

hepsiburada

Q1 2022 Results Presentation

June 1, 2022



Forward Looking Statements

This presentation, the conference call webcast, press release and related communications include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995, and encompasses all statements, other than statements of historical fact contained in these communications, including but not limited to statements regarding (a) Company's future results of operations and financial position; (b) our expectations regarding current and future GMV; (c) potential disruptions to our operations and supply chain that may result from (i) epidemics or natural disasters, including the duration, scope and impact on our operations in general and the pace of recovery from the COVID-19 pandemic (ii) global supply challenges, port shutdowns and energy crisis in China; (iii) the ongoing conflict in Ukraine; (iv) changes in the competitive landscape in the industry in which the Company operates (v) rising inflationary environment and/or (vi) currency devaluation; (d) anticipated launch of new initiatives, businesses or any other strategic projects; (e) our expectations and plans for short- and long-term strategy, including our anticipated areas of focus and investment, market expansion, product and technology focus, and projected growth and profitability; (f) our ability to respond to the ever-changing competitive landscape in the industry in which we operate; (g) our liquidity, substantial indebtedness, and ability to obtain additional financing; (h) our strategic goals and plans, including our relationships with existing customers, suppliers and partners, and our ability to achieve and maintain them; (i) outcomes resulting from the pending litigation; (j) expectations regarding our future performance based on our ability to attract more customers to our platform in a cost effective manner, to increase frequency of our customers on our platform, to add more merchants to our platform, to expanding our selection of products and services, to scale our new strategic assets and leverage logistics and technology as business enablers; (k) potential regulatory changes in the e-commerce law and (l) implementation of IAS29 standard. These forward-looking statements can be identified by terminology such as "may", "could", "will", "expects", "anticipates", "aims", "future", "intends", "plans", "believes", "estimates", "targets", "likely to" and similar statements. Among other things, quotations from management in this announcement, as well as our outlook and guidance, strategic and operational plans, contain forward-looking statements.

These forward-looking statements are based on management's current expectations. However, it is not possible for our management to predict all risks, nor can we assess the impact 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 we may make. These statements are neither promises nor guarantees but involve known and unknown risks, uncertainties and other important factors and circumstances that may cause Hepsiburada's actual results, performance or achievements to be materially different from its expectations expressed or implied by the forward-looking statements, including conditions in the U.S. capital markets, negative global economic conditions, potential negative developments in the COVID-19 pandemic, other negative developments in Hepsiburada's business or unfavorable legislative or regulatory developments. We caution you therefore against relying on these forward-looking statements, and we qualify all of our forward-looking statements by these cautionary statements. For a discussion of additional factors that may affect the outcome of such forward looking statements, see our 2021 annual report filed with the U.S. Securities and Exchange Commission ("SEC") on Form 20-F (File No.001-40553), and in particular the "Risk Factors" section, as well as the other documents filed with or furnished to the SEC by the Company from time to time. Copies of these filings are available online from the SEC at www.sec.gov, or on the SEC Filings section of our Investor Relations website at <https://investors.hepsiburada.com>. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release. All forward-looking statements in this press release are based on information currently available to the Company, and the Company and its authorized representatives assume no obligation to update these forward-looking statements in light of new information or future events. Accordingly, undue reliance should not be placed upon the forward-looking statements.

Non-IFRS Financial Measures

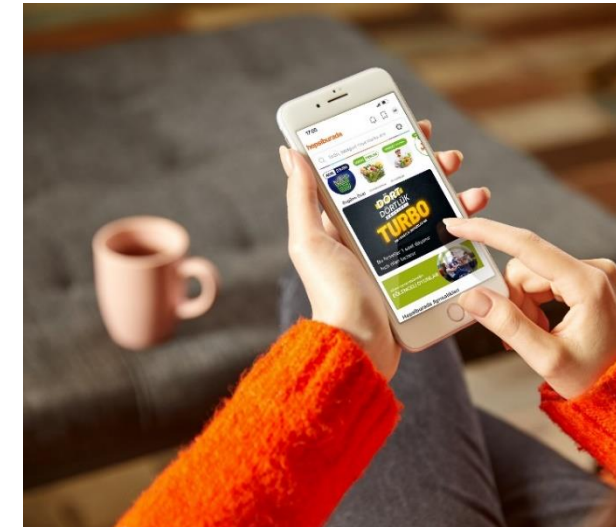
This presentation includes certain non-IFRS financial measures, including but not limited to, EBITDA, Free Cash Flow and Net Working Capital. These financial measures are not measures of financial performance in accordance with IFRS and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative to profit/loss for the period or other measures of profitability, liquidity or performance under IFRS. You should be aware that the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies, which may be defined and calculated differently. See "Presentation of Financial and Other Information" in this press release for a reconciliation of certain of these non-IFRS measures to the most directly comparable IFRS measure.

Statement Regarding Unaudited Financial Information

This presentation includes quarterly financial information for the three months ended March 31, 2022, March 31, 2021 and December 31, 2021. The quarterly information has not been audited or reviewed by the Company's auditors. The unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. All periods presented have been accounted for in conformity with International Financial Reporting Standards ("IFRS") and pursuant to the regulations of the SEC.

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Business Update



Q1 2022 Highlights: Strong Start to the Year

GMV⁽¹⁾

TRY 8.3Bn

+84% YoY

Revenue

TRY 2.5Bn

+82% YoY

Gross Contribution Margin⁽¹⁾

8.3% of GMV

-1.0pp YoY

+1.2 pp QoQ

Number of Orders⁽¹⁾

15Mn

+63% YoY

Customer NPS⁽²⁾

72

+4pp vs. Q4'21

#1 in the market

Hepsipay Wallet Users⁽³⁾

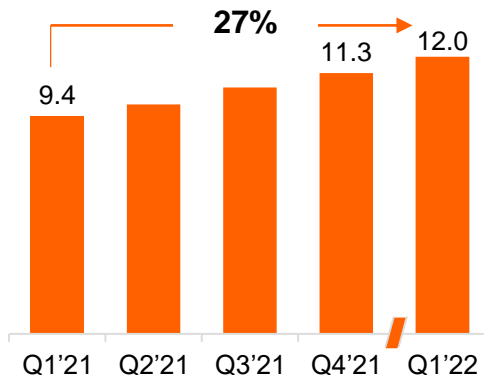
7.1Mn

+38% QoQ

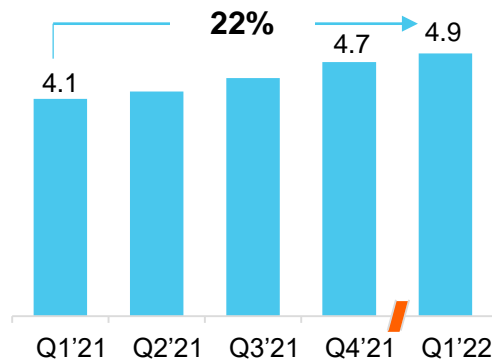
Key Growth Drivers: Continued Momentum

Growth Drivers

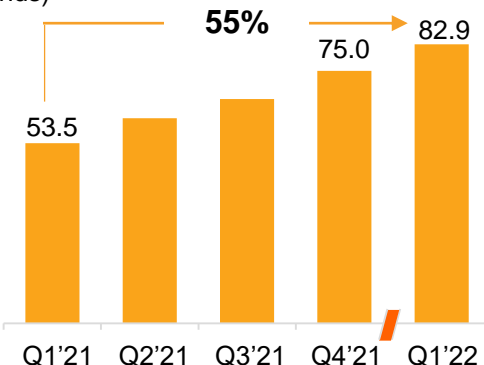
Active Customers⁽¹⁾
(Millions)



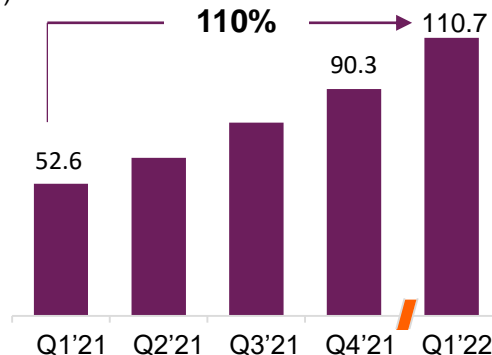
Frequency⁽²⁾



Active Merchants⁽³⁾
(Thousands)



Selection⁽⁴⁾
(Millions)



Strong Performance Through...

- Strong customer experience enhanced by logistics and data science
- Robust 1P muscle
- Long-tail merchant and selection onboarding
- Efficient and targeted advertising
- Continued product and UX enhancement
- New affordability solutions: BNPL

Customer and Merchant Experience: Solid Progress



Fast, Reliable and Frictionless Customer Experience

- Market leader in NPS⁽¹⁾ with 72 in Q1'22
- Strong footprint on ~200K sqm⁽²⁾
- ~82% of 1P orders delivered by Hepsijet arrived next day⁽³⁾
- HepsijetXL in 81 cities (~99% CSAT performance⁽⁴⁾)
- HepsijetExpress perfect order ratio⁽⁵⁾ of 74%



End-to-end Solution Partner for Merchants⁽⁶⁾

- 53% of parcel volume in 3P delivered by Hepsijet
- 330 firms onboarded to the Hepsilojistik fulfillment services
- 9K merchants used our ad solutions Hepsiad
- 89 business partners at HepsijetExpress
- 2.7Mn active SKU at Hepsiglobal cross-border
- Cross-border to Azerbaijan live

(1): Source: For Q1 2022 and according to the market research by FutureBright on the request of the Company. FY figures are not available for comparison.

(2): As at March 31, 2022.

(3): Based on data for Q1 2022 and for the orders from retail operations (1P). Calculated for accept of parcel by Hepsijet to delivery.

(4): CSAT stands for customer satisfaction score. Based on the internal reporting and for Q1 2022 period.

(5): Calculated as number of order which are delivered on time, in full and with no return request to total number of orders. Represents the ratio in Q1 2022.

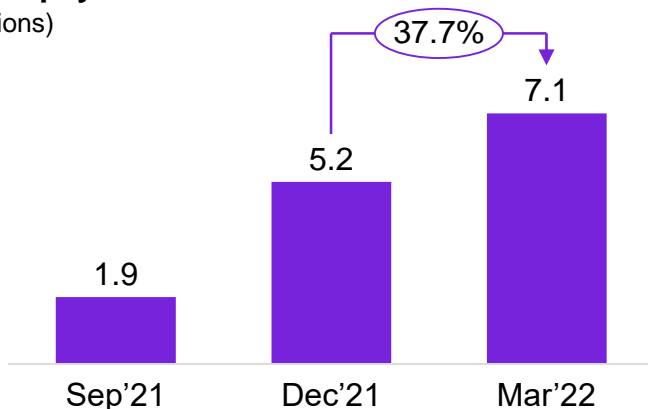
(6): All data as of Q1 2022. 53% indicates the average for Q1 2022.

Hepsipay: From Payment Companion Into Fintech Player

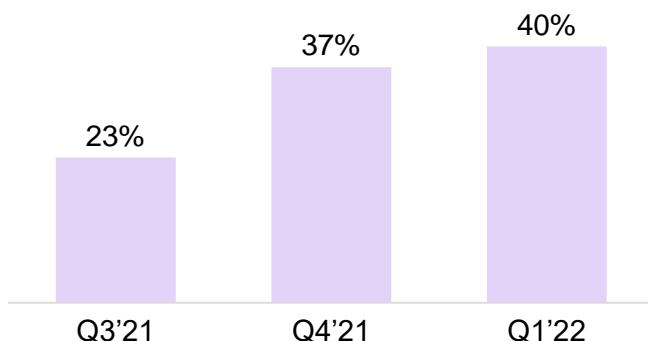
Hepsipay Performance

Hepsipay Wallet Base⁽¹⁾

(Millions)



Total Payment Volume as a % of GMV⁽²⁾



Key Developments in Q1 2022

- First store credit solution, BNPL in the Turkish e-commerce
 - Credit scoring based on internal customer value insight combined with credibility insight based on Credit Bureau data
 - Available at 1P only for now
 - Charged through user's stored credit card
 - Credit limits up to TRY 5,000; up to six installments
- Focus areas moving forward:
 - Higher precision in customer credit scoring
 - Own consumer financing solution to be added to affordability solutions portfolio
 - Frictionless customer journey

Our Strategic Approach: Execute with Clear Priorities

Path to Profitability



Accelerate growth drivers

- Attract new customers, primarily targeting women
- Driver further frequency by automated growth engine
- Add more merchants by improving merchant life-cycle management and services
- Widen selection, primarily in non-electronics and long-tail



Differentiate via logistics and technology

- Continue to differentiate with best-in-class last-mile delivery experience
- Stand-out in oversized categories with best-in-class two-men cargo service
- Scale fulfillment services across merchant base
- Drive personalization and monetization through best-in-class data and ad platform



Expand strategic assets

- Evolve into best in-class fintech player across online and offline
- Offer best-in-class customer experience and selection at on-demand delivery service while enhancing ecosystem synergy
- Expand into new markets via cross-border under an asset-light model

Disciplined cash and cost management

2022 GMV growth guidance at around 50%

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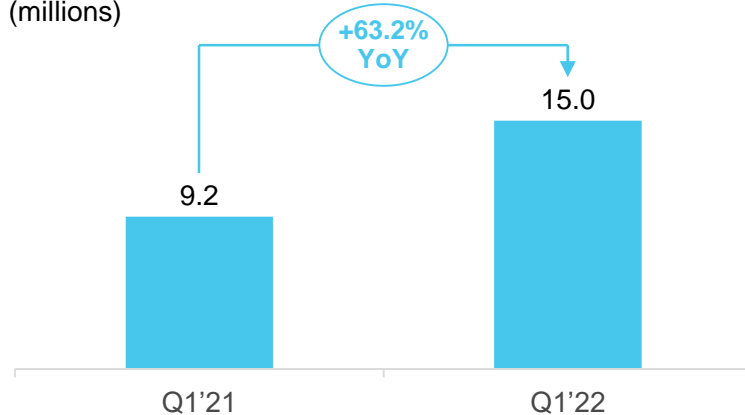
Financial Performance



Strong GMV Performance by Growth Drivers

Strong Operational KPIs..

Number of Orders (millions)



LTM

	Q1'21	Q1'22
Active Customers (millions) ⁽¹⁾	9.4	12.0
Frequency ⁽²⁾	4.1	4.9
Active Merchants (thousands) ⁽³⁾	53.5	82.9
Selection (millions) ⁽⁴⁾	52.6	110.7

...resulting in solid GMV growth

Growth YoY

95%

52%

84%

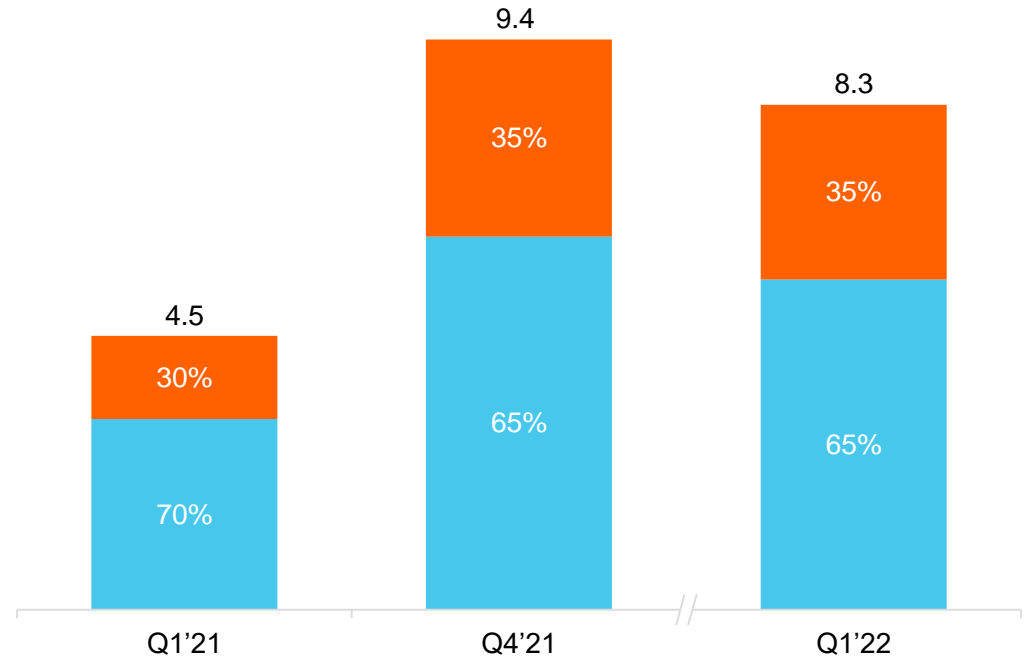
2-year CAGR

68%

81%

90%

1P GMV
3P GMV
(TRY Billion)



See "Certain Definitions" in the appendix of this presentation for GMV and order definitions.

LTM: Last twelve months

(1) Active Customers means users (both unregistered users and members of the platform) who purchased an item within the 12-month period preceding the relevant date, including returns and cancellations.

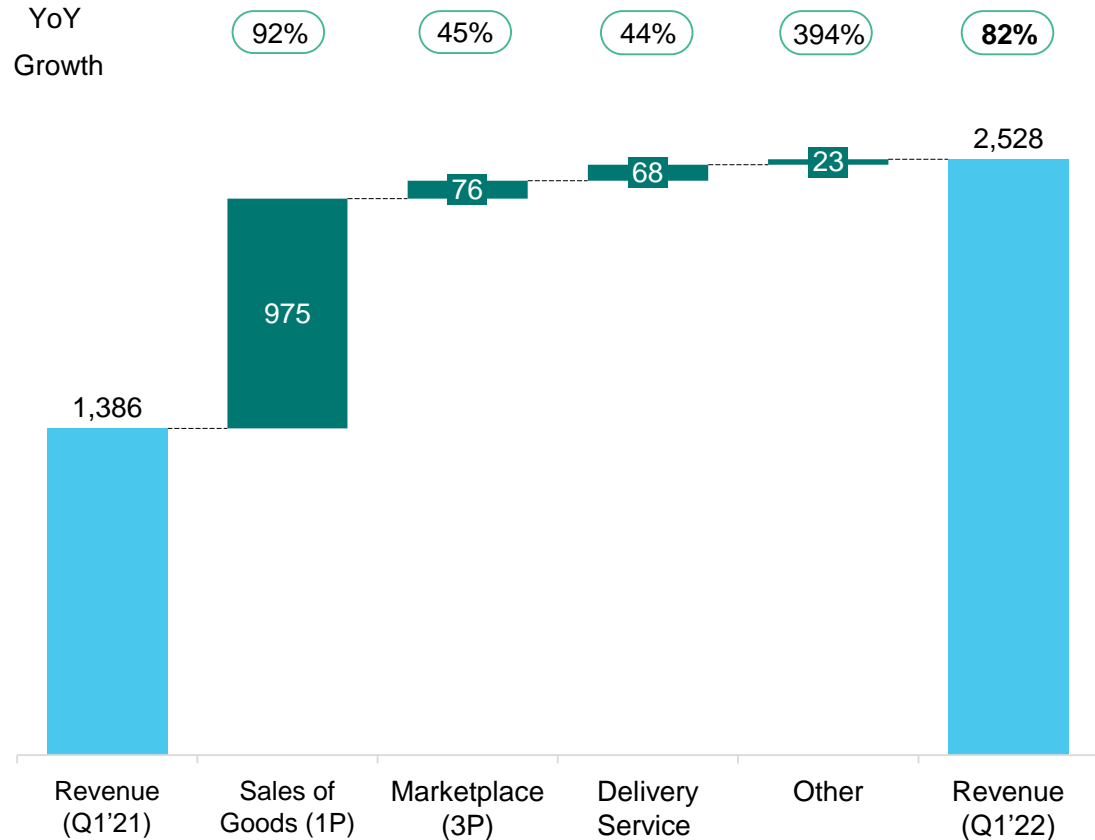
(2) Frequency means the average number of orders per Active Customer over a 12-month period preceding the relevant date.

(3) Active Merchants means who sold at least one item within the 12-month period preceding the relevant date, including returns and cancellations.

(4) Selection is Stock Keeping Units as at the relevant period end.

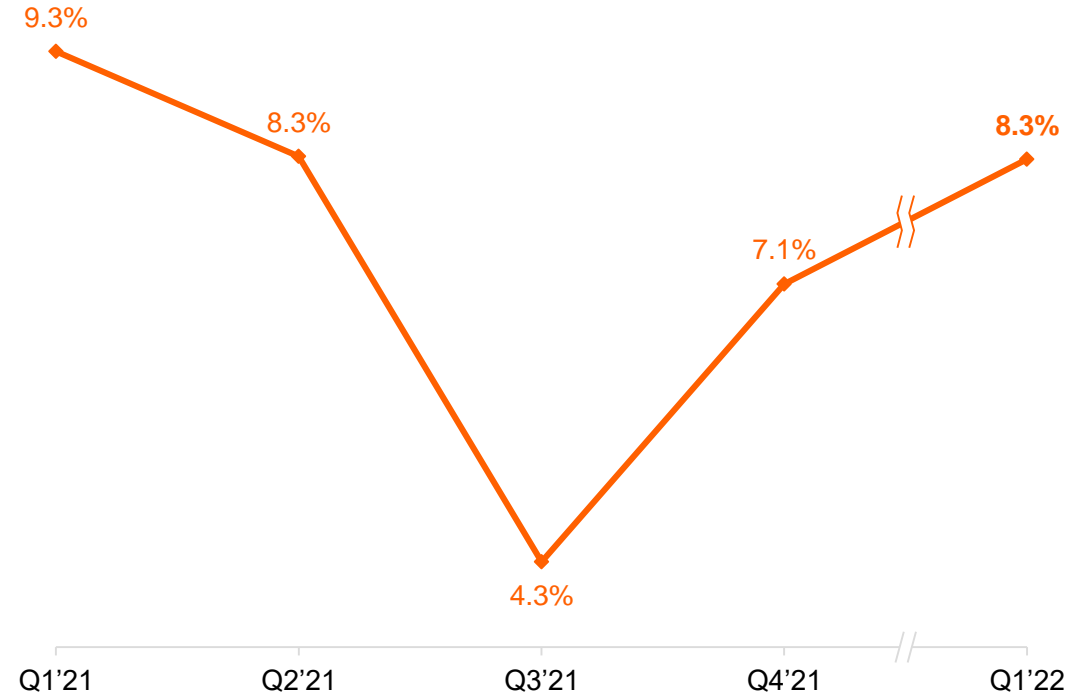
Revenue and Gross Contribution Performance

Revenue Development

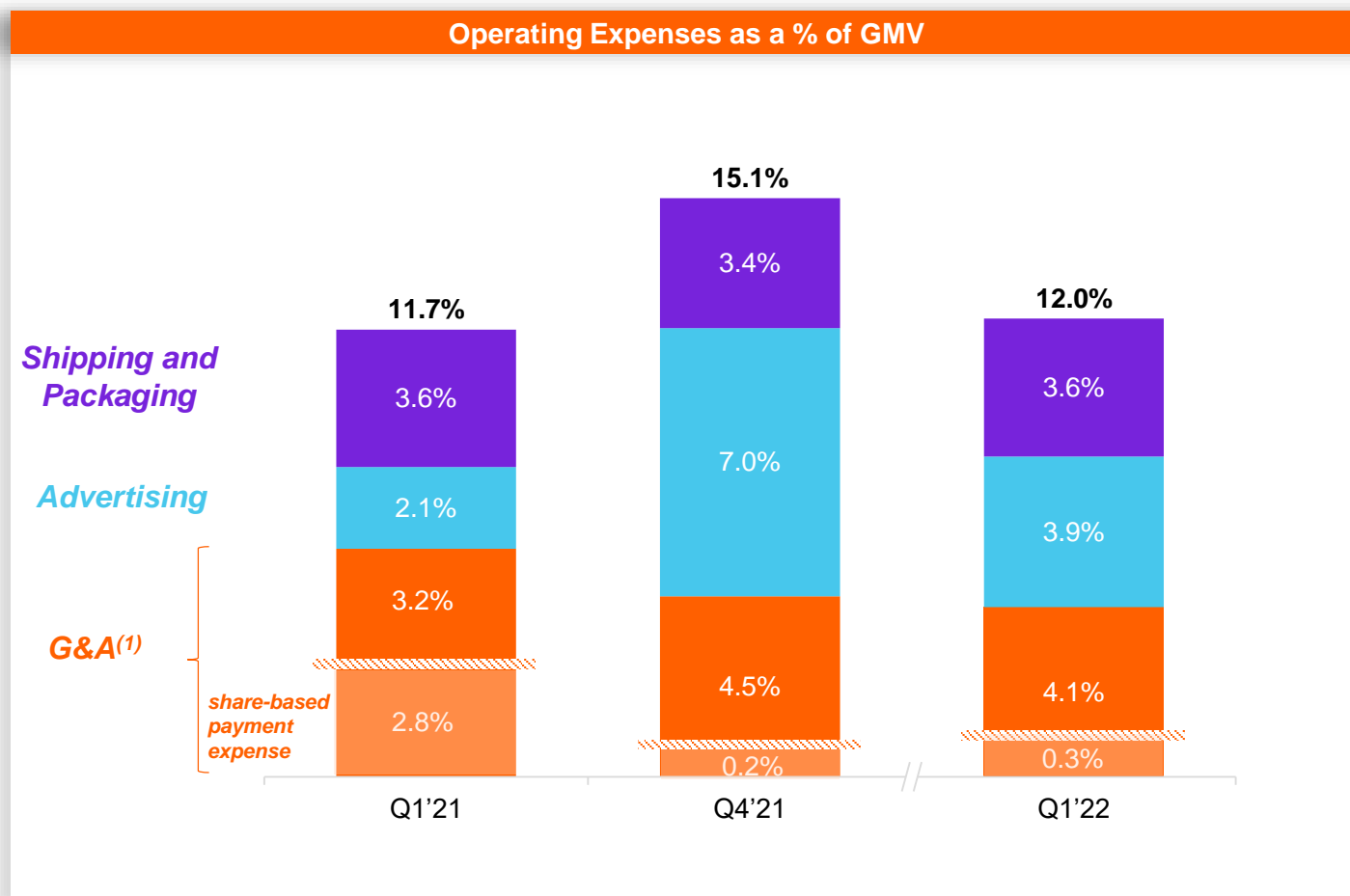


Gross Contribution Margin

Gross Contribution as a % of GMV



Operating Expenses



1

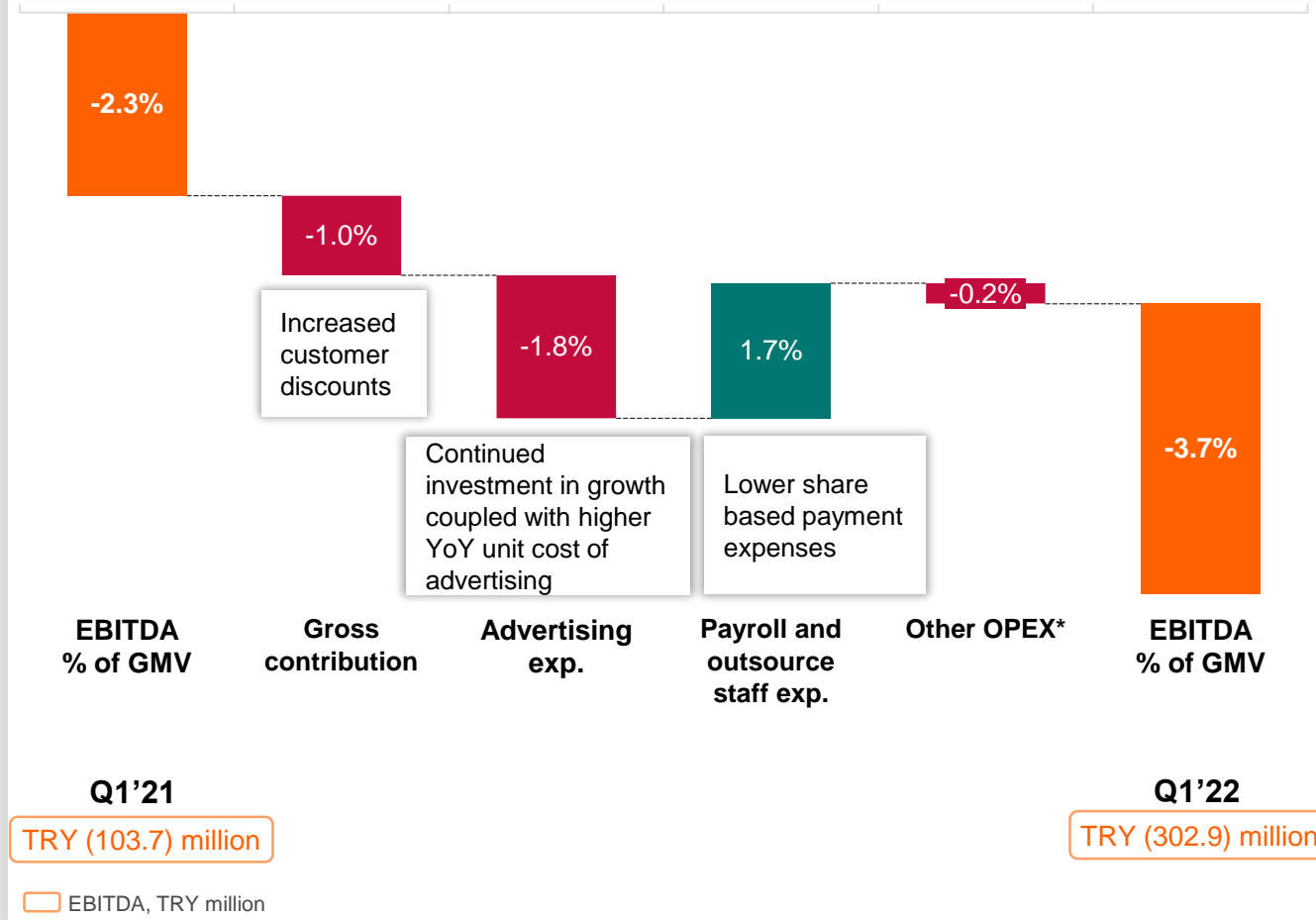
Advertising expenses as a % of GMV is higher due to our continued investment in growth as well as higher unit cost of advertising in the industry.

2

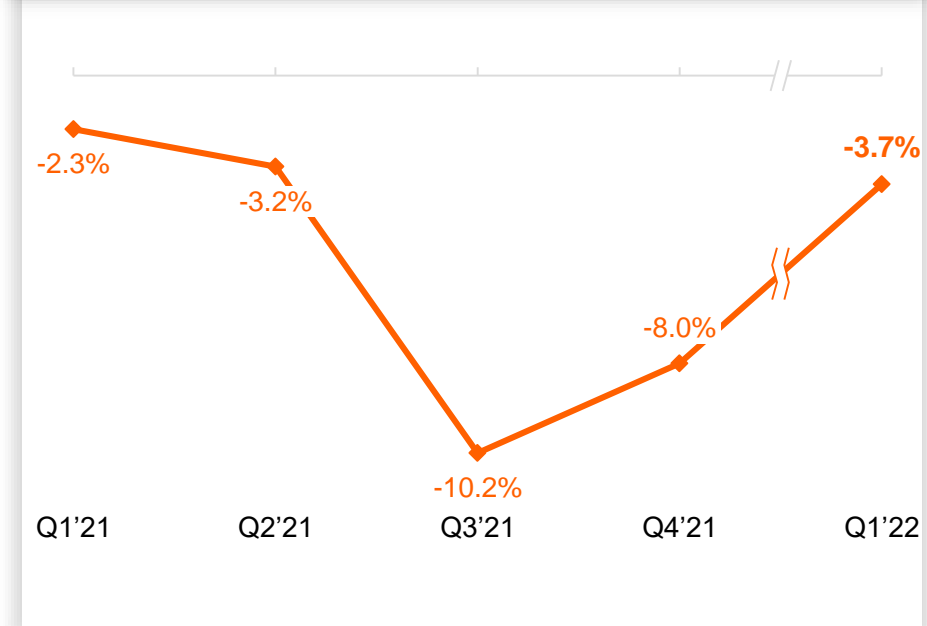
G&A expenses as a % of GMV higher on the back of talent onboarding against the decrease in the expenses related with the share based payment plan

EBITDA Performance

EBITDA as a % of GMV Bridge



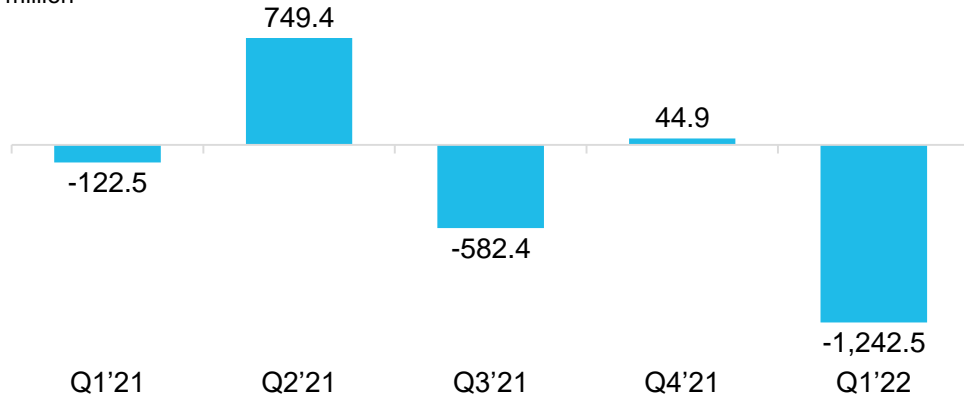
EBITDA as a % of GMV



Cash Flow Performance

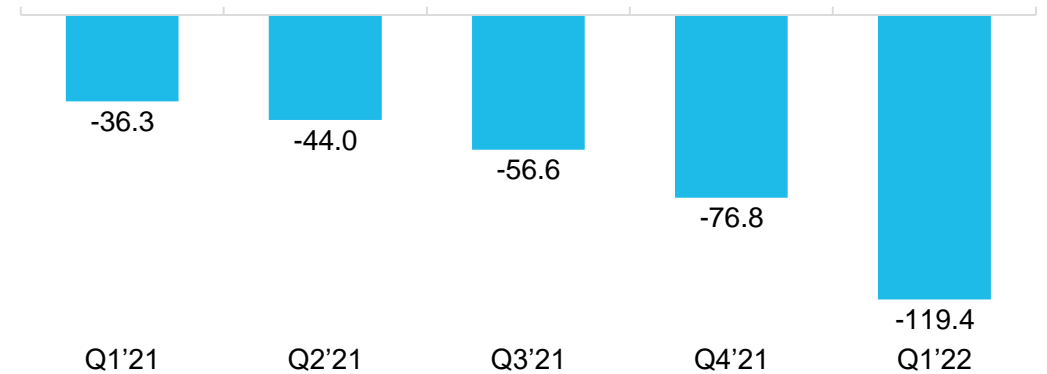
Cash Flow From Operating Activities

TRY million



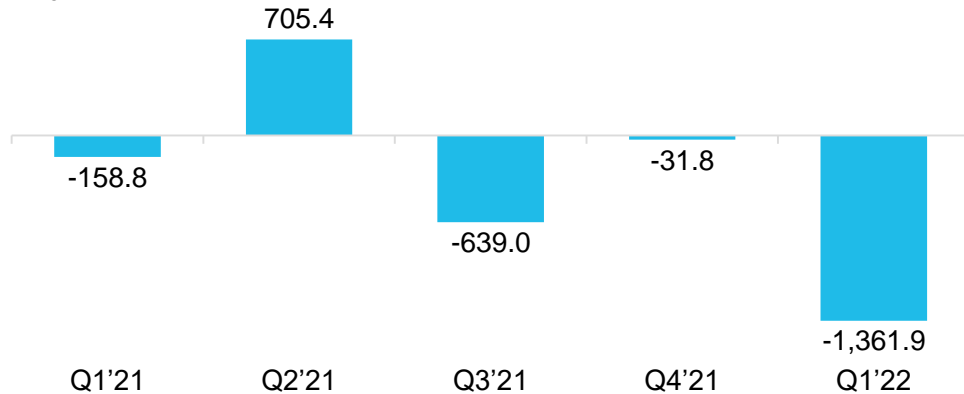
CAPEX

TRY million



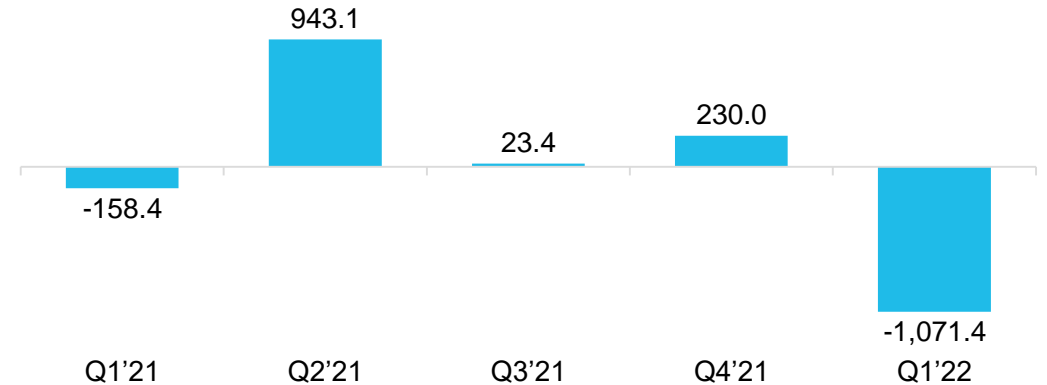
Free Cash Flow ⁽¹⁾

TRY million



Change in Net Working Capital ⁽²⁾

TRY million



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Appendix

Consolidated Financial Statements

**Presentation of Financial
and Other Information**



Summary Financials

TRY million	(unaudited) Q1'22	(unaudited) Q4'21	(unaudited) Q1'21	YoY	QoQ
Revenue	2,527.9	2,759.1	1,385.8	82.4%	(8.4%)
Gross Contribution	688.3	661.2	420.3	63.7%	4.1%
Gross Contribution margin ⁽¹⁾	8.3%	7.1%	9.3%	(1.0pp)	1.2pp
Operating Expenses ⁽²⁾ (Opex)	(2,893.1)	(3,555.0)	(1,516.7)	90.8%	(18.6%)
Opex as a % of GMV	(34.9%)	(38.0%)	(33.7%)	(1.2pp)	3.1pp
Net (Loss) / Income	(239.7)	639.7	(237.3)	1.0%	n.m.
EBITDA ⁽³⁾	(302.9)	(751.1)	(103.7)	192.1%	(59.7%)
EBITDA as a % of GMV	(3.7%)	(8.0%)	(2.3%)	(1.3pp)	4.4pp

Consolidated Statements of Comprehensive Loss

Consolidated Statements of Comprehensive Loss, TRY thousand

	unaudited 1 January - 31 March 2022	unaudited 1 January - 31 March 2021
Revenue	2,527,885	1,385,835
Cost of inventory sold	(1,839,638)	(965,458)
Shipping and packaging expenses	(298,285)	(160,974)
Payroll and outsource staff expenses	(279,458)	(227,318)
Advertising expenses	(326,165)	(96,068)
Technology expenses	(62,321)	(27,147)
Depreciation and amortization	(29,279)	(12,751)
Other operating expenses	(70,148)	(32,606)
Other operating income	12,140	5,665
Operating loss	(365,177)	(130,822)
Financial income	433,080	52,999
Financial expenses	(307,616)	(159,502)
Loss before income taxes	(239,713)	(237,325)
Taxation on income	-	-
Loss for the period	(239,713)	(237,325)

Consolidated Balance Sheets

Consolidated Balance Sheets, TRY thousand

	unaudited	audited
	31 March 2022	31 December 2021
Assets:		
Cash and cash equivalents	2,328,477	3,813,469
Restricted cash	39,206	39,998
Financial investments	1,290,051	1,158,052
Trade receivables	341,442	224,691
Due from related parties	3,150	2,184
Loan receivables	10,980	-
Inventories	1,938,185	1,639,480
Contract assets	8,644	7,351
Other current assets	270,859	199,787
Total current assets	6,230,994	7,085,012
Property and equipment	104,625	90,540
Intangible assets	268,122	202,798
Right of use assets	221,951	205,755
Loan receivables	8,062	-
Other non-current assets	329,973	297,258
Total non-current assets	932,733	796,351
Total assets	7,163,727	7,881,363
Liabilities:		
Bank borrowings	176,403	193,184
Lease liabilities	127,347	109,310
Wallet deposits	42,276	40,924
Trade payables and payables to merchants	3,517,780	4,062,149
Due to related parties	14,982	9,047
Provisions	132,475	132,422
Employee benefit obligations	41,599	70,729
Contract liabilities and merchant advances	254,507	219,241
Other current liabilities	185,374	163,543
Total current liabilities	4,492,743	5,000,549
Bank borrowings	4,820	-
Lease liabilities	97,903	101,940
Employee benefit obligations	7,826	5,297
Due to related parties	4,868	-
Other non-current liabilities	92,551	97,401
Total non-current liabilities	207,968	204,638
Total liabilities	4,700,711	5,205,187
Share capital	65,200	65,200
Other capital reserves	113,770	85,270
Share premium	4,260,737	4,260,737
Restricted reserves	1,586	1,586
Accumulated deficit	(1,978,277)	(1,736,617)
Total equity	2,463,016	2,676,176
Total equity and liabilities	7,163,727	7,881,363

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Note: The quarterly information for the three months ended March 31, 2022 has not been audited or reviewed by the Company's auditors. The financial information for the year ended December 31, 2021 has been audited. The consolidated financial information include the accounts of the Company and its subsidiaries. All periods presented have been accounted for in conformity with International Financial Reporting Standards ("IFRS").

Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows, TRY thousand

	Unaudited	Unaudited
	1 January - 31 March 2022	1 January - 31 March 2021
Loss before income taxes	(239,713)	(237,325)
Adjustments to reconcile loss before income taxes to cash flows from operating activities:	68,550	273,288
Interest and commission expenses	190,335	126,548
Depreciation and amortization	62,321	27,147
Interest income on time deposits	(11,699)	(4,527)
Interest income on credit sales	(14,662)	(7,708)
Provision for unused vacation liability	8,816	2,107
Provision for personnel bonus	15,493	-
Provision for legal cases	120	232
Provision for doubtful receivables	1,314	1,049
Provision for impairment of trade goods, net	440	4,230
Provision for post-employment benefits	834	428
Provision for share based payment	28,500	123,740
Adjustment for Impairment loss of financial investments	(13,683)	-
Non cash charges	(881)	-
Net foreign exchange differences	(198,698)	42
Changes in net working capital		
Change in trade payables and payables to merchants	(544,893)	(260,612)
Change in inventories	(299,145)	36,199
Change in trade receivables	(98,589)	22,200
Change in contract liabilities and merchant advances	35,267	2,161
Change in contract assets	(1,293)	19,495
Change in other liabilities	17,771	6,315
Change in other assets and receivables	(121,112)	22,717
Change in due from related parties	(966)	2,081
Change in due to related parties	(4,196)	3,088
Post-employment benefits paid	(539)	(860)
Payments for concluded litigation	(67)	-
Payments for personnel bonus	(53,028)	(13,464)
Payments for unused vacation liabilities	(571)	(486)
Collections of doubtful receivables	-	2,725
Net cash used in operating activities	(1,242,524)	(122,478)
Investing activities:		
Purchases of property and equipment and intangible assets	(119,431)	(36,318)
Proceeds from sale of property and equipment	20	11
Purchase of financial instruments	(151,456)	-
Proceeds from sale of financial investment	147,643	-
Payment for acquired businesses, net of cash acquired	(3,439)	-
Net cash used in investing activities	(126,663)	(36,307)
Financing activities:		
Proceeds from borrowings	324,002	253,102
Repayment of borrowings	(340,499)	(183,515)
Interest and commission paid	(175,614)	(106,008)
Lease payments	(34,251)	(21,309)
Interest received on time deposits	10,195	4,867
Interest income on credit sales	14,662	7,708
Net cash used in financing activities	(201,505)	(45,155)
Net decrease in cash and cash equivalents	(1,570,692)	(203,940)
Cash and cash equivalents at 1 January	3,812,605	592,281
Effects of exchange rate changes on cash and cash equivalents	84,404	-
Cash and cash equivalents at 31 March	2,326,317	388,341

Non-IFRS Metrics Reconciliation (I/II)

EBITDA

(TRY million)	Three months ended March 31,	
	2022	2021
Net loss for the period	(239.7)	(237.3)
Taxation on income	0.0	0.0
Financial income	433.1	53.0
Financial expenses	(307.6)	(159.5)
Depreciation and amortization	(62.3)	(27.1)
EBITDA	(302.9)	(103.7)

Non-IFRS Metrics Reconciliation (II/II)

Free Cash Flow

(TRY million)	Three months ended March 31,	
	2022	2021
Net cash used in operating activities	(1,242.5)	(122.5)
Capital expenditures	(119.4)	(36.3)
Proceeds from the sale of property and equipment	0.0	0.0
Free Cash Flow	(1,361.9)	(158.8)

Net Working Capital

(TRY million)	As of March 31, 2022	As of December 31, 2021
Current assets	6,231.0	7,085.0
Cash and cash equivalents	(2,328.5)	(3,813.5)
Financial investments	(1,290.1)	(1,158.1)
Current liabilities	(4,492.7)	(5,000.5)
Bank borrowings, current	176.4	193.2
Lease liabilities, current	127.3	109.3
Net Working Capital	(1,576.6)	(2,584.6)

Certain Definitions

We provide 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 presentation 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;
- **Gross Contribution** as revenues less cost of inventory sold. Gross Contribution is an indicator of our operational profitability as it reflects direct costs of products sold to our buyers;
- **Gross Contribution margin** as Gross Contribution represented as a percentage of GMV;
- **Number of Orders** as the number of orders we received through our platform including returns and cancellations;
- **Frequency** are to the average number of orders per Active Customer over a 12-month period preceding the relevant date;
- **Active Merchants** as merchants who sold at least one item within the 12-month period preceding the relevant date, including returns and cancellations;
- **Active Customers** are users (both unregistered users and members) who purchased an item within the 12-month period preceding the relevant date, including returns and cancellations.