (thousand Turkish Lira) | |
| Current assets | 14,624,244 | 13,804,922 | 19,480,755 |
| Non-current assets | 2,956,371 | 2,783,381 | 2,576,892 |
| **Total assets** | **17,580,615** | **16,588,303** | **22,057,647** |
| Current liabilities | 13,646,088 | 12,762,902 | 13,540,527 |
| Non-current liabilities | 631,748 | 459,603 | 588,217 |
| **Equity** | **3,302,779** | **3,365,798** | **7,928,903** |
| **Total equity and liabilities** | **17,580,615** | **16,588,303** | **22,057,647** |

*Summary Consolidated Statements of Cash Flows*

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 (audited) | 2022 (audited) | 2021 (audited) |
| | | (thousand Turkish Lira) | |
| **Cash and cash equivalents at beginning of the year[(1)]** | **8,666,727** | **10,319,646** | **2,181,563** |
| Net cash provided by/ (used in) operating activities | 5,019,115 | 706,816 | (47,393) |
| Net cash provided by/ (used in) investing activities | (1,678,289) | 1,805,696 | (3,115,701) |
| Net cash provided by/ (used in) financing activities | (3,330,021) | (2,429,440) | 10,848,360 |
| **Net increase in cash and cash equivalents** | **10,805** | **83,072** | **7,685,266** |
| Effects of exchange rate changes on cash and cash equivalents | 174,423 | 1,607,314 | 2,993,836 |
| Effects of inflation on cash and cash equivalents | (3,352,790) | (3,343,305) | (2,541,019) |
| **Cash and cash equivalents at end of the year[(1)]** | **5,499,165** | **8,666,727** | **10,319,646** |

(1) "Cash and cash equivalents at beginning of the year" and "Cash and cash equivalents at end of the year" 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 4 to our audited consolidated financial statements included elsewhere in this annual report.

***Key Indicators of Operating and Financial Performance and Non-IFRS Measures***

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, see "*Presentation of Financial and Other Information — Use of Non-IFRS Financial Measures*" and "*Presentation of Financial and Other Information — Key Operating Performance Indicators*."

| | As of, and for the year ended, December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| GMV (*TRY in billions*) (1) | 116.5 | 88.9 | 85.7 |
| Marketplace GMV (*TRY in billions*) (2) | 77.9 | 59.3 | 58.3 |
| Share of Marketplace GMV (%) (3) | 66.9 | 66.7 | 68.0 |
| Number of orders (*in millions*) | 113.0 | 80.4 | 53.5 |
| Active Customers (*in millions*) | 11.9 | 12.2 | 11.3 |
| Gross Contribution (*TRY in millions*) (4) (5) | 10,769.8 | 5,754.0 | 5,354.6 |
| Gross Contribution Margin (%) | 9.2 | 6.5 | 6.3 |
| EBITDA (*TRY in millions*) (4) (6) | 449.2 | (4,267.9) | (6,139.6) |
| EBITDA as a percentage of GMV (%) | 0.4 | (4.8) | (7.2) |
| Free Cash Flow (*TRY in millions*) (4) (7) | 3,873.0 | (685.4) | (688.0) |
| Net Working Capital (*TRY in millions*) (4) (8) | (5,906.5) | (7,383.0) | (6,697.5) |

(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.

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

Accordingly, we measure the volume of our operations not on the basis of revenues, 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.

(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 footnote (1) above.

(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) Gross Contribution, 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*" and below for a definition of such non-IFRS measures, a discussion of the limitations on their use, and reconciliations of the non-IFRS measures to the most directly comparable IFRS measures.

(5) References to "Gross Contribution" are to revenues less cost of inventory sold.

Gross contribution is a supplemental non-IFRS financial measure that is not required by, or presented in accordance with, IFRS. We have included gross contribution in this annual report because it is a key measure used by our management and board of directors to evaluate 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.

Gross contribution has limitations as a financial measure, including that other companies may calculate gross contribution 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 calculation of Gross Contribution for the periods presented.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | | (audited) | |
| | | (in thousands Turkish Lira) | |
| Revenues[(a)] | 35,558,521 | 26,478,009 | 24,792,125 |
| Cost of inventory sold[(b)] | (24,788,674) | (20,723,995) | (19,437,507) |
| **Gross Contribution** | **10,769,847** | **5,754,014** | **5,354,618** |

(a) *See "—Components of Our Results of Operations—Revenues."*
(b) *See "—Components of Our Results of Operations—Operating Expenses."*

(6) 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 *plus* monetary gains/(losses).

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 annual report 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 and, from the date of applicability of IAS 29, related monetary gains/(losses), in calculating EBITDA facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses (including monetary gains/(losses)) and non-operating expense/(income). One of the objectives of IAS 29 is to account for the financial gain or loss that arises from holding monetary assets or liabilities during a reporting period (*i.e.*, the monetary gains/(losses)). Therefore, the monetary gains/(losses) are excluded from EBITDA for a proper comparison of the operational performance of the Company. 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 income/(loss) for the years presented.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | (thousand Turkish Lira) | | |
| Income/(Loss) for the year | 75,534 | (4,790,687) | (3,330,080) |
| Taxation on income | — | — | — |
| Financial income | 3,539,610 | 3,153,151 | 6,630,917 |
| Financial expenses | (4,010,055) | (2,817,667) | (3,277,178) |
| Depreciation and amortization | (1,174,133) | (844,891) | (637,012) |
| Monetary gains/(losses) | 1,270,956 | (13,421) | 92,814 |
| **EBITDA** | **449,156** | **(4,267,859)** | **(6,139,621)** |

(7) 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 annual report 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/ (used in) operating activities for the periods presented.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | (thousand Turkish Lira) | | |
| Net cash provided by/ (used in) operating activities | 5,019,115 | 706,816 | (47,393) |
| Capital expenditures[(a)] | (1,153,719) | (1,393,085) | (645,083) |
| Proceeds from the sale of property and equipment | 7,559 | 822 | 4,520 |
| **Free Cash Flow** | **3,872,955** | **(685,447)** | **(687,956)** |

(a) See Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Material Cash Requirements—Capital Expenditures*."

(8) References to "Net Working Capital" are to current assets (excluding cash and cash equivalents and financial investments) minus current liabilities (excluding current bank borrowings and current lease liabilities). Net Working Capital is presented as of December 31, 2023, 2022 and 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 annual report 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.

Net Working Capital has limitations as a financial measure, and you should not consider it in isolation 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 calculate Net Working Capital differently. Because of these limitations, you should consider Net Working Capital alongside other financial performance measures, including current assets, current liabilities and our other IFRS results.

See Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources—Current Sources of Liquidity and Capital Resources—Net Working Capital*" for a reconciliation of Net Working Capital to current assets and current liabilities.

**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 (generated under our 3P-model) comprising (a) Marketplace commission, (b) transaction fees and (c) other contractual charges to merchants;

(iii) delivery services revenue generated under 3P-model Marketplace, as well as delivery services provided to third parties outside of our online platform; and

(iv) other service revenue generated from our advertising services, fulfillment services,subscription services and other commissions.

*Sales of goods*

We generate revenue from sales of goods in our 1P-model Direct Sales operations, for 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 revenues*

Our marketplace revenues consist 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 the time the order is placed;

(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 service revenue*

The delivery services are charged to our merchants and customers, in Marketplace operations. Charges for delivery services also include revenue generated from last-mile delivery services to third parties (through our HepsiJet services).

*Other service revenue*

Other service revenue primarily comprises advertising services revenue, fulfillment revenue, subscription services revenue and other commission revenues.

***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, (g) other operating expenses and (h) other operating income; 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* consists of expenses related to several legal cases, utilities, consultancy, rent expenses, credit card processing, insurance, withholding tax, vehicle fuel, credit card chargebacks, internet line, irrecoverable value added tax, maintenance expenses, stationary, travel, provision for doubtful receivables and other expenses; and

(h) *Other operating income* consists of income related to contribution income, partnership income, withholding tax expense, depositary service, brand promotions, services charges, released provisions and other income.

***Financial income***

Financial income consists of foreign currency exchange gains, interest income, fair value gains on financial assets at fair value 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, fair value losses on financial assets at fair value and other expenses.

***Monetary gains/(losses)***

Monetary gains/(losses) on the net monetary position is derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statements of comprehensive income/(loss) and the adjustment of index linked assets and liabilities.

***Taxation on income***

Taxation on income consists of tax calculated at the enacted tax rate, the effect of disallowable expenses, and 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 our 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 and specific allowances). The corporate income tax rate in Türkiye was 25% in 2023, 23% in 2022 and 25% in 2021. We may also be subject to one-off taxes. We were not subject to the one-time earthquake tax for the 2022 accounting period which amounted to a rate of 10% on exemption and deduction amounts applied on income under the applicable laws, among other items. However, any amendments to the tax legislation or subsequent practice of tax authorities may require us to pay an earthquake or other one-off tax in the future, including on a retroactive basis for the prior accounting periods.

## A. Operating Results

***Results of Operations***

Below are our results of operations for the years ended December 31, 2023, 2022 and 2021:

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 (audited) | 2022 (audited) | 2021 (audited) |
| | (in thousands Turkish Lira) | | |
| Revenues | 35,558,521 | 26,478,009 | 24,792,125 |
| Cost of inventory sold | (24,788,674) | (20,723,995) | (19,437,507) |
| Shipping and packaging expenses | (3,323,926) | (2,629,327) | (3,129,641) |
| Payroll and outsource staff expenses | (3,504,010) | (2,949,586) | (2,615,881) |
| Advertising expenses | (2,427,752) | (2,908,700) | (4,862,066) |
| Technology expenses | (412,177) | (302,220) | (204,238) |
| Depreciation and amortization | (1,174,133) | (844,891) | (637,012) |
| Other operating income | 478,979 | 129,600 | 262,337 |
| Other operating expenses | (1,131,805) | (1,361,640) | (944,750) |
| **Operating loss** | **(724,977)** | **(5,112,750)** | **(6,776,633)** |
| Financial income | 3,539,610 | 3,153,151 | 6,630,917 |
| Financial expenses | (4,010,055) | (2,817,667) | (3,277,178) |
| Monetary gains/(losses) | 1,270,956 | (13,421) | 92,814 |
| **Income/(loss) before income taxes** | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Taxation on income | — | — | — |
| **Income/(loss) for the year** | **75,534** | **(4,790,687)** | **(3,330,080)** |
| **Items that will not be reclassified to profit or loss:** | | | |
| Actuarial losses arising on re-measurement of post-employment benefits | (75,111) | (23,041) | (10,969) |
| **Total comprehensive income/(loss) for the year** | **423** | **(4,813,728)** | **(3,341,049)** |

***Year ended December 31, 2023 compared to year ended December 31, 2022***

*Revenues*

Below is our revenues, broken down by source, for the years ended December 31, 2023 and 2022 and as a percentage of total revenues:

| | Year ended December 31, | | | | Change | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | | |
| | | % of Revenues | | % of Revenues | Amount | % |
| | (in thousands Turkish Lira, except percentages) | | | | | |
| Sales of goods | 26,353,506 | 74.1 | 20,735,523 | 78.3 | 5,617,983 | 27.1 |
| Marketplace revenues | 4,486,402 | 12.6 | 2,804,882 | 10.6 | 1,681,520 | 59.9 |
| Delivery services revenue | 3,622,413 | 10.2 | 2,450,320 | 9.3 | 1,172,093 | 47.8 |
| Other | 1,096,200 | 3.1 | 487,284 | 1.8 | 608,916 | 125.0 |
| **Revenues** | **35,558,521** | **100.0** | **26,478,009** | **100.0** | **9,080,512** | **34.3** |

Our revenues increased by TRY 9,080,512 thousand, or 34.3%, to TRY 35,558,521 thousand in the year ended December 31, 2023 from TRY 26,478,009 thousand in the year ended December 31, 2022. This was primarily attributable to a TRY 5,617,983 thousand or 27.1% increase in sales of goods to TRY 26,353,506 thousand in 2023 compared to TRY 20,735,523 thousand in 2022. Marketplace revenues increased by 59.9% to TRY 4,486,402 thousand in 2023 compared to TRY 2,804,882 thousand in 2022. Delivery services revenue increased by 47.8% to TRY 3,622,413 thousand in 2023 compared to TRY 2,450,320 thousand in 2022. Meanwhile, other service revenue, which mainly consisted of advertising services, Hepsiburada Premium subscriptions and HepsiLojistik revenue streams, grew by 125.0% to TRY 1,096,200 thousand in 2023 compared to TRY 487,284 thousand in 2022.

In 2023, the number of orders increased by 13.7% (excluding digital products) compared to 2022 due to the continued rise in order frequency. Meanwhile, average order value increased by 15.2% (excluding digital products) in 2023 compared to the corresponding periods in 2022. The increase in average order value growth (excluding digital products) is attributable mainly to a faster-than-inflation rise in average selling prices and to the higher share of large-ticket items in electronics in 2023.

The increase in the number of orders combined with the increase in average order value (as further detailed above) resulted in 31.0% growth on an annual basis in sales of goods and marketplace revenues, on an aggregate basis, compared to 2022.

The 59.9% year-on-year growth in Marketplace revenue was higher than the 27.1% year-on-year growth in sales of goods revenue mainly due to the optimization of discount campaigns in our Marketplace operations.

The 47.8% increase in delivery service revenue compared to 2022 was mainly due to (i) annual and mid-year rises in unit delivery service charges, (ii) an increase in delivery service revenue from off-platform customers of HepsiJet and (iii) an increase in the number of parcels delivered.

The 125.0% growth in other revenue was mainly driven by 95.3% growth in our advertising services revenues (including our HepsiAd services and co-marketing revenues) and 824.6% growth in Hepsiburada Premium subscription revenues compared to 2022. HepsiAd services revenue as a percentage of GMV was approximately 0.2% in 2023.

*Operating expenses*

Below are our operating expenses, broken down by category, for the years ended December 31, 2023 and 2022 and as a percentage of total revenue:

| | 2023 | | 2022 | | Change | |
|---|---|---|---|---|---|---|
| | | % of Revenues | | % of Revenues | Amount | % |
| | (in thousands Turkish Lira, except percentages) | | | | | |
| Cost of inventory sold | (24,788,674) | 69.7 | (20,723,995) | 78.3 | (4,064,679) | 19.6 |
| Shipping and packaging expenses | (3,323,926) | 9.3 | (2,629,327) | 9.9 | (694,599) | 26.4 |
| Payroll and outsource staff expenses | (3,504,010) | 9.9 | (2,949,586) | 11.1 | (554,424) | 18.8 |
| Advertising expenses | (2,427,752) | 6.8 | (2,908,700) | 11.0 | 480,948 | (16.5) |
| Technology expenses | (412,177) | 1.2 | (302,220) | 1.1 | (109,957) | 36.4 |
| Depreciation and amortization | (1,174,133) | 3.3 | (844,891) | 3.2 | (329,242) | 39.0 |
| Other operating income | 478,979 | (1.3) | 129,600 | (0.5) | 349,379 | 269.6 |
| Other operating expenses | (1,131,805) | 3.2 | (1,361,640) | 5.1 | 229,835 | (16.9) |
| **Operating expenses** | **(36,283,498)** | **102.0** | **(31,590,759)** | **119.3** | **(4,692,739)** | **14.9** |

Our operating expenses increased by TRY 4,692,739 thousand, or 14.9%, to TRY 36,238,498 thousand for the year ended December 31, 2023 from TRY 31,590,759 thousand for the year ended December 31, 2022. This increase was mainly due to a 19.6% increase in cost of inventory sold, a 26.4% increase in shipping and packaging expenses, an 18.8% increase in payroll and outsource staff expenses, a 39.0% increase in depreciation and amortization and a 36.4% increase in technology expenses. This increase was partially offset by 16.5% decrease in advertising expenses, a 269.6% increase in other operating income and 16.9% decrease in other operating expenses.

The increase of TRY 4,064,679 thousand, or 19.6%, in our cost of inventory sold was primarily due to a TRY 5,617,983 thousand increase in our Direct Sales business. The increase in cost of inventory sold is slower than the increase in sale of goods revenue mainly due to lower inflation impact on cost of inventory sold, shorter inventory turnover days in 2023 compared to 2022 and a higher discount impact on cost of inventory sold due to purchases on credit, as a result of increased annual interest rates in Türkiye.

The TRY 694,599 thousand, or 26.4%, increase in shipping and packaging expenses was mainly driven by the 13.7% increase in number of orders (excluding digital products) and a rise in delivery fee per unit, outpacing the average inflation in 2023, applied by our delivery partners due to increases in fuel prices and annual minimum wages.

The TRY 554,424 thousand, or 18.8%, rise in payroll and outsource staff expenses was mainly due to the annual and mid-year salary rises although the number of average personnel (excluding those employees who are employed for the development of our website and whose costs are capitalized as per IFRS) decreased by 18.3% in 2023 compared to 2022. Share-based payment expenses in 2023 (covering a provision for the equity-settled portion of compensation, that includes a vesting condition-based plan and a performance target-based plan) was TRY 106,401 thousand compared to TRY 250,623 thousand in 2022 (covering a provision for the equity-settled portion of compensation, that includes a vesting condition-based plan and a performance target-based plan). This decrease was mainly due to the lower number of shares vested in 2023 and lower share price for the shares that vested in 2023 compared to 2022.

The TRY 480,948 thousand, or 16.5%, decline in advertising expenses was mainly due to continued marketing efficiency efforts. In this regard, we have deepened our customer engagement through better personalized customer journeys and our loyalty program. As an outcome of the new E-Commerce Law (as defined under Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*"); in the future, the Company may have to limit the total amount of advertising and marketing expenditures and customer discounts if and when the Company exceeds the threshold that triggers advertisement and discount budget restrictions.

The TRY 109,957 thousand, or 36.4%, increase in technology expenses was mainly due to higher cloud expenses in 2023 compared to 2022. Prior to 2023, these costs were for the development phase of cloud-based projects and were recognized as web site development costs under capital expenditures. The increase was also related to investments in new software solutions to enhance customer experience in line with our efforts to provide a superior customer experience.

The TRY 329,242 thousand, or 39.0%, increase in depreciation and amortization was mainly due to the increase in additions to the intangible assets associated with website development costs.

Other operating income, which mainly includes reversal of provisions, contribution income, bank promotion income and ADS depositary service income, increased by TRY 349,379 thousand, or 269.6%, to TRY 478,979 thousand in the year ended December 31, 2023 from TRY 129,600 thousand in December 31, 2022. This increase was largely attributable to the reversal of TRY 144.6 million of the TRY 157.6 million expense provision regarding an investigation initiated by the Competition Board, and the settlement of the USD 3,975 thousand (equivalent to TRY 121.8 million) contribution amount owed by TurkCommerce B.V. to Hepsiburada under the contribution agreement entered into between the parties.

Other operating expenses which mainly include insurance, provision for legal cases, legal expenses, consultancy, withholding tax and other service costs decreased by TRY 229,835 thousand, or 16.9%, to TRY 1,131,805 thousand for the year ended December 31, 2023 from TRY 1,361,640 thousand for the year ended December 31, 2022. This decrease was mainly due to a higher legal provision expenses in 2022 relating to the settlement of previously disclosed class action lawsuits amounting to TRY 462,452 thousand (Turkish Lira equivalent of $13,900 thousand). The decrease was partially offset by higher withholding tax payments and higher consultancy, credit card processing and rent expenses in 2023 compared to 2022.

*Financial income*

Our financial income increased by TRY 386,459 thousand, or 12.3%, to TRY 3,539,610 thousand in 2023 compared to TRY 3,153,151 thousand in 2022. This was mainly driven by a TRY 172,618 thousand increase in interest income on time deposits due to higher annual interest rates (as reported by the CBRT, annual average interest rates increased by 44% from 2022 to 2023) and a TRY 165,381 thousand increase in interest income on credit sales due to higher annual interest rates and higher revenue. The increase in our financial income was also due to a TRY 153,153 thousand increase in fair value gains on financial investments.

*Financial expenses*

Our financial expenses increased by TRY 1,192,388 thousand, or 42.3%, to TRY 4,010,055 thousand in 2023 compared to TRY 2,817,667 thousand in 2022, primarily attributable to a TRY 746,062 thousand increase in interest expenses on purchases due to higher inventory procurement during 2023 and a TRY 505,376 thousand increase in commission expenses due to early collection of credit card receivables as a result of an increase in annual effective interest rates, each compared to 2022.

*Monetary gains/(losses)*

Our monetary gains/(losses) position increased by TRY 1,284,377 thousand to TRY 1,270,956 thousand monetary gains in 2023 from a TRY 13,421 thousand monetary losses in 2022. The increase in monetary gains was mainly due to the change in net monetary position resulting from monetary liabilities (mainly consisting of trade payables and payables to merchants) exceeding monetary assets (mainly consisting of cash and cash equivalents) in 2023.

*Net income for the year*

As a result of the factors discussed above, net income for the year increased by TRY 4,866,221 thousand to TRY 75,534 thousand in 2023 from a net loss of TRY 4,790,687 thousand in 2022.

*EBITDA*

For the year ended December 31, 2023, EBITDA was TRY 449,156 thousand, compared to negative TRY 4,267,859 thousand in 2022, corresponding to 0.4% EBITDA as a percentage of GMV in 2023. This corresponded to a 5.2 percentage point improvement in EBITDA as a percentage of GMV in 2023 compared to negative 4.8% in 2022. This improvement was driven by a 2.7 percentage point rise in Gross Contribution margin, a 1.2 percentage point decline in advertising expenses, a 0.3 percentage point decline in payroll and outsource staff expenses, a 0.1 percentage point decline in shipping and packaging expenses and a 0.8 percentage point decline in other operating expenses, net, in each case as a percentage of GMV.

***Year ended December 31, 2022 compared to year ended December 31, 2021***

*Revenues*

Below is our revenues, broken down by source, for the years ended December 31, 2022 and 2021, and as a percentage of total revenues:

| | Year ended December 31, | | | | Change | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | | |
| | | % of Revenues | | % of Revenues | Amount | % |
| | (in thousands Turkish Lira, except percentages) | | | | | |
| Sales of goods | 20,735,523 | 78.3 | 20,090,406 | 81.0 | 645,117 | 3.2 |
| Marketplace revenues | 2,804,882 | 10.6 | 1,991,864 | 8.0 | 813,018 | 40.8 |
| Delivery services revenue | 2,450,320 | 9.3 | 2,447,063 | 9.9 | 3,257 | 0.1 |
| Other | 487,284 | 1.8 | 262,792 | 1.1 | 224,492 | 85.4 |
| **Revenues** | **26,478,009** | **100.0** | **24,792,125** | **100.0** | **1,685,884** | **6.8** |

Our revenues increased by TRY 1,685,884 thousand, or 6.8%, to TRY 26,478,009 thousand in the year ended December 31, 2022 from TRY 24,792,125 thousand in the year ended December 31, 2021. This increase was primarily attributable to a TRY 813,018 thousand or 40.8% increase in Marketplace revenues to TRY 2,804,882 thousand in 2022 compared to TRY 1,991,864 thousand in 2021. Sales of goods increased by 3.2% to TRY 20,735,523 thousand in 2022 compared to TRY 20,090,406 thousand in 2021. Meanwhile, other service revenue, which mainly consisted of HepsiAd and HepsiLojistik revenue streams, grew by 85.4% to TRY 487,284 thousand in 2022 compared to TRY 262,792 thousand in 2021. Delivery services revenue remained nearly flat year-on-year at TRY 2,450,320 thousand in 2022 compared to TRY 2,447,063 thousand in 2021.

In 2022, the number of orders increased by 50.4%, while the average order value decreased by 31.0% compared to 2021. The 31.0% decrease in average order value was mainly due to (i) the tendency for customers to substitute products with more affordable alternatives (*i.e.*, towards lower-priced brands, regardless of whether for sales of essentials or non-essentials), (ii) the limited and/or time-lagged pass-through effect of inflation on our average selling prices, (iii) the shift in GMV mix towards non-electronic categories, which have a lower average selling price and (iv) the rise in digital goods sales in 2022, which have a lower average order value compared to our overall average order value (in contrast to its upward impact on the number of orders). Meanwhile, higher sales volumes through 1P compared to 2021 as well as our strategic decision to improve profitability, and therefore cut back on customer discounts (which are deducted from the 1P and 3P revenues), had a positive impact on revenue growth, which was 6.8% in 2022 compared 2021.

The decline in our average order value (as further detailed above), which was partially offset by the impact of cutbacks on customer discounts, resulted in a 3.2% increase in sales of goods revenue compared to 2021.

The 40.8% increase in Marketplace revenues compared to 2021 was mainly due to cutbacks on customer discounts despite the decline in our average order value (as further detailed above) and higher sales volumes through 1P.

The 0.1% increase in delivery services revenue compared to 2021 was mainly due to several factors which offset the 2022 rises in unit delivery service charges. Such factors included the following: (i) the rise in inflation rate in the first half of 2022 was faster compared to the increase in our unit delivery service charges at the start of 2022 (*i.e.*, in January) and (ii) the number of parcels delivered remained flat in 2022 compared to 2021.

The TRY 224,492 thousand increase in other service revenue was mainly driven by the increase in HepsiAd (our advertising platform) and HepsiLojistik (our fulfillment services provider) revenue streams. In 2022, HepsiAd continued to penetrate our merchant base with its advertisement offering. Similarly, since its launch in early 2021, HepsiLojistik continued to expand, serving 751 merchants by the end of 2022.

*Operating expenses*

Below are our operating expenses, broken down by category, for the years ended December 31, 2022 and 2021, and as a percentage of total revenue:

| | 2022 | | 2021 | | Change | |
|---|---|---|---|---|---|---|
| | | % of Revenues | | % of Revenues | Amount | % |
| | (in thousands Turkish Lira, except percentages) | | | | | |
| Cost of inventory sold | (20,723,995) | 78.3 | (19,437,507) | 78.4 | (1,286,488) | 6.6 |
| Shipping and packaging expenses | (2,629,327) | 9.9 | (3,129,641) | 12.6 | 500,314 | (16.0) |
| Payroll and outsource staff expenses | (2,949,586) | 11.1 | (2,615,881) | 10.6 | (333,705) | 12.8 |
| Advertising expenses | (2,908,700) | 11.0 | (4,862,066) | 19.6 | 1,953,366 | (40.2) |
| Technology expenses | (302,220) | 1.1 | (204,238) | 0.8 | (97,982) | 48.0 |
| Depreciation and amortization | (844,891) | 3.2 | (637,012) | 2.6 | (207,879) | 32.6 |
| Other operating income | 129,600 | (0.5) | 262,337 | (1.1) | (132,737) | (50.6) |
| Other operating expenses | (1,361,640) | 5.1 | (944,750) | 3.8 | (416,890) | 44.1 |
| **Operating expenses** | **(31,590,759)** | **119.3** | **(31,568,758)** | **127.3** | **(22,001)** | **0.1** |

Our operating expenses increased by TRY 22,001 thousand, or 0.1%, to TRY 31,590,759 thousand for the year ended December 31, 2022 from TRY 31,568,758 thousand for the year ended December 31, 2021. This increase was mainly due to an increase of TRY 1,286,488 thousand, or 6.6%, in cost of inventory sold, a 44.1% increase in other operating expenses, a 12.8% increase in payroll and outsource staff expenses, a 32.6% increase in depreciation and amortization, a 48.0% increase in technology expenses and a 50.6% decrease in other operating income. This increase was partially offset by a 40.2% decrease in advertising expenses and a 16.0% decrease in shipping and packaging expenses.

The increase of TRY 1,286,488 thousand, or 6.6%, in our cost of inventory sold was primarily due to a TRY 645,117 thousand increase in our Direct Sales business and higher inflation impact on cost of inventory sold in 2022 compared to 2021.

The TRY 500,314 thousand, or 16.0%, decline in shipping and packaging expenses was mainly due to a TRY 380,438 thousand decline in shipping expenses of our Hepsiburada Market business, which changed its operating model in favor of minimal operational involvement. This decrease was partially offset by the rise in unit shipping charges by the cargo companies in line with inflation.

The TRY 333,705 thousand, or 12.8%, rise in payroll and outsource staff expenses was mainly due to a 28% increase in the average number of full-time employees (excluding those employees who are employed for the development of our website and whose costs are capitalized as per IFRS) in 2022 compared to 2021, along with the impact of the annual and mid-year salary rises. Share-based payment expenses in 2022 (covering a provision for the equity-settled portion of compensation, that includes a vesting condition-based plan and a performance target-based plan) was TRY 250,623 thousand compared to TRY 711,113 thousand in 2021 (covering a provision for the cash and equity settled portions of compensation, that includes the vesting condition based plan). This decrease was mainly due to the cash settled provision made in 2021, which did not recur in 2022.

The TRY 1,953,366 thousand, or 40.2%, decline in advertising expenses was mainly due to continued marketing efficiency efforts. Our customer segment-based acquisition strategy, marketing channel optimization through further investing into cost effective channels, as well as category specific optimizations supported efficiency in overall marketing expenditure. As an outcome of the new E-Commerce Law (as defined under Item 4.B. "*Information on the Company—Business Overview—Regulatory Overview*"); the Company may have to limit the total amount of advertising and marketing expenditures and customer discounts in upcoming years if and when the Company exceeds the threshold that triggers advertisement and discount budget restrictions.

The TRY 97,982 thousand, or 48.0%, increase in technology expenses was mainly due to an increase in our headcount which triggered higher software license fees, investments in new software solutions to enhance customer experience in line with our efforts to provide superior customer experience and the appreciation of the U.S. dollar against the Turkish Lira in 2022.

The TRY 207,879 thousand, or 32.6%, increase in depreciation and amortization was mainly due to the increase in additions to the intangible assets associated with website development costs.

Other operating income, which mainly includes withholding tax return income and ADS depositary service income, decreased by TRY 132,737 thousand, or 50.6%, to TRY 129,600 thousand in the year ended December 31, 2022 from TRY 262,337 thousand in December 31, 2021. This decline was largely attributable to the decrease in withholding tax return income, partially offset by higher ADS depositary service income collected under the depositary service agreement for a seven-year period between the Company and depositary bank and which is recognized as income on a pro-rata basis.

Other operating expenses which mainly include insurance, provision for legal cases, legal expenses, consultancy and other service costs increased by TRY 416,890 thousand, or 44.1%, to TRY 1,361,640 thousand for the year ended December 31, 2022 from TRY 944,750 thousand for the year ended December 31, 2021. This increase was mainly due to a higher legal provision expenses, increase in insurance expenses and higher utility expenses in 2022 compared to 2021. The provision expense relating to the settlement of previously disclosed class action lawsuits amounted to TRY 462,452 thousand in 2022 (Turkish Lira equivalent of $13,900 thousand) compared to a TRY 345,173 thousand provision expense for the Competition Authority investigation in 2021. The provision expense relating to the Turkish Capital Markets Board fee expenses amounted to TRY 39,125 thousand in 2022.

*Financial income*

Our financial income decreased by TRY 3,477,766 thousand, or 52.4%, to TRY 3,153,151 thousand in 2022 compared to TRY 6,630,917 thousand in 2021. This was mainly driven by a TRY 3,834,316 thousand decrease in foreign currency exchange gains from our U.S. dollar denominated bank deposits and financial investments. The appreciation of U.S. dollar / TRY rates accelerated during 2022 resulting in 44.1% appreciation as of December 31, 2022 when compared to December 31, 2021 (vs. 76.8% appreciation as of December 31, 2021 compared to December 31, 2020). The decrease in foreign exchange gains was also due to a decline in U.S. dollar denominated banks deposits and financial investments balance.

*Financial expenses*

Our financial expenses decreased by TRY 459,511 thousand, or 14.0%, to TRY 2,817,667 thousand in 2022 compared to TRY 3,277,178 thousand in 2021, primarily attributable to a TRY 188,620 thousand decrease in commission expenses due to early collection of credit card receivables as a result of changes to our free-of-charge credit card installment offers. Meanwhile, we recorded a TRY 295,780 thousand decrease in foreign currency exchange losses from our U.S. dollar denominated trade payables due to 44.1% appreciation of the U.S. dollar against the Turkish Lira as of December 31, 2022 when compared to December 31, 2021 (vs. 76.8% appreciation as of December 31, 2021 compared to December 31, 2020).

*Monetary gains/(losses)*

Our monetary gains/(losses) position decreased by TRY 106,235 thousand, or 114.5%, to TRY 13,421 thousand monetary losses in 2022 from a TRY 92,814 thousand monetary gains in 2021. The decline in monetary gains was mainly due to the change in net monetary position in favor of monetary assets in 2022.

*Net loss for the year*

As a result of the factors discussed above, net loss for the year increased by TRY 1,460,607 thousand, or 43.9%, to TRY 4,790,687 thousand in 2022 from TRY 3,330,080 thousand in 2021.

*EBITDA*

For the year ended December 31, 2022, EBITDA was negative TRY 4,267,859 thousand, compared to negative TRY 6,139,621 thousand in 2021, corresponding to negative 4.8% EBITDA as a percentage of GMV in 2022. This corresponded to a 2.4 percentage point improvement in EBITDA as a percentage of GMV in 2022 compared to 2021. This improvement was driven by a 0.2 percentage point rise in Gross Contribution Margin, a 2.4 percentage point decline in advertising expenses and a 0.7 percentage point decline in shipping and packaging expenses as a percentage of GMV, and was partially offset by a 0.3 percentage point rise in payroll and outsource staff expenses and a 0.6 percentage point rise in other operating expenses, net as a percentage of GMV.

***Immaterial Corrections to Financial Statements***

We have revised our disclosures relating to non recoverable net deferred income tax assets and tax losses reported for the fiscal year ended December 31, 2022, in a footnote to our audited consolidated financial statements to reflect the correction of an error immaterial to the financial statements. The revisions had no impact on our consolidated balance sheets, consolidated statements of comprehensive income/(loss), consolidated statements of changes in equity or consolidated statements of cash flows. See Note 21 to our audited consolidated financial statements included elsewhere in this annual report for further details.

**B. Liquidity and Capital Resources**

**Current Sources of Liquidity and Capital Resources**

Our principal source of liquidity is the revenue generated from our Marketplace and Direct Sales operations, the revenue generated from our additional revenue streams including off-platform delivery service revenue, advertising services revenue through HepsiAd, subscription revenue through Hepsiburada Premium and fulfillment services revenue; the cash received from IPO proceeds and uncommitted available credit limits from Turkish banking institutions.

As of December 31, 2023, we had cash and cash equivalents of TRY 5,500,000 thousand and financial investments of TRY 1,722,744 thousand, compared to cash and cash equivalents TRY 8,676,955 thousand and financial investments of TRY 28,929 thousand as of December 31, 2022. Our cash and cash equivalents comprise cash in hand, bank deposits and highly liquid assets, the original maturity of which is less than three months. Our financial investments are financial assets measured at fair value and financial assets carried at amortized cost and consist of foreign currency based mutual funds and Eurobonds as of December 31, 2023. See Note 5 to our audited consolidated financial statements included elsewhere in this annual report for further details. We held around 79% of our cash and cash equivalents (equivalent to USD 148,391 thousand) in U.S. dollars as of December 31, 2023 while the remaining 21% was held in Turkish Lira. The percentage of cash and cash equivalents that is held in U.S. dollar may change from time to time in line with the Group's working capital management policy. Our Registration Statement (File No. 333-256654) was declared effective by the SEC on June 30, 2021. On July 6, 2021, we completed our IPO with the delivery of 65,251,000 ADSs, each representing one Class B ordinary share, including 8,511,000 ADSs sold upon full exercise by the underwriters of their option to purchase additional ADSs, at a public offering price of $12.00 per ADS. We issued 41,670,000 ADSs in our IPO and received approximately USD 469.3 million in net proceeds from our IPO after deducting underwriting commissions and discounts and the IPO expenses payable by us.

We generate negative working capital as a result of our operating model, which we use as the main source of funding for our operations. See Note 23 to our audited consolidated financial statements included elsewhere in this annual report. Additionally, we maintain available line of credit limits with various banks that can be used in obtaining cash, letters of guarantee and cash for payments to suppliers.

In order to have access to financing, we maintain credit limits with various Turkish banks. As of December 31, 2023 our total uncommitted credit limits amounted to TRY 4,709,631 thousand, available for cash and non-cash (*i.e.*, letters of credit) utilizations as well as supplier and merchant financing operations. See Item 4.B. "*Information on the Company—Business Overview—Supplier and Merchant Financing.*" As of December 31, 2023 and December 31, 2022, our bank borrowings under these credit limits amounted to TRY 186,281 thousand and TRY 39,501 thousand, respectively.

The following table summarizes our borrowings as of December 31, 2023, 2022 and 2021:

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | (in thousands Turkish Lira) | | |
| Short-term bank borrowings | 183,472 | 21,501 | 522,895 |
| Long-term bank borrowings | 2,809 | 18,000 | — |
| **Total bank borrowings** | **186,281** | **39,501** | **522,895** |

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 Item 4.B. "*Information on the Company—Business Overview—Supplier and Merchant Financing.*" As of December 31, 2023, supplier and merchant financing facilities represented TRY 17.7 million of our short-term bank borrowings and the remaining TRY 165.7 million pertained to other short-term bank borrowings utilized as a resource for liquidity.

Given the seasonality in our operations, historically, we would draw on short-term loans in the first quarter of the 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. In 2022 and 2023, given significant IPO proceeds, we did not draw a significant amount on short-term loans. As of December 31, 2023, our short-term borrowings amounted to TRY 165.7 million (excluding supplier and merchant financing loans), comprising non-interest bearing credit card payables due to purchasing goods of TRY 157.5 million and other short term borrowings to finance the capex needs of our delivery operations of TRY 8.2 million. As a result of a decision of the BRSA dated June 24, 2022 (the "**BRSA Decision**"), companies whose total foreign currency assets exceed a certain limit set out by the BRSA have been restricted from borrowing Turkish Lira from banks. We are subject to these restrictions given that our foreign-currency cash assets exceed the limits set out in the BRSA Decision.

All of our bank borrowings are denominated in Turkish Lira and are utilized under Turkish law governed general credit agreements with standard terms. As of December 31, 2023, the average annual effective interest rate for our bank borrowings was 20.2% and the average annual effective interest rate for supplier and merchant financing loans was 57.6% while these rates in 2022 were 21.3% and 22.7%, respectively.

***Cash Flows***

The following table summarizes our cash flows for the years ended December 31, 2023, 2022 and 2021.

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | (in thousands Turkish Lira) | | |
| **Cash and cash equivalents at beginning of the year** | **8,666,727** | **10,319,646** | **2,181,563** |
| Net cash provided by/(used in) operating activities | 5,019,115 | 706,816 | (47,393) |
| Net cash provided by/(used in) investing activities | (1,678,289) | 1,805,696 | (3,115,701) |
| Net cash provided by/(used in) financing activities | (3,330,021) | (2,429,440) | 10,848,360 |
| **Net increase in cash and cash equivalents** | **10,805** | **83,072** | **7,685,266** |
| Effects of exchange rate changes on cash and cash equivalents | 174,423 | 1,607,314 | 2,993,836 |
| Effects of inflation on cash and cash equivalents | (3,352,790) | (3,343,305) | (2,541,019) |
| **Cash and cash equivalents at end of the year** | **5,499,165** | **8,666,727** | **10,319,646** |

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

Net cash provided by operating activities for 2023 comprised a TRY 75,534 thousand net income (2022: net loss of TRY 4,790,687 thousand), a negative TRY 1,533,723 thousand change in net working capital (2022: positive TRY 829,671 thousand) and a TRY 6,477,304 thousand change in other items (comprising non-cash items such as provisions and depreciation expenses, as well as non-operating items such as financial income and expenses, non-operating monetary gains and losses and unrealized foreign exchange differences) (2022: TRY 4,667,832 thousand). Net cash provided by operating activities rose by TRY 4,312,299 thousand to TRY 5,019,115 thousand in 2023 as compared to negative TRY 706,816 in 2022. This increase was mainly due to a strong EBITDA improvement of TRY 4,717 million, partially offset by a (i) TRY 404,716 thousand decrease in change in operating monetary gains/loss, (ii) a TRY 2,363 million decrease in change in net working capital mainly as a result of the seasonality of our 3P operations and (iii) an increase in realized foreign exchange gains and other non-cash items. The decrease in capex in 2023 also contributed positively to the free cash flow performance.

Net cash provided by operating activities for 2022 comprised a TRY 4,790,687 thousand net loss (2021: net loss of TRY 3,330,080 thousand), a positive TRY 829,671 thousand change in net working capital (2021: TRY 1,415,195 thousand) and a TRY 4,667,832 thousand change in other items (comprising non-cash items such as provisions and depreciation expenses, as well as non-operating items such as financial income and expenses) (2021: TRY 1,867,492 thousand). Net cash provided by operating activities rose by TRY 754,209 thousand to TRY 706,816 thousand in 2022 as compared to negative TRY 47,393 thousand in 2021. This increase was mainly due to a TRY 3,661,282 thousand increase in change in inventories, supported by a TRY 1,398,763 thousand increase in other assets and receivables and a TRY 420,393 thousand decrease in change in contract liabilities and merchant advances. The increase was partially offset by a TRY 4,834,844 thousand decrease in change in trade payables and payables to merchants, a TRY 425,412 thousand decrease in change in trade receivables and a TRY 432,625 thousand decrease in change in other liabilities.

***Net cash provided by / (used in) investing activities***

In 2023, net cash from investing activities changed by TRY 3,483,985 thousand to an outflow of TRY 1,678,289 thousand from an inflow of TRY 1,805,696 thousand in 2022. This change was primarily due to the increase in purchases of financial investments amounting to TRY 2,482,909 thousand and decrease in sale of financial investments amounting to TRY 1,837,147 thousand.

In 2022, net cash from investing activities changed by TRY 4,921,397 thousand to an inflow of TRY 1,805,696 thousand from an outflow of TRY 3,115,701 thousand in 2021. This change was primarily due to the proceeds from sale of financial investments amounting to TRY 5,264,725 thousand despite a TRY 748,002 thousand increase in tangible and intangible assets acquisitions for our growing operations.

***Net cash provided by / (used in) financing activities***

In 2023, net cash from financing activities changed by TRY 900,581 thousand to an outflow of TRY 3,330,021 thousand from an outflow of TRY 2,429,440 thousand in 2022. This change was primarily due to the increase in interest and commission paid amounting to TRY 1,442,108 thousand. The increase was partially offset by a TRY 566,079 thousand net decrease in proceeds from borrowings and repayment of borrowings in 2023.

In 2022, net cash from financing activities changed by TRY 13,277,800 thousand to an outflow of TRY 2,429,440 thousand from an inflow of TRY 10,848,360 thousand in 2021. This change was primarily due to the impact of our IPO proceeds of TRY 13,616,436 thousand.

***Free Cash Flow***

References to Free Cash Flow are to net cash provided by operating activities less capital expenditures plus proceeds from sale of property and equipment. See "—*Key Indicators of Operating and Financial Performance and Non-IFRS Measures*."

For the year ended December 31, 2023, our Free Cash Flow changed to an inflow of TRY 3,872,955 thousand from an outflow of TRY 685,448 thousand in 2022. This change was mainly driven by a TRY 4,312,299 thousand increase in net cash provided by operating activities, supported by a TRY 246,103 thousand decrease in tangible and intangible asset acquisitions. See "—*Net cash provided by / (used in) operating activities*" for further information.

For the year ended December 31, 2022, our Free Cash Flow changed to an outflow of TRY 685,448 thousand from an outflow of TRY 687,956 thousand in 2021. This change was mainly driven by a TRY 754,209 thousand increase in net cash provided by operating activities despite a TRY 751,700 thousand increase in tangible and intangible assets acquisitions for our growing operations. See "—*Net cash provided by / (used in) operating activities*" for further information.

***Net Working Capital***

References to "**Net Working Capital**" are to current assets (excluding cash and cash equivalents and financial investments) *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 December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | (in thousands Turkish Lira) | | |
| Current assets | 14,624,244 | 13,804,922 | 19,480,755 |
| Cash and cash equivalents | (5,500,000) | (8,676,955) | (10,321,986) |
| Financial investments | (1,722,744) | (28,929) | (3,134,521) |
| Current liabilities | (13,646,088) | (12,762,902) | (13,540,527) |
| Bank borrowings, current | 183,472 | 21,501 | 522,895 |
| Lease liabilities, current | 154,573 | 259,375 | 295,871 |
| **Net Working Capital** | **(5,906,543)** | **(7,382,988)** | **(6,697,513)** |

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—Key Indicators of Operating and Financial Performance and Non-IFRS Measures"* and *"Presentation of Financial and Other Information*" for more information.

Net Working Capital was negative TRY 5,906,543 thousand as of December 31, 2023 compared to negative TRY 7,382,988 thousand as of December 31, 2022. The TRY 1,476,445 thousand change in negative net working capital was mainly driven by a TRY 1,278,819 thousand increase in trade receivables, a TRY 1,018,440 increase in inventories, a TRY 863,578 thousand decrease in trade payables and payables to merchants, a TRY 569,167 thousand decrease in provisions and a TRY 372,300 thousand increase in contract liabilities and merchant advances.

Net Working Capital was negative TRY 7,382,988 thousand as of December 31, 2022 compared to negative TRY 6,697,513 thousand as of December 31, 2021. The TRY 685,475 thousand change in negative net working capital was mainly driven by a TRY 486,280 thousand increase in trade receivables, a TRY 1,295,672 thousand decrease in trade payables and payables to merchants, a TRY 1,792,728 thousand decrease in inventories, a TRY 373,138 thousand increase in other current assets and a TRY 292,466 thousand increase in provisions.

Our trade payables and payables to merchants mainly include trade payables to retail suppliers (for merchandise 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, 2023, our trade payables and payables to merchants amounted to TRY 10,562,999 thousand. Our trade payables and payables to merchants increased by TRY 863,578 thousand, compared to December 31, 2022, mainly due to an increase in inventory procurements in the fourth quarter of 2023 compared to the same period of 2022 and increased service payables such as advertising, shipping and other operational expenses. The payable days for our suppliers as of December 31, 2023 was 65 days, down from 70 days as of December 31, 2022, mainly due to a change in the mix of sales towards the suppliers with relatively lower payment days.

As of December 31, 2022, our trade payables and payables to merchants amounted to TRY 9,699,421 thousand. Our trade payables and payables to merchants decreased by TRY 1,295,672 thousand, compared to December 31, 2021, mainly due to a higher volume of inventory procurements in the fourth quarter of 2021 and increased service payables such as advertising, shipping and other operational expenses, whereas the inventory level had significantly declined as at December 31, 2022. As of December 31, 2022, the average payables days for suppliers was 70 days, down from 113 days as of December 31, 2021, consistent with the declining trend in inventory turnover days (due to our sell and pay payables).

As of December 31, 2023, the number of inventory days was 58 days, up from 51 days as of December 31, 2022. During 2023, we slightly increased our inventory days to achieve a sustainable inventory level for our operations. As of December 31, 2022, the number of inventory days was 51 days, down from 88 days as of December 31, 2021, in line with our ambition for a better inventory level management.

Our trade receivables mainly include trade receivables related to cheques received through corporate sales, credit card receivables, receivables from suppliers (receivables under rebate invoices issued to the suppliers where our rebate receivables from a supplier exceed the payables owed to that specific supplier at the reporting date and the net receivable from that specific supplier is classified in trade receivables), Buy-now-pay-later receivables and receivables of HepsiJet from its customers. As of December 31, 2023, our trade receivables amounted to TRY 2,373,275 thousand, compared to TRY 1,094,456 thousand as of December 31, 2022. The increase in our trade receivable balance was mainly due to the increase in buy-now-pay-later receivables. As of December 31, 2022, our trade receivables amounted to TRY 1,094,456 thousand, compared to TRY 608,176 thousand as of December 31, 2021, mainly due to buy-now-pay-later and corporate sales receivables.

As of December 31, 2023, the decrease in provisions was mainly due to the provision relating to the settlement of previously disclosed class action lawsuits which was reversed upon payment of the settlement expense in 2023. As of December 31, 2022, the increase in provisions was mainly due to the provision relating to the settlement of previously disclosed class action lawsuits. As of December 31, 2021, the increase in provisions was mainly due to the provision relating to the competition board investigation.

As of December 31, 2022, the increase in other current assets was mainly due to an increase in deferred VAT balance.

The average trade payable days exceeds the average trade receivable days and due to our high rate of inventory turnover, we maintained a negative net working capital position as of December 31, 2023 and December 31, 2022, respectively.

**Material Cash Requirements**

As of December 31, 2023, December 31, 2022 and December 31, 2021, our outstanding debt (including trade payables, bank borrowings and lease liabilities) was TRY 11,025.7 million, TRY 10,171.2 million and TRY 12,089.8 million, respectively. Our current investments mainly focus on capital expenditures, which we expect to increase in 2024 in Turkish Lira terms due to the anticipated depreciation of the Turkish Lira, a rise in inflation and the expansion of our strategic assets. See "—*Capital Expenditures*" below.

Inflationary price increases impacting the cost of inventories, payroll costs, shipping costs, and other operating expenses have put, and are expected to continue to put increasing pressure on our cash requirements. Additionally, the high inflationary environment in Türkiye may result in a decline in customer demand which may lead to a decrease in our GMV growth rate compared to our plans and accordingly we may consider offering higher customer discounts to stimulate any slowdown in demand which may lead to a lower Gross Contribution. This may also result in higher inventory days, which can adversely impact our negative working capital position. We may also face shorter payment terms to our merchants and suppliers, due to prevailing economic conditions including principally hyperinflation, that may impact the financial condition of our merchants and suppliers. Consequently, we may require additional funding from sources other than our operations for working capital needs.

Our BNPL product and our consumer financing product trigger additional cash requirements which we aim to finance mainly through bank borrowings and securitizations as much as macroeconomic and market conditions will allow. In addition, our off-platform payments and potential affordability solutions require both capital expenditures and marketing investments to be introduced and scaled for our clients and merchants in the market, while we continue enhancing our on-platform affordability solutions.

We may consider inorganic growth opportunities to expand our operations. Such acquisitions may result in additional cash requirements and funding.

Furthermore, from time-to-time, we are required to provide financial assurance to third parties and in connection with such obligations, we obtain letters of credit for our suppliers. Such off-balance sheet commitments may result in an increase in our financial expenses.

***Capital Expenditures***

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

The following table summarizes our capital expenditures for the years ended December 31, 2023, 2022 and 2021:

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | (in thousands Turkish Lira) | | |
| Website development costs | 907,149 | 966,767 | 467,917 |
| Furniture and fixtures | 125,247 | 244,960 | 37,965 |
| Acquired software and rights | 128,758 | 109,548 | 144,755 |
| Leasehold improvements | 11,974 | 22,230 | 27,403 |
| Motor vehicles | 72 | 63,693 | 2,776 |
| Other | 4,044 | 9,581 | 1,493 |
| **Total capital expenditures(1)** | **1,177,244** | **1,416,779** | **682,309** |

(1) For 2023 and 2022, total capital expenditure reported in our statements of cash flow does not reconcile with the total capital expenditure noted in this table due to the capitalization of personnel bonus provision related to direct employee costs which amounted to TRY 23,525 thousand and TRY 23,695 thousand as of December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023, 2022 and 2021, our capital expenditures were TRY 1,177,244 thousand, TRY 1,416,780 thousand and TRY 682,309 thousand, respectively. Of the TRY 734,471 thousand increase in 2022, TRY 498,850 thousand was due to the increase in website development costs primarily consisting of the costs of employees who are employed for the development of our website and whose costs are capitalized as per IFRS. Our capital expenditures related to the development of our strategic assets were mainly for the expansion of HepsiJet and Hepsipay. In 2023 and 2022, capital expenditures for HepsiJet amounted to approximately 9% and 13%, respectively, and the capital expenditures for Hepsipay amounted to approximately 13% and 4% of our total capital expenditures, respectively.

For the year 2024, we expect a continued increase in our capital expenditure in Turkish Lira terms, in line with Company's annual growth, mainly due to (i) our larger technology employee base working on website development and whose costs are capitalized, (ii) roughly 20% of total capital expenditure being in U.S. dollar such as notebooks, PCs, other IT equipment where we expect approximately 44% appreciation of the U.S. dollar against the Turkish Lira by the end of 2024, (iii) our expected year-end inflation at around 45%, and (iv) higher investment in our strategic assets primarily for product development of Hepsipay and technological advancements and automation for HepsiJet. For the year ended December 31, 2024, we anticipate that Hepsipay will account for approximately 24% of total capital expenditure (compared to approximately 13% in 2023) and HepsiJet will account for approximately 13% of total capital expenditure (compared to approximately 9% in 2023).

As at December 31, 2023, outstanding purchase commitments, primarily for the purchase of information technology equipment and other services, amounted to approximately TRY 292,976 thousand, of which TRY 182,211 thousand is payable within less than 12 months and the remaining TRY 110,765 thousand is payable within 1 to 5 years.

**Anticipated Sources of Funds**

As we operate with negative net working capital, we fund our payables through the cash generated from our operations.

We expect that we will maintain our negative net working capital position and we will fund our debt as well as our purchase commitments through our current cash and cash equivalents, cash generated from operations and available funds to the extent available to us under our existing debt facility.

In the short-term, we believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations given our priority on becoming a profitable company. We have developed our strategic priorities, which emphasize differentiating assets (including logistics services and affordability solutions), customer loyalty, offering payment, lending and last-mile services to third parties and overall cost optimization. We believe these strategic priorities will support our path towards operational profitability.

We expect our long-term cash requirements to be largely driven by capital expenditures and working capital requirements necessary to improve our profitability and business growth. Given the dynamic nature of the market we operate in, the volatility in the capital markets, the current status of our business as well as rising inflation and interest rates, we are currently unable to reasonably quantify our expected long-term capital requirements and our ability to fully meet our long-term liquidity needs. Our long-term liquidity needs would be further negatively impacted if the macroeconomic conditions set forth above persist a sustained period of time. See also Item 3.D. "*Risk Factors— Risks Relating to Our Business and Industry—We may need to raise additional funds to finance our future capital needs including investing in growth and technology, which may prevent us from growing our business.*" We believe that our focus on becoming profitable at the operating level will continuously support our long-term cash requirements.

The current economic environment and market conditions could limit our ability to borrow funds on acceptable terms or at all in the amounts that would be required to supplement cash flows to support our funding needs. Additional debt would result in increased financial expenses.

In 2024 we may use asset-backed securities as a source of fund for our operations. We expect that this will provide the Company with an additional cash resource to fund its operations. On March 21, 2024, the Capital Markets Board of Türkiye granted approval to Pasha Yatırım Bank Hepsiburada Varlık Finansmanı Fonu for the issuance of asset-backed securities in a structure where Hepsiburada participates as the originating entity with respect to its BNPL receivables. The approval is granted for up to TRY 2 billion and will be valid for one year from the date of approval. Hepsiburada intends to use its BNPL receivables in this structure to be able to sustainably grow its BNPL business and reduce its impact on working capital. On April 26, 2024, Pasha Yatırım Bank Hepsiburada Varlık Finansmanı Fonu applied to the Capital Markets Board for the issuance of TRY 200 million asset-backed securities. The terms of the issuance (including the exact amount and the timing of issuance) have not been agreed among the participants. These will be determined based on market conditions and, for Hepsiburada, will require a board of directors approval.

In addition to pursuing financing opportunities, we continue to focus on improving our overall operating performance and liquidity by assessing and evaluating different strategic options that may be available to us, restructuring plans or options in relation to our strategic assets, renegotiating for more favorable payment terms with our suppliers and monitoring inventory turnover levels closely to ensure an optimum inventory level at any point in time. From time to time, we evaluate our staffing levels in response to changes in our business needs and demand for our products in order to manage costs and improve performance which may result in restructuring of our workforce and associated costs. We cannot, however, assure you that any such options will materialize or be available to us on commercially acceptable terms or at all.

***Indemnification Agreement***

On April 11, 2022, we entered into indemnification agreements with some of our directors and executive committee members that comprised our senior management in 2022, as approved by the general assembly of shareholders on June 24, 2022. Such indemnification agreements represent off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors. For more information on our indemnification agreements, see Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Directors' and Officers' Indemnification and Insurance Arrangements*," and Exhibit 4.7 hereto.

## C. Research and Development, Patents and Licenses, *etc.*

We carry out our research and development activities at our four R&D Centers, located in Istanbul and certified by the Turkish Ministry of Science, Industry, and Technology. In January 2023, Hepsiburada established its second R&D Center while Hepsipay established its first R&D Center in Sancaktepe, Istanbul. HepsiJet continues its research and development activities at its R&D Center. Our projects encompass a wide range including recommendation engines, search engines, customer personalization, payment systems, as well as fraud prevention.

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, 2023, we held three patents in Türkiye as D-Market and one patent as HepsiJet. As of the same date, we also had seven pending patent applications as D-Market as well as six pending patent applications as HepsiJet. See Item 4.B. "*Information on the Company—Business Overview—Intellectual Property*."

## D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events since December 31, 2023 that are reasonably likely to have a material adverse effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

## E. Critical Accounting Estimates

Not applicable.

For a discussion of our significant accounting estimates and assumptions, see Note 2.2 to our audited consolidated financial statements included elsewhere in this annual report.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior 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***

As of the date of this annual report, our board of directors is composed of nine members. The following table sets forth the name, age, position and expiration of current term for the members of our board of directors as of the date of this annual report. Unless otherwise stated, the business address of all directors is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli Istanbul, Türkiye.

| Name | Age | Position | Expiry of term |
|---|---|---|---|
| Hanzade Vasfiye Doğan Boyner(1) | 52 | Chairwoman | August 25, 2026 |
| Erman Kalkandelen(2) | 42 | Deputy Chair | August 25, 2026 |
| Tolga Babalı | 49 | Board Member | August 25, 2026 |
| Mehmet Erol Çamur(3) | 58 | Board Member | August 25, 2026 |
| Vuslat Doğan Sabancı(1) | 53 | Board Member | August 25, 2026 |
| Ahmet Toksoy(4) | 65 | Board Member | August 25, 2026 |
| Ahmet Fadıl Ashaboğlu | 53 | Board Member (Independent) | August 25, 2026 |
| Tayfun Bayazıt | 67 | Board Member (Independent) | August 25, 2026 |
| Stefan Gross-Selbeck(5) | 57 | Board Member (Independent) | August 25, 2026 |

(1) Hanzade Vasfiye Doğan Boyner and Vuslat Doğan Sabancı are siblings.

(2) Erman Kalkandelen is the representative of Franklin Templeton Turkey. See Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Post-IPO Shareholder Agreement—Governance and Management of the Company*." His business address is Ferko Signature, Buyukdere Caddesi no: 175 Levent 34398 Istanbul, Türkiye.

(3) Effective October 20, 2023, Dr. Halil Cem Karakaş resigned from his position as an independent member of the board of directors of the Company and was replaced by Mr. Mehmet Erol Çamur, who is not an independent member of the board of directors. The appointment of Mr. Mehmet Erol Çamur will be submitted to the approval of Hepsiburada's shareholders at the Company's annual general assembly to be held in 2024.

(4) Effective January 15, 2024, Mehmet Murat Emirdağ resigned from his position as a member of the board of directors of the Company and was replaced by Mr. Ahmet Toksoy. The appointment of Mr. Ahmet Toksoy will be submitted to the approval of Hepsiburada's shareholders at the Company's annual general assembly to be held in 2024.

(5) Effective January 2, 2023, Dr. Stefan Gross-Selbeck was appointed as an independent board member and was approved at the Company's annual general assembly on August 25, 2023 to serve until August 25, 2026.

The following changes to the Company's board of directors and committees took place during the period from January 1, 2023 to December 31, 2023:

- Mr. Cemal Ahmet Bozer resigned effective January 2, 2023 after having served a term of six years. On that date, Dr. Stefan Gross-Selbeck was appointed as an independent director.

- Mr. Halil Cem Karakaş resigned effective October 20, 2023. On October 27, 2023 Mr. Mehmet Erol Çamur was appointed as a board member.

- The board of directors of the Company decided to change the composition of its committees on August 28, 2023 according to which Mr. Halil Cem Karakaş stepped down from the Audit Committee and the Corporate Governance Committee, Mr. Stefan Gross-Selbeck was appointed as a member of the Audit Committee and Mr. Tayfun Bayazıt was appointed as a member of the Corporate Governance Committee.

The following is a brief summary of the business experience of our directors and of their board committee memberships.

*Hanzade Vasfiye Doğan Boyner*
*Committee memberships: None*

Hanzade Vasfiye Doğan Boyner is our founder and has served as the chair of our board of directors since she founded Hepsiburada 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 Türkiye's leading sports betting platforms, and currently holds the position of chairwoman. From 2003 to 2007, Ms. Doğan was the chairwoman of Doğan Publishing, Türkiye'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, Türkiye'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. Between 2012 and 2022, Ms. Doğan served as the chairwoman of the Aydın Doğan Foundation, a not-for-profit organization with a social mobility mission and currently serves as a board member.

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*
*Committee memberships: None*

Erman Kalkandelen has served as a member of our board of directors since August 2020. Mr. Kalkandelen currently serves as the CEO and Chairman of Franklin Templeton Turkey. Mr. Kalkandelen previously co-managed the Templeton Emerging Market Small Cap strategy.He is currently heading the private equity practice of Franklin Templeton in Türkiye and CEE and focusing mainly on the technology industry. He is a member of the board of directors of Netlog Lojistik, Gözde Girişim and Gozde Tech Ventures, Fibabanka, Şok Marketler, Bleckmann, Penta Teknoloji 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.

*Tolga Babalı*
*Committee memberships: Risk Committee, Corporate Governance Committee*

Tolga Babalı has been a member of our board of directors since May 2021. As of 2023, Mr. Babalı also serves as a senior officer under an employment agreement with the Company. Since 2008, he has held several management roles in Doğan Holding and related companies in the Doğan Group and, between August 2017 and March 2023, Mr. Babalı served as a member of the executive committee of Doğan Holding, with responsibility for financial and operational management. He continues to serve as a board member in 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 Türkiye 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.

*Mehmet Erol Çamur*
*Committee memberships: None*

Mehmet Erol Çamur was appointed as a member of the Board of Directors in October 2023. He previously served as a member of the Company's Board of Directors between 2015 and 2022.

Mr. Çamur worked for the Ministry of Finance of the Republic of Türkiye from 1986 to 1995 and held management positions in the private sector for five years before joining the Doğan Group in 2000. As part of the Doğan Group, Mr. Çamur has served within several management roles and been responsible for, among other things, various financial matters. Currently, he is serving as Financial Affairs Coordinator for certain companies within the Doğan Group.

Mr. Çamur holds a Bachelor's degree in Political Science from Ankara University.

*Vuslat Doğan Sabancı*
*Committee memberships: None*

Vuslat Doğan Sabancı has been a member of our board of directors since 2020. Ms. Sabancı has over 20 years of experience in publishing and media. From 2004 to 2008, she served as the CEO of Hürriyet Publishing, Türkiye's foremost newspaper group, and as publisher from 2008 to 2018, during which time Hürriyet became a widely read and influential newspaper and Türkiye'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 Türkiye'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.

In 2006, Ms. Sabancı received UN Grand Award for outstanding achievement for her social justice campaigns. She is Vice President of the not-for-profit Aydın Doğan Foundation and a founding board member of Turkish Businesswomen Association and the not-for-profit organization Endeavor Türkiye.

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 School of International and Public Affairs.

*Ahmet Toksoy*
*Committee memberships: None*

Ahmet Toksoy was appointed as a member of our board of directors in January 2024. Mr. Toksoy worked for the Ministry of Finance of the Republic of Türkiye from 1984 to 1989. Later, Mr. Toksoy became a member of the Inspection Board of Hürriyet Holding, served at Hürriyet Newspaper as the Assistant Financial Affairs Manager from 1990 to 1991 and as Financial Affairs Manager from 1991 to 1995. Mr. Toksoy practiced as a Certified Public Accountant at Aktif Denetim Certified Public Accountant Company from 1995 to 1998. Mr. Toksoy held the position of Head of Financial Affairs of Hürriyet Newspaper from 1998 to the early 2010s and, over the years, took on various positions at Doğan Group, including Head of Audit and Risk Management of Doğan Holding, Chairman of the board of directors of Hürriyet Newspaper and a member of the board of directors of various affiliate companies of Doğan Group. Mr. Toksoy continues to serve as a member of the board of directors of Doğan Holding.

Mr. Toksoy holds a Bachelor's degree in Finance from İstanbul University.

*Ahmet Fadıl Ashaboğlu*
*Committee memberships: Audit Committee, Risk Committee (Chair), Corporate Governance Committee (Chair)*

Ahmet Fadıl Ashaboğlu joined our board of directors in May 2022 as an independent board member. He began his career as a Research Assistant at MIT in 1994, followed by various positions in capital markets within UBS Warburg, New York (1996-1999). After serving as a management consultant at McKinsey & Company, New York (1999-2003), Ahmet Fadıl Ashaboğlu moved back to Türkiye and joined Koç Holding as Finance Group Coordinator in 2003. He was appointed as Group Chief Financial Officer at Koç Holding in 2006 and served in that position until April 2022. Ahmet Fadıl Ashaboğlu is currently a board member of various public and private companies including Yapı Kredi Bank, Koç Financial Services, Koç Finansman and Sirena Marine.

Ahmet Fadıl Ashaboğlu holds a BSc degree from Tufts University and a Master of Science degree from Massachusetts Institute of Technology (MIT), both in Mechanical Engineering.

*Tayfun Bayazıt*
*Committee memberships: Audit Committee (Chair), Risk Committee, Corporate Governance Committee*

Tayfun Bayazıt has been a member of our board of directors since July 2021 as an independent board member. Mr. Bayazıt started his banking career at Citibank in 1983. He subsequently worked in executive positions within Çukurova Group for 13 consecutive years (Yapı Kredi as Senior EVP and Executive Committee Member, Interbank as CEO, Banque de Commerce et de Placements S.A. Switzerland as President and CEO). In 1999, he was appointed as Vice Chairman of Doğan Holding and an Executive Director of Dışbank. In 2001, he assumed the CEO position at Dışbank. In 2003, he was also appointed Chairman and was requested to remain as CEO of Fortis Türkiye and the region in July 2005 after its acquisition. Subsequently, he was elected as Chairman of Fortis in 2006.

Mr. Bayazıt came back to Yapı Kredi in 2007 (at which time Yapı Kredi was owned by a joint venture of the UniCredit and the Koç Group) as CEO and two years later he was elected as Chairman. He served as chairman of all Yapı Kredi subsidiaries including Yapı Kredi Sigorta (property and casualty insurance) and Yapı Kredi Emeklilik (private pension and life) for 4 years. Yapı Kredi was the fourth largest high street bank in Türkiye with subsidiaries in the Netherlands, Bahrain and Russia, actively involved in mortgage lending among other individual banking activities with a strong digital focus.

Mr. Bayazıt left this post in August 2011 to set up his own firm “Bayazit Consulting Services.” He was then elected as the Country Chairman for MarshMcLennan Group, Türkiye in September 2012 and currently serves as the Chairman for Polisan Holding, and is a member of the board of directors of Zorlu Holding and Boyner Holding. He is an independent board member at Adel Kalemcilik.

He is a member of TUSIAD (Turkish Industrialists and Businessmen Association) High Advisory Board and takes an active role in other non-governmental organizations such as the World Resources Institute, Corporate Governance Association of Türkiye. He is a member of the board of trustees of Bosphorus University and Turkish Education Volunteers Foundation.

Mr. Bayazıt holds a BS degree in Mechanical Engineering (1980) and a Master of Business Administration from Columbia University, New York (Finance and International Business - 1983).

*Stefan Gross-Selbeck*

*Committee memberships: Audit Committee*

Dr. Stefan Gross-Selbeck joined our board of directors in January 2023 as an independent board member. He has over twenty years of experience in senior leadership roles including as a CEO and held a number of board memberships. Dr. Gross-Selbeck was a Senior Partner and Managing Director of the Boston Consulting Group until March 2024. Since January 2023 he has been serving as Global Topic Leader Climate Technologies at BCG. He previously served as the Global Managing Partner of BCG Digital Ventures, the corporate venture arm of Boston Consulting Group and as Managing Partner for their European operations. Prior to joining BCG Digital Ventures in 2014, Dr. Gross-Selbeck served as CEO of New Work SE (formerly known as XING AG), a leading social network for professionals in Europe, between 2009-2013. He also had different management roles at eBay, ProSiebenSat1 and Boston Consulting Group GmbH. Dr. Gross-Selbeck is a member of the advisory boards of the German Startup Association and several ventures built by BCG Digital Ventures.

Dr. Gross-Selbeck holds an MBA from INSEAD and has a PhD in law from University of Konstanz, Germany. He studied law and economics at the Universities of Freiburg, Lausanne, Montpellier and Cologne.

***Board Diversity Matrix***

Our philosophy regarding diversity of candidates for the board of directors is to identify, nominate and elect the most qualified individuals available to us, regardless of race, creed, sexual orientation, nationality, ethnic, language and religion.

| **Board Diversity Matrix (As of May 1, 2023)** | |
|---|---|
| Country of Principal Executive Offices: | Türkiye |
| Foreign Private Issuer | Yes |
| Disclosure Prohibited Under Home Country Law | No |
| Total Number of Directors | 9 |

| | Female | Male | Non-Binary | Did Not Disclose Gender |
|---|---|---|---|---|
| **Part I: Gender Identity** | | | | |
| Board of Directors Members | 2 | 7 | - | - |
| **Part II: Demographic Background** | | | | |
| Underrepresented Individual in Home Country Jurisdiction | | - | | |
| LGBTQ+ | | - | | |
| Did Not Disclose Demographic Background | | - | | |

| **Board Diversity Matrix (As of April 26, 2024)** | |
|---|---|
| Country of Principal Executive Offices: | Türkiye |
| Foreign Private Issuer | Yes |
| Disclosure Prohibited Under Home Country Law | No |
| Total Number of Directors | 9 |

| | Female | Male | Non-Binary | Did Not Disclose Gender |
|---|---|---|---|---|
| **Part I: Gender Identity** | | | | |
| Board of Directors Members | 2 | 7 | - | - |
| **Part II: Demographic Background** | | | | |
| Underrepresented Individual in Home Country Jurisdiction | | - | | |
| LGBTQ+ | | - | | |
| Did Not Disclose Demographic Background | | - | | |

***Legal Proceedings Relating to Directors***

Our founder and chairwoman Hanzade Vasfiye Doğan Boyner was a board member at Petrol Ofisi A.Ş. (a major fuel company in Türkiye which was listed on Borsa İstanbul until 2014) ("**Petrol Ofisi**"), as a representative of Doğan Holding A.Ş., which was entitled to a seat on the board of Petrol Ofisi, 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 Türkiye ("**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 was 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 Türkiye's largest banks), neither of whom had any 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 Türkiye'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 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 Türkiye 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 annual report, three of the 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 also likely 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 annual report, the hearings relating to the charges contained in the 2016 Indictment continue, and although more than seven years have passed since the start of the proceedings, the Istanbul 1st 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. On March 5, 2024, a hearing of the Court was held and the next hearing is scheduled for June 11, 2024. Ms. Doğan, her legal advisors and our management believe the allegations are entirely without merit. However, in case of an adverse result, she may 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, 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.*"

***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 member of our senior management as of the date of this annual report:

| Name[1] | Age | Position |
|---|---|---|
| Nilhan Onal [2] | 45 | Chief Executive Officer ("**CEO**") |
| Mehmet Seçkin Köseoğlu[3] | 51 | Chief Financial Officer ("**CFO**") |
| Erkin Aydın | 49 | Chief Executive Officer of Hepsi Finansal Danışmanlık A.Ş. |
| Esra Beyzadeoğlu[4] | 46 | Chief Customer Experience and People Officer ("**CEPO**") |
| Hakan Karadoğan[5] | 52 | Chief Executive Officer of Logistics ("**CLO**") |
| Ender Özgün[6] | 42 | Chief Commercial Officer ("**CCO**") |
| Alexey Shevenkov[7] | 40 | Chief Technology Officer ("**CTO**") |

(1) The business address for each of our officers is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli Istanbul, Türkiye.

(2) Effective as of January 1, 2023, Ms. Nilhan Onal assumed the position of CEO.

(3) Effective as of January 1, 2024, Mr. M. Seçkin Köseoğlu assumed the position of Chief Financial Officer after the former CFO, Halil Korhan Öz, stepped down from his role effective December 31, 2023. Halil Korhan Öz continues to hold his current board positions in certain subsidiaries of the Company.

(4) Effective as of January 2, 2023, the responsibilities of the Chief People & Culture Officer, a position held by Ms. Esra Beyzadeoğlu, were expanded to include customer experience and customer services functions under a new title, Chief Customer Experience and People Officer.

(5) Effective as of March 25, 2024, Mr. Hakan Karadoğan was appointed as the Chief Executive Officer of Logistics to lead Hepsiburada's overall logistics operations, including warehousing, fulfillment, and last-mile delivery services for both on-platform and off-platform customers. Effective from March 31, 2024, the Company's Chief Logistics Officer, Mehmethan Yallagöz, stepped down from his role.

(6) Effective as of October 20, 2023, Mr. Murat Büyümez, stepped down from his position as Chief Commercial Officer after taking a leave of absence. He was followed by Mr. Ender Özgün, who had initially assumed the responsibilities of the CCO during the time of Mr. Büyümez's leave of absence. Following Mr. Özgün's appointment, the marketing department, which was previously reporting to the CCO, was reorganized to report to the CEO.

(7) Effective as of January 2, 2023, the responsibilities of the Chief Information Officer and the Chief Technology Officer were merged and streamlined under the CTO role held by Mr. Alexey Shevenkov.

The following is a brief summary of the business experience of our executive officers.

*Nilhan Onal*

Nilhan Gökçetekin (referred to herein as Nilhan Onal) has been the Chief Executive Officer (CEO) of Hepsiburada since January 2023. Prior to Hepsiburada, she held multiple leadership roles in Amazon such as consumer electronics, insurance, shipping, apparel and footwear. During the 10 years preceding her career at Amazon, Ms. Onal held important and diverse senior management roles at Procter & Gamble in many categories and geographies, from food and electricals to home care products. Among many recognitions, in 2021, she was also named among the top Turkish executives in Global Turks par excellence conducted by Heidrick and Struggles. Nilhan Onal has been recognized on the 2023 Heroes Women Role Model 100 Executive List presented by INvolve.

Mrs. Onal holds a Pre-Master of Business Administration from Boğaziçi University in Marketing and Finance and holds a degree in Political Science and International Relations from Boğaziçi University. She also completed the "Advanced Management Program" at Harvard Business School.

*Mehmet Seçkin Köseoğlu*

Mehmet Seçkin Köseoğlu has served as Chief Financial Officer (CFO) since January 2024. From February 2023 to January 2024, he served as Vice President responsible for Strategic Finance at Hepsiburada.

Prior to joining Hepsiburada, he held leadership roles in finance at pharmaceutical and FMCG companies including AMGEN MEA, AMGEN Turkey, Danone and P&G, where he played a key role in driving revenue and profit across diverse international markets covering Middle East, Africa, Eastern Europe & Türkiye. He has a track record of turning around underperforming businesses and increasing enterprise value by cost optimization and organizational transformation.

Mr. Köseoğlu has a Bachelor's degree in Mechanical Engineering from Istanbul Technical University and holds a Master of Business Administration, with honors, from Koç University.

*Erkin Aydın*

Erkin Aydın has served as Chief Executive Officer of Hepsi Finansal since June 2022. Prior to Hepsiburada, Erkin Aydın worked in various positions at QNB Finansbank A.Ş., the Turkish subsidiary of Qatar National Bank (Q.P.S.C.), including leading value-creation initiatives such as founding new businesses, investments in Fintech, and establishing partnership platforms, while heading the Retail Banking, SME Banking and Payments Systems businesses. He began his career in the U.S. with Clark Construction Group, and later joined McKinsey & Company, where he worked with various local and global financial institutions in the fields of strategy, marketing, growth, turnaround management, and M&A in Europe and Türkiye.

Mr. Aydın graduated from the Bosphorus University in Istanbul with a BS degree in Civil Engineering and received his MBA degree from the University of Michigan Graduate School of Business.

*Esra Beyzadeoğlu*

Esra Beyzadeoğlu has served as Chief Customer Experience and People Officer (CEPO) since January 2023. She served as a Chief People & Culture Officer between 2021 and 2022. From 2018 to 2021, Ms. Beyzadeoğlu was Chief Operating Officer, IT, Digital Banking, CRM and Operations at Alternatifbank. Ms. Beyzadeoğlu 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.

Ms. Beyzadeoğlu holds an Executive Master of Business Administration from Sabancı 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.

*Hakan Karadoğan*

Hakan Karadoğan has served as Chief Executive Officer of Logistics since March 2024. Prior to joining Hepsiburada, Hakan Karadoğan was the General Manager of Amazon Türkiye’s Operations during which he, among other things, led the launch of Amazon’s Türkiye Operations in 2018. Mr. Karadoğan also has 22 years of management experience from General Electric and its predecessors, where he held various management roles in the fields of engineering, manufacturing, supply-chain and business management. During his time at General Electric, he worked in China for six years as Product Line General Manager as well as held the role as Global Leader of Power Transformers Product Line overseeing its twelve factories worldwide. He has a Bachelor’s degree in Electrical Engineering from Istanbul Technical University and completed leadership programs at Harvard Business School and INSEAD.

*Ender Özgün*

Ender Özgün has served as Chief Commercial Officer (CCO) since May 2, 2023. From July 2021 to October 2023, he served as Chief Marketing Officer (CMO). From May 2023 to October 2023, he held the dual roles of CMO and CCO.

Prior to joining Hepsiburada in July 2021, Mr. Özgün worked in various positions at Vodafone Türkiye, most recently as Corporate Sales Director, where his work focused on digital transformation, growth and value management, and segment strategies. He began his business career in 2005 at Procter & Gamble, where he held various managerial roles in the marketing department and focused on brand management, customer understanding, and communications strategy and execution.

Mr. Özgün holds an MBA in Brand Management and Marketing Strategies from Bahçeşehir University in Istanbul and degrees in Industrial Engineering and Civil Engineering from Bosphorus University in Istanbul.

*Alexey Shevenkov*

Alexey Shevenkov has served as Chief Technology Officer (CTO) since December 2021. Mr. Shevenkov has significant experience having spent 16 years at Yandex, a leading Russian technology company, most recently as CTO of Yandex.Market, the group’s flagship online marketplace. He joined Yandex as a software developer in 2005 and went on to become head of software engineering in 2009, before assuming the role of CTO of Yandex.Market in 2016. He had overseen and participated in the launch of several e-commerce services at Yandex including Yandex.Market, Yandex.Uslugi, Yandex.Delivery, and Beru. Prior to Yandex, Mr. Shevenkov worked at Luxoft as a software developer.

Mr. Shevenkov holds a Master's degree from Bauman Moscow State Technical University.

## B. Compensation

### *Cash Compensation*

The compensation for each of our executive officers consists of a base salary and a bonus based on performance. Our current board members, with the exception of our independent non-executive board members, do not receive a fee for their service on our board. We compensate each independent director with a fee for their attendance at board meetings and, where applicable, additional fees for their service as a committee member or a committee chairperson. Our board members who also serve under employment or consultancy agreements are compensated in line with their respective agreements. We compensate all of our board members for all expenses incurred by them in relation to their board duties and attendance at all meetings of our board of directors. We have no service contracts with any of our directors providing for benefits upon termination of their board duties. 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, 2023 was TRY 490.1 million (excluding TRY 100.8 million as a share-based payment expense and TRY 5.6 million as a share-based payment provision recognized for performance target-based payments (see "—*Incentive Plan*")).

### *Incentive Plan*

In connection with our IPO, we adopted a share-based payment plan for our key management personnel as described in more detail below. This plan includes both cash and equity compensation components. The portions related to the cash components were dependent upon the occurrence of a successful IPO, which occurred in July 2021. The Company paid the cash compensation components of the plan in the fourth quarter of 2021 in the amount TRY 430.4 million.

The equity compensation components of the plan are triggered upon meeting certain "vesting" and "performance target" conditions. Settlement related to the vesting condition will be made partially on a pro rata basis in five specified vesting terms in accordance with the service period of the key management personnel considered within this program. As of December 31, 2023, the Company had recorded TRY 106.4 million as a share-based payment expense.

As of December 31, 2023, a TRY 5.6 million share-based payment provision was recognized for the performance target-based payments.

### *General*

On April 24, 2023, the board of directors adopted revisions to our Incentive Plan dated March 24, 2021 (as amended, the "**Incentive Plan**") for key executives, directors, managers, officers, employees, consultants and board members ("**Plan Participants**") who contribute to our performance. The revised Incentive Plan was approved by the Company's general assembly on August 25, 2023. The Incentive Plan originally took effect upon the Company's listing of its ADSs representing ordinary shares in connection with its IPO. The revisions made to the Incentive Plan consisted of creating two new periods under the vesting schedule, namely, the Fourth Period and the Fifth Period, without changing the eligibility criteria, or affecting any rights of Plan Participants under their respective agreements signed prior to April 24, 2023.

In accordance with the Incentive Plan, Plan Participants 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*: Plan Participants who contributed to the works relating to the execution of the initial public offering of our ADSs were entitled to cash award at the end of the 3rd month following the date of the IPO.

(ii) *Restricted Stock Units* ("***RSUs***"): Plan Participants may be entitled to RSUs to encourage them to work in the Company for the periods specified below after the IPO.

(iii) *Performance Stock Units (*"***PSUs***"): Plan Participants 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. Our board of directors consults 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 and its subsidiaries to be determined by the board of directors.

***Reserved Pool***

As of the date of this annual report, the board of directors has reserved up to a maximum amount of 6,500,000 (after tax and deductions) 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 2.0% of our share capital as of the date of this annual report.

***Vesting schedule***

RSUs and PSUs will vest in the periods as specified below, following the end of 18 months after the date of the IPO:

- *First Period:* In the eighteenth (18th) month following the date of the IPO, up to 3,250,000 Class B ordinary shares may be delivered;

This First Period of the Incentive Plan ended on January 31, 2023. Accordingly, the board of directors has determined in its decision dated April 24, 2023 that after tax and deductions, a total of 1,350,000 Class B ordinary shares (which may be represented by ADSs) will have been used under the First Period, in the form of RSUs for 14 Plan Participants and PSUs for 12 Plan Participants.

The board of directors resolved with its decision dated April 24, 2023 that the vested rights and benefits that have accrued under Incentive Plan agreements that were individually signed prior to the date of the board of directors' resolution will not be negatively affected by the amendments made to the Incentive Plan.

- *Second Period:* In the twelfth (12th) month following the end of the First Period, up to 1,750,000 Class B ordinary shares may be delivered;

This Second Period of the Incentive Plan ended on January 31, 2024. Accordingly, the board of directors has determined that, after tax and deductions:

- 806,957 Class B ordinary shares of the Company (which may be represented by ADSs) have vested in favor of 18 Plan Participants who became entitled, as defined under their individual contracts, to receive RSUs; and

- 93,168 Class B ordinary shares of the Company (which may be represented by ADSs) have vested in favor of 11 Plan Participants who have been determined as having successfully met the year-end targets for the purposes of the calculation of the PSUs.

In accordance with the foregoing, with respect to the Second Period, the board of directors determined on April 19, 2024 that, after tax and deductions, a total of 900,125 Class B ordinary shares (which may be represented by ADSs) vested in favor of the relevant Plan Participants on January 31, 2024 and will have been used under the Second Period.

The remaining 849,875 Class B ordinary shares (which may be represented by ADSs) after tax and deductions, which have not been used in the Second Period, have been allocated to the Third Period, by resolution of the board of directors dated April 19, 2024, as set out further below.

We expect to deliver these Class B ordinary shares (which may be represented by ADSs) to the recipients once the shares are issued or acquired by the Company.

- *Third Period:* In the twelfth (12th) month following the end of the Second Period, up to 2,349,875 Class B ordinary shares may be delivered;
- *Fourth Period:* In the twelfth (12th) month following the end of the Third Period, up to 1,000,000 Class B ordinary shares may be delivered; and
- *Fifth Period:* In the twelfth (12th) month following the end of the Fourth Period, up to 900,000 Class B ordinary shares may be delivered.

If fewer shares are issued or allocated for a specific period as a result of changes in the number of the Plan Participants, duration of employment of such 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 awards, RSUs and the PSUs) is contingent upon the successful completion of the IPO and on the Plan Participant's continuing employment with the Company on the date of payment.

The vesting dates and terms of the Incentive Plan for each beneficiary is separately set forth under the agreement of each employee.

*Cash Based Awards*

No other specific terms of awards are specified for cash based awards.

*RSUs*

The RSU award is conditioned on the Plan Participant actually working for the Company on the date of payment specified above. At the discretion of the plan administrator, eligible Plan Participants 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 Plan Participant 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.

All payments under the Incentive Plan are subject to tax withholdings and deductions.

***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 will automatically expire on the tenth anniversary of the date of the IPO. Our board of directors and shareholders may terminate the Incentive Plan at any time, in whole or in part.

***Prior Incentive Plans***

We had not implemented any incentive plan for employees prior to March 2021. We had 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 were terminated.

***Termination Benefits***

Under Turkish labor law, we are required to pay termination benefits to each employee, including executives, who has completed one year of service and whose employment is terminated without due 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). For further information, see Note 14 to our audited consolidated financial statements included elsewhere in this annual report.

**C. Board Practices**

For dates of expiration of the current term of office of our directors and the period during which the person has served in that office, see "*—Directors and Senior Management—Board of Directors*" above.

For details of our arrangements with directors providing for their board service see "*—Compensation*" above.

***Committees of the Board of Directors***

Our board of directors has established an audit committee, a risk committee and a corporate governance committee to support it in its decision-making process and has adopted 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. As of the date of this annual report, the Audit Committee currently consists of three board members. The Audit Committee consists of Ahmet Fadıl Ashaboğlu, Dr. Stefan Gross-Selbeck and Tayfun Bayazıt (Committee Chair).

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 establishes procedures for confidential complaints regarding questionable accounting or auditing matters. It is also authorized to obtain independent advice, including legal advice, with respect to 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 holds meetings at least once every quarter. The Audit Committee's members are appointed by the Board from among the independent directors. Nasdaq Rule 5605(c)(2) requires that the Audit Committee is comprised of at least three independent directors. Our board of directors has determined that Ahmet Fadıl Ashaboğlu, Tayfun Bayazıt and Dr. Stefan Gross-Selbeck satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. The current members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the Exchange Act and Nasdaq. Moreover, our board has determined that Ahmet Fadıl Ashaboğlu, Tayfun Bayazıt and Dr. Stefan Gross-Selbeck are Audit Committee financial experts as defined under the applicable rules of the SEC and have the requisite financial sophistication as defined under the applicable rules and regulations of Nasdaq. The Audit Committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq. You are able to view our Audit Committee Charter on the corporate governance section of our investor relations website.

*Risk Committee*

The risk committee consists of a minimum of two board members, a majority of which are required to be independent directors. The members of the risk committee are 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. Our risk committee currently consists of three members: Ahmet Fadıl Ashaboğlu (Committee Chair), Tayfun Bayazıt and Tolga Babalı. Our board of directors has determined that Ahmet Fadıl Ashaboğlu and Tayfun Bayazıt are independent. In addition, our CEO and CFO participate in meetings of the risk committee as an observer. 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.

*Corporate Governance Committee*

The corporate governance committee consists of two or more board members, and the majority of the corporate governance committee is required to be composed of independent directors. The members of the corporate governance committee are 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. Our corporate governance committee currently consists of three members: Ahmet Fadıl Ashaboğlu (Committee Chair), Tayfun Bayazıt and Tolga Babalı. Our board of directors has determined that Ahmet Fadıl Ashaboğlu and Tayfun Bayazıt are independent. Our corporate 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 corporate governance committee also carries out the functions of a compensation committee, advising the board on compensation policies for the board and executives.

***Code of Conduct***

Our board of directors updated our Code of Conduct applicable to our employees, directors and officers on February 6, 2023. A current copy of the Code of Conduct is posted on our investor relations 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 third 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 on behalf of themselves or others, 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.

***Corporate Governance Differences***

Nasdaq allows a foreign private issuer, such as the Company, to follow its home country practices in lieu of certain Nasdaq corporate governance standards. Similarly, as a controlled company, we are exempt from certain of the Nasdaq corporate governance standards. We rely on a number of these exemptions, including, but not limited to, our use of our corporate governance committee in lieu of a standing compensation committee and that we follow home country practice in-lieu of the requirements of Nasdaq Rule 5605(e) regarding independent director oversight of director nominations. For additional information about the home country practices we follow in lieu of Nasdaq corporate governance standards, see Item 16G. *"Corporate Governance*" and Item 3.D. "*Key Information—Risk Factors—Risks Relating to Ownership of the ADSs—As a foreign private issuer we 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."* and *"Key Information—Risk Factors—Risks Relating to Ownership of Our ADSs—We are a "controlled company" within the meaning of the Nasdaq listing rules. As a result, we qualify for, and intend to continue to rely on, exemptions from certain corporate governance requirements."*

## D. Employees

As of December 31, 2023, we had 3,213 employees and 5,843 outsourced FTEs supporting our business. We had a month-end average of approximately 312 temporary employees supporting our business during the year 2023, ranging from no temporary employees at the end of the early months of 2023 to 287 at the end of November 2023, during our peak season.

The following table sets forth information on the number of employees by department as of the dates indicated, excluding the outsourced personnel:

| | As at December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **D-Market** | **2,191** | **2,811** | **2,862** |
| Technology(1) | 644 | 776 | 584 |
| Category Management(2) | 441 | 584 | 566 |
| Call Center | 381 | 567 | 694 |
| Operations(3) | 190 | 280 | 288 |
| Marketing | 132 | 185 | 187 |
| HepsiGlobal(4) | 90 | 92 | 72 |
| Hepsiburada Market(4) | 57 | 86 | 232 |
| Other(5) | 256 | 241 | 239 |
| **D-Fast(4)** | **832** | **871** | **857** |
| **D-Ödeme and Hepsifinans(4)** | **190** | **152** | **70** |
| **Total(6)** | **3,213** | **3,834** | **3,789** |

(1) In 2022, according to the revised organization structure, the User Experience team was classified under Technology, which was previously under Marketing. The previous year's figures have been adjusted to reflect this classification.

(2) In 2022, according to the revised organization structure, our Domain Marketing team was classified under Category Management, which was previously under Marketing. The previous year's figures have been adjusted to reflect this classification.

(3) Includes employees in logistics warehouse operations.

(4) Includes specifically assigned technology personnel.

(5) Includes departments not otherwise mentioned in the table. In 2023, according to the revised organization structure: (i) our HepsiAd team was classified under Other, which was previously under Category Management (ii) our Corporate Communications team was classified under Other, which was previously under Marketing and (iii) our Private Label team was classified under Other, which was previously under Category Management.

(6) In early 2023, we conducted targeted efforts to manage personnel costs. As of March 31, 2023, following implementation thereof, our number of employees was 3,429.

In our IFRS financial statements, we capitalize the cost of some of our employees on our technology team who are working on the development of our website.

Our people and culture strategy has three main pillars: (a) fostering a productive-efficient-agile organization for happy people, (b) growing a talented organization for future-oriented work and (c) designing a people-oriented digital and analytics experience.

We believe that our future success depends on our 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 continued to implement people and culture strategic programs in 2023 such as adding more content to our Hepsinstitute Lifetime Learning Organisation (digital learning management systems), putting in place the HepsiUp system, which assists in setting strategic targets for performance management, and implementing HepsiFun, where our employees can socialize and have fun together outside of work. This allows cross-functional teams and remote workers to come together in person around their common interests.

In 2023, we identified Hepsiburada's values and competencies in order to form our company culture as a leading technology company that is digitalizing commerce to make lives easier. The main pillars of our culture and core values are identified as follows: Our Customers, Innovation through Entrepreneurship and Social Consciousness. The way we work and our competencies are identified as Ownership and Accountability, Entrepreneurial Mindset, Meticulous Execution & Dedication, Continuously Develop, Organizational Alignment, Shared Goals & Mechanism, Agility and Resilience, Acting with Data Through Analytical Thinking.

We believe that a constantly developing workforce that supports the innovative and entrepreneurial spirit with training solutions appropriate to our corporate strategy and needs is indispensable for our business operations.

The development of our employees' corporate, personal, professional and managerial skills is supported by training programs such as an orientation program, leadership academy, competency training, a personal and professional development catalogue, and specific functional technical training within the scope of the annual training plan. In 2023, we provided a total of approximately 88,235 hours of training to our employees, representing an average of 26 training hours per person. 9,308 of these hours related to executives participating in a leadership academy program. In the same period, 61% of our training was carried out through internal resources.

We encourage high employee performance by offering bonuses and providing other incentives generally based on their contributions to our business operations.

Continuing a practice developed during the COVID-19 pandemic, Hepsiburada offers a hybrid working model. Since 2022, employees with a manager title and above work at the office four days a week while other employees work from home, coming into the office only as their jobs require.

Employee well-being and engagement is also an important component of our human resources policy. Accordingly, in 2022, we launched the HepsiSen-Wellbeing program. We provide employees with telephone counseling services (such as psychologists, lawyers, veterinarians, etc.) and online dietitian services. Additionally, we have partnered with a fitness company where employees can go to the gym of their choice through our negotiated agreements. In 2024, we have prioritized the development of HepsiSEN through sports and health formations (such as yoga, pilates, football, basketball, volleyball) communities and new collaborations.

With our HepsiGÖNÜLDEN program, we actively engage with our employees in social solidarity efforts, supporting various charitable organizations.

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. For risks relating to employees of certain subcontractors being classified as our employees see "*Risk Factors—Risks Relating to Our Business and Industry—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.*"

**E. Share Ownership**

See Item 7.A. "*Major Shareholders and Related Party Transactions—Major Shareholders*" for information about the share ownership of directors and officers.

See Item 6.B. "*Directors, Senior Management and Employees—Compensation*" for information about the compensation of our directors and officers and incentive plans.

### F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of Class A shares and Class B ordinary shares as of April 26, 2024 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; and
- all of our executive officers and members of our board of directors as a group.

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. 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 represented by ADSs that are publicly traded and listed, are entitled to one vote per share.

The percentage of shares beneficially owned is computed on the basis of (i) 40,000,000 of our Class A shares outstanding and (ii) 281,382,906 Class B ordinary shares outstanding, each as of April 26, 2024. 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.

To our knowledge, there are no U.S. holders of record of our shares as of April 26, 2024. All of our Class A shares are held by our Founder outside of the United States. As of April 16, 2024, 65,251,000 of our Class B ordinary shares were held by The Bank of New York Mellon, acting through its office located in the United Kingdom, as custodian for the depositary. There is no complete record of all ADS holders, nor of U.S. ADS holders, and therefore it is not possible to give an accurate breakdown of geographical distribution of such holders by country of residence. While we have been informed by The Bank of New York Mellon, as depositary, that there are no registered holders of ADSs with a U.S. address as of April 16, 2024, all of our ADSs are held by brokers or other nominees and, as a result, the number of ADS holders of record is not representative of the number of beneficial holders or of the residence of such beneficial holders.

Unless otherwise indicated below, the address for each beneficial owner listed below is Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli Istanbul, Türkiye.

We are a controlled company and our Founder controls 71.5% of our total voting power. TurkCommerce B.V. directly holds shares representing 4.8% of our total voting power. In the table below, TurkCommerce B.V. is presented as the beneficial owner of 76.3% of our total voting power due solely to the application of certain provisions of the Shareholders Agreement as explained in footnote (4) pursuant to which TurkCommerce B.V. may be deemed to share beneficial ownership of the shares held by our Founder only for the limited purpose of electing a TurkCommerce B.V. director nominee. For additional information, please refer to the table below and specifically to footnote (4).

| | **Shares Beneficially Owned** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Privileged Class A Shares** | | | | **Class B Ordinary Shares** | | | | **% of Total Voting Power** | |
| | **Number of shares** | | **%** | | **Number of shares** | | **%** | | | |
| **Name of Shareholder** | **(actual)** | **(deemed)*** | **(actual)** | **(deemed)*** | **(actual)** | **(deemed)*** | **(actual)** | **(deemed)*** | **(actual)** | **(deemed)*** |
| **Executive Officers and Board Members** | | | | | | | | | | |
| Hanzade Vasfiye Doğan Boyner(1)(2) | 40,000,000 | 40,000,000 | 100.0 | 100.0 | 29,864,015 | 29,864,015 | 10.6 | 10.6 | 71.5 | 71.5 |
| Erman Kalkandelen | — | — | — | — | — | — | — | — | — | — |
| Ahmet Toksoy | — | — | — | — | — | — | — | — | — | — |
| Mehmet Erol Çamur | — | — | — | — | — | — | — | — | — | — |
| Ahmet Fadıl Ashaboğlu | — | — | — | — | — | — | — | — | — | — |
| Stefan Gross-Selbeck | — | — | — | — | — | — | — | — | — | — |
| Vuslat Doğan Sabancı(1) | — | — | — | — | 48,539,180 | 48,539,180 | 17.2 | 17.2 | 5.5 | 5.5 |
| Tolga Babalı | — | — | — | — | — | — | — | — | — | — |
| Tayfun Bayazıt | — | — | — | — | — | — | — | — | — | — |
| Nilhan Onal | — | — | — | — | — | — | — | — | — | — |
| Mehmet Seçkin Köseoğlu | — | — | — | — | — | — | — | — | — | — |
| Erkin Aydın** | — | — | — | — | — | — | — | — | — | — |
| Esra Beyzadeoğlu | — | — | — | — | — | — | — | — | — | — |
| Ender Özgün | — | — | — | — | — | — | — | — | — | — |
| Alexey Shevenkov | — | — | — | — | — | — | — | — | — | — |
| Hakan Karadoğan | — | — | — | — | — | — | — | — | — | — |
| **All executive officers and board members as a group (persons)** | **40,000,000** | **40,000,000** | **100.0** | **100.0** | **78,403,195** | **78,403,195** | **27.8** | **27.8** | **77.0** | **77.0** |
| **Other Principal Shareholders** | | | | | | | | | | |
| Yaşar Begümhan Doğan Faralyalı (1) | — | — | — | — | 48,539,170 | 48,539,170 | 17.2 | 17.2 | 5.5 | 5.5 |
| Arzuhan Doğan Yalçındağ (1) | — | — | — | — | 44,271,070 | 44,271,070 | 15.7 | 15.7 | 5.0 | 5.0 |
| TurkCommerce B.V.(3)(4) | — | 40,000,000 (4) | — | 100.0 (4) | 42,885,686 | 72,749,701 (4) | 15.2 | 25.8 (4) | 4.8 | 76.3 (4) |

* The “actual” column represents shares over which the holder has the power to vote or dispose of such shares; the “deemed” column also includes deemed beneficial ownership reflective solely of the provisions of the Shareholders’ Agreement discussed in footnote (4) below.

** Beneficial ownership of less than one percent of the class.

(1) Information derived from Schedule 13Gs filed by each of Hanzade Vasfiye Doğan Boyner, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı and Arzuhan Doğan Yalçındağ on February 18, 2022. Hanzade Vasfiye Doğan Boyner, Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı and Arzuhan Doğan Yalçındağ are siblings. Each of the siblings 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) Consists of 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. The privileged Class A shares are convertible one-for-one into shares of our Class B ordinary shares, as described in “*Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, As Amended*” in Exhibit 2.1 to this annual report, and, if not previously converted, automatically convert into shares of the Issuer’s Class B ordinary shares on July 1, 2041.

(3) Information derived from a Schedule 13G/A filed by TurkCommerce B.V. ("**TurkCommerce**") on February 8, 2024. Includes 42,885,686 Class B ordinary shares directly held by TurkCommerce. TurkCommerce is beneficially owned and controlled by Templeton Turkey Fund GP Ltd. and is managed pursuant to a limited partnership agreement among Templeton Turkey Fund GP Ltd. and Templeton Asset Management Ltd., along with their limited partners. Each of the foregoing entities, as a result, and by virtue of the relationships described above, may be deemed to beneficially own the shares owned by TurkCommerce. Each of Templeton Turkey Fund GP Ltd. and Templeton Asset Management Ltd. disclaims beneficial ownership of the shares held by TurkCommerce, except to the extent, if any, of its pecuniary interest therein. The principal business address of TurkCommerce is Amstelveenseweg 760, 1081JK Amsterdam. The principal business address of Templeton Türkiye Fund GP Ltd. and Templeton Türkiye Fund, L.P. is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The principal business address of Templeton Asset Management Ltd. is 7 Temasek Boulevard, Suntec Tower One, #38-01, Singapore 038987. The principal business address of Erman Kalkandelen is Ferko Signature Büyükdere Caddesi No: 175, Levent 34398 Istanbul, Türkiye.

(4) Information derived from a Schedule 13G/A filed by TurkCommerce on February 8, 2024. In addition to the Class B ordinary shares described in footnote 3, includes for a very limited purpose, as described below, the following shares held by Hanzade Vasfiye Doğan Boyner: (A) 29,864,015 Class B ordinary shares and (B) Class B ordinary shares underlying 40,000,000 privileged Class A shares. The privileged Class A shares are convertible one-for-one into shares of the Issuer's Class B ordinary shares as described in "*Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, As Amended*" in Exhibit 2.1 to this annual report, and, if not previously converted, automatically convert into shares of the Issuer's Class B ordinary shares on July 1, 2041. Pursuant to a Shareholders' Agreement entered into in June 2021 (prior to the Issuer's initial public offering) by and among Hanzade Vasfiye Doğan Boyner, TurkCommerce and the other parties thereto (the "**Shareholders' Agreement**"), the parties thereto agreed to, among others, certain voting arrangements in favor of a director nominee of TurkCommerce. As a result of this voting arrangement only, TurkCommerce may be deemed to be a member of a "group" under Section 13(d) of the Exchange Act, with respect to the Class B ordinary shares beneficially owned by TurkCommerce and Hanzade Vasfiye Doğan Boyner. Assuming such a group is deemed to exist, the members of the group are Hanzade Vasfiye Doğan Boyner and TurkCommerce, and TurkCommerce may be deemed a beneficial owner (i) with voting and dispositive power over its 42,885,686 Class B ordinary shares and (ii) *solely* for purposes of electing a director nominee of TurkCommerce, with voting power over the 29,864,015 Class B ordinary shares and the Class B ordinary shares underlying 40,000,000 privileged Class A shares, in each case, owned by Hanzade Vasfiye Doğan Boyner.

There has been no significant change in the percentage ownership held by any shareholders identified in the table above since our IPO except as follows:

- Pursuant to information derived from a Schedule 13G filed by TurkCommerce on February 14, 2022, Erman Kalkandelen was deemed to own 40,000,000 Class A shares and 77,365,085 Class B ordinary shares solely by virtue of his position as a director of the entities controlling TurkCommerce. Pursuant to information derived from a Schedule 13G/A filed on April 4, 2023, Erman Kalkandelen is no longer deemed to own any Class A shares or Class B ordinary shares as he is no longer identified as a director of the entities controlling TurkCommerce.

- On September 28, 2023, the Company announced that it had entered into a contribution agreement with TurkCommerce. pursuant to which the Company agreed to purchase 4,615,384 Class B ordinary shares from TurkCommerce. The purchase transaction was completed on October 18, 2023, and the change in the share ownership was reported in a Schedule 13G/A filed by TurkCommerce on February 8, 2024. See Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Transaction with Major Shareholder*."

To the extent known to us, the Company is not directly or indirectly owned or controlled by another corporation or foreign government and there are no arrangements the operation of which may at a subsequent date result in a change of control. To our knowledge, there is no agreement or arrangement between the shareholders other than the Shareholders' Agreement (as defined in "—*Related Party Transactions*").

### B. Related Party Transactions

The following is a description of related party transactions since January 1, 2023, to which we were party 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***

Between January 1, 2023 and the date of this annual report, we 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 "*—Major Shareholders*"). These individuals are relatives and members of the Doğan family (collectively, the "**Doğan family**"). Members of the Doğan family are also the majority shareholders of Doğan Holding and related companies in the Doğan Group.

Other than as disclosed herein, 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. 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 year ended December 31, 2023, 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 35.0 million for the year ended December 31, 2023, and purchases from companies controlled by members of the Doğan family of TRY 266.0 million for the year ended December 31, 2023. As of December 31, 2023, TRY 9.2 million was due from related entities controlled by members of the Doğan family and TRY4.6 million was 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 195.2 million for the year ended December 31, 2023. 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 45.2 million for the year ended December 31, 2023 under an additional protocol to the lease agreement dated December 24, 2014 entered into with D Gayrimenkul Yatırımları on June 14, 2019 (as amended in June 2019 and August 2019). We have purchased goods at market prices from Doğan Yayınları Yayıncılık ve Yapımcılık Ticaret A.Ş., an entity controlled by members of the Doğan family, in relation to our Direct Sales, in the amount of TRY 14.8 million for the year ended December 31, 2023. We have sold goods at market prices to D Elektronik Şans Oyunları ve Yayıncılık A.Ş., an entity controlled by members of the Doğan family, in the amount of TRY 13.5 million for the year ended December 31, 2023. 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 10.0 million which was not drawn as of December 31, 2023 (see Item 5.B. "*Operating and Financial Review and Prospects—Liquidity and Capital Resources*" and Item 4.B. "*Information on the Company—Business Overview—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, fulfillment services and gift checks, and other purchases of inventory for our Direct Sales, vehicle lease services, advertising services and internet data services.

For a discussion of the acquisition of Hepsifinans by Hepsi Finansal from Doğan Holding, please see disclosure under Item 4.C. "*Information on the Company—Organizational Structure—Hepsifinans*" in this annual report.

For additional information 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 22 to our audited consolidated financial statements included elsewhere in this annual report. The related party transactions not specifically discussed in this section, represent transactions immaterial in amount.

***Transactions with Board Members***

The Company has signed employment agreements with two members of our board of directors, Mr. Murat Emirdağ and Mr. Tolga Babalı, for provision of services as senior officers of the Company effective January 2023. Under the terms of the employment agreements, Mr. Murat Emirdağ and Mr. Tolga Babalı act as senior officers of the Company and receive benefits such as monthly compensation, performance and other bonuses, and social security benefits. Mr. Murat Emirdağ transitioned to an advisory role on May 1, 2023, under a consultancy agreement with the Company that was in effect until January 31, 2024.

***Transaction with Major Shareholder***

On December 5, 2022, the Company and TurkCommerce entered into a binding term sheet according to which TurkCommerce agreed to contribute $3,975,000 towards the settlement of two class actions involving the Company. Subsequently, on September 28, 2023, the Company signed a contribution agreement with TurkCommerce pursuant to which the Company agreed to purchase 4,615,384 Class B ordinary shares of the Company from TurkCommerce against payment of $5,732,306.93 (the "**Share Purchase Price**"), corresponding to a purchase price per share of $1.242 (the "**Transaction**"). The Share Purchase Price was paid by the Company by way of a combination of (i) offsetting the $3,975,000 settlement contribution amount owed by TurkCommerce and (ii) a $1,757,306.93 (TRY 48,023 thousand) cash payment on the date of completion of the Transaction. The Transaction was completed on October 18, 2023. The Class B ordinary shares purchased in the Transaction are expected to be delivered to plan participants under the Company's Revised Incentive Plan adopted by the Board of Directors on April 24, 2023.

The settlement became final following the approval and entry of judgment by the respective federal and state courts in the State of New York. For a discussion of the two class actions and the settlement, please see disclosure under Item 8. "*Financial Information—Consolidated Statements and Other Financial Information—Legal Proceedings—Class Action Proceedings*" in this annual report.

***Directors' and Officers' Indemnification and Insurance Arrangements***

Our board of directors determined on October 12, 2021 that all the losses that may arise due to the responsibilities of the board members and the executive committee members arising from their duties, will be indemnified primarily by us to the fullest extent permissible by law and the indemnification agreement(s) to be entered into by and between us and each board member and each executive committee member. With effect from April 11, 2022, we have entered into indemnification agreements with some of our directors and executive committee members that comprised our senior management in 2022 as approved by the general assembly of shareholders on June 24, 2022. These indemnification agreements require us to indemnify our directors and officers to the fullest extent permitted by New York law for losses that may arise due to their responsibilities serving us. We did not record any payments to indemnify our directors in 2022.

In addition to the indemnification agreements, since August 23, 2021, we maintain directors' and officers' liability insurance that insures our directors and executive committee members, subject to certain caps and excess thresholds, against the cost of defense, settlement or payment of a judgment that may need to be paid by those directors and officers in some circumstances. Our directors' and officers' liability insurance is provided by Ray Sigorta A.Ş, an insurance company based in Türkiye, and the official insurance policy is held on file at the offices of Marsh Türkiye, whereas reinsurance protection is provided by A-rated reinsurers. In addition to customary coverage, the policy has a retroactive cover that includes our initial public offering in July 2021 and the preparations therefore. The current policy is valid until September 30, 2024.

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.

***Post-IPO Shareholder Agreement***

In June 2021, our Founder, as holder of our Class A shares (the "**Class A Shareholder**"), Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ, Işıl Doğan and TurkCommerce B.V. entered into a new Shareholders' Agreement (the "**Shareholders' Agreement**"), the form of which is attached as Exhibit 2.4 to this annual report. The Shareholders' Agreement came into effect upon the consummation of the IPO. In connection with the IPO in July 2021, TurkCommerce B.V. sold 23,581,000 Class B ordinary shares.

With respect to Vuslat Doğan Sabancı, Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ and Işıl Doğan, the Shareholders' Agreement terminated five business days following the IPO.

*Capital Increases and Restrictions on Share Transfers*

Pursuant to the Shareholders' Agreement, the parties agreed to exercise their statutory preemptive rights to subscribe to additional share issues such that no shares will be issued to the following restricted transferees (the "**Restricted Transferees**"): (i) a person all or substantially all of whose operations primarily comprise e-commerce platform activity in a Turkish market (a "**Restricted Competitor**"), or (ii) any non- reputable person (which includes, among others, a person who has existing links to organized crime, has a non-transparent ownership structure, or has involvement in corruption, bribery, tax evasion or other fraudulent practices).

Under the Shareholders' Agreement, TurkCommerce B.V. is prohibited from transferring its Class B ordinary shares to any Restricted Transferee. In addition, in case of the sale of the Class A shares, the Class A Shareholder is required to give a notice of such sale to TurkCommerce B.V.

*Governance and Management of the Company*

The Shareholders' Agreement provides that as long as TurkCommerce B.V. owns at least 7.5% of our issued share capital and otherwise is in compliance with the restrictions on the share transfers and non- compete obligation thereunder (see "—*Capital Increases and Restrictions on Share Transfers*") the Class A Shareholder will vote in favor of one director nominee designated by TurkCommerce B.V. (the "**TurkCommerce Director**"). As long as TurkCommerce B.V. has a right to designate one director, the following decisions shall not be taken unless approved affirmatively by the TurkCommerce Director:

- acquisition of any interest of the share capital of any related party; and

- approval, amendment or termination of any internal policies and procedures in respect of anti- bribery and corruption, or that are inconsistent with business principles and environmental and social management system of TurkCommerce B.V. as described in the Shareholders' Agreement.

In addition, until TurkCommerce B.V. receives US$400 million in the IPO or any subsequent sale, the Class A Shareholder will procure that each of the decisions listed below shall be taken if affirmatively approved by the TurkCommerce Director:

- incurring financial indebtedness or off-balance sheet liabilities exceeding 15% of the Company's revenues for the preceding year or creating any interest, pledge or security in relation thereto;

- disposing of any interest in any entity or create any interest, pledge or security over the same provided that (i) the enterprise value of any such entity is equal to or exceeding 15% of the Company's revenues for the preceding year, or (ii) the equity value of any such entity is equal to or exceeding 15% of the Company's revenues for the preceding year;

- issuance of any new and amendment or cancellation of current management incentive plan or other employee benefit scheme, or granting any management stock option; and

- delegating powers to board committees and setting the quorum for such committees.

*Other*

Under the Shareholders' Agreement, TurkCommerce B.V. covenants that, as long as it has a right to designate one director, TurkCommerce B.V. or any subsidiary of the Templeton Türkiye Fund GP Ltd will not be engaged with or interested economically or otherwise in a Restricted Competitor. If Templeton Türkiye Fund GP Ltd acts in breach of the non-compete obligation, it will automatically lose all its rights under the Shareholders' Agreement, including the right to designate the TurkCommerce Director.

Unless terminated earlier in accordance with its terms, the Shareholders' Agreement will terminate (i) when TurkCommerce B.V.'s Hepsiburada ownership falls below 7.5% or when Templeton Türkiye Fund GP Ltd ceases to exercise more than 50% of the voting power at the board meetings of TurkCommerce B.V.; (ii) on January 1, 2026; (iii) when in relation to any party when that party no longer holds any shares in our share capital; (iv) in case of breach by Templeton Türkiye Fund GP Ltd. and its subsidiaries of the restrictions on share transfers and/or non-compete covenant, upon the Class A Shareholder's written demand, subject to certain remedy procedures provided in the Shareholders' Agreement; (v) in case all Class A Shares are reclassified as/converted to Class B ordinary shares, and the Class A Shareholder no longer holds any Class A Shares; or (vi) upon mutual written agreement between the Parties.

### C. Interests of Experts and Counsel

Not applicable.

## ITEM 8. FINANCIAL INFORMATION

### A. Consolidated Statements and Other Financial Information

***Consolidated Financial Statements***

See Item 18. "*Financial Statements*."

***Legal Proceedings***

Other than as disclosed in this section and elsewhere in this annual report, 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. For further discussion, see Note 13 to our audited consolidated financial statements included elsewhere in this annual report. For additional information on the TCA's investigation into our alleged violations of Turkish Competition Law, and investigations initiated by the Personal Data Protection Authority; see also Item 3.D. "*Risk Factors—Legal and Regulatory Risks—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,*" "*Risk Factors—Legal and Regulatory Risks—We have been and in the future may be involved in litigation, some of which is material*" and "*Risk Factors—Legal and Regulatory Risks—We may be subject to administrative fines and our reputation may be harmed if the Personal Data Protection Authority were to determine that we breached Turkish Data Protection Law No. 6698*."

*Class Action Proceedings*

In September 2021, a class action lawsuit was filed by an alleged holder of the Company's ADSs, against the Company, board members at the time of the IPO, certain members of the Company's senior management, the underwriters of the IPO, TurkCommerce B.V. and other defendants. The case was filed before the Supreme Court of the State of New York in the United States as case no. 655701/2021 (the "**State Court Action**").

The complaint, filed on behalf of a class of investors that acquired the Company's ADSs in the IPO and amended in December 2021, alleges claims under Sections 11 and 15 of the Securities Act. The complaint alleged that the Company's registration statement (consisting of the prospectus and the registration statement filed with the U.S. Securities and Exchange Commission that was declared effective on June 30, 2021 in connection with the IPO (the "**Registration Statement**")), contained untrue statements of material facts or omitted facts necessary to make the statements made therein not misleading.

In October 2021, similar claims were raised in a second putative class action lawsuit by another alleged holder of the Company's ADSs, against the Company, board members at the time of the IPO, certain members of the Company's senior management, the underwriters of the IPO, TurkCommerce B.V. and other defendants. The case is pending in the United States District Court for the Southern District of New York as case no. 1:21-cv-08634-PKC (the "**Federal Court Action**," and, together with the State Court Action, the "**Actions**").

The complaint, filed on behalf of a class of investors that acquired the Company's ADSs issued in connection with the IPO and amended in February 2022, alleged claims under Sections 11, 12(a)(2) and 15 of the Securities Act. The complaint alleged that the Registration Statement contained untrue statements of material facts or omitted facts necessary to make the statements made therein not misleading.

After negotiations, the parties signed a stipulation of settlement agreement dated March 22, 2023 (the "**Settlement**"). Under the terms of the Settlement, Hepsiburada paid $13.9 million to resolve the Actions in their entirety. TurkCommerce B.V., currently a holder of the Company's Class B ordinary shares, contributed $3,975,000 towards the Settlement amount pursuant to a contribution agreement entered into between the Company and TurkCommerce B.V. on September 28, 2023. See Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Transaction with Major Shareholder*."

On April 20, 2023, the United States District Court for the Southern District of New York issued an order granting the plaintiffs' motion for preliminary approval of the Settlement, and later issued a final approval during a fairness hearing held on August 1, 2023. The State Court Action was dismissed by the state court with prejudice on September 22, 2023, and the appeal period regarding the State Court Action expired. As a result, both of the Actions have been finally resolved without admission of any wrongdoing.

***Dividend Policy***

We have never declared or paid 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.

To the extent we declare cash dividends in the future, we will pay those dividends solely in Turkish Lira. Except as otherwise described under the heading "*Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, As Amended—American Depositary Shares*" in Exhibit 2.1 to this annual report, 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.

For a description of the legal and regulatory framework and the provisions of our articles of association related to the declaration and payment of dividends, see "*Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, As Amended—Articles of Association—Dividends*" in Exhibit 2.1 to this annual report.

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.

**B. Significant Changes**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

**ITEM 9. THE OFFER AND THE LISTING**

**A. Offer and Listing Details**

There is no public market for our Class A shares.

ADSs representing our Class B ordinary shares are listed on the Nasdaq. See Item 9.C. "*The Offer and the Lising—Markets*."

**B. Plan of Distribution**

Not applicable.

**C. Markets**

The ADSs, each representing one ordinary share, have been listed on the Nasdaq since July 1, 2021 under the symbol "HEPS." Prior to that date, there was no public trading market for ADSs.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

A copy of our articles of association is attached as Exhibit 1.1 to this annual report.

The information called for by this Item 10.B of Form 20-F is provided in Exhibit 2.1 to this annual report and is incorporated by reference herein. For a description of matters related to our board of directors, see "Item 6.C—*Board Practices—Duties of Directors*."

**C. Material Contracts**

***Share Purchase Agreement to acquire Hepsifinans*** (formerly Doruk Finansman A.Ş.)

Please see Item 4.A. "*Information on the Company—History and Development of the Company—Company History and Brand Development" and* Item 4.C. "*Information on the Company—Organizational Structure—Hepsifinans."*

***Contribution Agreement with TurkCommerce***

Please see Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Transaction with Major Shareholder*."

Except as described above and otherwise disclosed in this annual report (including the Exhibits), we are not currently, nor have we been for the past two years, a party to any material contract, other than those entered into in the ordinary course of business.

## D. Exchange Controls

Banks in Türkiye set their own foreign exchange rates independently of those announced by the Central Bank. Pursuant to Decree No.32 on the Protection of the Value of Turkish Currency, the government eased and ultimately abolished restrictions on Turkish Lira exchanges for current account and non-resident capital account transactions to facilitate exchange of the proceeds of transactions in Turkish securities by foreign investors. These legislative changes enabled Turkish citizens to purchase securities on foreign exchanges as well as residents and non-residents to buy and transfer foreign currency abroad without ministerial approval.

Turkish citizens are permitted to buy unlimited amounts of foreign currency from banks and to hold foreign currency in commercial banks. Banks are obliged to inform authorities to be determined by the Ministry of Treasury and Finance about Turkish Lira transfers abroad, excluding payments for exports, imports and invisible transactions that are above the equivalent of USD 50,000, within a 30-day period starting from the date of transfer. Any amendment to recent exchange controls provisions may affect our results of operations.

The Capital Movements Circular and the Decree No. 32 were amended with effect as of May 2, 2018, introducing new restrictions on Turkish corporates' utilization of foreign currency loans from Türkiye and outside of Türkiye. While the current regime continues to maintain the existing prohibition on Turkish individuals utilizing foreign exchange loans and foreign exchange indexed loans, it introduces a strict prohibition on Turkish non-bank corporates (Corporate Borrower) from utilizing foreign currency indexed loans and also brings in new restrictions on corporate borrowers to utilize foreign currency loans (F/X Loan Restriction).

Accordingly, a corporate borrower shall be permitted to utilize foreign currency loans if (i) it generates foreign currency-denominated revenue, which is defined as "the revenue derived from export, transit trade, sales and deliveries considered as export and foreign currency generating activities (F/X Revenue Exemption)" in the new legislation; (ii) the purpose of the loan is to finance an activity that is exempt from the F/X Loan Restriction (Activity Exemption); (iii) the unpaid outstanding balance of its total foreign currency loans and/or foreign currency indexed loans (Loan Balance) is more than USD 15 million or (iv) the F/X loan to be utilized by a corporate borrower falls within the scope of the exemptions determined by the Ministry of Treasury and Finance.

As far as the F/X Revenue Exemption is concerned, (i) if the loan balance of a corporate borrower is below USD 15 million, the sum of (i) the foreign currency loan to be utilized; and (ii) the existing loan balance must not be more than the combined value of its foreign currency revenues as stated in its last three years' financials. Otherwise, the exceeding portion of the foreign currency loan must either be cancelled or converted into Turkish Lira.

With regard to the Activity Exemption, a legal entity must qualify as a public institution, bank or factoring, financial leasing and financing company resident in Türkiye in order to utilize foreign currency loans. In the case of corporate borrowers, the Activity Exemption must relate to an activity in the context of (i) a domestic tender with an international element awarded to such corporate borrower; (ii) defense industry projects approved by the Undersecretariat of Defence Industry; (iii) public private partnership projects; (iv) an export, transit trade, sales and related deliveries subject to the relevant corporate borrower certifying the scope of its relevant activity and its potential sources of foreign currency revenues or (v) an investment incentive certificate. Note that in order for a corporate borrower to benefit from the Activity Exemption summarized in item (iv), it must not have any foreign currency revenue within the last three financial years (which otherwise would be subject to the F/X Revenue Exemption) and the maximum amount of foreign currency loan such Corporate Borrower can utilize is limited to the amount stated in its certified sources of foreign revenue. For the restrictions on TRY borrowings for companies whose total foreign currency assets exceed certain limits, see Item 5.B. *"Operating And Financial Review And Prospects—Liquidity and Capital Resources—Current Sources of Liquidity and Capital Resources."*

## E. Taxation

The following summary contains a description of the material Türkiye 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 Türkiye 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 Türkiye 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 Türkiye, if applicable.

Real persons are considered Residents in Türkiye, if (i) they are domiciled in Türkiye in accordance with the Turkish Civil Code or (ii) excluding temporary departures, they stay in Türkiye 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 Türkiye if they are incorporated in Türkiye under relevant Turkish laws or if their effective places of management are in Türkiye despite the fact that they are incorporated outside of Türkiye. 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 Türkiye. As for capital gains, they are treated as Turkish source income if the transaction leading to the gains is concluded in Türkiye, the payment for consideration is made in Türkiye or the payment is accounted for in Türkiye even if the payment is made outside of Türkiye. The term “accounted for” means that a payment is made in Türkiye, or if the payment is made abroad, it is recorded in the books in Türkiye or is made from the profits of the payer or the person on whose behalf the payment is made in Türkiye.

*Distributions on the Shares*

Dividends distributed by Turkish resident companies are subject to an income withholding tax of 10.0% 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 Türkiye (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 Türkiye 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 Türkiye by Non-Residents. Non-Residents without any Permanent Establishment in Türkiye are not required to file an annual or special tax return for their Türkiye-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 Türkiye is not subject to withholding tax and is also exempted from corporate income tax at the level of the recipient in Türkiye. Non-Resident entities holding shares through their Permanent Establishments in Türkiye will be required to apply a branch profits repatriation withholding tax at a rate of 10.0% 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 150,000 for 2023) 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 Türkiye and the United States (the "**Türkiye-U.S. Treaty**") applies to all types of income.

Under Article 10 of the Türkiye-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 Türkiye-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 U.S. Holders (as defined below) of owning and disposing of ADSs.

This summary applies only to U.S. Holders that 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 annual report, 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 annual report, 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 annual report 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.

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 Türkiye, (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. 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 our gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of our 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 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 advisor 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. You should consult your own tax advisor about the tax consequences of an investment in ADSs under the investor's own circumstances.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year, which is December 31. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. Documents concerning the Company that are referred to in this annual report may also be inspected on our website at https://investors.hepsiburada.com/. The reference to our website is an inactive textual reference only, and information contained therein or connected thereto is not incorporated into this annual report. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

**I. Subsidiary Information**

Not applicable.

## J. Annual Report to Security Holders

We intend to furnish our Board of Directors' Annual Report provided to security holders in electronic format as an exhibit to a current report on Form 6-K.

## ITEM 11. 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, credit risk, liquidity risk and funding 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 23 to our audited consolidated financial statements included elsewhere in this annual report.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities

Not applicable.

### B. Warrants and Rights

Not applicable.

### C. Other Securities

Not applicable.

### D. American Depositary Shares

The Bank of New York Mellon, as depositary, registers and delivers American Depositary Shares, also referred to as ADSs. Each ADS represents one Class B ordinary share (or a right to receive one Class B ordinary share) deposited with The Bank of New York Mellon, acting through an office located in the United Kingdom, as custodian, for the depositary. Each ADS also represents 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 are administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

***Fees Payable by Our ADS Holders***

| ***Persons depositing or withdrawing Class B ordinary shares or ADS holders must pay***: | ***For***: |
|---|---|
| $5.00 (or less) per 100 ADSs (or portion of 100 ADSs) | Issuance of ADSs, including issuances resulting from a distribution of Class B ordinary shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates |
| $.05 (or less) per ADS | Any cash distribution to ADS holders |
| 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 | Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders |
| $.05 (or less) per ADS per calendar year | Depositary services |
| Registration or transfer fees | Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares |
| Expenses of the depositary | Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars |
| Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes | 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. For further information on payments made by the depositary to the Company under the ADS program, see Note 15 to our audited consolidated financial statements included elsewhere in this annual report.

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 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***

Holders will be responsible for any taxes or other governmental charges payable on their ADSs or on the deposited securities represented by any of such ADSs. The depositary may refuse to register any transfer of their ADSs or allow holders to withdraw the deposited securities represented by their ADSs until those taxes or other charges are paid. It may apply payments owed to such holder or sell deposited securities represented by such holder's ADSs to pay any taxes owed and such holder 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.

***Limitations on Obligations and Liability***

*Limits on Our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs*

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary 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 depositary 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 depositary agree to indemnify each other under certain circumstances.

See also Item 3.D. "*Key Information—Risk Factors*" and Item 10.E. "*Additional Information—Taxation*" as regards dividend distributions. A full description of the ADSs is set out in Exhibit 2.1 to this annual report.

## Part II

### ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

### ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

**Use of Proceeds**

For the period from June 30, 2021, the effective date of the Registration Statement, to December 31, 2023, we have used around $ 323 million of the proceeds received from our IPO for general corporate purposes, including working capital, operating expenses, capital expenditures such as investments in the expansion of our strategic assets and complementary businesses. As of the date of this annual report, there have been no material changes in the use of proceeds as disclosed in the Registration Statement.

### ITEM 15. CONTROLS AND PROCEDURES

**A. Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("**Exchange Act**")) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as a result of the material weaknesses in our internal control over financial reporting described below, our disclosure controls and procedures were not effective as of December 31, 2023.

**B. Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**"). Our internal control over financial reporting generally includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria for effective control over financial reporting described in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "**COSO Framework**"). Based on this evaluation, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting was not effective because of the material weaknesses described below.

As part of management's assessment of its internal control over financial reporting for the fiscal year ended December 31, 2023, we have identified material weaknesses in our internal control over financial reporting related to:

i. the design and operating effectiveness of ITGCs for information systems with respect to certain IT applications and IT databases that are relevant to the preparation of our consolidated financial statements; and

ii. deficiencies in the control environment, information and communication, monitoring and control activities components of the COSO Framework that constitute material weaknesses, either individually or in the aggregate.

The material weakness identified in (i) above relates to access to programs and data, program changes and segregation of duties with respect to certain IT applications and IT databases.

The material weaknesses identified in (ii) above relate to the control environment, information and communication, monitoring and control activities components.

*Control Environment*. The deficiencies in the control environment component relate to the Company's failure to prioritize maintaining adequate internal controls over financial reporting which meant that we were not capable of designing and implementing all necessary internal controls.

*Information and Communication*. The deficiencies in the information and communication component relate to failures in designing adequate controls over IT dependencies and certain inputs provided by organizations that support our platform operations.

*Monitoring*. The deficiencies in the monitoring component relate to lack of performance of operational tests and test documentation due to existing design deficiencies.

*Control Activities*. The deficiencies in the control activities component relate to failures in designing adequate entity-level and transaction-level controls, providing evidence of control performance, providing appropriate segregation of duties, and ensuring a level of precision that is sufficient for identifying all potentially material errors.

The material weaknesses identified in the components of the COSO Framework are commensurate with the nature, growth and complexity of the Company's business.

The effectiveness of any system of internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting can only provide reasonable, not absolute, assurances. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot provide assurance that such improvements will be sufficient to provide us with effective internal control over financial reporting.

The material weaknesses described above did not result in material adjustments, or restatements, of our audited consolidated financial statements or disclosures for any prior period previously reported by us. Notwithstanding the existence of these material weaknesses, we believe that the consolidated financial statements in this annual report fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods, presented, in conformity with IFRS.

*Management's Remediation Activities*

Under the supervision of management and the oversight of our Audit Committee, we are in the process of taking remedial actions to address our control deficiencies, which are designed to address the underlying causes of the material weaknesses, including:

- continuing to improve controls over IT application access rights management as well as information systems at the database level;
- continuing to improve control procedures for managing changes in our information systems with respect to IT applications;
- strengthening our internal IT audit team as well as our Sarbanes-Oxley audit team (which is part of the Internal Audit Department) to ensure that the appropriate level of knowledge and experience is available to continue to improve our documentation of process flows and monitoring and remediation of control deficiencies;
- continuing to engage external advisors, as needed, with subject matter expertise and additional resources to provide assistance with all elements of the internal control over financial reporting program and, in particular, with ITGC and Sarbanes-Oxley audits;
- continuing to design and implement a set of controls over the internal controls over financial reporting system; and
- continuing to deploy an annual testing plan that includes monitoring and operation of internal controls and addressing control deficiencies in order to assist with the monitoring of control activities by the Internal Audit team.

Until these remedial actions have been completed and the required internal controls have been fully implemented and operated for a sufficient period of time to be able to conclude that material weaknesses described above have been successfully remediated, our internal control over financial reporting will remain ineffective. Additionally, as management continues to evaluate our internal control over financial reporting, we may decide to take additional measures to address control deficiencies or determine to modify certain of the remediation measures identified.

During the year ended December 31, 2022 and as disclosed in our 2022 annual report, our management identified and disclosed a material weakness in our internal control over financial reporting related to the design and operating effectiveness of ITGCs for information systems with respect to access rights, IT program change-management controls and segregation of duties, in all cases with respect to IT applications.

To remediate the material weakness related to the design and operating effectiveness of ITGCs, our management, in consultation with the Audit Committee, implemented a remediation plan to strengthen our internal control over financial reporting, which included the following measures:

- improving controls over IT application access rights management;
- implementing new control procedures for managing changes in our information systems with respect to IT applications;
- designing the information technology processes for compliance and security with respect to IT applications;
- retaining consultants with specialized experience in providing advisory services with respect to segregation of duties in IT applications; and
- establishing information technology processes and control team (Sarbanes-Oxley ITGC) under the Technology Department with respect to IT applications.

Based on the testing and evaluation of the effectiveness of our internal control over financial reporting, our management concluded that the material weakness had been only partially remediated as of December 31, 2023. To the extent the remediation measures were not fully implemented as of December 31, 2023, such measures are included as part of the remedial actions the Company is continuing to take in 2024.

### C. Attestation Report of the Registered Public Accounting Firm

Not applicable. As we qualify as an emerging growth company (as defined in Section 2(a)(19) of the Securities Act), we are exempt from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act.

### D. Changes in Internal Control over Financial Reporting

Except as disclosed above, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board has determined that Tayfun Bayazıt, Ahmet Fadıl Ashaboğlu and Dr. Stefan Gross-Selbeck are audit committee financial experts as defined under the applicable rules of the SEC and have the requisite financial sophistication such as the financial literacy and the financial expertise as defined under the applicable rules and regulations of Nasdaq. Our board has also determined that Tayfun Bayazıt, Ahmet Fadıl Ashaboğlu and Dr. Stefan Gross-Selbeck satisfy the “independence” requirements set forth in Rule 10A-3 under the Exchange Act and the Nasdaq listing rules.

### ITEM 16B. CODE OF ETHICS

We have adopted a Code of Conduct that applies to all our employees, officers and directors. The Code of Conduct covers a broad range of matters including the handling of conflicts of interest, compliance issues and other corporate policies such as equal opportunity and non-discrimination standards. The full text of the Code of Conduct is available on our website at https://investors.hepsiburada.com.

### ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

On June 14, 2023, at the recommendation of the Audit Committee, the board of directors appointed PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("**PwC**") as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2023. The appointment of PwC was approved by Hepsiburada's shareholders at the annual general assembly held on August 25, 2023. The Company's previous auditor, Guney Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.S. ("**EY**"), was dismissed on August 25, 2023.

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by independent registered public accounting firms PwC and EY for the periods indicated.

| **(in TRY millions)** | **For the year ended December 31,** | |
|---|---|---|
| | **2023** | **2022** |
| Audit Fees [(1)] | 50.7 | 27.9 |
| Audit-related Fees | — | — |
| Tax Fees | — | — |
| All Other Fees | — | — |
| **Total Fees** | **50.7** | **27.9** |

(1) Audit Fees for the years ended December 31, 2023 and 2022 were related to professional services provided for the audit of our consolidated financial statements included in our Annual Reports on Form 20-F or services normally provided in connection with statutory engagements for those fiscal years. These audit fees also comprise the audit fee of our predecessor independent public accounting firm, Guney Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.S. ("EY") amounting to TRY 5.3 million.

The Company's audit committee approves all auditing services and permitted non-audit services performed for the Company by its independent auditor in advance of an engagement. All auditing services and permitted non-audit services to be performed for the Company by its independent auditor must be approved by the Chair of the audit committee in advance to ensure that such engagements do not impair the independence of our independent registered public accounting firm. All audit fees were approved by the Audit Committee.

### ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

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**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

During 2023, we repurchased a total of 4,615,384 Class B ordinary shares of the Company to be held in treasury.

| | Total number of shares purchased | Average price paid per share (in TRY) | Total shares repurchased under publicly announced programmes | Approximate maximum value of shares that may yet be purchased under the programmes |
|---|---|---|---|---|
| January 2023 | — | — | — | — |
| February 2023 | — | — | — | — |
| March 2023 | — | — | — | — |
| April 2023 | — | — | — | — |
| May 2023 | — | — | — | — |
| June 2023 | — | — | — | — |
| July 2023 | — | — | — | — |
| August 2023 | — | — | — | — |
| September 2023 | — | — | — | — |
| October 2023 | 4,615,384 (1) | 34.83 ($1.242) | — | — |
| November 2023 | — | — | — | — |
| December 2023 | — | — | — | — |
| | 4,615,384 | 34.83 ($1.242) | — | — |

(1) Includes Class B ordinary shares of the Company purchased in a privately negotiated transaction pursuant to a contribution agreement entered into with TurkCommerce on September 28, 2023. The transaction was completed on October 18, 2023. See Item 7.B. "*Major Shareholders and Related Party Transactions—Related Party Transactions—Transaction with Major Shareholder*."

**ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

On June 14, 2023, at the recommendation of the Audit Committee, the Board of Directors appointed PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("**PwC**") as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2023, subject to approval by the general assembly of shareholders of the Company in accordance with the Turkish Commercial Code. The appointment of PwC was approved by Hepsiburada's shareholders at the annual general assembly held on August 25, 2023 and PwC's appointment as our auditor was effective as of that date. Guney Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.S. ("**EY**") was dismissed on August 25, 2023, the date of the Company's 2023 annual general assembly and conclusion of EY's responsibilities relating to the audit of the consolidated financial statements for the fiscal year ended December 31, 2022.

The reports of EY on the Company's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2022 and 2021 and the subsequent interim period from January 1, 2023 through August 25, 2023, there were (i) no disagreements with EY, as that term is used in Item 16F(a)(1)(iv) of Form 20-F and defined in Instruction 4 to Item 16F over any matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to the satisfaction of EY, would have caused EY to make reference to the subject matter of the disagreements in connection with its reports on the consolidated financial statements for such years; and (ii) there were no "reportable events" as defined in Item 16F(a)(1)(v) of Form 20-F, other than:

i. in 2021, we identified two material weaknesses in our internal controls over financial reporting related to not effectively performing internal controls with respect to the review of complex and unusual transactions in accordance with IFRS, and not effectively performing information technology general controls ("**ITGCs**") for one of our recently developed information technology products; and

ii. in 2022, we identified a material weakness in our internal control over financial reporting related to the design and operating effectiveness of ITGCs for information systems with respect to access rights, IT program change management controls and segregation of duties, in all cases with respect to IT applications, that are relevant to the preparation of our consolidated financial statements. As a result of the overall impact of the ineffective ITGCs and information produced by those IT applications with respect to business processes, controls over such business processes were also deemed ineffective.

During the Company's two fiscal years ended December 31, 2022 and 2021 and the subsequent interim period through August 25, 2023, neither the Company nor anyone acting on the Company's behalf consulted PwC regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the financial statements of the Company, and neither a written report was provided to the Company or oral advice was provided that PwC concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a "disagreement," as that term is defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F of Form 20-F, or a "reportable event," as that term is described in Item 16F(a)(1)(v) of Form 20-F, including the matters described above.

The Company has provided EY with a copy of the foregoing disclosure and has requested EY to provide it with a letter addressed to the SEC stating whether or not EY agrees with the above statements. A copy of such letter, dated April 30, 2024 is filed as an exhibit to this annual report on Form 20-F, see Exhibit 16.1.

**ITEM 16G. CORPORATE GOVERNANCE**

Matters related to corporate governance in Türkiye are regulated by the Turkish Commercial Code, or the "**TCC**". We are not listed on Borsa Istanbul or any stock exchange market other than Nasdaq.

Accordingly, we are not 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.

We have chosen to voluntarily adopt, by amending our articles of association and by adopting necessary resolutions of 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:

- At least one-third of the members of the board of directors be independent in accordance with the requirements of Turkish Capital Markets Laws and Regulations (we have three independent directors as of the date of this annual report); and

- The board of directors establish an Audit Committee, Risk Committee and Corporate Governance Committee for the effective functioning of the board of directors in terms of best practice, even though the Company is not required to comply with the TCMB's Communiqué numbered II / 17.1 on Corporate Governance Principles, which was published in the Official Gazette dated January 3, 2014 ("**TCMB 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 TCMB Corporate Governance Principles.

The following summarizes the main rules under the Turkish Capital Markets Laws and Regulations:

- The percentage of independent members of the board of directors can not be less than one-third of the total number of the members of the board of directors. In calculating the percentage of independent members on a board, a fraction would be rounded up to the nearest integer. The number of the independent board members on the board can not be less than two. The term of office of independent members of the board of directors is up to three years and they can be nominated again and re-elected. However, an individual who has served on the board of a company for more than six years within the last ten years, cannot be appointed as an independent member of the board.

- The following committees of the board of directors shall be established by listed companies:
  - Audit Committee;
  - Corporate Governance Committee; and
  - Risk Committee.
- Each of the corporate governance committee, the risk committee and the audit committee should consist of at least two members. It is mandatory that both (in the case of committees with two members) or the majority of the members (in the case of committees with three or more members) of the committees be non-executive board members, provided 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 which must consist only of board members. The chief executive officer should not hold a position on 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 whose shares or total voting rights reach or fall below 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% and 95% of our ordinary shares or total voting rights to notify both us 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 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 all voting rights related to 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.

As a foreign private issuer and a controlled company whose ADSs are listed on Nasdaq, we 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 in lieu thereof.

We rely on these exemptions with respect to the following Nasdaq requirements:

- we do not comply with the requirement under Nasdaq Listing Rule 5605(b)(1) that a majority of the members of our board of directors be independent (we follow the requirement under the Turkish Capital Markets Laws and Regulations as described above);
- we do not 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 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 carries out the functions of a compensation committee, and consists of a majority of independent directors);
- we do not 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 follow home country practice which permits us to appoint directors by resolution at the general assembly of shareholders as set forth in our articles of association and the TCC;
- we do not 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 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 one third 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 requires a higher quorum);
- we do not 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
- we do not 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 Item 3.D. "*Key Information—Risk Factors—Risks Relating to Ownership of Our ADSs—As a foreign private issuer we 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*" and "*Key Information—Risk Factors—Risks Relating to Ownership of Our ADSs—We are a "controlled company" within the meaning of the Nasdaq listing rules. As a result, we qualify for, and intend to continue to rely on, exemptions from certain corporate governance requirements*."

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

**ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

**ITEM 16K. CYBERSECURITY**

**Risk management and strategy**

Our business heavily relies on digital platforms, including websites, mobile applications and various information systems. Safeguarding these digital assets against cybersecurity threats is paramount. Our methods for evaluating and addressing cybersecurity risks include (i) adhering to recognized standards like PCI DSS (Payment Card Industry Data Security Standard) and ISO 27701 (Information Security Management System) to enhance our security posture; (ii) conducting internal and external evaluations, such as penetration testing, to uncover vulnerabilities, and continuously monitoring potential cybersecurity threats, both within our organization and across the industry; (iii) employing measures like email filtering and access control to fortify system defenses, and providing training to staff and contractors to enhance cybersecurity awareness on a regular basis; (iv) implementing structured protocols for cybersecurity incident response that promote prompt detection and resolution, and crafting and regularly reviewing internal policies to adapt to evolving cybersecurity threats; and (v) monitoring compliance with relevant data protection regulations and frameworks, including establishing comprehensive policies governing the handling of data shared with third-party service providers.

Additionally, we maintain oversight of cybersecurity risks associated with our engagement of third-party service providers, with controlled access and other processes in place to manage these risks effectively. Although we rely on our internal teams to manage our cybersecurity processes, we also collaborate with external experts, including assessors and consultants, to support various aspects of our cybersecurity initiatives, including vulnerability analysis, cyber intelligence monitoring, external penetration testing and advanced log management. We also engage third party specialists to test our compliance with applicable regulations on a periodic basis. Our cybersecurity processes are integrated into our broader risk management framework, which is managed by our Governance, Risk and Control team, ensuring alignment with our overall strategic objectives.

Despite the processes outlined here, we may experience cybersecurity incidents from time to time. For example, during February 2024, a threat actor used compromised merchant login details to access an immaterial number of merchant accounts on our merchant portal. For more information on this cybersecurity incident and for a broader description of how risks from cybersecurity threats could materially affect us, including our business strategy, results of operations or financial condition, see Item 3. "*Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—A cybersecurity incident, including undetected software errors and hacking, may cause material delays or interruptions in our information systems and may reduce the use of our services and damage our brand reputation, which may hinder our ability to conduct our business effectively or result in lost revenues or other costs.*" and "*—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.*" which are incorporated by reference into this Item 16K.

**Governance**

Management plays a critical role in assessing and managing Hepsiburada’s material risks from cybersecurity threats. The Information Security and Compliance team, which is tasked with evaluating and addressing these risks, is led by our Head of Platform, Security and Operations, and reports to the CTO, both of whom have significant experience and expertise in the cybersecurity, IT and risk management domains. The CTO spent 16 years at Yandex, a leading Russian technology company, most recently as CTO of Yandex.Market, the group’s flagship online marketplace. He joined Yandex as a software developer in 2005 and went on to become head of software engineering in 2009, before assuming the role of CTO in 2016.

Monthly reports detailing the monitoring, prevention, detection, mitigation and remediation of cybersecurity incidents are generated by the Information Security and Compliance team. These reports are then shared with C-level executives, providing them with insights into the current cybersecurity landscape and informing strategic decision-making.

In addition to the monthly reports, the Information Security and Compliance team engages in ongoing communication with relevant teams, such as IT, to ensure a proactive approach to cybersecurity. Reports and updates from this team regarding cybersecurity matters are presented by our CTO and Head of Platform, Security and Operations to the Risk Committee of our Board of Directors, ensuring governance oversight and alignment with strategic objectives.

Should Hepsiburada become the subject of a material cybersecurity incident, a reporting mechanism exists to escalate the matter up the management chain to the board level, so that prompt and effective response measures can be implemented, including coordination with C-level executives who oversee disclosure matters, including to regulatory authorities as needed.

**Part III**

**ITEM 17. FINANCIAL STATEMENTS**

We provide financial statements pursuant to Item 18.

**ITEM 18. FINANCIAL STATEMENTS**

The audited consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this annual report. The audit reports of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., an independent registered public accounting firm, and of EY Guney Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.S, an independent registered public accounting firm, are included herein preceding the audited consolidated financial statements.

**ITEM 19. EXHIBITS**

The following documents are filed as part of this annual report:

| Exhibit No. | Description | Form | File No. | Exhibit No. | Filing Date | Filed/ Furnished Herewith |
|---|---|---|---|---|---|---|
| 1.1 | Articles of Association of the Registrant | 20-F | 001-40553 | 1.1 | May 1, 2023 | |
| 2.1 | Description of Securities | | | | | * |
| 2.2 | Form of Deposit Agreement among the Registrant, The Bank of New York Mellon as depositary and the holders and beneficial owners from time to time of the American Depositary Shares issued thereunder | F-1/A | 333-256654 | 4.1 | June 17, 2021 | |
| 2.3 | Form of American Depositary Receipt (included in Exhibit 2.2) | F-1/A | 333-256654 | 4.2 | June 17, 2021 | |
| 2.4 | Form of Shareholder's Agreement, between Hanzade Vasfiye Doğan Boyner, Vuslat Doğan Sabancı Yaşar Begümhan Doğan Faralyalı, Arzuhan Doğan Yalçındağ, Işıl Doğan and TurkCommerce B.V. | F-1/A | 333-256654 | 4.3 | June 17, 2021 | |
| 4.1† | English translation of the server hosting service agreement between Türk Telekomünikasyan A.Ş. and the Registrant, dated June 19, 2017 | F-1 | 333-256654 | 10.9 | May 28, 2021 | |
| 4.2† | English translation of Additional Agreement between Türk Telekomünikasyon A.Ş., TTNET A.Ş. and the Registrant regarding the provision of server hosting and data center access services, dated January 1, 2023 | 20-F | 001-40553 | 4.2 | May 1, 2023 | |
| 4.3 | English translation of the financing agreement between Doruk Faktoring A.Ş. and the Registrant, dated November 11, 2020 | F-1 | 333-256654 | 10.8 | May 28, 2021 | |
| 4.4 | Revised Incentive Plan dated April 24, 2023 | 20-F | 001-40553 | 4.4 | May 1, 2023 | |

| | | | | | |
|---|---|---|---|---|---|
| 4.5† | English translation of the framework agreement for various hosting-related services between Superonline İletişim Hizmetleri A.Ş. and the Registrant, dated May 24, 2021 | F-1 | 333-256654 | 10.10 | May 28, 2021 |
| 4.6† | English translation of Share Purchase Agreement concerning the sale of shares of Doruk Finansman A.Ş. between the Sellers named therein and Hepsi Finansal Danişmanlik A.Ş. dated December 16, 2021 | 20-F | 001-40553 | 4.17 | May 2, 2022 |
| 4.7 | Form of Director and Executive Committee Member Indemnification Agreement | 20-F | 001-40553 | 4.16 | May 2, 2022 |
| 4.8† | English translation of the Lease Agreement between Megeye Lojistik Anonim Şirketi, as lessor and the Registrant, as lessee, dated April 2014 | F-1 | 333-256654 | 10.1 | May 28, 2021 |
| 4.9 | 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 | F-1 | 333-256654 | 10.15 | May 28, 2021 |
| 4.10 | English translation of Additional Protocol to the Lease Agreement between Megeye Lojistik Anonim Şirketi, as lessor and the Registrant, as lessee, dated February 1, 2022 | 20-F | 001-40553 | 4.18 | May 2, 2022 |
| 4.11† | English translation of Additional Protocol to the Lease Agreement between Megeye Lojistik Anonim Şirketi, as lessor and the Registrant, as lessee, dated August 15, 2022 | 20-F | 001-40553 | 4.11 | May 1, 2023 |
| 4.12† | English translation of the Lease Agreement between Ortadoğu Otomotiv Ticaret A.Ş., as lessor and the Registrant, as lessee, dated December 24, 2014 | F-1 | 333-256654 | 10.7 | May 28, 2021 |
| 4.13† | 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 | F-1 | 333-256654 | 10.12 | May 28, 2021 |
| 4.14 | 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 | F-1 | 333-256654 | 10.13 | May 28, 2021 |
| 4.15 | 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 | F-1 | 333-256654 | 10.14 | May 28, 2021 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 4.16† | English translation of the Lease Agreement between A. Vedat Yakupoğlu Gayrimenkul Yatırımcılığı, as lessor and the Registrant, as lessee, dated August 10, 2020 | F-1 | 333-256654 | 10.2 | May 28, 2021 | |
| 4.17† | 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 | F-1 | 333-256654 | 10.4 | May 28, 2021 | |
| 4.18† | English translation of the Lease Agreement between Üstünkarlı Makine A.Ş., as lessor and the Registrant, as lessee, dated August 28, 2020 | F-1 | 333-256654 | 10.6 | May 28, 2021 | |
| 4.19† | English translation of the Lease Agreement between Emrenes Orman Ürünleri Sanayi ve Ticaret Ltd. Şti., as lessor and the Registrant, as lessee, dated August 31, 2020 | F-1 | 333-256654 | 10.5 | May 28, 2021 | |
| 4.20 | English translation of Additional Protocol to the Lease Agreement between Emrenes Orman Ürünleri San. ve Tic. Ltd. Şti., as lessor and the Registrant, as lessee, dated April 6, 2022 | 20-F | 001-40553 | 4.20 | May 2, 2022 | |
| 4.21† | English translation of the Lease Agreement between Mahmud Reşid Çizmeci, acting as agent on behalf of Rabia Çizmeci, as lessor and the Registrant, as lessee, dated October 1, 2021 | 20-F | 001-40553 | 4.19 | May 2, 2022 | |
| 4.22† | English translation of Sub-Lease Agreement between D Fast Dağıtım Hizmetleri ve Lojistik A.Ş., as lessor and the Registrant, as lessee, dated October 1, 2022 | 20-F | 001-40553 | 4.22 | May 1, 2023 | |
| 4.23† | English translation of Sub-Lease Agreement between D Fast Dağıtım Hizmetleri ve Lojistik A.Ş., as lessor and the Registrant, as lessee, dated March 1, 2023 | 20-F | 001-40553 | 4.23 | May 1, 2023 | |
| 4.24† | English translation of Lease Agreement between Doğruer Uluslararası Nakliye ve Dış Ticaret A.Ş., as lessor and the Registrant, as lessee, dated March 1, 2023 | 20-F | 001-40553 | 4.24 | May 1, 2023 | |
| 4.25† | English translation of Lease Agreement between Adana Ticaret Odası, as lessor and the Registrant, as lessee, dated July 8, 2023 | | | | | * |
| 4.26† | English translation of Lease Agreement between D Fast Dağıtım Hizmetleri ve Lojistik A.Ş., as lessor and the Registrant, as lessee, dated June 11, 2023 | | | | | * |

| | | |
|---|---|---|
| 4.27† | English translation of Lease Agreement between Reysaş Gayrimenkul Yatırım Ortaklığı A.Ş. (Reysaş GYO A.Ş.), as lessor and the Registrant, as lessee, dated September 18, 2023 | * |
| 4.28 | Contribution Agreement between TurkCommerce B.V. and the Registrant, dated September 28, 2023 | * |
| 8.1 | List of subsidiaries of the Registrant | * |
| 12.1 | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | * |
| 12.2 | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | * |
| 13.1 | Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | ** |
| 13.2 | Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | ** |
| 16.1 | EY Letter, dated April 30, 2024 | * |
| 97.1 | D-Market Elektronik Hizmetler Ve Ticaret A.Ş. Incentive Compensation Recovery Policy | * |
| 101.INS | Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document | * |
| 101.SCH | Inline XBRL Taxonomy Extension Schema | * |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | * |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase | * |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase | * |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase | * |
| 104 | Cover page interactive data (formatted as Inline XBRL and contained in Exhibit 101) | * |

* Filed herewith.

** Furnished herewith.

† Portions of this exhibit have been omitted because they are both (i) not material and (ii) the Registrant customarily and actually treats such information as private or confidential.

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

D-MARKET ELECTRONIC SERVICES & TRADING

By: /s/ Nilhan Gökçetekin

Name: Nilhan Gökçetekin

Title: Chief Executive Officer

Date: April 30, 2024

By: /s/ Mehmet Seçkin Köseoğlu

Name: Mehmet Seçkin Köseoğlu

Title: Chief Financial Officer

Date: April 30, 2024

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.**
**AND ITS SUBSIDIARIES**

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheet of D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi and its subsidiaries (the "Company") as of December 31, 2023, and the related consolidated statements of comprehensive income/(loss), changes in equity and cash flows for the year 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, 2023, and the results of its operations and its cash flows for the year 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 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 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. 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 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 audit 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 audit provides a reasonable basis for our opinion.

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

/s/ Mehmet Cenk Uslu

Mehmet Cenk Uslu
Partner

Istanbul, Turkey
April 30, 2024

We have served as the Company's auditor since 2023.

**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, 2022, the related consolidated statements of comprehensive loss, changes in equity and cash flows for each of the two years in the period ended December 31, 2022, 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, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, 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 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 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ GUNEY BAGIMSIZ DENETIM VE SERBEST MUHASEBECI MALI MUSAVIRLIK A.S.

We served as the Company's auditor from 2020 to 2022.

Istanbul, Türkiye

May 1, 2023, except for the effects of the hyperinflationary adjustments on the 2022 and 2021 consolidated financial statements, as discussed in Note 2.1, as to which the date is April 30, 2024

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**
**AT 31 DECEMBER 2023 AND 2022**
(Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | 4 | 5,500,000 | 8,676,955 |
| Restricted cash | | 167,312 | 177,011 |
| Financial investments | 5 | 1,722,744 | 28,929 |
| Trade receivables | 7 | 2,373,275 | 1,094,456 |
| Due from related parties | 22 | 9,182 | 2,830 |
| Loan receivables | | — | 5,790 |
| Inventories | 8 | 3,964,987 | 2,946,547 |
| Contract assets | 9 | 22,431 | 25,290 |
| Other current assets | 15 | 864,313 | 847,114 |
| | | | |
| **Total current assets** | | **14,624,244** | **13,804,922** |
| | | | |
| **Non-current assets:** | | | |
| Property and equipment | 10 | 502,743 | 556,917 |
| Intangible assets | 11 | 1,853,586 | 1,393,672 |
| Right of use assets | 12 | 565,523 | 722,599 |
| Loan receivables | | 799 | 6,356 |
| Other non-current assets | 15 | 33,720 | 103,837 |
| | | | |
| **Total non-current assets** | | **2,956,371** | **2,783,381** |
| | | | |
| **Total assets** | | **17,580,615** | **16,588,303** |

These consolidated financial statements have been approved by Board of Directors on 30 April 2024. 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**
**AT 31 DECEMBER 2023 AND 2022**
**(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)**

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities:** | | | |
| Bank borrowings | 6 | 183,472 | 21,501 |
| Lease liabilities | 12, 25 | 154,573 | 259,375 |
| Wallet deposits | | 188,412 | 187,006 |
| Trade payables and payables to merchants | 7 | 10,562,999 | 9,699,421 |
| Due to related parties | 22 | 4,638 | 9,192 |
| Provisions | 13 | 81,728 | 650,895 |
| Employee benefit obligations | 14 | 289,410 | 257,159 |
| Contract liabilities and merchant advances | 9 | 1,424,467 | 1,052,167 |
| Other current liabilities | 15 | 756,389 | 626,186 |
| **Total current liabilities** | | **13,646,088** | **12,762,902** |
| **Non-current liabilities:** | | | |
| Bank borrowings | 6 | 2,809 | 18,000 |
| Lease liabilities | 12, 25 | 121,820 | 172,934 |
| Employee benefit obligations | 14 | 104,284 | 27,117 |
| Other non-current liabilities | 15 | 402,835 | 241,552 |
| **Total non-current liabilities** | | **631,748** | **459,603** |
| **Equity:** | | | |
| Share capital | 16 | 498,661 | 498,661 |
| Treasury shares | 16 | (169,843) | — |
| Other capital reserves | 14 | 637,738 | 531,337 |
| Share premium | 16 | 14,483,368 | 14,483,368 |
| Accumulated deficit | | (12,147,145) | (12,147,568) |
| **Total equity** | | **3,302,779** | **3,365,798** |
| **Total equity and liabilities** | | **17,580,615** | **16,588,303** |

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 INCOME/(LOSS)**
**FOR THE YEARS ENDED 31 DECEMBER 2023, 2022 AND 2021**
**(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)**

| | Notes | 1 January – 31 December 2023 | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|---|
| Revenues | 17 | 35,558,521 | 26,478,009 | 24,792,125 |
| **Operating expenses** | | | | |
| Cost of inventory sold | | (24,788,674) | (20,723,995) | (19,437,507) |
| Shipping and packaging expenses | | (3,323,926) | (2,629,327) | (3,129,641) |
| Payroll and outsource staff expenses | | (3,504,010) | (2,949,586) | (2,615,881) |
| Advertising expenses | | (2,427,752) | (2,908,700) | (4,862,066) |
| Technology expenses | | (412,177) | (302,220) | (204,238) |
| Depreciation and amortization | 10, 11, 12 | (1,174,133) | (844,891) | (637,012) |
| Other operating income | 18 | 478,979 | 129,600 | 262,337 |
| Other operating expenses | 18 | (1,131,805) | (1,361,640) | (944,750) |
| **Operating loss** | | **(724,977)** | **(5,112,750)** | **(6,776,633)** |
| Financial income | 19 | 3,539,610 | 3,153,151 | 6,630,917 |
| Financial expenses | 20 | (4,010,055) | (2,817,667) | (3,277,178) |
| Monetary gains/ (losses) | | 1,270,956 | (13,421) | 92,814 |
| **Income/(loss) before income taxes** | | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Taxation on income | 21 | — | — | — |
| **Income/(loss) for the year** | | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Basic and diluted income/(loss) per share | 26 | 0.23 | (14.70) | (10.93) |
| **Other comprehensive loss: Items that will not be reclassified to profit or loss in subsequent period:** | | | | |
| Actuarial losses arising on remeasurement of post-employment benefits | 14 | (75,111) | (23,041) | (10,969) |
| **Total comprehensive income/(loss) for the year** | | **423** | **(4,813,728)** | **(3,341,049)** |

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 2023, 2022 AND 2021**
**(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)**

| | Share capital | Treasury shares | Other capital reserves | Share premiums | Accumulated deficit | Total equity |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2023** | **498,661** | **—** | **531,337** | **14,483,368** | **(12,147,568)** | **3,365,798** |
| Net income for the year | — | — | — | — | 75,534 | 75,534 |
| Other comprehensive loss for the year | — | — | — | — | (75,111) | (75,111) |
| Share-based payments (Note 14) | — | — | 106,401 | — | — | 106,401 |
| Acquisition of treasury shares (Note 16) | — | (169,843) | — | — | — | (169,843) |
| **Balance at 31 December 2023** | **498,661** | **(169,843)** | **637,738** | **14,483,368** | **(12,147,145)** | **3,302,779** |
| **Balance at 1 January 2022** | **498,661** | **—** | **280,714** | **14,483,368** | **(7,333,840)** | **7,928,903** |
| Net loss for the year | — | — | — | — | (4,790,687) | (4,790,687) |
| Other comprehensive loss for the year | — | — | — | — | (23,041) | (23,041) |
| Share-based payments (Note 14) | — | — | 250,623 | — | — | 250,623 |
| **Balance at 31 December 2022** | **498,661** | **—** | **531,337** | **14,483,368** | **(12,147,568)** | **3,365,798** |
| **Balance at 1 January 2021** | **470,858** | **—** | **—** | **894,735** | **(3,992,791)** | **(2,627,198)** |
| Net loss for the year | — | — | — | — | (3,330,080) | (3,330,080) |
| Other comprehensive loss for the year | — | — | — | — | (10,969) | (10,969) |
| Capital increase (Note 16) | 27,803 | — | — | 13,588,633 | — | 13,616,436 |
| Share-based payments (Note 14) | — | — | 280,714 | — | — | 280,714 |
| **Balance at 31 December 2021** | **498,661** | **—** | **280,714** | **14,483,368** | **(7,333,840)** | **7,928,903** |

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 2023, 2022 AND 2021
## (Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

| | Note | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Income/(loss) before income taxes | | 75,534 | (4,790,687) | (3,330,080) |
| **Adjustments to reconcile income/(loss) before income taxes to cash flows from operating activities:** | | **6,477,304** | **4,667,832** | **1,867,492** |
| Interest and commission expenses | 20 | 3,203,948 | 1,881,387 | 2,088,681 |
| Depreciation and amortization | 10, 11,12 | 1,174,133 | 844,891 | 637,012 |
| Interest income on time deposits | 19 | (504,054) | (331,436) | (137,794) |
| Interest income on credit sales | 19 | (372,293) | (206,912) | (110,747) |
| Interest income on financial investments | 19 | (1,184) | — | — |
| Provision for unused vacation liability | 14 | 78,731 | 40,303 | 36,179 |
| Provision for personnel bonus | 14 | 234,176 | 210,382 | 121,206 |
| Provision for settlement of legal proceedings | 13 | — | 462,452 | — |
| Provision for Competition Authority investigation | 13 | (126,589) | (9,555) | 345,173 |
| Provision for Turkish Capital Markets Board fee | 13 | 24,028 | 39,125 | — |
| Provision for legal cases | 13 | 18,604 | 22,312 | 5,735 |
| Provision for doubtful receivables | 7 | 49,046 | 32,083 | 10,969 |
| Provision for impairment of trade goods, net | 8 | 34,832 | (17,416) | 11,076 |
| Provision for post-employment benefits | 14 | 57,644 | 6,660 | 5,705 |
| Share-based payment expense | 14 | 106,401 | 250,623 | 280,714 |
| Fair value (gains)/losses of financial investments | 5, 20 | (237,515) | 74,982 | 116,683 |
| Contribution income for settlement | | (121,820) | — | — |
| Net foreign exchange differences | | (285,785) | (2,346,840) | (3,937,251) |
| Monetary losses on non-operating activities | | 3,440,994 | 3,996,278 | 2,443,189 |
| Monetary gains on provisions | | (295,993) | (281,487) | (49,038) |
| | | | | |
| **Changes in net working capital** | | | | |
| Change in trade payables and payables to merchants | | 1,044,052 | (1,296,827) | 3,538,017 |
| Change in inventories | | (1,174,588) | 1,810,144 | (1,851,138) |
| Change in trade receivables | | (1,448,682) | (469,931) | (44,519) |
| Change in contract liabilities and merchant advances | | 290,783 | 458,745 | 38,352 |
| Change in contract assets | | 2,859 | (5,392) | 185,398 |
| Change in other liabilities | | 292,892 | 212,392 | 645,017 |
| Change in other assets and receivables | | 73,962 | 340,991 | (1,057,772) |
| Change in due from related parties | | (6,352) | 3,082 | 6,640 |
| Change in due to related parties | | (8,594) | (41,879) | 10,011 |
| Post-employment benefits paid | 14 | (20,725) | (8,087) | (10,008) |
| Payments for concluded litigation | 13 | (394,784) | (45,688) | (1,859) |
| Payments for personnel bonus | 14 | (175,698) | (123,262) | (48,332) |
| Payments for unused vacation liabilities | 14 | (11,236) | (4,617) | (7,859) |
| Collections of doubtful receivables | 7 | 2,388 | — | 13,247 |
| **Net cash provided by/ (used in) operating activities** | | **5,019,115** | **706,816** | **(47,393)** |
| | | | | |
| **Investing activities:** | | | | |
| Purchases of property and equipment and intangible assets | 10, 11 | (1,153,719) | (1,393,085) | (645,083) |
| Proceeds from sale of property and equipment | | 7,559 | 822 | 4,520 |
| Purchases of financial investments | 5 | (5,072,151) | (2,589,242) | (2,721,701) |
| Proceeds from sale of financial investment | 5 | 3,427,578 | 5,264,725 | — |
| Cash outlows due to acquisition of subsidiary | 3 | — | (7,579) | — |
| Interest received on time deposits | | 513,446 | 323,143 | 135,816 |
| Interest received on credit sales | | 598,998 | 206,912 | 110,747 |
| **Net cash provided by/ (used in) investing activities** | | **(1,678,289)** | **1,805,696** | **(3,115,701)** |
| | | | | |
| **Financing activities:** | | | | |
| Proceeds from borrowings | 25 | 577,338 | 1,556,602 | 5,829,365 |
| Repayment of borrowings | 25 | (379,753) | (1,925,096) | (6,370,527) |
| Interest and commission paid | | (3,172,108) | (1,730,000) | (1,974,234) |
| Lease payments | 25 | (307,475) | (330,946) | (252,680) |
| Acquisition of treasury shares | 16 | (48,023) | — | — |
| Proceed from share capital and share premium increase | 16 | — | — | 13,616,436 |
| **Net cash provided by/ (used in) financing activities** | | **(3,330,021)** | **(2,429,440)** | **10,848,360** |
| | | | | |
| **Net increase in cash and cash equivalents** | | **10,805** | **83,072** | **7,685,266** |
| | | | | |
| **Cash and cash equivalents at beginning of the year** | | **8,666,727** | **10,319,646** | **2,181,563** |
| | | | | |
| Effects of exchange rate changes on cash and cash equivalents | | 174,423 | 1,607,314 | 2,993,836 |
| Effects of inflation on cash and cash equivalents | | (3,352,790) | (3,343,305) | (2,541,019) |
| | | | | |
| **Cash and cash equivalents at end of the year** | **4** | **5,499,165** | **8,666,727** | **10,319,646** |

Accompanying notes are an integral part of these consolidated financial statements.

**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) 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 2023, the ultimate shareholders of D-Market are the members of Doğan Family and TurkCommerce B.V. (Note 16).

On July 6, 2021, the Company completed an initial public offering ("IPO") of 65,251,000 American Depositary Shares ("ADSs") representing 65,251,000 Class B ordinary shares, at a price to the public of $12.00 per ADS on Nasdaq. The offering included 41,670,000 ADSs offered by the Company and 23,581,000 ADSs offered by a selling shareholder, which included 8,511,000 ADSs sold by the selling shareholder pursuant to the underwriters' exercise in full of their over-allotment option. The ADSs began trading on the Nasdaq Global Select Market under the ticker symbol "HEPS" on July 1, 2021.

As of 31 December 2023, the Group has 3,213 employees (2022: 3,834). The address of the registered office is as follows:

Kuştepe Mahallesi, Mecidiyeköy Yolu Caddesi No:
12 Kule 2 Kat 2
Şişli, Istanbul — Türkiye

**Subsidiaries**

The Subsidiaries included in these consolidated financial statements are as follows:

- 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")
- Hepsi Finansal Danışmanlık A.Ş. ("Hepsi Finansal")
- Hepsi Finansman A.Ş. ("Hepsi Finansman") (former trade name "Doruk Finansman A.Ş.")
- Hepsiburada Global B.V. ("Hepsiburada Global")

D-Ödeme was founded on 4 June 2015 and operates as a payment services provider offering payment gateway and e-money services. D Ödeme obtained its operational licence from Banking Regulation and Supervision Agency of Türkiye ("BRSA") on 20 February 2016. D Ödeme commenced its first payment service transaction on 15 June 2016. D Odeme launched Hepsipay Cüzdanım (Wallet) in June 2021, an embedded digital wallet product on Hepsiburada platform.

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 companies.

Hepsi Finansal was founded on 1 December 2021. Hepsi Finansal aims to operate as a holding company for the fintech operations of the Group and to provide financial solutions to the customers of Hepsiburada. Hepsi Finansal is the parent company of the Hepsi Finansman A.Ş. which was acquired in February 2022 (Note 3).

Hepsi Finansman was acquired by the Group on 28 February 2022 and the Group aims to offer its customers consumer financing solutions through Hepsi Finansman. Hepsi Finansman was founded on 24 April 2006 and obtained its operational license from the BRSA in 2008. Hepsi Finansman operates as a consumer financing company in Türkiye.

Hepsiburada Global was founded on 28 July 2023 in the Netherlands, with an aggregate issued share capital of EUR1,000,000. The initial EUR100,000 share capital subscription of Hepsiburada Global was paid on 26 October 2023. Hepsiburada Global aims to facilitate Hepsiburada's integration with European payment solutions and marketplaces.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 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") as issued by the International Accounting Standards Board ("IASB"). 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 Türkiye. These consolidated financial statements are based on the statutory records, which are maintained under the historical cost convention except for the financial investments which are measured at fair value, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

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.

***Financial reporting in hyperinflationary economy***

Since the beginning of 2021, inflation in Türkiye has increased significantly. With the cumulative effect of increasing inflation in recent three years, it has become necessary for entities operating in Türkiye to apply International Accounting Standards ("IAS") 29 – Financial Reporting in Hyperinflationary Economies starting from 30 June 2022. One of the important indicators for the application of IAS 29 is a three-year compound inflation rate approaching or exceeding 100%. Three-year cumulative increase in Consumer Price Index (CPI) as of June 2022 has been 136% in Türkiye according to inflation data published by Statistical Institute of Türkiye on 4 July 2022.

Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2023. The terms of IAS 29 require that financial statements prepared in the currency in the economy with hyperinflation should be expressed in terms of the measuring unit current at the end of the reporting period and the amounts for the corresponding previous periods should also be stated in terms of the measuring unit current at the end of the reporting period.

For the application of IAS 29, the Group used the conversion coefficient derived from the CPI in Türkiye published by the Statistical Institute of Türkiye. The indices and coefficients used to prepare the consolidated financial statements are as follows:

| Date | Index | Adjustment Coefficient | Three years compound inflation rates |
|---|---|---|---|
| 31 December 2023 | 1859.38 | 1.000 | 268 % |
| 31 December 2022 | 1128.45 | 1.648 | 156 % |
| 31 December 2021 | 686.95 | 2.707 | 74 % |

The following is a summary of the main procedures for the above mentioned adjustments:

To perform the required restatement of financial statements under IAS 29, assets and liabilities are separated into those that are monetary and non–monetary, with non–monetary items further divided into those measured on either a current or historical basis.

Non-monetary items that are carried at amounts current at the end of the reporting period, such as net realisable value and fair value, are not restated. All other non-monetary assets and liabilities are restated.

Monetary assets and liabilities are not adjusted as they are presented in the current purchasing power at the end of the reporting period.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.1 Basis of preparation (Continued)**

Non-monetary assets and liabilities are restated in terms of the current measuring unit at the end of the reporting period, by applying the change in the general price index from the transaction date when they arose to the end of the reporting period.

Components of shareholders' equity, except accumulated deficit, in the consolidated balance sheets are also restated by applying the relevant index from the date the components were contributed or otherwise arose. At the end of the first period and in subsequent periods all components of shareholders' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the consolidated statement of comprehensive income/(loss) are expressed in terms of current measuring unit at the end of the reporting period. All amounts restated by applying the change in the general price index from the dates when the items of income and expenses originated and restated on a monthly basis.

The application of IAS 29 results in an adjustment for the income/(loss) of purchasing power of the Turkish Lira recognized in the profit or loss section of the consolidated statements of comprehensive income/(loss). In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statements of comprehensive income/(loss) and the adjustment of index linked assets and liabilities.

Corresponding figures for the years ended 31 December 2022 and 31 December 2021 have also been restated so that they are presented in terms of the purchasing power of the Turkish Lira as of 31 December 2023.

In the first reporting period in which hyperinflation exists, the requirements of IAS 29 are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, is restated as the base of all subsequent reporting. Restated accumulated deficit in the statement of financial position at the beginning of the earliest comparative period is derived as balancing figure in the restated statement of financial position.

***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in thousand Turkish Lira (TRY), which is both the functional and the presentation currency of the Group.

***Going concern***

The Group has recurring operating losses, the total operating loss for the year ended 31 December 2023 amounted to TRY725.0 million, while accumulated deficit as of 31 December 2023 amounted to TRY12,147.1 million. The Group generated positive operating cash flows amounting to TRY5,019 million in 2023 and its cash and cash equivalents as of 31 December 2023 amounts to TRY5,500 million.

Based on its current business plan, 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 through cash on hand, cash generated from operations, available credit lines or a combination thereof, when necessary.

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**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 measurement of share-based payments**

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 14, the Group granted an equity settled share-based payment plan where management personnel, other employees and directors are entitled to receive Company's shares based on the fair value at the date when the grant is made using an appropriate valuation model. Determination of estimated fair value of the Company before it consummated its initial public offering required complex and subjective judgments. The Company's enterprise value for purposes of recording share-based compensation was estimated using a discounted cash flow ("DCF") methodology. For the DCF methodology, the net present value has been estimated using an appropriate discount rate.

The estimated number of stock awards that will ultimately vest based on service condition requires judgement, and to the extent actual results or updated estimates differ from current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised.

**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 as they meet the recognition criteria of IAS 38 and SIC 32 (for further information refer to Note 2.7).

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. 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 TRY115,795 thousand higher/TRY192,079 thousand lower as at 31 December 2023 (2022: TRY65,758 thousand higher/TRY102,411 thousand lower).

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 (Note 11).

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.2 Significant accounting estimates and assumptions (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 regarding to its carry forward tax losses, unused tax incentives and other deductible temporary differences due to macroeconomic challenges giving rise to uncertainties as to the generation of future taxable profits for 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 or 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. The Group evaluate whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

**Provisions**

In determining the provisions, the possibilities of negative outcome and the liabilities that may arise are evaluated by the Company's legal counsel taking into account expert opinions, if necessary. The Group management determines the amount of the provisions based on its best estimate (Note 13).

**Allowance for doubtful receivables**

The Group maintains an allowance for doubtful receivables for estimated losses resulting from the inability of the Group's customers to make required payments. The Group bases the allowance on the likelihood of recoverability of trade receivables, Buy Now Pay Later ("BNPL") receivables and credit card receivables; when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and those events have an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. The allowance is periodically reviewed. The allowance charged to expenses is determined in respect of receivable balances, calculated as a specified percentage of the outstanding balance in each aging group, with the percentage of the allowance increasing as the aging of the receivable progresses.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**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.

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 2023, 2022 and 2021:

| Subsidiaries | 2023 | 2022 | 2021 |
|---|---|---|---|
| D-Ödeme | 100.00 % | 100.00 % | 100.00 % |
| D-Fast | 100.00 % | 100.00 % | 100.00 % |
| Hepsi Finansal | 100.00 % | 100.00 % | 100.00 % |
| Hepsi Finansman | 100.00 % | 100.00 % | — |
| Hepsiburada Global (*) | 100.00 % | — | — |

(*) Hepsiburada Global was founded on 28 July 2023 in the Netherlands, with an aggregate issued share capital of EUR1,000,000. The initial EUR100,000 share capital subscription of Hepsiburada Global was paid on 26 October 2023. Hepsiburada Global aims to facilitate Hepsiburada's integration with European payment solutions and marketplaces.

The balance sheet and statement of comprehensive income/(loss) of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by D-Market in its subsidiaries is 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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.5 Comparative information**

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

**2.6 Recent accounting pronouncements**

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2023 and thereafter. The effects of these amendments and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**i) Standards, amendments and interpretations applicable as of 31 December 2023:**

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. This change has no impact on the financial position and performance of the Group.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. This change has no impact on the financial position and performance of the Group.

- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. This change has no impact on the financial position and performance of the Group.

- **Amendment to IAS 12 – International tax reform;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. This change has no impact on the financial position and performance of the Group.

The standards and amendments had no impact on the consolidated financial statements of the Group.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.6 Recent accounting pronouncements (Continued)**

**ii) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. Management has assessed that the amendment will have no impact on the consolidated financial statements.

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Management has assessed that the amendment will have no impact on the consolidated financial statements.

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. Management is in the process of impact assessment on consolidated financial statements.

- **Amendments to IAS 21 – Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. Management has assessed that the amendment will have no impact on the consolidated financial statements.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information';** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. Management is in the process of impact assessment on consolidated financial statements.

- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. Management is in the process of impact assessment on consolidated financial statements.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 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, demand and time deposits 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.

**Restricted cash and wallet deposits**

Restricted cash represents fund deposits received from customers for the Group's payment solution by digital wallet. These deposits are subject to regulatory restrictions and therefore are not available for use by the Group. These deposits are kept separately from the Group's cash accounts. A corresponding liability is recorded as wallet deposits in the consolidated balance sheet. These amounts are maintained in the digital wallet until withdrawal is requested or used by the customer. In accordance with the Law on payment and securities settlement systems, payment services and electronic money institutions, number 6493, the Group is liable to compensate for the rights of the fund holders. Considering these facts and circumstances, the Group has recognized restricted cash and the corresponding wallet deposit liability in its consolidated financial statements.

**Trade receivables**

A trade 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.

**Loan receivables**

Financial assets generated as a result of providing a loan are classified as loan receivables and are carried at amortized cost, less any impairment. All loans are recognised in the consolidated financial statements when cash is transferred to customers.

**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 respective amount 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, which relate to undelivered orders and 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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (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 or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date. The Group did not hold any financial assets in the "fair value through other comprehensive income" category as at 31 December 2023.

*a) 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", "loan receivables", "contract assets", "financial investments" and "cash and cash equivalents" in the consolidated balance sheet.

*Impairment for trade receivables and contract assets*

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 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 and financial investments carried at amortized cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

*Impairment for loan receivables*

The Group has adopted "three level impairment approach (general model)" defined in IFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortized cost. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three levels defined in the general model are as follows:

"Level 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("ECL") are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date.

"Level 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

*a) Financial assets carried at amortized cost (continued)*

"Level 3", includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised. Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements. The changes in the expected credit losses on receivables from finance sector operations are accounted for under "other operating income/expenses" account of the consolidated statement of income.

b) *Financial assets carried at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated balance sheet at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. Financial assets at fair value through profit or loss consist of financial investments which are acquired to benefit from short-term price or other fluctuations in the market or which are a part of a portfolio aiming to earn profit in the short-run, irrespective of the reason of acquisition, and kept for trading purposes.

**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 for amounts received by the Group for products delivered by merchants to customers net of commissions, services charges and delivery costs. 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 close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures 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 sold out products or purchased products from supplier for a specified period. The Group considers those rebates as a reduction to costs of inventory when the amounts are reliably measurable.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

**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 statement of comprehensive income/(loss).

The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use (discounted cash flows an asset is expected to generate based upon management’s expectations of future economic and operating conditions). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

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/(loss) 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 depreciation periods for property and equipment, which approximate the useful lives of such assets, are as follows:

| | |
|---|---|
| Furniture and fixtures | 5–10 years |
| Leasehold improvements | 2-5 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 15 years.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

**Website development costs**

Costs that are directly associated with the development of website 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 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 11).

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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

***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.

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.

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.

***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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

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.

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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

***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 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:

| | Useful lives |
|---|---|
| Buildings | 2 – 5 years |
| Furniture and fixtures | 4 – 5 years |
| Software and rights | 3 – 15 years |
| Other | 2 – 3 years |

**Goodwill**

Goodwill arising on acquisition of business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The cash-generating unit, where the goodwill is allocated, is tested for impairment annually. If there is any indication that the unit is impaired, the impairment test is performed more frequently.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated financial statements. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**Business combinations**

Business combinations, that is assets acquired and liabilities assumed constitute a business, are accounted in accordance with IFRS 3 "Business Combinations" using the acquisiton method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer in exchange for the acquiree.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill, else they are recognized in profit in loss.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Acquisition related costs are costs the acquirer incurs to effect a business combination and are accounted as expenses in the periods in which the costs are incurred and the services are received, with the exception of costs to issue debt or equity securities, which shall be recognised in accordance with IAS 32 and IFRS 9.

**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 statement purposes. Currently enacted or substantially enacted at period end 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 or taxable temporary differences 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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

The current service cost which is recognized in the consolidated statement of comprehensive income/(loss), reflects the increase in the defined benefit obligation resulting from employee service in the current year. 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/(loss).

**Provisions, contingent assets and liabilities**

*Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

*Commitments*

A commitment is an enforceable, legally binding agreement to make a payment in the future for the purchase of goods and services. Commitments are not recognized in the financial statements, only disclosed (Note 13), since the Group has not yet received the goods and services.

**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 goods 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. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as financial income.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

The Group launched paid subscription service, Hepsiburada Premium, in July 2022, replacing the Group's earlier loyalty club, which allows Hepsiburada Premium subscribers to benefit from free deliveries, specific campaigns, discounts, cashbacks and subscription to a paid-TV channel. The Group estimates the unused amount of these incentives (for example cashbacks) that will be redeemed and recognizes a contract liability, as necessary, with the corresponding reduction in revenue.

The Group launched Hepsipay Cüzdanım (Wallet), an embedded digital wallet product in June 2021 and introduced "Hepsipara", a cashback points program that allows customers to earn and redeem points during purchases with the Wallet on the platform. The unused amount of cashback points provided to the customers are accounted as a contract liability and a revenue deduction.

The Group launched end-to-end digital "Buy Now Pay Later" ("BNPL") deferred payment facility in February 2022 embedded within Wallet which provides customers the opportunity to complete their purchase and submit payment a month later or in up to twelve monthly instalments (lower in some categories where regulations limit the number of installments). BNPL purchase limits are defined based on the financial history of consumers based on their record at the Credit Bureau of Türkiye and shopping behavior at Hepsiburada. Installments are automatically collected from the selected credit or debit card of the customer. The Group charges BNPL transaction fees to its customers for BNPL transactions and recognizes such fees as financial income over time during the installment period.

*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 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 refund 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, fulfilment revenues, subscription services revenue and other commissions).

*Marketplace commission*

The Group offers a marketplace platform that enables third-party sellers ("merchants") to sell their products. 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.

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

*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 or delivery is completed.

*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*

The Group charges to its customers and merchants shipping fees. Such shipping fees are recognized as revenue over time during the delivery period. The Group also provides cargo services to other 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.

*Advertising revenues*

The Group provides various advertising services, such as placing banners, sponsored ads, video advertising and other advertising services. As the Group establishes pricing, controls the service and is primarily obliged to deliver these advertising services, revenue is recognized on a gross basis. Revenue is recognized either at a point in time or over the period depending on the nature of the service and is billed mainly on a monthly basis.

**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 amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issuance costs and any discount or premium on settlement (Note 6).

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

**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 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. The Group generates 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. The Group receives its commission based on the amount of the loan from the banks once the loan is drawn by our suppliers or merchants. The program does not bear any financial risk on the Group's financial statements. Neither the subsidiaries nor the parent provides any guarantee to the banks in respect to these supplier and merchant financing.

**Share-based payments**

Share-based payment transactions are accounted for 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 on a pro rata basis 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 14.

**Capital increases and dividends**

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.

**Treasury shares**

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**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 income/(loss) in financial income or expense.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.7 Summary of significant accounting policies (Continued)**

**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.

**NOTE 3 – BUSINESS COMBINATIONS**

On 16 December 2021, D-Market, through Hepsi Finansal Danışmanlık, entered into a Share Sale and Purchase Agreement with the holders of 100% of the equity interest in Doruk Finansman A.Ş. (Doruk Finansman), a Turkish consumer finance company, to acquire 100% stake in Doruk Finansman for a total transaction value of TRY20 million (nominal). Following the regulatory approval of Banking Regulation and Supervision Agency, the transaction was closed on 28 February 2022 and the Group paid the Sellers (Doğan Şirketler Grubu Holding A.Ş. ("DoHol"), the holder of 97% equity interest in Doruk Finansman, Doğan Dış Ticaret ve Mümessillik A.Ş. and Doğan family individuals (collectively, the "Sellers")) an aggregate of TRY5 million (nominal) in cash. Also at closing, the Group agreed to pay DoHol TRY15 million (nominal) (the "Conditional Amount") in cash upon Doruk Finansman's collection of certain receivables identified in its financial statements as of the closing day. The Conditional Amount will be paid to DoHol depending on the collection of receivables starting three months after the closing within a maximum of 10 years period. As at 31 December 2022, the not paid part of above mentioned conditional amount is recognised under "due to related parties". The payment of the remaining amount was made in 2023.

The valuation studies of assets and liabilities acquired have been completed and the effects of the final amounts have been reflected in the consolidated financial statements dated 31 December 2022.

As a result of the assessments made, the contingent consideration amount, which is likely to be paid regarding to the collection of certain receivables within 10 years, is included in the consideration amount and has been considered in the goodwill calculation. The contingent consideration has been calculated as TRY26.6 million after discounting to its fair value at the estimated cost.

In accordance with IFRS 3, the differences that will arise in the contingent payment amount due to the operational results in the following periods, will be accounted for under the consolidated statement of income. The difference between total consideration amount and net assets acquired has been accounted in accordance with IFRS 3, "Business Combinations".

The details of the goodwill calculation, total consideration amount and the net assets acquired are as follows (including IAS 29 impacts):

| | |
|---|---|
| Total consideration amount | 37,603 |
| *- Cash consideration amount* | *11,020* |
| *- Contingent consideration amount* | *26,583* |
| Net assets acquired | (37,318) |
| **Goodwill** | **285** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 3 - BUSINESS COMBINATIONS (Continued)**

The details of cash outflow due to acquisition are as follows:

| | |
|---|---|
| Total cash paid | 11,020 |
| Cash and cash equivalent - acquired | (3,441) |
| **Cash outflow due to acquisition** | **7,579** |

The fair values of identifiable assets and liabilities in accordance with IFRS 3 arising from the acquisition are as follows:

| | 28 February 2022 |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | 3,442 |
| Loan receivables | 33,731 |
| Other current assets | 2,529 |
| **Total current assets** | **39,702** |
| **Non-current assets** | |
| Property and equipment | 119 |
| Intangible assets | 906 |
| Right of use assets | 1,027 |
| **Total non-current assets** | **2,052** |
| **Total assets** | **41,754** |
| **Current liabilities** | |
| Trade payables | 1,155 |
| Provisions | 1,013 |
| Employee benefit obligations | 354 |
| Lease liabilities | 1,063 |
| Other current liabilities | 218 |
| **Total current liabilities** | **3,803** |
| **Non-current liabilities** | |
| Employee benefit obligations | 633 |
| **Total non-current liabilities** | **633** |
| **Total liabilities** | **4,436** |
| **Fair value of total net assets** | **37,318** |

If Doruk Finansman A.Ş. had been included in the consolidation as of 1 January 2022, additional revenue amounting to TRY1,116.3 thousand would have been realized in the consolidated profit or loss statement for the accounting period of 1 January — 31 December 2022. These amounts have been calculated by considering the consolidated financial statements prepared in accordance with IFRS.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 4 – CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Banks | | |
| - USD denominated time deposits | 4,364,432 | 4,613,034 |
| - TRY denominated time deposits | 316,819 | 3,638,580 |
| - TRY denominated demand deposits | 811,499 | 353,169 |
| - USD denominated demand deposits | 3,923 | 71,638 |
| - Other foreign currency deposits | 3,327 | 534 |
| | **5,500,000** | **8,676,955** |

The weighted average interest rates of time deposits denominated in TRY and USD at 31 December 2023 are 39.79% per annum and 0.47% per annum, respectively (2022: 20.64% per annum for TRY, 1.87% per annum for USD). As of 31 December 2023, average maturity of time deposits is 3 days (31 December 2022: 18 days).

As of 31 December 2023 and 2022 there is no restricted cash.

At 31 December 2023, cash and cash equivalents included interest accrual amounting to TRY835 thousand (2022: TRY10,228 thousand); consequently, cash and cash equivalents as reported in the consolidated statement of cash flows amounted to TRY5,499,165 thousand (2022: TRY8,666,727 thousand).

## NOTE 5 – FINANCIAL INVESTMENTS

| | 2023 | 2022 |
|---|---|---|
| Financial assets measured at fair value through profit or loss | **1,592,056** | **28,929** |
| *- Investment funds (*)* | *1,592,056* | *28,929* |
| Financial assets carried at amortized cost | **130,688** | — |
| *- Eurobonds (**)* | *130,688* | — |
| | **1,722,744** | **28,929** |

(*) Financial assets measured at fair value through profit or loss consists of foreign currency based mutual funds which include reverse repo, government and private sector debt instruments (2022: Financial assets measured at fair value through profit or loss consists of investment funds which include government and private sector debt instruments).

(**) Financial assets carried at amortized cost consists of eurobonds and the weighted average interest rate of debt instruments denominated in USD at 31 December 2023 are 6.24%. (2022: None). There is a restriction on the financial asset until 5 December 2024 due to the letter of credit given by the financial institution.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 5 - FINANCIAL INVESTMENTS (Continued)**

The movements of financial assets measured at fair value through profit or loss are as follows:

| | 2023 | 2022 |
|---|---|---|
| **Beginning of the period - 1 January** | **28,929** | **2,772,863** |
| Purchase of financial investments | 4,942,647 | 2,589,242 |
| Change in fair value recognized in the statement of comprehensive income/(loss) (Note 20) | 237,515 | (74,982) |
| Foreign exchange gains | 138,058 | 712,566 |
| Sales of financial investments | (3,427,578) | (4,939,322) |
| Monetary loss | (327,515) | (1,031,438) |
| **31 December** | **1,592,056** | **28,929** |

The movements of financial assets carried at amortized cost are as follows:

| | 2023 | 2022 |
|---|---|---|
| **Beginning of the period - 1 January** | **—** | **361,658** |
| Purchase of financial investments | 129,504 | — |
| Foreign exchange gains | — | 26,960 |
| Interest accrual | 1,184 | 405 |
| Sales of financial investments | — | (325,403) |
| Monetary loss | — | (63,620) |
| **31 December** | **130,688** | **—** |

**NOTE 6 – BANK BORROWINGS**

| | 2023 | 2022 |
|---|---|---|
| Short-term bank borrowings | 183,472 | 21,501 |
| Long-term bank borrowings | 2,809 | 18,000 |
| | | |
| | **186,281** | **39,501** |

As of 31 December 2023, supplier and merchant financing loans make up TRY17,742 thousand of the short-term bank borrowings (2022: supplier and merchant financing loans make up TRY1,348 thousand of the short-term bank borrowings).

All bank borrowings are denominated in Turkish Lira. As of 31 December 2023, the average annual effective interest rate for bank borrowings is 20.2% and the average annual effective interest rate for supplier and merchant financing loans is 57.6% (2022: 21.3% for bank borrowings and 22.71% for supplier and merchant financing loans).

The Group's bank borrowings comprise fixed interest rate loans.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 6 - BANK BORROWINGS (Continued)

The repayment schedule of the bank borrowings are as follows:

| | 2023 | 2022 |
|---|---|---|
| To be paid within 1 year | 183,472 | 21,501 |
| To be paid between 1-2 years | 2,809 | 13,371 |
| To be paid between 2-3 years | — | 4,629 |
| | **186,281** | **39,501** |

The movement schedule of the Group's bank borrowings is disclosed in Note 25.

## NOTE 7 – 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.

| | 2023 | 2022 |
|---|---|---|
| Trade receivables | 326,705 | 457,807 |
| Credit card receivables (*) | 963,123 | 326,685 |
| Buy now pay later ("BNPL") receivables (**) | 939,535 | 213,600 |
| Receivables from suppliers (***) | 206,022 | 138,576 |
| Less: Provision for impairment of receivables | (62,110) | (42,212) |
| | **2,373,275** | **1,094,456** |

(*) Credit card receivables are due from banks and they are collectable in 38 days on average (2022: in 46 days on average) whereas they are collected in 17 days on average (2022: are collected in 4 days) if the Company elects to pay a commission to the banks.

(**) The Group's average maturity of its outstanding BNPL receivables is 88 days. (2022: 110 days). The Group recognized provision for impairment of BNPL receivables amounting to TRY31,806 thousand as of 31 December 2023 (2022: TRY8,428 thousand).

(***) 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 2023, the Group's exposure to credit risk arising from trade receivables are disclosed in Note 23.

The movements in provision for impairment of receivables for the years ended 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| 1 January | 42,212 | 24,825 |
| Additions during the year | 49,046 | 32,083 |
| Collections | (2,388) | - |
| Monetary gain | (26,760) | (14,696) |
| **31 December** | **62,110** | **42,212** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 7 - TRADE RECEIVABLES, TRADE PAYABLES and PAYABLES TO MERCHANTS (Continued)**

**Trade payables and payables to merchants**

| | 2023 | 2022 |
|---|---|---|
| Payables to retail suppliers and service providers | 6,426,604 | 5,788,215 |
| Payables to merchants (*) | 4,136,395 | 3,911,206 |
| | **10,562,999** | **9,699,421** |

(*) 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 December 2023, supplier and merchant financing payables, included in payables to retail suppliers and service providers, amounts to TRY179,037 thousand (2022: TRY313,191 thousand).

The Group's average maturity of its outstanding payables is 55 days for retail suppliers and 21 days for merchandise suppliers (2022: 57 days for retail suppliers and 21 days for merchandise suppliers).

**NOTE 8 – INVENTORIES**

The analysis of inventories at 31 December 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Trade goods | 4,056,124 | 3,002,852 |
| Less: Provision for impairment | (91,137) | (56,305) |
| | **3,964,987** | **2,946,547** |

Inventories include TRY47,137 thousand of subsequently returned goods based on the Group's return policy (2022: TRY22,513 thousand).

The movements in provision for impairment of trade goods were as follows:

| | 2023 | 2022 |
|---|---|---|
| 1 January | 56,305 | 73,721 |
| Utilized | (56,305) | (73,721) |
| Charge for the year | 91,137 | 56,305 |
| **31 December** | **91,137** | **56,305** |

(Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 9 – CONTRACT ASSETS, CONTRACT LIABILITIES AND MERCHANT ADVANCES

| | 2023 | 2022 |
|---|---|---|
| Contract assets | 22,431 | 25,290 |

Contract assets represent earned but not invoiced delivery services revenue. All contract assets are short-term and their maturities are less than 1 month (2022: less than 1 month).

| | 2023 | 2022 |
|---|---|---|
| Contract liabilities and merchant advances | 1,424,467 | 1,052,167 |

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 amounting to TRY988,498 thousand (2022: TRY626,366 thousand), where the Group acts as an agent, which are credited as a payable to the merchant (note 7) when delivery is complete. Average delivery date varies between 1–4 days.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 10 – PROPERTY AND EQUIPMENT**

The movements in property and equipment and related accumulated depreciation during the years ended 31 December 2023 and 2022 were as follows:

| | 1 January 2023 | Additions | Disposals | 31 December 2023 |
|---|---|---|---|---|
| **Cost:** | | | | |
| Motor vehicles | 72,365 | 72 | — | 72,437 |
| Furniture and fixtures (*) | 828,757 | 125,247 | (10,538) | 943,466 |
| Leasehold improvements | 218,412 | 11,974 | (772) | 229,614 |
| **Total** | **1,119,534** | **137,293** | **(11,310)** | **1,245,517** |
| **Accumulated depreciation:** | | | | |
| Motor vehicles | (13,581) | (14,195) | — | (27,776) |
| Furniture and fixtures | (411,252) | (138,579) | 3,349 | (546,482) |
| Leasehold improvements | (137,784) | (31,288) | 556 | (168,516) |
| **Total** | **(562,617)** | **(184,062)** | **3,905** | **(742,774)** |
| **Net book value** | **556,917** | | | **502,743** |

(*) Addition of furniture and fixtures mainly comprise of purchased computers, servers and machine equipment investments in the Group's operation center.

| | 1 January 2022 | Additions | Disposals | Acquisition of subsidiary | 31 December 2022 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Motor vehicles | 8,672 | 63,693 | — | — | 72,365 |
| Furniture and fixtures (*) | 590,989 | 244,960 | (7,238) | 46 | 828,757 |
| Leasehold improvements | 196,182 | 22,230 | — | — | 218,412 |
| **Total** | **795,843** | **330,883** | **(7,238)** | **46** | **1,119,534** |
| **Accumulated depreciation:** | | | | | |
| Motor vehicles | (5,456) | (8,125) | — | — | (13,581) |
| Furniture and fixtures | (311,732) | (105,936) | 6,416 | — | (411,252) |
| Leasehold improvements | (109,654) | (28,130) | — | — | (137,784) |
| **Total** | **(426,842)** | **(142,191)** | **6,416** | **—** | **(562,617)** |
| **Net book value** | **369,001** | | | | **556,917** |

(*) Addition of furniture and fixtures mainly comprise of purchased computers, servers and machine equipment investments in the Group's operation center.

There is no collateral, pledge or mortgage on tangible assets as of 31 December 2023 (2022: None).

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 11 – INTANGIBLE ASSETS

| | 1 January 2023 | Additions(*) | Disposals | Transfer | 31 December 2023 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Acquired software and rights | 700,864 | 128,758 | (868) | 6,631 | 835,385 |
| Website development costs (**) | 2,199,783 | 907,149 | — | — | 3,106,932 |
| Goodwill | 285 | — | — | — | 285 |
| Other (***) | 8,752 | 4,044 | — | (6,631) | 6,165 |
| **Total** | **2,909,684** | **1,039,951** | **(868)** | **—** | **3,948,767** |
| **Accumulated amortization:** | | | | | |
| Acquired software and rights | (535,472) | (65,399) | 714 | — | (600,157) |
| Website development costs | (980,540) | (514,484) | — | — | (1,495,024) |
| **Total** | **(1,516,012)** | **(579,883)** | **714** | **—** | **(2,095,181)** |
| **Net book value** | **1,393,672** | | | | **1,853,586** |

(*) Personnel bonus provision related to direct employee costs amounting to TRY69,881 thousand is capitalized as part of the website development costs as of 31 December 2023 (2022: TRY46,356 thousand).

(**) Website development costs include projects under development amounting to TRY208,892 thousand (2022: TRY114,448 thousand) which are not amortized as of 31 December 2023.

(***) Other mainly includes projects in progress which are transferred to acquired software and rights upon completion.

| | 1 January 2022 | Additions | Transfer | Acquisition of subsidiary | 31 December 2022 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Acquired software and rights | 582,449 | 109,548 | 7,888 | 979 | 700,864 |
| Website development costs | 1,233,016 | 966,767 | — | — | 2,199,783 |
| Goodwill | — | — | — | 285 | 285 |
| Other | 7,059 | 9,581 | (7,888) | — | 8,752 |
| **Total** | **1,822,524** | **1,085,896** | **—** | **1,264** | **2,909,684** |
| **Accumulated amortization:** | | | | | |
| Acquired software and rights | (502,137) | (33,335) | — | — | (535,472) |
| Website development costs | (652,413) | (328,127) | — | — | (980,540) |
| **Total** | **(1,154,550)** | **(361,462)** | **—** | **—** | **(1,516,012)** |
| **Net book value** | **667,974** | | | | **1,393,672** |

There is no collateral, pledge or mortgage on intangible assets as of 31 December 2023 (2022: None).

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 12 – LEASES**

**Right of use assets**

| | 1 January 2023 | Additions | Remeasurement | Disposals | 31 December 2023 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Buildings | 1,131,394 | 224,339 | — | — | 1,355,733 |
| Furniture and fixtures | 570,126 | 8,074 | — | (5,095) | 573,105 |
| Software and rights | 170,583 | 1,329 | — | — | 171,912 |
| Vehicles | 314,982 | 20,239 | — | — | 335,221 |
| **Total** | **2,187,085** | **253,981** | **—** | **(5,095)** | **2,435,971** |
| **Accumulated amortization:** | | | | | |
| Buildings | (830,443) | (226,704) | — | — | (1,057,147) |
| Furniture and fixtures | (296,042) | (96,235) | — | 4,226 | (388,051) |
| Software and rights | (126,907) | (19,149) | — | — | (146,056) |
| Vehicles | (211,094) | (68,100) | — | — | (279,194) |
| **Total** | **(1,464,486)** | **(410,188)** | **—** | **4,226** | **(1,870,448)** |
| **Net book value** | **722,599** | | | | **565,523** |

| | 1 January 2022 | Additions | Remeasurement | Disposals | 31 December 2022 |
|---|---|---|---|---|---|
| **Cost:** | | | | | |
| Buildings | 914,206 | 216,493 | 695 | — | 1,131,394 |
| Furniture and fixtures | 510,056 | 60,070 | — | — | 570,126 |
| Software and rights | 170,583 | — | — | — | 170,583 |
| Vehicles | 240,333 | 74,649 | — | — | 314,982 |
| **Total** | **1,835,178** | **351,212** | **695** | **—** | **2,187,085** |
| **Accumulated amortization:** | | | | | |
| Buildings | (691,415) | (138,623) | (405) | — | (830,443) |
| Furniture and fixtures | (197,569) | (98,473) | — | — | (296,042) |
| Software and rights | (98,798) | (28,109) | — | — | (126,907) |
| Vehicles | (135,061) | (76,033) | — | — | (211,094) |
| **Total** | **(1,122,843)** | **(341,238)** | **(405)** | **—** | **(1,464,486)** |
| **Net book value** | **712,335** | | | | **722,599** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 12 - LEASES (Continued)**

**Lease liabilities**

| | 2023 | 2022 |
|---|---|---|
| Short-term lease liabilities | 154,573 | 259,375 |
| Long-term lease liabilities | 121,820 | 172,934 |
| | **276,393** | **432,309** |

Maturity analysis of lease liabilities is disclosed in Note 23 and the movement of lease liabilities is disclosed in Note 25.

Lease liabilities are discounted using the Group's incremental borrowing rates and implicit rate in the lease (where applicable). As of 31 December 2023, the weighted average annual incremental borrowing rates of the Group for TRY is 29% (2022: TRY 18%).

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 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 13 – PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES**

**Short term provisions**

| | 2023 | 2022 |
|---|---|---|
| Provision for settlement of legal proceedings (*) | — | 429,028 |
| Provision for Competition Authority penalty (**) | 3,627 | 157,596 |
| Provision for Turkish Capital Markets Board fee (***) | 52,976 | 39,125 |
| Provision for legal disputes (****) | 25,125 | 25,146 |
| | **81,728** | **650,895** |

(*) On 28 September 2021, a shareholder filed a putative class action complaint against the Company, members of the Company's management and Board, and various other defendants in the Supreme Court of the State of New York. The plaintiff asserted a cause of action against the Company and the other defendants for alleged violations of the Securities Act of 1933, as amended, based on allegedly misleading statements in the Registration Statement and Prospectus the Company filed with the U.S. Securities and Exchange Commission in connection with its initial public offering in the U.S.

On 21 October 2021, an alleged holder of the Company's American Depositary Shares' filed a putative class action complaint against the Company, members of the Company's management and Board, and various other defendants in the United States District Court for the Southern District of New York. The plaintiff asserted a cause of action against the Company and the other defendants for alleged violations of the Securities Act of 1933, as amended, based on allegedly misleading statements in the Registration Statement and Prospectus the Company filed with the U.S. Securities and Exchange Commission in connection with its initial public offering in the U.S.

As at 31 December 2021, the cases were at a very early stage. At that time, the Company and its legal advisors concluded that, due to the uncertainty as to the final outcome of the litigation, no provision should be recognized in the consolidated financial statements as at 31 December 2021.

**NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES (Continued)**

**Short term provisions (Continued)**

After negotiations, the parties agreed to a settlement with no admission of liability on 2 December 2022, pursuant to which the Group agreed to pay TRY429,028 thousand (USD13,900 thousand) to resolve both actions in their entirety and a provision was recognized in the consolidated financial statements as at.31 December 2022.

On 20 April 2023, the United States District Court for the Southern District of New York issued an order granting the plaintiffs' motion for preliminary approval of the Settlement, and later issued a final approval during a fairness hearing held on 1 August 2023. In May 2023, following preliminary approval of the Settlement by the United States District Court Southern District of New York, the Company paid TRY388,791 thousand (USD13,900 thousand) into an escrow account in accordance with the terms of the Settlement Agreement. The State Court Action was dismissed by the state court with prejudice on 22 September 2023, and the appeal period regarding the State Court Action expired. As a result, both of the Actions have been finally resolved without admission of any wrongdoing.

According to a contribution agreement entered into between the Company and TurkCommerce B.V. on 28 September 2023, TurkCommerce B.V. agreed to contribute TRY121,820 thousand (USD 3,975 thousand) towards the settlement amount and the Company agreed to purchase 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. against payment of TRY169,843 thousand (USD 5,732 thousand) which was partially offset by the TRY121,820 thousand settlement contribution amount owed by TurkCommerce B.V. The share buyback was approved by the Board of Directors on 22 August 2023. The transaction regarding acquisition of 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. was completed on 18 October 2023.

(**) In April 2021, the Turkish Competition Authority (the "TCA") initiated an investigation against 32 companies regarding anti-competitive agreements in the labor markets (including companies operating in the e-commerce, retail, broadcasting and fast-food industries, but excluding the Group). On 18 August 2021, the Group received a notification from the TCA stating that the Competition Board, the executive body of the TCA, had decided to initiate an investigation on 5 August 2021 against 11 companies including Hepsiburada the subject of which is same with the existing April 2021 investigation and merged these two investigations. The Group received TCA's report on the investigation on April 18th, 2022. In the investigation report the rapporteurs are of the opinion that the Group is in violation of the Competition Law which prohibits anti-competitive agreements in the labor markets and administrative fine will be imposed. It is important to state that this report shows the opinion of the rapporteurs, and the Competition Board will make the final decision. The Group expects that the final decision will be rendered within the next 6 months. If the Competition Board considers that there is a violation in line with the report of the rapporteurs, according to the "Regulation on Fines to Apply in Cases of Agreements, Concerted Practices and Decisions Limiting Competition, and Abuse of Dominant Position" (Penal Regulation), a ratio between 2% and 4% of the D-Market's standalone annual net revenue as per statutory financial statements prepared in accordance with tax legislation, of the previous year (2021) shall be taken as a basis for penalty. Since the management and legal advisors concluded that the cash outflow is probable, the Group recognized a provision amounting to TRY345,173 thousand in its consolidated financial statements, as its best estimate in 2021. The amount was calculated by applying 2% to the D-Market's standalone annual net revenue as per statutory financial statements prepared in accordance with the tax legislations for the year ended 31 December 2021 and reduced by 25% for early payment discount on the amount calculated, if the administration fine will be paid within 30 days, an option which the management will exercise. In 2022, on the basis of legal opinion which considered similar cases, the provision expense was recalculated as TRY157,596 thousand, representing 1.5% of annual net revenues as reported in statutory financial statements in accordance with the tax legislations for 2021 and reduced by 25% for early payment discount on the amount calculated. The TCA board, at its own discretion, may also apply a discount between 25% and 60% of the total penalty if they decide to apply extenuating circumstances. In calculating the provision, the Group estimated that a 25% discount would be applied on total penalty, which resulted in the reduction in the calculation from 2% of revenues to 1.5% and then also reduced by 25% for early payment discount on the amount calculated.

Following an oral defense meeting on 18 July 2023, the Competition Board concluded its investigation and rendered its decision on 31 July 2023, stating that the Group had violated Article 4 of the Competition Law prohibiting anti-competitive agreements. The Competition Board imposed an administrative fine in the amount of TRY3,627 thousand (with a 25% discount on early payment) on Hepsiburada for which we had recognized a provision of TRY157,596 thousand (as adjusted for inflation) in our consolidated financial statements for the year ended 31 December 2022. As of the date hereof, we have not yet received the reasoned decision from the TCA.

**NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES (Continued)**

**Short term provisions (Continued)**

In addition, with respect to the on-site inspection conducted by the Competition Board in June 2021 in connection with the abovementioned investigation, an administrative fine in the amount of TRY58,129 thousand was imposed based on the conclusion that the on-site inspection was hindered. Subsequently, TRY43,597 thousand (historical value: TRY26,150 thousand) was paid by the Group on 11 November 2022 (reflecting a 25% discount due to an early payment), without prejudice to the Group's right to file a lawsuit against the fine. The Company requested reconsideration of the decision from the Competition Board on 9 December 2022, but the Competition Board's decision was not reversed. Thereafter, an administrative case was filed with the Ankara Administrative Courts for the reversal of the Competition Board's decision on 30 December 2022. On 12 March 2023, new legislation entered into force in Türkiye (Law No. 7440 on the Restructuring of Certain Receivables and Amendments to Certain Laws) making entities involved in administrative proceedings eligible to receive a 50% discount on any administrative fines imposed on them by the authorities, provided such entities abandoned the proceedings. To benefit from this discount, the Group abandoned its case against the Competition Authority and the Group has decided to deduct this amount from the tax debt to be paid in the amount of TRY16,428 thousand (historical value: TRY13,075 thousand, as the refund which corresponds to 50% of the administrative fine paid by the Group).

(***)The Group have initiated litigation for annulment of the Turkish Capital Markets Board (the "TCM Board") decision regarding a fee imposed by the TCM Board on the Company. Following the IPO of the Company on the Nasdaq Stock Exchange, the TCM Board imposed a "Board registration fee" amounting to over TRY39,125 thousand, including interest accruing on this fee, attorney's fees and the costs of the proceedings. The TCM Board fee was calculated based upon the shares sold in our IPO, including the shares sold by TurkCommerce B.V. The Company applied to the TCM Board with an objection letter on 30 July 2021. A year later, on 31 May 2022, the Company received a reply letter from the TCM Board maintaining their initial decision. The Company has initiated proceedings for annulment of the decision. The Company filed the case on 15 June 2022. The court dismissed the Company's request for suspension of execution of the decision of the TCM Board, and the Court of First Instance dismissed the case, which was notified to the Group on 23 March 2023. The Company appealed the decision on 17 April 2023. Based on events occurring during 2022, management and legal advisors concluded that the cash outflow is probable, and therefore the Group recognized a provision amounting to TRY39,125 thousand in its consolidated financial statements, as its best estimate as at 31 December 2022.

On 4 May 2023, the request for stay of execution was rejected by the Ankara Regional Administrative Court. On 22 February 2024, the Ankara Regional Administrative Court dismissed Hepsiburada's request to appeal. Hepsiburada appealed the decision before the Council of State on 10 March 2024.

Although the appeal is ongoing, on 19 June 2023, the TCM Board notified the Group that the Board Registration Fee should be paid in accordance with the calculation method of the TCM Board. The Company responded to the TCM Board with a letter on 3 July 2023, to object to the calculation method of the TCM Board. On 19 July 2023, the Company received a reply letter from the TCM Board stating that the objection of the Company was rejected. On 22 August 2023, a separate litigation for the annulment of the case was initiated by the Company before the Ankara Regional Administrative Court requesting a stay of execution of the TCM Board's decision to reject the Company's objection. Although the stay of execution request was rejected by the Ankara Regional Administrative Court on 30 November 2023, the lawsuit is pending as of the date of these consolidated financial statements. Based on events occurring during 2023, management and legal advisors concluded that the cash outflow is probable, and therefore the Group increased its provision to TRY52,976 thousand in its consolidated financial statements, as its best estimate as at 31 December 2023, taking into account the notification of the TCM Board dated 19 June 2023.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES (Continued)**

**Short term provisions (Continued)**

(****) Legal disputes mainly comprise labour lawsuits claimed against the Group and investigations conducted by the Personal Data Protection Authority.

The movements in provisions for the years ended 31 December 2023 and 2022 are as follows:

| | 1 January 2023 | Current year charge/(reverse) | Paid during the year | Foreign exchange valuation | Monetary gain | 31 December 2023 |
|---|---|---|---|---|---|---|
| Settlement of legal proceedings | 429,028 | — | (388,792) | 14,802 | (55,038) | — |
| Provision for Turkish Capital Markets Board fee | 39,125 | 24,028 | — | 11,894 | (22,071) | 52,976 |
| Competition Authority penalty | 157,596 | (126,589) | — | — | (27,380) | 3,627 |
| Legal disputes | 25,146 | 18,604 | (5,992) | — | (12,633) | 25,125 |
| | **650,895** | **(83,957)** | **(394,784)** | **26,696** | **(117,122)** | **81,728** |

| | 1 January 2022 | Current year charge/(reverse) | Paid during the year | Monetary gain | 31 December 2022 |
|---|---|---|---|---|---|
| Settlement of legal proceedings | — | 462,452 | — | (33,424) | 429,028 |
| Provision for Turkish Capital Markets Board fee | — | 39,125 | — | — | 39,125 |
| Competition Authority penalty | 345,173 | (9,555) | (43,597) | (134,425) | 157,596 |
| Legal disputes | 13,256 | 22,312 | (2,091) | (8,331) | 25,146 |
| | **358,429** | **514,334** | **(45,688)** | **(176,180)** | **650,895** |

**Contingent liabilities**

Within the scope of the preliminary investigation initiated by the Competition Board's decision dated 31 August 2023 to determine whether the Group has violated Article 4 of the Law with the automatic pricing mechanism, the Competition Authority Experts conducted an on-site inspection at Group headquarters on 31 August 2023. Subsequently, the information and documents requested by the Board were submitted by the Group. On 31 October 2023, an on-site inspection was conducted by the Authority Experts at the headquarters of the Group, and at the same time, as a result of the preliminary investigation conducted by the Board, the Board decided to initiate an investigation (against the Group and other e-commerce companies) and the Group were notified the investigation decision by hand on 19 October 2023. The investigation is still ongoing. The first written defense was submitted on 30 November 2023. Based on the Group's legal expert opinion, it is possible to close the case without a fine by submitting an undertaking to the Competition Authority to address the competitive concerns raised by the Competition Authority. Therefore, the Group have submitted our undertaking application to the Competition Authority on 30 January 2024 and no provision has been recognized in consolidated financial statements. This undertaking is under review by the TCA, however, on 21 March 2024, the TCA decided to extend its investigation period by six months ending in October 2024. If the undertaking is accepted by the TCA, the case will be closed with no administrative fine being imposed.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 13 - PROVISIONS, COMMITMENTS, CONTINGENT ASSET AND LIABILITIES (Continued)**

**Contingent liabilities (Continued)**

On 12 March 2024, the TCA initiated a separate preliminary investigation to determine whether one of the Group's merchant and e-commerce platforms including Hepsiburada had violated Articles 4 and 6 of the Competition Law. The Group believes that the reason for the preliminary investigation is regarding potential sale restrictions for the products/brands of which this merchant is the authorized distributor of these products/brands within Turkey. The preliminary investigation is still ongoing and we have been waiting for the decision of the Competition Board whether or not the investigation is initiated, therefore no provision has been recognized in consolidated financial statements.

The Group received requests from the Turkish tax authority for initiation of tax audits for the financial year 2022, with respect to corporate income tax and VAT, in October 2023, for D-Market, in February 2024, for D-Ödeme and in March 2024 for D-Fast. As of the approval date of these financial statements, tax investigations and submission of the requested information to the tax authority are ongoing and the Group has not received any further specific notification from the tax authority. The Group management and its tax advisors believe that the investigations are routine and ordinary, except for the one which is initiated for D-Market which relates to a specific type of transactions. The investigations are at an initial stage and the Group management and its tax advisors believe that there is no significant uncertain tax position of the Group for the respective year. Based on these facts and due to the uncertainty as to the final outcome of the investigations, no provision has been recognized in these consolidated financial statements.

**Letters of guarantee given**

The letters of guarantee provided to public institutions and suppliers are amounting to TRY3,599,609 thousand at 31 December 2023 (2022: TRY2,207,583 thousand).

**Commitments**

As at 31 December 2023, outstanding purchase commitments with respect to the acquisition of capital expenditures, purchase of technology and other services amounted to TRY292,976 thousand (2022: TRY532,300 thousand).

**NOTE 14 – PROVISION FOR EMPLOYEE BENEFITS**

**Short term provision for employee benefits**

| | 2023 | 2022 |
|---|---|---|
| Provision for personnel bonus | 201,552 | 197,697 |
| Provision for unused vacation | 87,858 | 59,462 |
| | | |
| | **289,410** | **257,159** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 14 – PROVISION FOR EMPLOYEE BENEFITS (Continued)**

**Short term provision for employee benefits (Continued)**

The movements in provisions for personnel bonus and unused vacation for the years ended 31 December 2023 and 2022 are as follows:

| | 1 January 2023 | Current year charge | Paid during the year | Acquisition of subsidiary | Monetary gain | 31 December 2023 |
|---|---|---|---|---|---|---|
| Personnel bonus | 197,697 | 257,701 | (175,698) | — | (78,148) | 201,552 |
| Unused vacation | 59,462 | 78,731 | (11,236) | — | (39,099) | 87,858 |
| | **257,159** | **336,432** | **(186,934)** | — | **(117,247)** | **289,410** |

| | 1 January 2022 | Current year charge | Paid during the year | Acquisition of subsidiary | Monetary gain | 31 December 2022 |
|---|---|---|---|---|---|---|
| Personnel bonus | 143,532 | 234,076 | (123,262) | — | (56,649) | 197,697 |
| Unused vacation | 47,911 | 40,303 | (4,617) | 354 | (24,489) | 59,462 |
| | **191,443** | **274,379** | **(127,879)** | **354** | **(81,138)** | **257,159** |

**Long term provision for employee benefits**

| | 2023 | 2022 |
|---|---|---|
| Provision for post-employment benefits | 104,284 | 27,117 |
| | **104,284** | **27,117** |

*Post-employment benefits*

Under the Turkish Labour Law, the Company is required to pay post-employment benefits to each employee who has completed one year of service and whose employment is terminated without due 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 maximum amount payable equivalent to one month's salary for each year of service limited to a maximum of TRY23,489.83 for each year of service at 31 December 2023 (2022: TRY15,371.40 (historical amount)).

Post-employment benefit liability is not funded and there is no legal funding requirement.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 14 – PROVISION FOR EMPLOYEE BENEFITS (Continued)**

**Long term provision for employee benefits (Continued)**

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:

| | 2023 | 2022 |
|---|---|---|
| Discount rate (%) | 2.46 | 0.50 |
| Probability of retirement (%) | 74.63 | 75.35 |

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. The retirement pay provision ceiling TRY35,058.58 (historical amount) which is effective from 1 January 2024, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2022: TRY19,982.83 (historical amount) effective from 1 January 2023).

The movements in the provision for the post-employment benefit for the years ended 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **27,117** | **14,339** |
| Charge for the year | 45,184 | 4,324 |
| Interest cost | 12,460 | 2,336 |
| Actuarial losses | 75,111 | 23,041 |
| Acquisition of subsidiary | — | 633 |
| Payments during the year | (20,725) | (8,087) |
| Monetary gain | (34,863) | (9,469) |
| **At 31 December** | **104,284** | **27,117** |

**NOTE 14 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

*Share-based payments*

On 25 March 2021, the Group approved a new share-based payment plan to some of its key management personnel which modified the previously created share-based payment plans. Additionally, on 31 July 2021, the Group decided to grant to some of its other executives, 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) 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 executives 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). Shares will be delivered to executives 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 executives 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.

With the closing of the IPO in July 2021 and because certain thresholds for the valuation of the Company's shares in the IPO were achieved, the necessary conditions were met for the cash settlement clause and the Company paid the cash settled part of the plan in 2021 amounting to TRY256.3 million and recognised in payroll and outsource staff expenses.

The equity settled payments are triggered upon meeting certain "vesting" and "performance target" conditions which are evaluated separately. Service-based awards will vest in three tranches until 31 January 2025. The cost of equity settled plans granted on grant date is allocated over the expected vesting period against equity on a pro rata basis. 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. Fair value calculation prior to the realization of IPO was performed using a combination of income approach and market approach. For equity-settled plans granted after the realization of IPO, fair value of shares traded in NASDAQ at grant date was used.

Performance targets for the year ended 2022 have been set on Board of Directors meeting dated 24 May 2022 and performance stock units were granted. Share based payment provision has been recognized for performance target-based awards over the expected vesting period against equity on a pro rata basis using the fair value of shares traded in NASDAQ at grant date.

The First Period of the share-based payment plan which was defined as the end of 18 (eighteen) months after the date of the IPO, of the vesting schedule set forth by the Company's Board of Directors decision dated 24 March 2021, concluded on 31 January 2023. Accordingly, the Board of Directors decided that within the scope of the First Period of the share-based payment plan, a gross total of 1,662,592 Class B ordinary shares of the Company (which may be represented by ADSs) have vested to the benefit of some of its key management personnel who became entitled, as defined under their individual contracts, to receive Restricted Stock Units (RSUs); and a gross total of 533,030 Class B ordinary shares of the Company (which may be represented by ADSs) have vested to the benefit of some of its key management personnel who have been determined, as having successfully met the year-end targets for the purposes of the calculation of the PSUs. The gross total amount of said shares (which may be represented by ADSs) will be given to the said executives by the Company, once these shares are first issued by or become available to the Company.

Performance targets for the year ended 2023 were set during a Board of Directors meeting dated 2 June 2023 and performance stock units were granted. A share-based payment provision has been recognized for performance target-based awards over the expected vesting period against equity on a pro rata basis using the fair value of shares traded in NASDAQ at grant date.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 14 - PROVISION FOR EMPLOYEE BENEFITS (Continued)**

*Share-based payments (Continued)*

On 24 April 2023, the Board of Directors adopted revisions to Group's share based payment plan dated 24 March 2021 for key executives, directors, managers, officers, employees and consultants who contribute to the Group's performance. The revisions made to the share based payment plan consisted of allocating the unused portion of the share amount of the First Period into two newly created periods, namely, the Fourth Period and the Fifth Period, without changing the eligibility criteria of the share based payment plan and without affecting the vested rights of the individuals that have been covered under the First, Second and Third Period based on their individual agreement signed prior to the date of the revision.

The following table summarizes the Group's granted share units:

| | Number of units | Weighted average grant date fair value |
|---|---|---|
| **Outstanding as of 31 December 2022** | **1,766,235** | **203.77** |
| Units granted | 2,726,388 | 39.05 |
| Units vested | (1,631,405) | 65.22 |
| Units forfeited (not yet vested) (*) | (25,838) | 22.40 |
| **Outstanding as of 31 December 2023** | **2,835,380** | **224.92** |

| | Number of units | Weighted average grant date fair value |
|---|---|---|
| **Outstanding as of 31 December 2021** | **1,680,121** | **377.46** |
| Units granted | 1,949,947 | 32.91 |
| Units vested | (1,863,833) | 134.47 |
| **Outstanding as of 31 December 2022** | **1,766,235** | **203.77** |

(*) Forfeited but not yet vested units consist of units granted on 9 December 2022 and forfeited before vesting period.

During 2023, the fair value of granted share units that vested is TRY106,401 thousand (2022: TRY250,623 thousand) included in "other capital reserves" in the statement of changes in equity and in payroll and outsource staff expenses in the statement of comprehensive income/(loss). Scheduled vesting of outstanding restricted stock units as of 31 December 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| 2023 | — | 1,194,159 |
| 2024 | 1,639,156 | 536,525 |
| 2025 | 857,167 | 35,551 |
| 2026 | 319,632 | — |
| 2027 | 19,425 | — |
| **Total** | **2,835,380** | **1,766,235** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 15 – OTHER ASSETS AND LIABILITIES

The analysis of other current and non-current assets and liabilities at 31 December 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| **Other current assets:** | | |
| Value added tax ("VAT") receivables | 341,056 | 556,158 |
| Prepaid expenses | 312,755 | 248,390 |
| Advances given | 107,011 | 10,967 |
| Prepaid tax | 43,226 | 26,734 |
| Restricted cash held at central banks in respect of customers | 15,000 | — |
| Other | 45,265 | 4,865 |
| | **864,313** | **847,114** |

| | 2023 | 2022 |
|---|---|---|
| **Other non-current assets:** | | |
| Prepaid expenses | 32,736 | 42,220 |
| VAT receivables (*) | — | 60,867 |
| Other | 984 | 750 |
| | **33,720** | **103,837** |

(*) VAT receivables that are expected to be offset against VAT payables in more than one year have been classified as other non-current assets.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 15 - OTHER ASSETS AND LIABILITIES (Continued)**

| | 2023 | 2022 |
|---|---|---|
| **Other current liabilities:** | | |
| Deferred income (*) | 318,052 | 7,588 |
| Taxes and funds payable | 163,683 | 194,575 |
| Expense accruals | 119,262 | 98,977 |
| Refund liability | 56,644 | 24,963 |
| Received upfront fee under ADS program (**) | 54,307 | 54,159 |
| Payable to personnel | 9,856 | 176,862 |
| Other liabilities | 34,585 | 69,062 |
| | **756,389** | **626,186** |

| | 2023 | 2022 |
|---|---|---|
| **Other non-current liabilities:** | | |
| Deferred income (*) | 209,199 | — |
| Received upfront fee under ADS program (**) | 193,636 | 241,552 |
| | **402,835** | **241,552** |

(*) Deferred income consists of prepayments received by the Group within the scope of partnerships with banks and global payment technology companies and convenience fees received in advance within the scope of BNPL.

(**) American Depositary Shares (“ADS”) fees collected under the depositary service agreement for seven-year period, that was signed between the Group and depositary bank and which is recognized as other income on a pro-rata basis.

**NOTE 16 – EQUITY**

**a) Share capital**

As of 31 December 2023, the Group’s authorised and paid-in share capital consists of 325,998,290 (2022:325,998,290) shares with TRY0.2 (2022: TRY0.2) nominal value each. The historic value of paid-in capital is TRY65,200 thousand as of 31 December 2023 and 2022. As of 31 December 2023, 40,000,000 of the shares consist of A group shares (owned by Hanzade Vasfiye Doğan Boyner) and the remaining 285,998,290 shares are B group shares (owned by Hanzade Vasfiye Doğan Boyner and other shareholders).

In Ordinary and Extraordinary General Assembly meetings, each Class A share grants 15 (fifteen) votes to the shareholders who own these shares and each of Class B share grants one vote to the shareholders, provided that provisions of the Turkish Commercial Code are reserved.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 16 – EQUITY (Continued)**

**a) Share capital (Continued)**

Share capital (restated values of shares) as of 31 December 2023 and 2022 is as follows:

| | 2023 | Share (%) | 2022 | Share (%) |
|---|---|---|---|---|
| TurkCommerce B.V. | 65,579 | 13 % | 72,660 | 15 % |
| Hanzade Vasfiye Doğan Boyner | 106,867 | 21 % | 106,867 | 21 % |
| Vuslat Doğan Sabancı | 74,248 | 15 % | 74,248 | 15 % |
| Yaşar Begümhan Doğan Faralyalı | 74,248 | 15 % | 74,248 | 15 % |
| Arzuhan Doğan Yalçındağ | 67,719 | 14 % | 67,719 | 14 % |
| Işıl Doğan | 3,109 | <1 % | 3,109 | <1 % |
| Other (*) | 7,081 | 1 % | — | — |
| Public shares | 99,810 | 20 % | 99,810 | 20 % |
| | **498,661** | **100** | **498,661** | **100** |

(*) Represents the nominal value of treasury shares acquired.

**b) Share premium**

Share premium as of 31 December 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Share premium | 14,483,368 | 14,483,368 |
| | **14,483,368** | **14,483,368** |

*Increase in share capital and share premium*

At the extraordinary General Assembly meeting ("GAM") dated 25 May 2021, it was decided that the Company adopts the registered capital system as per the provisions of the Turkish Commercial Code numbered 6102 and nominal value of each share has been determined as TRY0.20. Upon this GAM, the issued share capital of the Company was divided into 284,328,290 registered shares each with a nominal value of TRY0.20.

In accordance with the authorization granted at the GAM dated 25 May 2021, the Board of Directors decided on 5 July 2021 to increase the share capital of the Company by TRY27,803 thousand reaching to TRY498,661 thousand through injection of additional capital. In addition to the capital increase, it was decided to undertake a share premium of TRY13,704,054 thousand and to issue 41,670,000 class B shares with premium.

On 6 July 2021, the Group received TRY13,731,857 thousand proceeds from the IPO on Nasdaq and TRY27,803 thousand was accounted as a capital increase since the IPO completed through capital increase and TRY13,588,633 thousand was accounted as a share premium, after deducting transaction costs. The Group incurred TRY180,092 thousand of transaction costs directly related to the offering and TRY115,421 thousand of transaction costs netted off from share premium.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 16 – EQUITY (Continued)**

**c) Treasury shares**

According to a contribution agreement entered into between the Company and TurkCommerce B.V. on 28 September 2023, TurkCommerce B.V. agreed to contribute TRY121,820 thousand (USD3,975 thousand) towards the settlement amount (Note 14) and the Company agreed to purchase 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. against payment of TRY169,843 thousand (USD5,732 thousand) which was partially offset by the 121,820 thousand settlement contribution amount owed by TurkCommerce B.V. The share buyback was approved by the Board of Directors on 22 August 2023. The transaction regarding acquisition of 4,615,384 Class B ordinary shares of the Company from TurkCommerce B.V. was completed on 18 October 2023.

The Class B ordinary shares purchased in this transaction are expected to be delivered to share based payment plan participants under the Company's Revised Incentive Plan adopted by the Board of Directors on 24 April 2023.

**NOTE 17 – REVENUE**

The analysis of revenue for the years ended 31 December 2023, 2022 and 2021 is as follows:

| | 1 January – 31 December 2023 | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|
| Sales of goods | 26,353,506 | 20,735,523 | 20,090,406 |
| Marketplace revenues(*) | 4,486,402 | 2,804,882 | 1,991,864 |
| Delivery service revenues | 3,622,413 | 2,450,320 | 2,447,063 |
| Other services revenue (**) | 1,096,200 | 487,284 | 262,792 |
| **Revenues** | **35,558,521** | **26,478,009** | **24,792,125** |

(*) Marketplace revenues mainly consists of marketplace commission, transaction fees and other contractual charges to the merchants.

(**) Other services revenue mainly includes advertising revenues, fulfilment revenues, subscription services revenue and other commissions.

The Group derives revenue from the sales of goods and marketplace revenues at a point in time. Delivery service revenues are recognized over time. Fullfilment revenues, subscription services revenue and advertising revenues included in other services revenues are recognized over time and other commissions included in other services revenues are recognized at a point in time. All contracts are for periods of the expected original duration of one year or less.

The Group's revenues are generated in Türkiye, therefore no disaggregated geographical information is presented.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 18 – OTHER OPERATING INCOME AND EXPENSES

The analysis of other operating income and expenses for the years ended 31 December 2023, 2022 and 2021 is as follows:

| | 1 January – 31 December 2023 | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|
| **Other operating expenses:** | | | |
| Consultancy | (281,261) | (227,441) | (190,366) |
| Utilities | (138,982) | (117,048) | (61,246) |
| Insurance | (111,743) | (119,109) | (66,840) |
| Credit card processing | (86,365) | (60,851) | (78,505) |
| Withholding tax payments (*) | (74,514) | — | — |
| Provision for doubtful receivables | (49,445) | (28,778) | (8,913) |
| Rent | (39,404) | (27,609) | (17,288) |
| Vehicle fuel | (25,262) | (33,747) | (7,853) |
| Provision for Turkish Capital Markets Board fee (Note 13) | (24,028) | (39,125) | — |
| Maintenance | (20,311) | (13,309) | (8,560) |
| Travel | (19,853) | (7,178) | (1,367) |
| Irrecoverable value added tax | (19,552) | (12,739) | (12,598) |
| Internet line | (11,824) | (11,061) | (10,358) |
| Other legal provisions | (9,438) | (19,811) | (1,387) |
| Stationary | (3,480) | (1,481) | (4,495) |
| Credit card chargebacks | (3,254) | (6,281) | (12,305) |
| Provision for Competition Authority investigation (Note 13) | — | — | (345,173) |
| Settlement provision (Note 13) | — | (462,452) | — |
| Other | (213,089) | (173,620) | (117,496) |
| | **(1,131,805)** | **(1,361,640)** | **(944,750)** |
| **Other operating income:** | | | |
| Reversal of provision for Competition Authority investigation (Note 13) | 144,575 | 9,555 | — |
| Contribution income (**) | 121,820 | — | — |
| Bank promotion income | 69,490 | 7,825 | 9,009 |
| Depositary income | 60,248 | 54,159 | 26,651 |
| Services charged | 21,208 | 15,952 | 7,780 |
| Partnership income | 20,398 | — | — |
| Reversal of other provisions | 3,402 | 1,270 | 3,874 |
| Income from scrap packaging materials sales | 2,777 | 4,635 | 4,593 |
| Withholding tax return income (*) | — | 14,007 | 168,799 |
| Other | 35,061 | 22,197 | 41,631 |
| | | | |
| | **478,979** | **129,600** | **262,337** |

(*) Witholding tax returns are in connection with the advertising services received from digital advertising platforms. The Group has previously received witholding tax amounts from the tax authority as a result of the positive outcome of objection lawsuits filed by the Group against the tax authority. Such amounts were recognised as other operating income in 2021 and 2022 upon recollection. The Council of State overruled the positive decision of the primary court in 2023 and accordingly, the Group repaid such amounts in 2023.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 18 – OTHER OPERATING INCOME AND EXPENSES (Continued)**

(**) On 5 December 2022, the Company and TurkCommerce B.V. entered into a binding term sheet according to which TurkCommerce B.V. agreed to contribute TRY121,820 thousand (USD3,975 thousand) provided that the two class actions involving the Company to be settled and certain other conditions to be met. On 28 September 2023, subsequent to meeting all conditions in the binding term sheet, the Company signed a contribution agreement with TurkCommerce B.V. for a collection of TRY121,820 thousand (USD3,975 thousand) which has been collected by the Group by purchase of treasury shares (Note 16).

**NOTE 19 – FINANCIAL INCOME**

The analysis of financial income for the years ended 31 December 2023, 2022 and 2021 is as follows:

**Financial income:**

| | 1 January – 31 December 2023 | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|
| Foreign currency exchange gains | 2,413,002 | 2,492,812 | 6,327,128 |
| Interest income on time deposits | 504,054 | 331,436 | 137,794 |
| Interest income on credit sales | 372,293 | 206,912 | 110,747 |
| Fair value gains on financial assets measured at fair value (Note 5) | 237,515 | 84,362 | — |
| Interest received on financial investment (Note 5) | 1,184 | — | — |
| Other | 11,562 | 37,629 | 55,248 |
| | **3,539,610** | **3,153,151** | **6,630,917** |

Foreign currency exchange gains are mainly driven by foreign currency denominated cash and cash equiavelents and financial investments.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 20 – FINANCIAL EXPENSES

The analysis of financial expenses for the years ended 31 December 2023, 2022 and 2021 is as follows:

**Financial expenses:**

| | 1 January – 31 December 2023 | 1 January – 31 December 2022 | 1 January – 31 December 2021 |
|---|---|---|---|
| Commission expenses due to early collection of credit card receivables | (1,826,250) | (1,320,874) | (1,509,494) |
| Interest expenses on purchases | (1,079,503) | (333,441) | (278,836) |
| Foreign currency exchange losses | (794,074) | (774,680) | (1,070,460) |
| Interest expenses on bank borrowings | (221,175) | (98,704) | (234,579) |
| Interest expenses on lease liabilities | (77,020) | (128,368) | (65,772) |
| Fair value losses on financial assets measured at fair value (Note 5) | — | (159,344) | (116,683) |
| Other | (12,033) | (2,256) | (1,354) |
| | **(4,010,055)** | **(2,817,667)** | **(3,277,178)** |

Interest expenses on purchases consist of interest embedded in inventories purchased on deferred settlement terms, which is recognized as an interest expense over the period of financing.

Foreign currency exchange losses are mainly driven by foreign currency denominated trade payables and payables to merchants.

## NOTE 21 – TAXATION ON INCOME

The tax on the Group's income/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 2023, 2022 and 2021 as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Income/loss before income taxes** | **75,534** | **(4,790,687)** | **(3,330,080)** |
| Tax calculated at enacted tax rate of 25% (2022: 23%, 2021: 25%) | (18,884) | 1,101,858 | 832,520 |
| Utilized tax losses and incentives | 364,754 | — | — |
| Effect of unrecognized deferred taxes and inflation adjustments | (369,743) | (1,080,872) | (799,900) |
| Other | 23,873 | (20,986) | (32,620) |
| **Income tax credit/(expense)** | — | — | — |

**NOTE 21 – TAXATION ON INCOME (Continued)**

***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%. 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 22 April 2021, the corporate tax rate, which was 20% as of 31 December 2020, is applied at the rate of 25% for the corporate earnings in 2021 and 23% for the corporate earnings in 2022 (20% for the year 2023 and onwards). With the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, the corporate tax rate has been permanently increased to 23% for the 2022 taxation period, and this change was valid between 1 July 2022 and year end.

An amendment to Turkey’s Corporate Tax Law (No. 5520) was submitted on 5 July 2023, and published in the Official Gazette on 15 July 2023. According to this; the corporate tax rate has been increased from 20% to 25% for companies, 25% to 30% for banks, and companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies and starting from the declarations that will be submitted as of 1 October 2023.

In accordance with the “General Communiqué on Tax Procedure Law No: 555” published in the Official Gazette dated 30 December 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No: 213, it is declared that the financial statements of the entities operating in Türkiye for the 2023 accounting period are subject to inflation adjustment. The inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of 1 January 2024 and opening inflation effects will not be taken into consideration in the calculation of the period tax for 2023.

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 Türkiye, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

**NOTE 21 - TAXATION ON INCOME (Continued)**

***Current income tax (Continued)***

Corporations are required to pay advance corporation tax quarterly at the rate of 25% (2022: 23%) on their corporate income (25% for the year 2023 and onwards). 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 Türkiye, 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.

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.

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 or taxable temporary differences will be available against which the deductible temporary difference can be utilized.

The Group's tax incentives are related to the Research and Development Tax Incentive regime in Turkiye and the Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 21 - TAXATION ON INCOME (Continued)**

***Deferred income taxes (Continued)***

As of 31 December 2023 and 2022, the Group has not accounted for the remaining deferred tax assets due to uncertainties as to the generation of future taxable profits for the realization of such deferred tax assets in the foreseeable future, as described below:

| | Total temporary differences | | Deferred income tax assets/(liabilities) | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Deferred income tax assets and liabilities:** | | | | |
| Tax incentives | (2,209,667) | (1,501,237) | 553,779 | 300,247 |
| Property and equipment and intangible assets | (1,122,451) | 178,356 | 278,813 | (38,256) |
| Accrued expenses, contract liabilities and merchant advances | (449,065) | (316,367) | 112,267 | 63,272 |
| Carry forward tax losses | (363,023) | (2,471,500) | 102,561 | 494,300 |
| Employee benefit obligations | (336,286) | (235,106) | 85,664 | 48,060 |
| Lease liabilities | (243,778) | (324,772) | 61,159 | 64,976 |
| Deferred income | (165,311) | (140,178) | 42,483 | 28,036 |
| Inventories | (169,414) | 330,871 | 42,353 | (66,174) |
| Trade receivables | (157,708) | (20,623) | 39,429 | 4,130 |
| Legal provisions | (81,728) | (650,895) | 20,432 | 130,179 |
| Income accruals and contract assets | 22,431 | 14,906 | (5,608) | (2,981) |
| Prepaid expenses | 44,937 | 25,218 | (11,228) | (5,163) |
| Trade payables and payables to merchants | 463,094 | 115,116 | (115,773) | (23,023) |
| Right of use assets | 494,175 | 573,191 | (123,755) | (114,667) |
| **Total** | | | 1,082,576 | 882,936 |
| Non recoverable net deferred tax assets (-) | | | (1,082,576) | (882,936) |
| **Deferred income tax assets, net** | | | — | — |

Non recoverable net deferred income tax assets disclosed as at 31 December 2022 have been revised to correct a disclosure error immaterial to the financial statements. As a result of the revision, non-recoverable net deferred tax assets have increased from TRY419,156 thousand (TRY254,342 thousand as disclosed in 2022 in terms of purchasing power of TRY as at 31 December 2022) to TRY882,936 thousand (TRY535,848 thousand in terms of purchasing power of TRY as at 31 December 2022). Certain prior year figures in the above disclosure have also been reclassified in order to conform to the changes in the presentation of the current period consolidated financial statements. The revision had no impact on the consolidated balance sheets, consolidated statements of comprehensive income/(loss), consolidated statement of cash flows and consolidated statement of changes in equity.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 21 - TAXATION ON INCOME (Continued)**

***Deferred income taxes (Continued)***

Since the applicable tax rate is changed to 25% for the following years beginning from 1 January 2023, 25% tax rate is used in the deferred tax calculation of 31 December 2023 for all of the temporary differences.

The expiration dates of tax losses for which the Group has not recognised any deferred income tax asset are as follows:

| | 2023 | 2022 |
|---|---|---|
| 2023 | — | 108,155 |
| 2024 | 2,278 | 79,906 |
| 2025 | 3,916 | 683,416 |
| 2026 | 107,640 | 906,049 |
| 2027 | 125,985 | 693,974 |
| 2028 | 123,204 | — |
| **Total** | **363,023** | **2,471,500** |

Tax losses for which the Group has not recognized any deferred income tax asset disclosed as of 31 December 2022 have been revised to correct a disclosure error immaterial to the financial statements. As a result of the revision, tax losses for which the Group has not recognized any deferred income tax asset increased from TRY2,095,775 thousand (TRY1,271,708 thousand as reported in 2022 in terms of purchasing power of TRY as at 31 December 2022) to TRY2,471,500 thousand (TRY1,499,943 thousand in terms of purchasing power of TRY as at 31 December 2022). The revision had no impact on the consolidated balance sheets, consolidated statements of comprehensive income/(loss), consolidated statement of cash flows and consolidated statement of changes in equity.

Within the scope of "Law regarding the Restructuring of Certain Receivables" ("Tax Amnesty Law") numbered 7326 that has been launched in Türkiye in June 2021, D-Market voluntarily increased its corporate income tax ("CIT") base for the years ended 2018 and 2019, D-Ödeme and D-Fast for the years ended 2018, 2019 and 2020 and half of previous years' losses related to the fiscal years in which tax bases have been increased cannot be benefitted in the following years. The Group paid TRY146 thousand to increase its CIT base voluntarily in 2021 and the Group will not be subjected to any tax investigation related to the CIT taxes for related years within the scope of tax amnesty. In addition, the ongoing tax audit for the years 2018 and 2019 is closed in terms of corporate income tax by increasing the CIT base.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 22 – 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 2023, 2022 and 2021 are as follows;

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Salaries and other short-term employee benefits | 596,503 | 827,468 | 628,816 |

Salaries and other short-term employee benefits include equity settled share-based payments amounting to TRY106,401 thousand in 2023 (2022: Equity settled share-based payments amounting to TRY250,623 thousand).

**b) Balances with related parties at 31 December 2023 and 2022:**

All related parties listed below are controlled by the Doğan Family members.

**Due from related parties:**

| | 2023 | 2022 |
|---|---|---|
| D Elektronik Şans Oyunları ve Yayıncılık A.Ş. ("Nesine") | 8,168 | 224 |
| Doğan Dış Ticaret ve Mümessillik A.Ş. ("Doğan Dış Ticaret") | 473 | 2,227 |
| Doğan Burda Dergi Yayıncılık ve Pazarlama A.Ş. ("Doğan Burda") | 310 | 220 |
| Other | 231 | 159 |
| | **9,182** | **2,830** |

Amounts due from other related parties mainly resulted from sale of trade goods.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 22 - BALANCES AND TRANSACTIONS WITH SHAREHOLDERS AND OTHER RELATED PARTIES (Continued)**

**b) Balances with related parties at 31 December 2023 and 2022: (Continued)**

**Due to related parties:**

| | 2023 | 2022 |
|---|---|---|
| Doğan Yayınları Yayıncılık ve Yapımcılık Ticaret A.Ş. ("Doğan Yayıncılık") | 1,829 | 2,828 |
| D Gayrimenkul Yatırımları ve Ticaret A.Ş. | 579 | 701 |
| Doğan Portal ve Elektronik Ticaret A.Ş. | 451 | 849 |
| Doğan Müzik Yapım ve Ticaret A.Ş. | 372 | 492 |
| Doğan Trend Otomotiv Tic. Hiz. Ve Tek. A.Ş. | 367 | 21 |
| Doğan Şirketler Grubu Holding A.Ş. | — | 2,526 |
| Other | 1,040 | 1,775 |
| | **4,638** | **9,192** |

Amounts due to related parties mainly resulted from purchase of inventories, advertising services, head quarter rentals, payables due to merchant financing and business combination arrangements.

**c) Significant sales to and purchases from related parties for the years ended 31 December 2023, 2022 and 2021:**

All related parties listed below are controlled by the Doğan Family members.

**Service and product sales to related parties:**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Nesine | (13,458) | (9,600) | (5,688) |
| Doğan Yayıncılık | (4,400) | (3,642) | (4,361) |
| Doğan Burda | (2,925) | (3,095) | (2,438) |
| Doğan Dış Ticaret | (2,364) | (2,187) | (907) |
| Otomobilite Motorlu Araçlar Ticaret A.Ş | (1,829) | — | — |
| Değer Merkezi Hizmetler ve Yönetim A.Ş. | (1,647) | (2,105) | (2,090) |
| Doğan Trend Otomotiv Tic. Hiz. Ve Tek. A.Ş. | (1,548) | (2,119) | (1,158) |
| Doğan Portal ve Elektronik Ticaret A.Ş. ("Doğan Portal") | (1,134) | (3,297) | (4,322) |
| Suzuki Motorlu Araçlar Pazarlama A.Ş. | (890) | (313) | (286) |
| Milta Turizm İşletmeleri A.Ş. | (578) | (581) | (459) |
| D Gayrimenkul Yatırımları ve Ticaret A.Ş. | (477) | (393) | (1,000) |
| Aydın Doğan Vakfı | (143) | (56) | (41) |
| Glokal Dijital Hizmetler ve Pazarlama A.Ş. | (103) | (1,332) | (2,477) |
| Other | (3,540) | (3,458) | (3,130) |
| | **(35,036)** | **(32,178)** | **(28,357)** |

(Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 22 - 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 2023, 2022 and 2021: (Continued)**

**Service and product purchases from related parties:**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Doğan Dış Ticaret | 195,161 | 158,793 | 186,229 |
| D Gayrimenkul Yatırımları ve Ticaret A.Ş. | 45,234 | 39,131 | 42,344 |
| Doğan Yayıncılık | 14,779 | 18,372 | 19,926 |
| Doğan Trend Otomotiv Tic. Hiz. Ve Tek. A.Ş. | 5,208 | 5,675 | 8,574 |
| Doğan Burda | 2,327 | 1,888 | 2,247 |
| Milta Turizm İşletmeleri A.Ş. | 1,262 | 438 | 177 |
| Doğan Portal ve Elektronik Ticaret A.Ş. (“Doğan Portal”) | 1,079 | 1,223 | 1,483 |
| Doğan Müzik Yapım ve Ticaret A.Ş. | 718 | 517 | 218 |
| Değer Merkezi Hizmetler ve Yönetim A.Ş. | 4 | — | 810 |
| Nesine | — | 1,068 | 12 |
| Other | 209 | 1,045 | 881 |
| | **265,981** | **228,150** | **262,901** |

**Business acquisitions**

Acquisition of Doruk Finansman which was acquired from Doğan Holding was separately disclosed in Note 3 – Business Combinations and it is not included in the above purchases from related parties.

**Purchase of treasury shares**

Purchase of treasury shares from TurkCommerce B.V. which is shareholder of the Group was separately disclosed in Note 16 and it is not included in the above purchases from related parties.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 23 – 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 focus 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 2023 and 2022 in terms of TRY equivalents of foreign currency denominated assets and liabilities.

| | As of 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | US Dollar | Euro | GBP | CHF | Total |
| **Assets:** | | | | | |
| Cash and cash equivalents | 4,368,356 | 3,185 | 88 | 54 | 4,371,683 |
| Financial investments | 1,722,744 | — | — | — | 1,722,744 |
| Trade receivables and due from related parties | 41,463 | 3,494 | — | — | 44,957 |
| Other current assets | 2,486 | — | — | — | 2,486 |
| **Total assets** | **6,135,049** | **6,679** | **88** | **54** | **6,141,870** |
| **Liabilities:** | | | | | |
| Trade payables and payables to merchants and due to related parties | (1,232,394) | (10,302) | (358) | (32) | (1,243,086) |
| Provisions | (52,976) | — | — | — | (52,976) |
| **Total liabilities** | **(1,285,370)** | **(10,302)** | **(358)** | **(32)** | **(1,296,062)** |
| **Net foreign currency position** | **4,849,679** | **(3,623)** | **(270)** | **22** | **4,845,808** |

| | As of 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | US Dollar | Euro | GBP | CHF | Total |
| **Assets:** | | | | | |
| Cash and cash equivalents | 4,684,672 | 493 | 3 | 40 | 4,685,208 |
| Trade receivables and due from related parties | 25,827 | 2,262 | — | 250 | 28,339 |
| Other current assets | 2,104 | — | — | — | 2,104 |
| **Total assets** | **4,712,603** | **2,755** | **3** | **290** | **4,715,651** |
| **Liabilities:** | | | | | |
| Trade payables and payables to merchants and due to related parties | (1,401,150) | (21,509) | (219) | (15) | (1,422,893) |
| Short term provisions | (429,027) | — | — | — | (429,027) |
| **Total liabilities** | **(1,830,177)** | **(21,509)** | **(219)** | **(15)** | **(1,851,920)** |
| **Net foreign currency position** | **2,882,426** | **(18,754)** | **(216)** | **275** | **2,863,731** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

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

***Financial risk management (Continued)***

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 2023, if the US Dollar had strengthened/weakened by 10% against the TRY with all other variables held constant, income/(loss) before income taxes would have been TRY484,968 thousand higher/lower (2022: Loss before tax would have been TRY288,243 thousand lower/higher), mainly as a result of foreign exchange losses/gains on the translation of US Dollar assets and liabilities.

At 31 December 2023, if the Euro had strengthened/weakened by 10% against the TRY with all other variables held constant, income/(loss) before income taxes would have been TRY362 thousand lower/higher (2022: Loss before tax would have been TRY1,875 thousand higher/lower), mainly as a result of foreign exchange losses/gains on the translation of Euro assets and liabilities.

At 31 December 2023, if the GBP and CHF had strengthened/weakened by 10% against the TRY with all other variables held constant, income/(loss) before income taxes would have been TRY27 thousand and TRY22 thousand lower/higher, mainly as a result of foreign exchange losses/gains on the translation of GBP and CHF assets and liabilities (2022: Loss before tax would have been TRY2 and TRY28 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.

As 31 December 2023 and 2022 expected credit loss from trade receivables is as follows:

| **31 December 2023** | **Not due** | **Overdue 0-1 months** | **Overdue 1-3 months** | **Overdue 3-12 months** | **Overdue more than 12 months** | **Total** |
|---|---|---|---|---|---|---|
| Trade receivables | 2,240,022 | 74,621 | 14,044 | 11,312 | 33,276 | 2,373,275 |
| Expected credit loss | 12,944 | 1,114 | 5,027 | 9,749 | 33,276 | 62,110 |

| **31 December 2022** | **Not due** | **Overdue 0-1 months** | **Overdue 1-3 months** | **Overdue 3-12 months** | **Overdue more than 12 months** | **Total** |
|---|---|---|---|---|---|---|
| Trade receivables | 1,051,484 | 2,605 | 2,244 | 4,103 | 34,020 | 1,094,456 |
| Expected credit loss | 3,488 | 186 | 1,111 | 3,643 | 33,784 | 42,212 |

*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 and supply financing arrangements.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

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

***Financial risk management (Continued)***

*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 negative working capital as a result of its operating model. The table below shows the Group's liquidity risk arising from financial liabilities.

| 2023 | Carrying value | Contractual undiscounted cash flow | Up to 3 months | 3 – 12 months | 1 – 5 years |
|---|---|---|---|---|---|
| **Non-derivative financial instruments:** | | | | | |
| Trade payables and payables to merchants | **10,562,999** | 10,780,172 | 10,284,474 | 495,698 | — |
| Lease liabilities | **276,393** | 368,354 | 66,260 | 129,290 | 172,804 |
| Bank borrowings | **186,281** | 188,376 | 179,618 | 5,809 | 2,949 |
| Wallet deposits | **188,412** | 188,412 | 188,412 | — | — |
| Due to related parties | **4,638** | 4,638 | 4,638 | — | — |
| | **11,218,723** | **11,529,952** | **10,723,402** | **630,797** | **175,753** |

| 2022 | Carrying value | Contractual undiscounted cash flow | Up to 3 months | 3 – 12 months | 1 – 5 years |
|---|---|---|---|---|---|
| **Non-derivative financial instruments:** | | | | | |
| Trade payables and payables to merchants | **9,699,421** | 9,726,123 | 9,726,123 | — | — |
| Lease liabilities | **432,309** | 538,667 | 78,715 | 216,571 | 243,381 |
| Bank borrowings | **39,501** | 47,833 | 9,377 | 18,018 | 20,438 |
| Wallet deposits | **187,006** | 187,006 | 187,006 | — | — |
| Due to related parties | **9,192** | 9,192 | 9,192 | — | — |
| | **10,367,429** | **10,508,821** | **10,010,413** | **234,589** | **263,819** |

***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/(cash) to equity ratios at 31 December 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---|---|---|
| Net debt/(cash) (Note 25) | (5,037,326) | (8,205,145) |
| Total equity | 3,302,779 | 3,365,798 |
| | | |
| **Net debt/(net cash) to equity ratio** | **(153)%** | **(244)%** |

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 24 – 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 certain financial assets and liabilities carried at amortized 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.

The estimated fair value of loan receivables and BNPL receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates with similar currency and remaining maturity in order to determine their fair value.

*Fair value hierarchy*

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is as prices) or indirectly (that is derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (that is unobservable inputs).

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

| | As of 31 December 2023 | | | |
|---|---|---|---|---|
| **Financial assets** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Investment funds at fair value (Note 5) | 1,592,056 | 1,592,056 | — | — |
| | **1,592,056** | **1,592,056** | **—** | **—** |

| | As of 31 December 2022 | | | |
|---|---|---|---|---|
| **Financial assets** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Investment funds at fair value (Note 5) | 28,929 | 28,929 | — | — |
| | **28,929** | **28,929** | **—** | **—** |

(Amounts expressed in thousands of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

## NOTE 25 – CASH FLOW INFORMATION

Movement in net debt for the year ended 31 December 2023, 2022 and 2021 is as follows;

| 2023 | Lease liabilities | Bank borrowings | Total |
|---|---|---|---|
| **1 January** | **432,309** | **39,501** | **471,810** |
| Increase in lease liabilities | 248,886 | — | 248,886 |
| Cash inflows | — | 577,338 | 577,338 |
| Cash outflows | (307,475) | (379,753) | (687,228) |
| Other non-cash movements (*) | 77,020 | 9,939 | 86,959 |
| Monetary gain | (174,347) | (60,744) | (235,091) |
| **31 December** | **276,393** | **186,281** | **462,674** |
| Less: cash and cash equivalents | | | (5,500,000) |
| **Net debt/(cash)** | | | **(5,037,326)** |

| 2022 | Lease liabilities | Bank borrowings | Total |
|---|---|---|---|
| **1 January** | **571,793** | **522,895** | **1,094,688** |
| Increase in lease liabilities | 351,907 | — | 351,907 |
| Cash inflows | — | 1,556,602 | 1,556,602 |
| Cash outflows | (330,946) | (1,925,096) | (2,256,042) |
| Other non-cash movements(*) | 128,368 | 38,374 | 166,742 |
| Monetary gain | (288,813) | (153,274) | (442,087) |
| **31 December** | **432,309** | **39,501** | **471,810** |
| Less: cash and cash equivalents | | | (8,676,955) |
| **Net debt/(cash)** | | | **(8,205,145)** |

| 2021 | Lease liabilities | Bank borrowings | Total |
|---|---|---|---|
| **1 January** | **530,603** | **1,279,722** | **1,810,325** |
| Increase in lease liabilities | 497,794 | — | 497,794 |
| Cash inflows | — | 5,829,364 | 5,829,364 |
| Cash outflows | (252,679) | (6,370,526) | (6,623,205) |
| Other non-cash movements(*) | 65,772 | 27,351 | 93,123 |
| Monetary gain | (269,697) | (243,016) | (512,713) |
| **31 December** | **571,793** | **522,895** | **1,094,688** |
| Less: cash and cash equivalents | | | (10,321,986) |
| **Net debt/(cash)** | | | **(9,227,298)** |

(*) Other non-cash movements consist of interest accrual and disposals and bank borrowings.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023, as described in note 2.1 unless otherwise indicated.)

**NOTE 26 – INCOME/(LOSS) PER SHARE**

Income/(loss) per share is disclosed below:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Income/(loss) for the period attributable to equity holders of the Parent Company | 75,534 | (4,790,687) | (3,330,080) |
| Weighted average number of shares with face value of TRY0.20 each | 324,810 | 325,998 | 304,764 |
| | | | |
| **Basic and diluted income/(loss) per share** | **0.23** | **(14.70)** | **(10.93)** |

As further disclosed in Note 16, the number of shares issued has increased from 56,866 thousand to 284,328 thousand via decreasing nominal value of each share from TRY1 to TRY0.20 at the Extraordinary General Assembly meeting dated 25 May 2021. As a result, the income/(loss) per share calculation for the periods presented have been performed based on the recent number and nominal value of shares issued.

At the Extraordinary General Assembly meeting dated 5 July 2021, the number of shares issued has increased from 284,328 thousand to 325,998 thousand due to capital increase.

**NOTE 27 – SUBSEQUENT EVENTS**

The Second Period of the share-based payment plan which was defined as the end of 30 (thirty) months after the date of the IPO, of the vesting schedule set forth by the Company's Board of Directors decision dated on 24 March 2021, has been concluded on 31 January 2024. Accordingly, the Board of Directors has decided that within the scope of the Second Period of the share-based payment plan, a gross total of 1,344,929 Class B ordinary shares of the Company (which may be represented by ADSs) have been vested to some of its key management personnel who became entitled, as defined under their individual contracts, to receive Restricted Stock Units (RSUs); and a gross total of 155,280 Class B ordinary shares of the Company (which may be represented by ADSs) have been vested to some of its key management personnel who have been determined, as having successfully met the year-end targets for the purposes of the calculation of the PSUs. The gross total amount of said shares (which may be represented by ADSs) will be given to the said executives by the Company, once these shares are first issued by or become available to the Company.

The Group has been granted with the approval of the CMB to participate as the originating entity in a structure led by Pasha Yatırım Bank Hepsiburada Varlık Finansmanı Fonu, for the issuance of Asset-Backed Securities ('ABS') up to TRY2 billion for one year. The Group intends to use its BNPL receivables in this structure to be able to sustainably grow its BNPL business and reduce its impact on working capital. On 26 April 2024, Pasha Yatırım Bank Hepsiburada Varlık Finansmanı Fonu applied to the Capital Markets Board for the issuance of TRY200 million asset-backed securities. The terms of the issuance (including the exact amount and the timing of issuance) have not been agreed among the participants. These will be determined based on market conditions and, for Hepsiburada, will require a board of directors approval.

**NOTE 27 – SUBSEQUENT EVENTS (Continued)**

On 29 March 2024, the Group established a wholly owned subsidiary in Türkiye under the trade name Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş.. The aggregate issued share capital of Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş. is TRY5,050,000, of which total amount was paid in on 29 March 2024.

In February, 2024, in accordance with its obligations as a data controller under the Turkish Law on the Protection of Personal Data (the "LPPD"), the Company notified the Personal Data Protection Authority ("PDP Authority") of unauthorized access to some customer personal information in connection with a cybersecurity incident. In the event the PDP Authority determines that the Company has not sufficiently fulfilled its obligations as a data controller under the LPPD, the PDP Authority may impose an administrative fine between TRY141.9 thousand and TRY9.5 million. Since the event is considered as a non-adjusting event, no provision is recognized in the consolidated financial statements.

The Group received requests from the Turkish tax authority for initiation of tax audits for the financial year 2022, with respect to corporate income tax and VAT, in February 2024, for D-Ödeme and in March 2024 for D-Fast. As of the approval date of these financial statements, tax investigations and submission of the requested information to the tax authority are ongoing and the Group has not received any further specific notification from the tax authority. The Group management and its tax advisors believe that the investigations are routine and ordinary. The investigations are at an initial stage and the Group management and its tax advisors believe that there is no significant uncertain tax position of the Group for the respective year. Based on these facts and due to the uncertainty as to the final outcome of the investigations, no provision has been recognized in these consolidated financial statements.

# DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

The following description of the capital stock of D-Market Electronic Services & Trading (the "Company", "we", "us", and "our") and certain provisions of our articles of association is not intended to be a complete summary of the rights and preferences of such securities and is qualified in its entirety by reference to the full text of the articles of association. A copy of our articles of association is attached as Exhibit 1.1 to our annual report on Form 20-F. You are encouraged to read the applicable provisions of Turkish law and the articles of association in their entirety for a complete description of the rights and preferences of our securities. Further, please note that as a holder of American Depositary Shares ("ADSs"), you will not be treated as one of our shareholders and will not have any shareholder rights.

## Share Capital

*General*

As of December 31, 2023, our share capital consists of 40,000,000 Privileged Class A shares (the "Class A Shares") and 285,998,290 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. Our share capital is denominated in TRY.

*Changes in Our Share Capital During the Last Three Fiscal Years*

Since January 1, 2021, our share capital has changed as follows:

- 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; and

- in July 2021, we issued 41,670,000 Class B ordinary shares represented by ADSs, as part of our initial public offering ("IPO"), which increased our issued share capital to 40,000,000 Class A shares and 285,998,290 Class B ordinary shares (our total paid-in capital increased to 65,199,658).

*Listing*

Our ADSs are listed on the Nasdaq Global Select Market ("Nasdaq") under the symbol "HEPS."

*Transfer Agent and Registrar*

The transfer agent and depositary for our ADSs is The Bank of New York Mellon.

**Memorandum and Articles of Association**

***Organization and Register***

Our legal and commercial name is D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi. We are a joint stock company incorporated in İstanbul, Türkiye on April 11, 2000 and organized under the laws of Türkiye. Our affairs are governed by our Articles of Association, as amended from time to time, and the TCC. We are registered in the İstanbul Trade Registry under the trade registry number 436165-0.

***Objects and Purposes***

Our main objectives include, among other things, 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 and are set forth in Article 3 of our Articles of Association.

***Articles of Association***

*Share Classes*

Pursuant to our articles of association, our issued share capital is divided into two share classes, and consists of the following:

- Class A shares; and
- Class B ordinary shares.

All of our Class A shares and 29,864,015 of our Class B ordinary shares are owned by our founder and chairwoman, Hanzade Vasfiye Doğan Boyner (our "Founder"). Holders of our Class A shares are entitled to 15 votes per share. Holders of our Class B ordinary shares, the class of shares that is represented by ADSs that are publicly traded and listed, are 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. As of December 31, 2023, the totality of our Class A shares are owned by our Founder. Therefore, 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 20th anniversary of our IPO;
- 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 (i) voluntarily resigned from the board of directors, or (ii) voluntarily decided not to be nominated as director at a general assembly of shareholders, and
    - have ceased to hold any employment or consultancy positions at the Company, provided that such Class A Shareholders have not entered a new employment or consultancy position 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 Shareholder 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.

*Dividends*

The payment of dividends is regulated by Turkish Commercial Code (Law No. 6102) (the "TCC") and our articles of association. The following is a description of certain information relating to the payment of dividends, including requirements under the TCC 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 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 head office, located at Kuştepe Mahallesi Mecidiyeköy Yolu Cadde no: 12 Kule 2 K2 Şişli, Istanbul, Türkiye, 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 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, our shareholders are entitled to participate in General Assemblies through the electronic platform where such General Assemblies are streamed in real time. Shareholders who request to participate in a General Assembly through the electronic platform two days 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. 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.

*Votes on the Compensation of Directors*

Pursuant to our articles of association, remuneration and attendance fees of the members of the board of directors are determined by the General Assembly. In accordance with the TCC, directors can be paid with cash, shares or a share of profit if so determined by the General Assembly.

*Transfer of Shares*

Save as otherwise discussed in "Item 7.B – *Related Party Transactions – Capital Increases and Restrictions on Share Transfers*" of our annual report on Form 20-F with respect to the Shareholders' Agreement, 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 December 31, 2023, 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 (as defined below)) 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*

We are subject to the informational and periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, including filing annual reports on Form 20-F and furnishing 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 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.

*Changes to the Rights of Shareholders*

Any amendments to the articles of association, including changes to the shareholders' rights set forth therein, are to be decided by the General Assembly. Amendments to the articles of association must be registered and announced, and are binding upon third parties after registration.

If a proposed amendment to 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 cannot be included in the agenda of the General Assembly and cannot be discussed without the approval of the Ministry of Trade or the relevant public institution or organization, as the case may be.

In accordance with the TCC, if a proposed amendment to the articles of association would violate the rights of Class A Shareholders, such amendment has to be approved by a special meeting of Class A Shareholders.

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.

| | **Turkish law** | **Delaware law** |
|---|---|---|
| **Number of Directors** | 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. | 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 where 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 | 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 |

| | Turkish law | Delaware law |
|---|---|---|
| | specific item in the agenda of the shareholders' meeting. | 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. |
| **Vacancies on the Board of Directors** | 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. | 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. |
| **Annual General Meeting** | 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. | 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. |

| | Turkish law | Delaware law |
|---|---|---|
| **General Meeting** | Under Turkish law, an extraordinary shareholders' meeting may be called by the board of directors, courts following a shareholder application in certain cases, insolvency practitioners, or shareholders holding 10% (or less, if set out by the articles of association) of the shares. | 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. |
| **Notice of General Meetings** | 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. | 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. |
| **Proxy** | 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. |
| **Pre-emptive Rights** | Under Turkish law, shareholders have preemptive | Under Delaware law, shareholders have no |

| | Turkish law | Delaware law |
|---|---|---|
| | rights to subscribe to additional share issues pro rata their existing shareholding, unless another rate is stipulated under the articles of association. | 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. |
| **Authority to Allot** | 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. |
| **Liability of Directors and Officers** | 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:<br><br>● any breach of the director's duty of loyalty to the corporation or its stockholders; |

| | Turkish law | Delaware law |
|---|---|---|
| | | ● acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;<br>● intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or<br>● any transaction from which the director derives an improper personal benefit. |
| **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. | 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 provide for the vote of a larger portion of the share capital, 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. Decisions concerning a merger with another corporation require the affirmative vote of 75% of the votes present at the meeting. Additionally, affirmative votes must also represent a majority of the share capital. If the merger agreement includes a provision for a squeeze-out, it must be approved by at least 90% of the votes of shareholders entitled to vote. | 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<br><br>● the approval of the board of directors; and<br>● 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** | Under Turkish law, the directors and managers are under obligation to execute their duty | Delaware law does not contain specific provisions setting forth the standard of conduct of a |

| Turkish law | Delaware law |
| --- | --- |
| 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. | 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.<br><br>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.<br><br>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.<br><br>However, this presumption may be rebutted by evidence of a breach of one of the fiduciary |

| | Turkish law | Delaware law |
|---|---|---|
| | | 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.<br><br>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. |
| **Stockholder Suits** | Under Turkish law, a shareholder may initiate an action for damages suffered by a corporation against the directors and managers who are personally liable. Any damages awarded in such action would be 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 a 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 proceeds obtained are first allocated to satisfy the claims of the creditors who initiated the lawsuit. Any remaining balance is distributed to the plaintiff | 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:<br><br>● state that the plaintiff was a stockholder at the time of the transaction of which the plaintiff complains or that the plaintiff shares thereafter devolved on the plaintiff by operation of law; and<br>● 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<br>● state the reasons for not making the effort. |

| Turkish law | Delaware law |
|---|---|
| shareholders in proportion to their shareholdings, and any surplus is returned to the bankruptcy estate. The conditions for these claims are the same as those for lawsuits initiated by the corporation itself. | 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. |

**American Depositary Shares**

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent one Class B ordinary share (or a right to receive one Class B ordinary share) deposited with The Bank of New York Mellon, acting through an office located in the United Kingdom, as custodian, for the depositary. 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 principal executive office, at which the ADSs are administered, is located at 240 Greenwich Street, New York, New York 10286.

An ADS holder may hold ADSs either (A) directly (i) by having an American Depositary Receipt ("ADR"), which is a certificate evidencing a specific number of ADSs, registered in such ADS holder's name, or (ii) by having uncertificated ADSs registered in such ADS holder's name, or (B) indirectly by holding a security entitlement in ADSs through such ADS holder's broker or other financial institution that is a direct or indirect participant in The Depository Trust Company ("DTC").

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

ADS holders are not treated as one of our shareholders and do not have shareholder rights. Turkish law governs shareholder rights. The depositary is the holder of Class B ordinary shares underlying the ADSs. A registered holder of ADSs has ADS holder rights. A deposit agreement among the Company, 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 (the "Deposit Agreement"). New York law governs the Deposit Agreement and the ADSs.

The following is a summary of the material provisions of the Deposit Agreement.

**Dividends and Other Distributions**

***How will cash dividends and other distributions on Class B ordinary shares be received?***

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on the deposited securities, upon payment or deduction of its fees and expenses. These distributions will be made in proportion to the number of shares the ADS holder's 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. 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 depositary cannot convert the foreign currency, ADS holders may lose some of the value of the distribution.

- *Shares*. The depositary may distribute additional ADSs representing any Class B ordinary shares we distribute as a dividend or free distribution. The depositary 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 depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depositary 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 grant holders of our securities rights to purchase additional shares or other securities, the depositary 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 depositary does not do any of those things, it will allow the rights to lapse. In that case, an ADS holder will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary 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 depositary. U.S. securities laws may restrict the ability of the depositary 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 depositary 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 depositary 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 depositary 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 depositary 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 depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary 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. ADS holders 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.

**Deposit, Withdrawal and Cancellation**

***How are ADSs issued?***

The depositary will deliver ADSs if a holder deposits 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 depositary will register the appropriate number of ADSs in the names the holder requests 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?***

ADSs may be surrendered to the depositary 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 depositary will deliver the deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at the holder's request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary 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 depositary may charge 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?***

An ADR may be surrendered to the depositary for the purpose of exchanging an ADR for uncertificated ADSs. The depositary 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 depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## Voting Rights

### *How does an ADS holder vote?*

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit voting instructions (and we are not required to do so), the depositary will notify the ADS holder of a shareholders' meeting and send or make voting materials available to the ADS holder. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary 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 deposited securities as instructed by ADS holders. However, unless we provide to the depositary a specified legal opinion that certain voting procedures are legal for the depositary, the depositary would only vote the "net" number of deposited shares as to which it was instructed to vote for or against a matter, after subtracting the number of deposited shares as to which it was instructed to vote in the opposite manner. If we do not request the depositary to solicit voting instructions, ADS holders can still send voting instructions, and, in that case, the depositary may try to vote as the ADS holder instructs, but it is not required to do so.

*Except by instructing the depositary as described above, ADS holders won't be able to exercise voting rights unless they surrender* their ADSs and withdraw the shares. However, they may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure the ADS holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their Class B ordinary shares. 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 an ADS holder may not be able to exercise voting rights and there may be nothing they can do if their shares are not voted as requested.

In order to give the ADS holders a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

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 ADS holders to surrender their 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 the ADS holders’ 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, an ADS holder is considered, by continuing to hold their 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 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 depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary 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 depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary 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 Depositary; Limits on Liability to Holders of ADSs***

The Deposit Agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the Deposit Agreement without negligence or bad faith, and the depositary 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 an ADS holder's 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 depositary 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 depositary 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.

**An ADS Holder's Right to Receive Class B Ordinary Shares Underlying their 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 an ADS holder owes 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 any ADS holder's 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 the ADS holders copies of those communications or otherwise make those communications available to the ADS holders if we ask it to. All ADS holders 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. An ADS holder 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.

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# LEASE AGREEMENT

## (For Workplaces)

| | |
|---|---|
| Leased Property | Döşeme Mahallesi, Turhan Cemal Beriker Bulvarı, No: 132 Adana Chamber of Commerce Service Building Ground Floor Subsidiary Unit |
| Type of Leased Property | Workplace |
| Lessor | Adana Chamber of Commerce |
| Lessor's Tax Identification No | XXXXX Seyhan Tax Office |
| Lessor's Address | Döşeme Mahallesi, Turhan Cemal Beriker Bulvarı No 132 Seyhan/Adana |
| Lessee | D-Market Elektronik Hizmetler ve Tic. A.Ş. (Hepsiburada.com) |
| Lessee's Tax Identification No | XXXXX İstanbul Boğaziçi Kurumlar Tax Office |
| Lessee's Address | Kuştepe Mah., Mecidiyeköy Yolu Cad., Trump Towers Kule 2, Kat:2, No:12, 34387 Şişli/İstanbul |
| Starting and Ending Dates of the Agreement | 20.06.2023 |
| Duration of the Agreement | 1 year (One year) |
| Annual Rental Fee | [***] ([***] TRY) + Withholding Tax |
| Method of Payment of Rental Fee | 1 Year in Advance |
| Use of the Leased Property | Office |
| Condition of the Leased Property | Adana Chamber of Commerce, New Service Building, is an 85m$^2$ single-room office with the number Affiliate Room on the ground floor. The building is a new (zero) building. Previously unused, air-conditioned, immaculate and suitable for use. |
| Fixtures Delivered with the Leased Property | Central unit ceiling type York brand air conditioner (2 units) |

**GENERAL CONDITIONS**

**1.** The Lessor undertakes that the current legal status of the leased property is suitable for the Lessee's lease and that there is no obstacle to the lease of the leased property.

**2.** The lessee must use the leased property with care. The Lessee shall deposit the rent withholding tax to the tax office and submit the rent withholding document to the Lessor.

**3.** The lessee is obliged to act in good faith towards the lessee and the inhabitants of the service building and the surrounding area.

**4.** The lessee may not lease, sublease, transfer or assign the leased property partially or entirely to third parties.

**5.** Unless the lessee has the written permission of the lessor, the lessee may not make any changes or modifications to the leased property; otherwise, the lessee is obliged to cover the damages that may arise.

**6.** In the event that third parties claim rights on the leased property, the Lessee is obliged to notify the Lessor immediately.

**7.** The Lessee is obliged to immediately notify the Lessor of any repairs to be made to the leased property; otherwise, the Lessee shall be liable for any damages arising therefrom. The Lessor shall provide the Lessee with all necessary convenience and support in this regard.

**8.** The Lessee is obliged to bear the repairs to the leased property and to make / have made the repairs that need to be made due to the ordinary use of the leased property and to cover the expenses. The Lessor accepts, declares and undertakes that the Lessee shall not interrupt the commercial activity of the Lessee in the leased property while carrying out repair works in the leased property and shall show sensitivity in this regard. The Lessor must notify the Lessee in writing by the Lessor at least 3 days in advance of the repairs to be made in the Leased Property. Urgent interventions are reserved.

**9.** Taxes arising from the right of ownership of the leased property belong to the Lessor, and taxes, duties and fees arising from the use belong to the Lessee. In case of conflict, local customs and traditions apply.

**10.** At the end of the lease agreement, the Lessee is obliged to leave the leased property and deliver it to the Lessor as received. The Lessee is not responsible for the ordinary wear and tear arising due to the use of the leased property. Likewise, if the fixtures delivered with the leased property are not delivered to the lessee as received, the cost of the damages incurred must be paid to the lessor or restored. The Lessee is not responsible for the ordinary wear and tear arising from the ordinary use of the fixtures.

**11.** It is essential that the leased property is delivered in new, excellent and fit for use. The lessee must prove otherwise.

**12.** The lessee is obliged to allow inspection and inspection of the leased property, subject to notice, within a reasonable time before the expiry of the lease.

**13.** In cases where it is necessary to leave the leased property, the Lessee shall be liable for any damages arising from the failure to evacuate the leased property. The Lessee is not responsible for ordinary wear and tear due to use.

**14.** The Lessee cannot demand from the Lessor the cost of the valuable and luxurious things they have done to the leased property. The Lessee has the right to dismantle and remove non-fixed portable decoration materials, equipment, and other installations placed on the leased property, provided that they do not damage the main structure of the leased property.

**15.** The lessee may have equipment such as antenna, internet and telephone installed at their own expense and in accordance with the electrical, engineering and architectural projects of the building, provided that they obtain the written consent of the lessor to the project.

**SPECIAL CONDITIONS**

**1.** The leased property cannot be sublet or co-let; it cannot be transferred or assigned.

**2.** The leased property cannot be used for any purpose other than e-commerce specialised activities.

**3.** The rental fee shall be deposited into the Lessor's XXXXX account numbered XXXXX until **20.06.2023, the start date of the lease**. If the rental fee is transferred from another branch, the transaction shall be made in the account within the same period, otherwise default provisions shall be applied.

**4.** The lease term is 1 year. If the lessee requests, the lease term can be extended for 1 more year. As of 15.06.2024, if the agreement continues, the rental fee for the new period shall be determined by increasing the total CPI average for the last 12 months announced by the Turkish Statistical Institute. At the end of the term, the lease agreement and the tenancy relationship end with all its provisions and consequences. The lessee shall deliver the leased property to the lessor on the day the agreement expires, having left it in accordance with the terms of the agreements.

**5.** The Lessee may terminate the Agreement without compensation during the term of the Agreement provided that 2 (two) months prior written notice is given.

**6.** The Lessee shall pay the withholding tax to the tax office and provide a copy of the payment document to the Lessor.

**7.** Doors, door keys, and air conditioning were delivered intact, complete and fit for use.

**8.** The lessee shall use the leased property with care, and the lessor shall make the necessary repairs at their own expense within ten days from the lessee's warning. Adana Courts and Enforcement Directorates shall be authorised for disputes arising from the agreement.

**WE HAVE SIGNED THIS AGREEMENT CONSISTING OF 15 GENERAL AND 8 SPECIAL CONDITIONS IN DUPLICATE WITH OUR FREE WILL. 08.07.2023**

| **Chairman of the Board of Directors**<br>**Yücel BAYRAM** | **Secretary-General**<br>**Birol YARMAN** | **Lessee**<br>**D-Market Elektronik Hizmetler ve Tic. A.Ş.**<br>**(Hepsiburada.com)** |
|---|---|---|
| (signed) | (signed) | (stamped and signed) |

**Exhibit 4.26**

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[***]”. SUCH IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) THE REGISTRANT CUSTOMARILY AND ACTUALLY TREATS SUCH INFORMATION AS PRIVATE OR CONFIDENTIAL.

# SUBLEASE AGREEMENT

D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş. (hereinafter referred to as the Lessor), which is the Lessee on one side, and D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. (hereinafter referred to as the Lessee), which sub-lessees the 540 $m^2$ section on the ground floor of the immovable property located at Gümüş Cad., Doğanköy Çıkışı 16250 Nilüfer / Bursa (hereinafter referred to as the Lessee), have agreed on the terms and conditions of this agreement under the following conditions.

**ARTICLE - 1: Parties**

**1.1.** Lessor: D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş.

**1.2.** Lessee: D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.

**ARTICLE - 2: Subject of the Agreement and General Conditions**

The terms of the lease to the lessee of the immovable property to which the lessor is entitled and which is the subject of the lease shown below constitute the subject matter of this agreement.

The lessee cannot request to change these lease terms and the lease price, which constitutes the basis of this agreement. The Lessee agrees that they shall not request adaptation or reduction of the rent by claiming force majeure or economic crisis. Such a situation would be contrary to the spirit of this agreement.

**ARTICLE - 3: Current Status of the Immovable Property**

The immovable property that is the basis of this agreement is the 540m2 workspace rented as a 540$m^2$ section on the ground floor of the immovable property located at the address of the immovable property.

In addition, all fixtures and equipment present in the property subject to lease shall be delivered to the lessee together with the property subject to lease.

**ARTICLE - 4: Duration of the Agreement**

This agreement starts on 27/07/2023 and ends on 27/07/2024. At the end of the agreement period, if agreed by the parties, the lease terms and conditions shall be renegotiated by the parties. Otherwise, the lessee agrees and undertakes to leave the leased property completely within 2 (two) months from the end of the lease period.

**ARTICLE - 5: Rental fee**

The rental fee under this agreement is agreed to be [***] ([***]) + VAT per month.

Any changes in VAT rates by the government and any taxes and funds that may be officially reflected in the rental fee shall be added to or deducted from the rental fee.

In case of an extension of the lease agreement, the rent increase rates for the new period shall be determined by mutual agreement of the parties.

**ARTICLE - 6: How to Pay the Rental Fee**

Rental fees shall be invoiced to the lessor on the first business day of each month; payments shall be made between the 1st and 10th days of the relevant month and in advance.

**ARTICLE - 7: What the Leased Property Shall Be Used For**

The relevant area shall be used as an office and warehouse. In order to perform an alternative service or services other than the services listed above, the Lessee must obtain the prior consent of the Lessor.

**ARTICLE - 8: Maintenance - Repair and Renovation**

The lessee is obliged to make a written request for all kinds of maintenance, repair and modification operations to be carried out on the leased property and to obtain the lessor's prior approval. The Lessee shall submit the necessary plans, projects and drawings for modification and renovation requests to the Lessor with a written request for approval.

The maintenance of the property subject to lease and the existing fixtures and equipment in it shall be carried out by the Lessee without interruption and in accordance with the procedure. At the end of the agreement, the entire building and the equipment attached to the agreement shall be delivered to the lessor in a working, well-maintained, operational and clean condition. All immovable property alterations and renovations to be made by the lessee after obtaining permission to continue its service shall become an integral part of the building. The lessee cannot claim any right and demand from the lessor for these and other possible expenses.

**ARTICLE - 9: Prohibition of Assignment and Termination of the Agreement**

The lessee may not transfer, sublet or attempt to sublet the leased property in any way.

**ARTICLE - 10: Special Conditions**

**10.1.** The lessee shall fully comply with the principles and rules of the lessor. In the event that a contrary situation occurs and events contrary to general morality come to the agenda, the lessor may terminate the agreement without any notice, without prejudice to its rights arising from this agreement and the law. In such a case, the Lessee has already agreed and undertaken to leave the leased property immediately.

**10.2.** The lessee is directly responsible for the behaviour and actions of its employees within the building and for any damage and loss they may cause to the facility or third parties.

**10.3.** The lessee is obliged to notify the lessor immediately in the event of a situation requiring repair in the leased property or an external intervention to the leased property.

**10.4.** The lessee is primarily responsible for the cleanliness and orderliness of the building and its surroundings.

**10.5.** In case of fire, earthquake, theft, flood, or similar situations, the lessee is not responsible for possible damages that may occur. If the negligence and defective behaviour of the Lessee has caused the occurrence of the situations listed in the place subject to lease, and if this situation causes damage to the facility, the lessee or the lessor's employees and / or third parties, the lessee is solely responsible for this situation and any material and moral damages that may occur.

**10.6.** The lessee is responsible for the employment of all personnel employed by the lessee in accordance with the Social Security and Labour Laws, timely payment of taxes, premiums and fees, and all financial and legal obligations stipulated by law. Otherwise, it is responsible for legal and financial obligations that may arise and cannot transfer this obligation to other persons or organisations. If the lessor is obliged to make any payment on behalf of the lessee, the lessee shall pay the amount paid by the lessor to the lessor within 7 (seven) days at the latest as of the date of notification, together with all its accessories (principal, accrued interest, late payment interest, etc.) as of the date of payment.

**10.7.** It is strictly forbidden to use the leased property other than the services listed in this agreement and to accommodate the personnel working in this place.

**Article 11: Termination of the Agreement**

Without prejudice to the termination and expiration clauses in other articles of this agreement, in case the lessee violates the agreement mentioned above clauses, the lessor shall warn them in writing. In the event that the lessee does not act in accordance with the agreement and does not fulfil its obligations despite the written notice, the agreement is terminated unilaterally by the lessor without prejudice to the right arising from both this agreement and the law.

The Parties have the right to terminate this Agreement at any time during the term of this Agreement with 15 days' notice. In the event of such termination, the Parties shall fulfil all obligations up to the date of termination.

The stamp tax arising from the signing of this Agreement shall be paid equally by the parties. The Lessor shall pay all of the stamp tax, and half of the amount paid shall be invoiced to the Lessee.

On the other hand, in the event that the lessor's lease agreement with Tercan Karhanlar Otom Gıda Turizm İnşaat Taahhüt Petrol Ürünleri Ticaret Sanayi Limited Şirketi is terminated and / or expired for any reason, this agreement shall terminate automatically and without any claim by the Lessee. 06/11/2023

| | |
|---|---|
| **Lessor** | **Lessee** |
| **D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş.** | **D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.** |

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**13.09.2023-295**

**D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.**
**KOCAELİ/GEBZE/BALÇIK**
**WAREHOUSE LEASE AGREEMENT**

**AGREEMENT HOLDER: MUSTAFA ATUK**
**DELIVERED BY: MUSTAFA ATUK**

**REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**
**K. ÇAMLICA MAH., ERKAN OCAKLI SOK., NO:13 ÜSKÜDAR**
**Tel: 0 216 564 20 00 Fax: 0 216 564 20 99**

**LEASE AGREEMENT**

| | |
|---|---|
| Province/District | : Balçık / Gebze |
| Neighbourhood/Street/Number | : Balçık Mahallesi, 3273. Sokak, No:1, Gebze/Kocaeli 317 Block 14 Parcel |
| Type of Leased Property | : 10,000m$^2$ Warehouse area without shelves |
| Title of Lessor | : REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş. |
| Lessor's Address | : Küçük Çamlıca Mahallesi, Erkan Ocaklı Sokak, No: 13 Üsküdar/İstanbul |
| Name and Surname of the Lessee | : D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. (“Lessee”) |
| Lessee's Address | : Kuştepe Mah., Mecidiyeköy Yolu Cad., No:12, Trump Towers Kule 2, Kat:2, Şişli-İstanbul |
| One Month's Rent | : [***] + VAT ([***] + VAT) After 1 (one year) lease period of the lease agreement, the monthly rental fee shall be increased according to the 12-month average increase of the CPI index in the previous lease year. |
| Payment of Rent | : The rent payment shall be paid by the LESSEE in cash and lump sum in monthly periods until the 10th day of each month at the latest to the LESSOR's XXXXX with the IBAN XXXXX. |
| Lease Term | : 1 year (starting from 01.10.2023) |
| Lease Start Date | : 01/10/2023 |
| Rent Payment Start Date | : 01/10/2023 |
| Delivery Status of the Leased Property | : Clean and ready to use. |
| What the leased property will be used for | : Warehouse |

**Special Conditions**

1. The lessee shall use the property as a workplace/office and has leased the property for this purpose. The lease relationship between the parties regarding the leased property is subject to the terms and conditions of this Agreement.

**2.** The Lessor is obliged to deliver the leased property to the Lessee on a condition suitable for the use intended in the agreement and in a condition suitable for the use intended in the agreement and in a way that the paint, whitewash, mechanical, electrical and architectural equipment have been made and the fixtures specified in this agreement are new and functional, and to keep the Leased Property in this condition during the term of this agreement. The lessee shall leave the leased property in the same manner as they received it upon the expiration of the agreement.

**3.** The Lessor is obliged to carry out all maintenance, repair, modification and renewal operations required due to the ordinary use of the leased property, including but not limited to the mechanical and electrical systems, whitewash, paint, decoration, exterior facade and all fixtures of the leased property, and the essential repairs that must be made in the leased property at the expense of the Lessor.

**4.** The lessee is obliged to return the leased property in the same condition as it was received, except for wear, deterioration and deficiencies arising from ordinary use. However, the Lessee is not responsible for any loss, deterioration and / or wear and tear that occurs in the leased property due to use in accordance with the agreement and / or ordinary use.

**5.** Pursuant to Article 301 of the Code, the Lessor has accepted and undertaken to deliver the leased property to the Lessee in a condition suitable for the use intended by the agreement and to keep it ready for the intended use of the Lessee as long as the lease agreement is in force. The lessee has taken delivery of the leased property, all installations and equipment by seeing and examining it as a prudent merchant. After the lessee takes delivery of the leased property, the lessee cannot claim that the leased property and the equipment in the leased property are inadequate. They cannot hold the Lessor responsible for the damage and loss incurred

**6.** The Lessor agrees that the leased property under this Lease Agreement may be used by Doğan Online and Doğan Group subsidiaries and group companies as a sub-lessee without the prior written consent of the Lessor. In addition, the Lessee may not transfer and assign, sublease or transfer the right to use the leased property in whole or in part to anyone else without obtaining 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 the lessee adheres to the management plan of the leased property and pays all kinds of taxes. The lessee shall use the leased property exclusively as a warehouse. Storage shall be made so as not to be out of the leased property. The LESSEE cannot produce, keep or sell substances that are prohibited or penalised by the legislation to be kept in the leased properties in the storage of the LESSOR. In these cases, the LESSEE is responsible for the damages arising in this case, and in this regard, the LESSOR reserves the right to terminate this agreement unilaterally without any notice, warning and judgment and to claim all kinds of damages and losses.

**8.** The lessee shall be able to make all kinds of renovations and decorations for the use of the leased property as a workplace without touching the static structure of the building. The lessee is free to take away the add-ons and portable decorations without damaging the main building upon eviction. Provided that the Lessor returns the leased property to the Lessee as it was delivered to the Lessee, there shall be no claim for any right and receivable within this scope.

**9.** The lessee shall pay the electricity and water usage invoiced to them. Consumptions shall be determined by the filtering meter in the usage area, and the calculation method shall be sent to the LESSEE by the LESSOR in addition to the invoice.

**10.** Obligations such as compulsory insurance, taxes (including municipal property taxes), etc., related to the leased property, ancillary expenses decided by the Lessor and / or the Site and / or Apartment management and fixture renewal costs belonging to the leased property or the environment belong to the Lessor, and the Lessee does not have any responsibility in this regard.

**11.** The LESSEE shall make the Commodity insurance, which shall cover the Lessor, including all risks and damages that may be caused to third parties and neighbours, before placing the goods in the warehouse for the customer goods to be stored in the leased property. The policy shall be issued to include a non-recourse clause to the LESSOR. The LESSOR shall not be held responsible for any damages arising in relation to this phrase under any circumstances.

The Lessee shall be able to keep the commodity in the warehouse up to the maximum insurance amount specified in the insurance policy to be made by them.

In the event that the value of the commodity to be kept in the warehouse in the future exceeds the insurance value, the Lessee may increase the limit by updating the commodity value provided that the Lessee informs the insurer.

Otherwise, in case of possible damage (provided that the lessor's policy terms are communicated to us and are valid), the Lessee shall have no recourse to the Lessor for the amount exceeding the Insurance Amount. The LESSEE undertakes not to cancel the Commodity Insurance policy during the agreement term to pay the premiums regularly and to send a written document from the insurance company that the policy is active every month.

**12.** The lessee shall not pay any fees as a deposit.

13. The rent payment shall be made by the LESSEE in cash and lump sum in monthly periods **until the 10th day of** each month at the latest to the bank account to be notified by the LESSOR.

14. This Agreement has been signed for 1 (one) year starting from the date of signature. The LESSEE may terminate this Agreement without any compensation at any time during the term of this Agreement without giving any reason and at any time, provided that 90 days prior written notice is given. If the LESSEE does not notify the other party in writing 15 days before the expiration date of the Agreement, the Agreement shall automatically extend for one year.

15. If the lessee fails to obtain a "license to open and operate a workplace" from the municipality to which the leased property is affiliated, the lessee may terminate the lease agreement immediately without compensation after the license application is rejected. In such a case, the Lessee shall pay the rental fee for the period until the termination notice but shall not pay the undue rent for the following months.

16. The parties are obliged to notify the other party in writing of any change of address within 7 (seven) days. If this notice is not given, notifications sent to the address in the agreement shall have all the legal consequences of a legally valid notification.

17. The provisions of the Code of Obligations and the relevant legislation shall apply in matters not provided for in this Agreement.

18. The Lessor accepts, declares and undertakes that they shall not demand any right/receivable from the Lessee regarding the beginning of the lease, that they shall not demand a fee from the Lessee, and that the Lessee's rent payment obligation shall start following the signature of this agreement.

19. Istanbul Çağlayan Courts and Enforcement Offices are authorised in all disputes arising from this agreement.

20. The Lessee shall pay all of the Stamp Tax subject to this Agreement and shall invoice half of it to the Lessor.

This 20-article lease agreement was prepared in duplicate and signed by the parties on 18/09/2023 to enter into force on 01.10.2023.

| **LESSEE** | **LESSOR** |
|---|---|
| **D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.** | **REYSAŞ GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.** |

# CONTRIBUTION AGREEMENT

This contribution agreement (the "**Agreement**") is made by and between **D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi**, a joint stock company incorporated under the laws of the Republic of Türkiye, with its registered address at Kuştepe Mah., Mecidiyeköy Yolu Cad. No:12, Trump Towers, Tower No:2, Şişli, Istanbul, republic of Turkiye and registered with the Istanbul Trade Registry under the registration number 436165-0 ("**Hepsiburada**") and **TurkCommerce B.V.**, a private company with limited liability incorporated under the laws of the Netherlands, with its statutory seat in Amsterdam, the Netherlands, its business address at Amstelveenseweg 760, 1081 JK Amsterdam, the Netherlands and registered with the Dutch trade register under number 62146440 ("**TurkCommerce**") to set forth the terms by which TurkCommerce will contribute to the settlement amount that Hepsiburada has agreed to pay (and has in fact paid) under a settlement agreement ("**Settlement**") for the purpose of resolving the claims asserted in *Benson v. D-MARKET Elektronik Hizmetler Ve Ticaret Anonim Şirketi, et al.*, Case No. 655701/2021, before the Supreme Court of the State of New York, County of New York: Commercial Division (the "**State Court**") (the "**State Action**"), and *IWA-Forest Indus. Pension Plan v. D-MARKET Elektronik Hizmetler Ve Ticaret Anonim Şirketi, et al.*, Case No. 1:21 Civ. 08634 (PKC) before the United States District Court Southern District of New York (the "**Federal Court**"), (the "**Federal Action**"). The Federal Action and the State Action shall be hereinafter referred to together as the "**Securities Lawsuits**". Hepsiburada and TurkCommerce shall be hereinafter referred to, individually as a "**Party**", and together, as the "**Parties**".

**WHEREAS**, in the July 1, 2021 initial public offering (the "**IPO**" or the "**Offering**") of Hepsiburada, which was completed on July 6, 2021 with the underwriters' exercise of their over-allotment option, a total of 65,251,000 American Depositary Shares ("**ADS**"), representing 65,251,000 Class B ordinary shares in the share capital of Hepsiburada, were sold by Hepsiburada and TurkCommerce;

**WHEREAS**, the Offering comprised 41,670,000 ADS sold by Hepsiburada, representing 63.86% (sixty three point eighty six per cent) of the overall ADS offered as part of the IPO, and 23,581,000 ADS sold by TurkCommerce as the selling shareholder, representing 36.14% (thirty six point fourteen per cent) of the overall ADS offered as part of the IPO (including 15,070,000 ADS sold by TurkCommerce on the Offering date and 8,511,000 ADS sold by TurkCommerce pursuant to the underwriters' exercise in full of their over-allotment option);

**WHEREAS**, the Securities Lawsuits assert claims against the Parties under the Securities Act of 1933 arising out of the IPO;

**WHEREAS**, the Parties had a mutual interest in resolving the Securities Lawsuits to avoid the costs and uncertainties of litigation and are entering into this Agreement to facilitate the resolution of the Securities Lawsuits without any admission of wrongdoing or liability; and

**WHEREAS,** after a voluntary private mediation procedure, on December 2, 2022, Hepsiburada reached an agreement with the plaintiffs in the Securities Lawsuits, by signing a binding Settlement term sheet (the "**Settlement Term Sheet**") to settle the Securities Lawsuits in their entirety and a full and final release of all defendants (including, for the avoidance of doubt, TurkCommerce) and their related parties, in consideration of payment of USD 13,900,000 (the "**Settlement Amount**") by Hepsiburada to the plaintiffs in the Securities Lawsuits;

**WHEREAS,** on December 5, 2022, Hepsiburada and TurkCommerce agreed to be bound by the provisions of a contribution term sheet (the "**Contribution Term Sheet**") under which TurkCommerce shall pay an aggregate amount equal to USD 3,975,000 (the "**Contribution Amount**") to Hepsiburada, subject to the satisfaction of the following conditions: (i) Hepsiburada paying an amount of USD 13,900,000 to the plaintiffs' escrow account pursuant to the Settlement; (ii) TurkCommerce and all its related parties, including its directors, officers, managers and employees, receiving a full and final release from any claims in connection with the Securities Lawsuits as part of the Settlement; (iii) the Settlement documents to be submitted to the respective U.S. courts are approved by TurkCommerce; (iv) agreement with Hepsiburada on a contribution agreement, taking into account that TurkCommerce currently has no funding available and will require prior shareholder approval for *inter alia* indebtedness, and provided that TurkCommerce will strive to agree with Hepsiburada on the contribution agreement terms in good faith and use reasonable best efforts to reach agreement on those terms prior to Hepsiburada having to pay into a settlement escrow account following preliminary approval of the Settlement by the respective U.S. courts;

**WHEREAS,** on March 22, 2023, the plaintiffs and defendants in the Securities Lawsuits signed a stipulation of Settlement (the "**Stipulation of Settlement**") that sets forth the terms and conditions of the principles previously agreed under the Settlement Term Sheet, and intending to fully, finally, and forever compromise, resolve, discharge, release, settle, and dismiss with prejudice all released claims, upon and subject to the approval by the Federal Court;

**WHEREAS,** the Stipulation of Settlement duly included in favor of TurkCommerce and all its related parties, including its directors, officers, managers and employees, a full and final release from any claims in connection with the Securities Lawsuits as part of the Settlement, and hence Article 1(ii) of the Contribution Term Sheet was satisfied;

**WHEREAS**, TurkCommerce duly received the drafts and final forms of, and gave its approval to, any and all Settlement documents, hence Article 1(iii) of the Contribution Term Sheet was satisfied; after

TurkCommerce's approval the Stipulation of the Settlement and other relevant Settlement documentation were submitted to the Federal Court for its approval pursuant to the Federal Rules of Civil Procedure 23(e);

**WHEREAS,** on April 20, 2023 the Federal Court entered its order granting preliminary approval of the class action Settlement, and on August 1, 2023, gave its order and final judgment;

**WHEREAS,** on September 22, 2023, the State Court entered an order dismissing the State Action with prejudice;

**WHEREAS,** the Stipulation of Settlement required payment by Hepsiburada of the Settlement Amount within 30 calendar days of the later of: (i) the preliminary approval of the Settlement agreement by the Federal Court (since only the Federal Court's approval has been sought), and (ii) the receipt by defendants of complete payment instructions; and therefore, Hepsiburada has deposited on May 17, 2023, the entire Settlement Amount to an escrow account set up by the plaintiffs' counsel which is deemed to be under the custody and jurisdiction of the Federal Court in accordance with the Stipulation of Settlement, and accordingly Article 1(i) of the Contribution Term Sheet was satisfied;

**WHEREAS,** pursuant to Article 1(iv) of the Contribution Term Sheet, TurkCommerce is required to strive to agree with Hepsiburada on this Agreement in good faith and use its reasonable best efforts to reach agreement on those terms prior to Hepsiburada having to pay into the Settlement escrow account following preliminary approval of the settlement; and accordingly, until the date of this Agreement, Hepsiburada and TurkCommerce have exchanged communications with a view to find the most practicable method for both Parties for the fulfillment of TurkCommerce's conditional contribution obligation;

**WHEREAS,** now, the Parties have agreed to be bound by this Agreement subject to the following terms and conditions, with an intention that this Agreement supersedes and replaces any and all previous verbal communication and written emails exchanged between the Parties with respect to the subject matter hereof.

**NOW, THEREFORE, IT IS HEREBY AGREED, BY AND AMONG THE PARTIES:**

**1.** The Settlement that Hepsiburada reached to resolve the claims asserted in the Securities Lawsuits contains a broad release which includes a release of all claims asserted against, among others, TurkCommerce, its affiliates, and its directors and officers in the State Action and the Federal Action, and states that neither Hepsiburada nor TurkCommerce admits to any wrongdoing or liability in connection with the claims asserted in the Securities Lawsuits.

**2.** TurkCommerce accepts that the Settlement Term Sheet and the Stipulation of Settlement were entered into with plaintiffs in the Securities Lawsuits, upon TurkCommerce's approval and that TurkCommerce waives any right to challenge the terms or application of the Settlement, including on the grounds that its terms are inadequate or unfair, or that – based on the information TurkCommerce received until date – Hepsiburada's conduct with respect to the mediation and Settlement process has been improper or negligent in any respect.

**3.** On the terms and subject to the conditions of this Agreement, TurkCommerce agrees and undertakes to contribute the Contribution Amount towards the Settlement Amount, in order to contribute to the payment that was made by Hepsiburada to Hepsiburada's ADS holders who are covered by the Securities Lawsuits, as part of the Settlement of the Securities Actions. That said, TurkCommerce declares that currently it has no funding available to pay this debt. Now, therefore, Hepsiburada and TurkCommerce hereby agree to settle TurkCommerce's obligation to pay the Contribution Amount, by way of a sale by TurkCommerce to Hepsiburada, of an amount of Hepsiburada's Class B shares that TurkCommerce owns (the "**Transaction**"), with the following terms:

(i) TurkCommerce shall sell to Hepsiburada and Hepsiburada shall purchase from TurkCommerce 4,615,384 Hepsiburada Class B shares (the "**Shares**") against a purchase price payable by Hepsiburada to TurkCommerce of USD 5,732,306.93 (in words: five million, seven hundred and thirty-two thousand, three hundred and six and 93/100 US dollars) (the "**Share Purchase Price**"). It being understood that the number of Shares are calculated by dividing the Share Purchase Price by a price per Hepsiburada Class B share of USD 1.242 (the "**Price Per Share**"). The Parties accept and agree that, after each of the Party having received legal and financial advice, this Price Per Share is deemed to be a fair, adequate and well-negotiated price for a privately negotiated block sale, which reflects a 10% discount to the closing price of Hepsiburada ADS on September 27, 2023.[1]

(ii) Hepsiburada shall reimburse TurkCommerce for a portion of certain advisory fees it has incurred in connection with the Securities Litigation, the Agreement, and the Transaction in the amount of USD 267,693.07 (in words: two hundred and sixty-seven thousand, six hundred and ninety-three, and 07/100 US dollars) (the "**Advisory Fees Contribution**").

(iii) Hepsiburada shall pay the Share Purchase Price and the Advisory Fees Contribution to TurkCommerce at the date of sale of the Shares, simultaneously with the transfer of the Shares, and without any deduction or set-off except as explicitly allowed for pursuant to (a) below, as follows:

(a) an amount of USD 3,975,000 (being the Contribution Amount) to be set-off from the Share Purchase Price against full and final relief of TurkCommerce in that respect; and

(b) an amount of USD 2,025,000 (the "**Cash Payment**") to be paid in cash by bank transfer to the bank account in the name of TurkCommerce that is designated in

1 The Price Per Share also reflects (1) approximately a 14% discount to the volume weighted average price of Hepsiburada ADS during the 30-day period immediately preceding September 27, 2023; and (2) approximately a 20% discount to the volume weighted average price of Hepsiburada ADS during the 60-day period immediately preceding September 27, 2023.

writing by TurkCommerce to Hepsiburada . The Cash Payment shall be primarily used by TurkCommerce, among other matters, for: 1) the expenses, including legal fees and third-party advisory expenses, that TurkCommerce has incurred and expects to incur in connection with the evaluation and execution of the Transaction; (2) other fees and expenses incurred by TurkCommerce with respect to the Securities Lawsuits; (3) potential fees and expenses related to the correspondence that TurkCommerce exchanged with the Capital Markets Board of Turkey ("**CMB**") pursuant to which the CMB may contend that TurkCommerce pay its respective portion of the registration fee (Tr. *kurul kayıt ücreti*) for having participated to the IPO of Hepsiburada as a selling shareholder.

For the avoidance of doubt, Hepsiburada does not accept any liability with respect to items (1), (2) and (3) above.

Each Party represents and warrants that the Parties have no liability towards each other, and shall not make any claims from each other, with respect to the IPO, Offering, Securities Lawsuits, Transaction, and/or any potential fees and expenses owed to the CMB for any reason whatsoever.

Hepsiburada hereby irrevocably and unconditionally waives, subject to the terms and conditions of this Agreement, its right to claim payment of the Contribution Amount from TurkCommerce other than payment by set-off with the Share Purchase Price in accordance with (ii)(a) above.

(iv) After the signing of this Agreement, TurkCommerce and Hepsiburada will take any and all necessary actions with the aim of reaching a closing of the Transaction, as soon as possible, and in any case by no later than October 12, 2023, including among others:

(a) passing of a resolution by the board of directors of TurkCommerce authorizing the entry into by TurkCommerce of this Agreement and the execution of the Transaction;

(b) passing of a resolution by the board of directors of Hepsiburada authorizing the entry into by TurkCommerce of this Agreement and the execution of the Transaction;

(c) passing of a resolution by the board of directors of Hepsiburada authorizing, if necessary, the cancellation and division of existing share certificates of TurkCommerce and/or issuance of new share certificates in the name of TurkCommerce representing the amount of Shares that will be sold by TurkCommerce as part of the Transaction; and

(d) TurkCommerce endorsing and physically transferring the share certificates representing the Shares being sold as part of the Transaction;

(e) recording of the new shareholding numbers of TurkCommerce and Hepsiburada after the shares are purchased by Hepsiburada from TurkCommerce, into the share ledger of Hepsiburada.

(v) TurkCommerce shall not engage in and/or pursue a transaction with a third party buyer during the next open trading window of November 15, 2023 - December 15, 2023.

**4.** Hepsiburada and TurkCommerce agree that the wire transfer of USD 2,025,000 to TurkCommerce, and the transfer of the Shares to Hepsiburada shall be effected on the same (closing) day as part of the Transaction. The Parties agree that once TurkCommerce transfers the Shares to Hepsiburada and Hepsiburada has made the payment of the USD 2,025,000 to TurkCommerce as set forth under this Agreement, the Transaction will have been completed and irrevocably and unconditionally closed, and the Parties will not be entitled to unwind the Transaction for any reason whatsoever, including for reasons such as the event of a failure of the Settlement or and the event of any future correspondences of any of the Parties with the CMB regarding the registration fee.

**5.** The transfer taxes and similar tax, stamp tax, fees, levies, costs and expenses in relation to the Transaction (including payment of the Contribution Amount and Share Purchase Price), if any, will be borne by the Party incurring such taxes and any payment made will be done without any deduction or set- off.

**6.** Hepsiburada was entitled to disclose, and accordingly disclosed on December 5, 2022, to the United States Securities and Exchange Commission, the NASDAQ and the courts presiding in the Securities Lawsuits, by way of a press release, Form 6-K, and as Settlement papers for courts, all the information concerning the Settlement with the plaintiffs, including the pro rata contributions of the Parties. Now, Hepsiburada will – all in accordance with applicable law and regulations – also be entitled to disclose to the United States Securities and Exchange Commission and to the NASDAQ, by way of a press release and Form 6-K or other methods, information concerning the terms of this Contribution Agreement and the Transaction.

**7.** (i) TurkCommerce represents and warrants that TurkCommerce is the legal owner of the Shares and such Shares are free and clear from any encumbrance (such warranties the "**Warranties**").

(ii) Hepsiburada acknowledges and agrees that the Shares to be sold to it are shares in its own capital and that Hepsiburada has inherent knowledge about the Shares and the business of Hepsiburada; and therefore the Warranties are the only representations, warranties or other assurances of any kind given by or on behalf of TurkCommerce in connection with the Transaction and this Agreement, and collectively and exhaustively reflect the characteristics Hepsiburada may reasonably expect the Shares to have.

(iii) TurkCommerce's aggregate maximum liability in connection with this Agreement and the Transaction is limited to USD 6,000,000.

**8.** The Parties deny all allegations of wrongdoing, fault, liability, or damage whatsoever arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Securities Lawsuits, including the allegations that the Parties made any misrepresentations or omissions in connection with the IPO. In entering into this Agreement, neither Party admits any fact, legal issue, liability, or responsibility as pertains to either the IPO, Securities Lawsuits, or the Parties' obligations to each other, including for contribution or indemnification.

**9.** This Agreement, whether or not consummated, and any negotiations, discussions, or proceedings relating to this Agreement, the Settlement, or any matters arising in connection therewith shall not be offered or received against the Parties for any purpose, and in particular:

(i) do not constitute, and shall not be offered or received against the Parties as evidence of, or construed as or deemed to be evidence of, any presumption, concession, or admission by any Parties of: (i) the truth of any allegations in the Securities Lawsuits; (ii) the validity of any claim that has been or could have been asserted in the Securities Lawsuits, or in any other litigation; (iii) the deficiency of any defense that has been or could have been asserted in the Securities Lawsuits, or in any other litigation; or (iv) any liability, negligence, fault, or wrongdoing, on the part of, or damages owed by, the Parties;

(ii) do not constitute, and shall not be offered or received against the Parties as evidence of, or construed as evidence of, a presumption, concession, admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by the Parties;

(iii) do not constitute, and shall not be offered or received against the Parties as evidence of, or construed as evidence of, a presumption, concession, or admission of any liability, negligence, fault, infirmity, or wrongdoing on the part of, or any damages owed by, or in any way referred to for any other reason as against the Parties, in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to consummate or effectuate the terms of this Agreement; and

(iv) do not constitute, and shall not be offered or received against the Parties as evidence of, or construed as evidence of, a presumption, concession, or admission of either Party's relative liability for any claim against each other, including for contribution, indemnification, or any other payment obligation.

**10.** Except as expressly stated herein, nothing in this Contribution Agreement shall constitute a waiver by any of the Parties to forfeit any of the contractual or legal rights they may have, arising out of or in connection with their previous contracts or by way of applicable law.

**11.** Hepsiburada shall not propose, make, allow or agree to any amendments to the Settlement Term Sheet, the Stipulation of Settlement or any other document in relation to the Settlement without the prior written consent of TurkCommerce.

**12.** This Agreement and any contractual and non-contractual obligation arising therefrom is and shall be governed exclusively by the laws of the State of New York and all claims arising under this Agreement may only be brought in a New York State court sitting in New York City or in the Federal Court.

**13.** This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede all other prior agreements and undertakings (including the Contribution Term Sheet), both written and oral, with respect to the subject matter hereof.

**14.** This Agreement may not be amended or modified except by an instrument in writing signed by each of the Parties. Waiver of any term or condition of this Agreement shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. This Agreement may not be transferred or assigned by operation of law or otherwise, and any transfer or assignment in violation of the foregoing shall be null and void ab initio.

**15.** Time is of the essence with respect to all provisions of this Agreement in the sense that the Parties intention is to carry out the closing of the Transaction by no later than September 30, 2023, and that after this date, either Party will have the right, but not the obligation of, terminating this Agreement. The Parties can extend this term by up to three business days, by executing a mutual written agreement.

**16.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Any counterpart may be delivered by electronic means; provided that attachment thereof shall constitute the representation and warranty of the person delivering such signature that such person has full power and authority to attach such signature and to deliver this Agreement.

**17.** The words “execution,” “signed,” “signature,” and words of like import in this Agreement or in any other certificate, agreement, or document related to this Agreement, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures shall be of the same legal effect, validity, and enforceability as a manually executed signature to the fullest extent permitted by applicable law.

**IT IS HEREBY AGREED** by the undersigned as of September 28, 2023.

**D-MARKET ELEKTRONIK HIZMETLER VE TICARET ANONIM SIRKETI (HEPSIBURADA)**

| | |
|---|---|
| /s/ Tolga Babalı. | /s/ Korhan Öz |
| Name: Mr. Tolga Babalı. | Name: Mr. Korhan Öz |
| Title: Board Member | Title: CFO |

**TurkCommerce B.V.**

| | |
|---|---|
| /s/ K.L. Fung | /s/ M. Schroll |
| Name: Mr. K.L. Fung | Name: Mr. M. Schroll |
| Title: managing director A (*bestuurder A*) | Title: managing director B (*bestuurder B*) |

**Exhibit 8.1**

## Subsidiaries of the Registrant

| Legal Name of Subsidiary | Jurisdiction of Organization |
|---|---|
| D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş. | Türkiye |
| D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. | Türkiye |
| Hepsi Finansal Danışmanlık A.Ş. | Türkiye |
| Hepsi Finansman A.Ş. | Türkiye |
| Hepsiburada Global B.V. | Netherlands |
| Hepsiburada Global Elektronik Hizmetler Ticaret ve Pazarlama A.Ş. | Türkiye |

**Exhibit 12.1**

**Certification by the Principal Executive Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Nilhan Gökçetekin, Chief Executive Officer of D-MARKET ELECTRONIC SERVICES & TRADING (the “Company”), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

| | |
|---|---|
| Dated: | April 30, 2024 |
| By: | /s/ Nilhan Gökçetekin<br>Name: Nilhan Gökçetekin<br>Title: Chief Executive Officer |

**Certification by the Principal Financial Officer**
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, M. Seçkin Köseoğlu, Chief Financial Officer of D-MARKET ELECTRONIC SERVICES & TRADING (the "Company"), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

| | |
|---|---|
| Dated: | April 30, 2024 |
| By: | /s/ M. Seçkin Köseoğlu |
| | Name: M. Seçkin Köseoğlu<br>Title: Chief Financial Officer |

**Exhibit 13.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. 1350**
**(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Annual Report on Form 20-F of D-MARKET Electronic Services & Trading (the "Company") for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nilhan Gökçetekin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2024

By: /s/ Nilhan Gökçetekin
Nilhan Gökçetekin
Chief Executive Officer
(Principal Executive Officer)

**Exhibit 13.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. 1350**
**(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Annual Report on Form 20-F of D-MARKET Electronic Services & Trading (the "Company") for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Seçkin Köseoğlu, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2024

By: /s/ M. Seçkin Köseoğlu
M. Seçkin Köseoğlu
Chief Financial Officer
(Principal Financial and Accounting Officer)

**Exhibit 16.1**

April 30, 2024

Securities and Exchange Commission

100 F Street, N.E.

Washington, DC 20549

Commissioners:

We have read Item 16F of Form 20-F dated April 30, 2024, of D-MARKET Elektronik Hizmetler ve Ticaret A.Ş. and we are in agreement with the statements contained in the first, second, third and fifth paragraph therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

/s/ Guney Bagimsiz Denetim Ve Serbest Muhasebeci Mali Musavirlik A.S.

# D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş. INCENTIVE COMPENSATION RECOVERY POLICY

## A. Statement

This is the Incentive Compensation Recovery Policy (the "**Recovery Policy**") of D-Market Elektronik Hizmetler ve Ticaret A.Ş. ("**Hepsiburada**" or the "**Company**") as required by Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 10D-1 under the Exchange Act and the applicable Nasdaq Stock Market listing standards (collectively, the "**Recovery Rules**"). This Recovery Policy is intended to apply independently of all other clawback, recoupment or forfeiture policies, agreements or other arrangements of the Company, if any (collectively, "**Other Clawback Policies**").

The Recovery Policy has been adopted by the Board of Directors ("**Board**") on 16.11.2023 and came into effect as of 02.10.2023 (the "**Effective Date**") in accordance with the Securities and Exchange Commission's mandatory requirement.

The Recovery Policy shall be administered by the Corporate Governance Committee of the Board (the "**Corporate Governance Committee**"). The Corporate Governance Committee shall have the full power and authority to interpret, and make determinations under, the Recovery Policy, consistent with the Recovery Rules. All determinations and decisions made by the Corporate Governance Committee pursuant to the Recovery Policy shall be final, conclusive and binding on all persons, including each member of the Company Group (as defined below), its respective affiliates, stockholders and employees.

The Corporate Governance Committee may review and recommend changes to the Recovery Policy from time to time as and when deemed necessary. The Board may amend the Recovery Policy from time to time in its sole and absolute discretion.

## B. Definitions

"Company Group" means the Company, collectively with each of its direct and indirect subsidiaries.

"Covered Financial Restatement" means an accounting restatement required due to material noncompliance by a member of the Company Group with any financial reporting requirements under the U.S. federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. The following shall not constitute a Covered Financial Restatement: (i) out-of-period adjustments; (ii) retrospective application of a change in accounting principle; (iii) retrospective revision to reportable segment information due to a change in the structure of the internal organization of the Company Group; (iv) retrospective reclassification due to a discontinued operation; (v) retrospective application of a change in reporting entity, such as from a reorganization of entities under common control; (vi) retrospective revision for stock splits, reverse stock splits, stock dividends or other change in capital structure; and (vii) retrospective adjustment to provisional amounts in connection with a prior business combination.

"Excess Incentive Compensation" means (i) the amount of Incentive Compensation received by a person who was an Executive Officer at any time during the applicable performance period for such Incentive Compensation and which was received by such person on or after the date of becoming an Executive Officer (such person, a "Specified Officer") from any member of the Company Group in excess of the amount that would have been received had it been determined based on the restated Financial Reporting Measure following the completion of a Covered Financial Restatement, and (ii) any other compensation that is computed based on, or otherwise attributable to, the amounts described in clause (i), in each case, as determined by the Corporate Governance Committee in accordance with the Recovery Rules. The amount of Excess Incentive Compensation shall be determined on a gross basis without regard to any taxes owed or paid by the Specified Officer on the receipt or settlement of the Incentive Compensation. For Incentive Compensation based on stock price or total shareholder return, where the amount of Excess Incentive Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive Compensation was received. For the avoidance of doubt, Excess Incentive Compensation may include Incentive Compensation received by a person after such person ceases to be an Executive Officer, including a former employee of the Company Group.

"Executive Officer" means an "executive officer" of the Company (as defined in Rule 10D-1(d) under the Exchange Act) and as identified by the Corporate Governance Committee in accordance with the Recovery Rules. The Corporate Governance Committee shall determine the Executive Officers no less frequently than on an annual basis.

"Financial Reporting Measures" means measures that are determined in accordance with the accounting principles used in preparing the Company Group's financial statements, and any measures that are derived in whole or in part from such measures, including stock price and other measures based on stock price such as total shareholder return. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission.

"Incentive Compensation" means any compensation that is granted, earned or becomes vested, in whole or in part, upon the attainment of a Financial Reporting Measure and as identified by the Corporate Governance Committee in accordance with the Recovery Rules. Except as otherwise determined by the Corporate Governance Committee, Incentive Compensation shall not include the following: (i) salaries; (ii) amounts received solely at the discretion of the Corporate Governance Committee or the Board and that are not received from a pool that is determined by satisfying a Financial Reporting Measure performance goal; (iii) amounts received solely upon satisfying one or more subjective standards; (iv) amounts received solely upon satisfying one or more strategic measures or operational measures; and (v) amounts received solely based on service or the passage of time.

Incentive Compensation shall be considered to be "received" by a Specified Officer in the

Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation is achieved or attained, even if the payment or grant of the Incentive Compensation occurs after the end of that fiscal period.

"Triggering Date" means the earlier to occur of (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Covered Financial Restatement or (ii) the date a court of competent jurisdiction, regulator, or other legally authorized body directs the Company to prepare a Covered Financial Restatement; provided that the recovery of Excess Incentive Compensation pursuant to this Recovery Policy as a result of this clause (ii) shall only be required if such action by such court, regulator or other legally authorized body, as applicable, is final and non-appealable.

**C. Covered Individuals**

Each Executive Officer (as defined above) shall be subject to this Recovery Policy and shall be required to execute a Recovery Policy Participation Agreement in the form attached as Exhibit A hereto, unless there is a relevant clause in the individual employment agreement of similar effect. Failure by an Executive Officer to execute a Recovery Policy Participation Agreement shall have no impact on the applicability or enforceability of this Recovery Policy.

**D. Recovery Of Excess Incentive Compensation**

In the event the Company is required to prepare a Covered Financial Restatement, the Company shall seek reasonably promptly the recovery of any Excess Incentive Compensation received by a Specified Officer (as defined above) during the three completed fiscal years immediately preceding the applicable Triggering Date (as defined above) (or any transition period that results from a change in the Company's fiscal year within or immediately following such three completed fiscal years) except as otherwise provided under Section E; provided, however, that a transition period between the last day of the Company's previous fiscal year-end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be considered a completed fiscal year for purposes of this Recovery Policy. The Company's obligation to recover Excess Incentive Compensation from a Specified Officer is not dependent on if, or when, the applicable restated financial statements are filed. Unless otherwise specified by the Corporate Governance Committee, a Specified Officer shall be required to forfeit or repay the Excess Incentive Compensation within 90 days following the date such Specified Officer is informed that such Specified Officer has received Excess Incentive Compensation from the Company Group. For the avoidance of doubt, any action by the Company to recover Excess Incentive Compensation under this Recovery Policy from a Specified Officer shall not, whether alone or in combination with any other action, event or condition, be deemed (i) "good reason" or term of similar import or to serve as a basis for a claim of constructive termination under any benefit or compensation arrangement applicable to such Specified Officer, or (ii) to constitute a breach of a contract or other arrangement to which such Specified Officer is party.

Subject to the Recovery Rules, the Corporate Governance Committee shall have discretion to determine the method by which Excess Incentive Compensation shall be recovered from the applicable Specified Officers. For the avoidance of doubt, any Excess Incentive Compensation received by a Specified Officer that has subsequently been forfeited prior to payment thereof (including as a result of termination of employment or breach of contract) shall be deemed to have been repaid in accordance with this Recovery Policy. To the extent that the application of this Recovery Policy would provide for recovery of Excess Incentive Compensation that the Company recovers pursuant to Section 304 of the Sarbanes-Oxley Act, the amount the relevant Specified Officer has already reimbursed the Company will be credited to the required recovery under this Recovery Policy.

The Company must recover Excess Incentive Compensation pursuant to this Recovery Policy except to the extent the conditions of (i), (ii) or (iii) of this sentence are satisfied, including the Company's compliance with any additional requirements set forth in the applicable Recovery Rules related thereto, and the Corporate Governance Committee has made a determination that recovery would be impracticable: (i) the direct expense paid to a third party to assist in enforcing this Recovery Policy would exceed the amount to be recovered; (ii) recovery would violate home country law of the Company where the applicable law was adopted prior to November 28, 2022; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

**E. Miscellaneous Provisions**

This Recovery Policy shall only apply to Incentive Compensation received on or after October 2, 2023. This Recovery Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Company may deem appropriate under the circumstances and under applicable law. This Recovery Policy and determinations and decisions made by the Corporate Governance Committee pursuant to this Recovery Policy shall be binding and enforceable against all Specified Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

Recovery Policy Participation Agreement

This Recovery Policy Participation Agreement (this "Participation Agreement") to the Incentive Compensation Recovery Policy (the "Recovery Policy") of D-MARKET Elektronik Hizmetler ve Ticaret Anonim Şirketi (the "Company") is entered into between the Company and [NAME]. Capitalized terms used but not defined in this Participation Agreement shall have the meanings assigned to such terms in the Recovery Policy.

By signing below, the undersigned:

1. acknowledges and confirms that the undersigned has received and reviewed a copy of the Recovery Policy and that the undersigned is, and the undersigned's beneficiaries, heirs, executors, administrators or other legal representatives, as applicable, are, subject to the Recovery Policy;

2. acknowledges and agrees that the undersigned shall comply with the Recovery Policy, including, without limitation, by returning Excess Incentive Compensation pursuant to, and in accordance with, the Recovery Policy and applicable law, and that the undersigned remains subject to the Recovery Policy during and after the undersigned's employment or engagement with the Company Group;

3. acknowledges and agrees that in the event of any inconsistency between the Recovery Policy and the terms of any employment agreement to which the undersigned is a party, or the terms of any compensation plan, program, agreement or arrangement under which any Incentive Compensation has been granted, awarded, earned or paid, in each case, the terms of the Recovery Policy shall govern; and

4. acknowledges that the Recovery Policy may be amended from time to time in accordance with the terms thereof and the undersigned shall remain subject to the Recovery Policy, as so amended, in all respects.

____________________________________
Signature

____________________________________
Print Name

____________________________________
Date