

**D-MARKET ELEKTRONİK  
HİZMETLER VE TİCARET  
A.Ş.**

**ANNUAL REPORT**

**2021**

## I) GENERAL INFORMATION

### I.a) Fiscal period to which the report relates:

This Annual Report ("Report") is in relation to the activities of D-Market Elektronik Hizmetler ve Ticaret A.Ş. (hereinafter referred to as "D-Market" or the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year 2021.

### I.b) Corporate name of the Company, trade register number, communication information in relation to headquarters and, if any, its branches and, if any, its website address:

Corporate Name	: D-Market Elektronik Hizmetler ve Ticaret A.Ş.
Trade Registry Office	: Istanbul
Trade Registry Number	: 436165
Address	: Kuştepe Mah. Mecidiyeköy Yolu Cad. No: 12 Kat: 2 Trump Towers Kule 2 Şişli / Istanbul
Phone	: 212 705 68 00
Fax	: 216 592 65 28
Corporate Website	: kurumsal.hepsiburada.com

The Company has one workplace and one additional workplace.

#### Additional Workplace Information:

Address: İnönü Mah. Mimar Sinan Cad. 5686 Ada 11 Parsel No: 3 Gebze Güzeller OSB Gebze/Kocaeli.

The branches of the Company are listed below:

- 1- D-Market Elektronik Hizmetler ve Ticaret A.Ş. Trump Towers Branch
- 2- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi Ankara Kazan Branch
- 3- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi Adana Seyhan Branch
- 4- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi Erzurum Aziziye Branch
- 5- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi İzmir Torbalı Branch
- 6- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi Diyarbakır Yenişehir Branch
- 7- D-Market Elektronik Hizmetler ve Ticaret Anonim Şirketi İstanbul Tuzla Branch

The Company was established in April 2000 and it 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 2021, the ultimate shareholders of D-Market are the members of Doğan Family and Turk Commerce B.V.

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.

The list of subsidiaries of D-Market as of 31 December 2021 is presented below:

## I) GENERAL INFORMATION (Continued)

### I.b) Corporate name of the Company, trade register number, communication information in relation to headquarters and, if any, its branches and, if any, its website address (continued):

#### 1. Evimiz Dekorasyon İnternet Hizmetleri ve Danışmanlık Ticaret A.Ş. (“Evimiz”)

Evimiz was acquired on 31 March 2012 and operated as a vertical e-commerce website (www.evmanya.com) offering a variety of products to its customers mainly in furniture, home textile, house decoration, kitchen appliances, and garden and bathroom categories. Evimiz ended its operations as of 4 September 2018.

#### 2. Altıncı Cadde Elektronik Ticaret A.Ş. (“Altıncı Cadde”)

Altıncı Cadde was acquired by the Group on 1 June 2012 and operated as a vertical e-commerce website (www.altincicadde.com). Altıncı Cadde ended its operations as of 11 October 2019.

Altıncı Cadde and Evimiz were merged under D-Fast at 27 August 2021.

#### 3. D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş. (“D-Ödeme”)

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 Turkey on 20 February 2016. D Ödeme commenced its first payment service transaction on 15 June 2016. D Ödeme launched Hepsipay Cüzdanım (Wallet) in June 2021, an embedded digital wallet product on Hepsiburada platform.

#### 4. D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. (“D-Fast”)

D Fast was founded on 26 February 2016 and operates as a cargo and logistic firm which provides last mile delivery services to the customers of Hepsiburada and other e-commerce websites. D Fast has reached 81 city coverage in Turkey as of 31 December 2021.

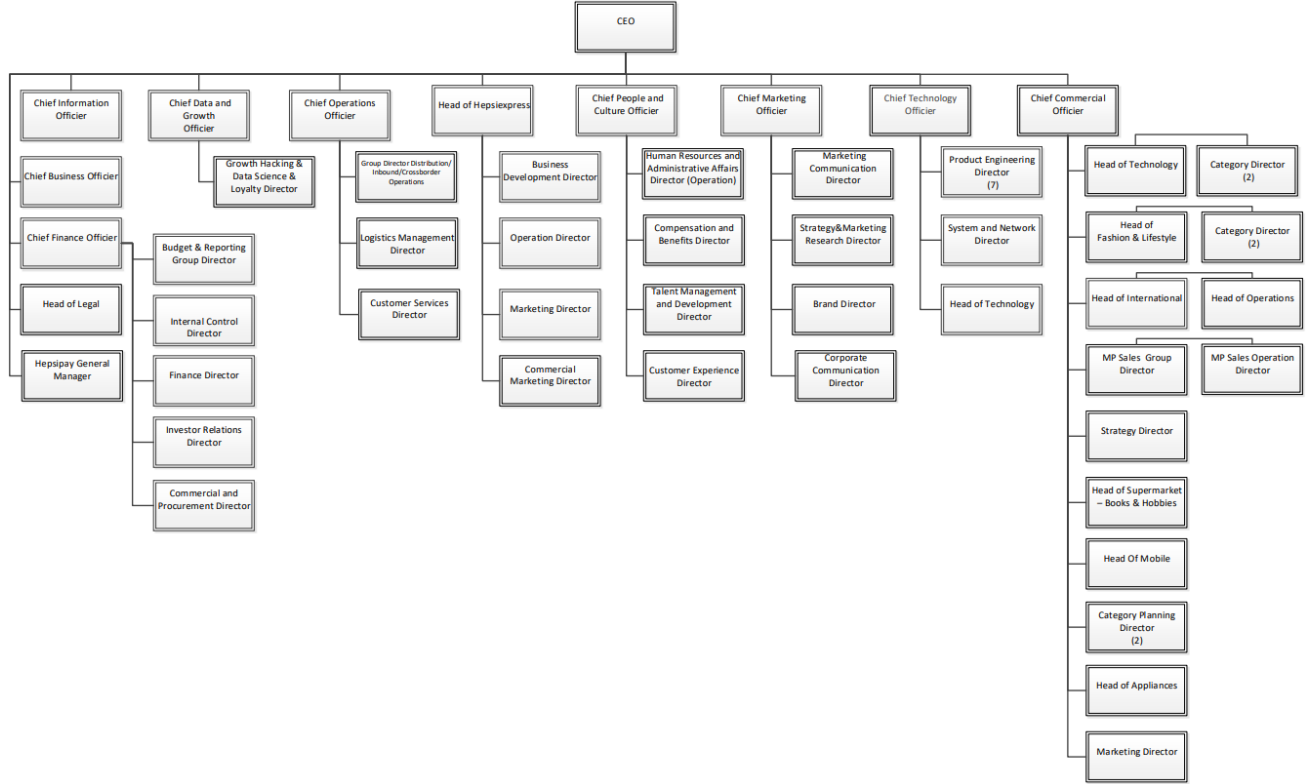
#### 5. Hepsi Finansal Danışmanlık A.Ş. (“Hepsi Finansal”)

Hepsi Finansal was founded on 1 December 2021 and has not started its operations as of 31 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 Doruk Finansman A.Ş. which was acquired in February 2022.

## I) GENERAL INFORMATION (Continued)

I.c) The organizational, capital and partnership structures of the Company and the changes in relation thereto within the fiscal period:

### I.c.1 Organizational Structure of the Company:



- Galip Furkan Anarat resigned from his role on 31 December 2021.
- Mutlu Erturan resigned from her position as Chief Business Officer on 31 December 2021.
- Taner Timirci resigned from his position as Operations Group Head on 31 December 2021 and Mehmethan Yallagöz was appointed as Chief Logistics Officer to this position.

### I.c.2 Capital and Shareholding Structure:

The shareholding structure of the Company as of 31.12.2021 is as follows:

D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.				
Shareholder	Number of Shares	Share Group	Nominal Value of Shares (Thousand TL)	Share Ratio (%)
Hanzade Vasfiye Doğan Boyner	40.000.000	A	8.000	12,27
	29.864.015	B	5.973	9,16
Vuslat Sabancı	48.539.180	B	9.708	14,89
Yaşar Begümhan Doğan Faralyalı	48.539.170	B	9.708	14,89
Arzuhan Yalçındağ	44.271.070	B	8.854	13,58
Işıl Doğan	2.032.785	B	407	0,62
Turkcommerce B.V.	47.501.070	B	9.500	14,57
Publicly Traded Shares	65.251.000	B	13.050	20,02
<b>TOTAL</b>	<b>325.998.290</b>	<b>A &amp; B</b>	<b>65.200</b>	<b>100,00</b>

## **I) GENERAL INFORMATION (Continued)**

### **I.c.2 Capital and Shareholding Structure (continued):**

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 TL 0,20. Upon this GAM, the issued share capital of the Company was divided into 284.328.290 registered shares each with a nominal value of TL 0,20.

On Board of Directors meeting dated 5 July 2021, the shareholders have decided to increase the share capital of the Company by amounting to TL 8.334 thousand reaching to TL 65.200 thousand through injection of additional capital. In addition to the capital increase, it has been decided to undertake a share premium of TL 4.107.870 thousand and to issue 41.670.000 class B shares with premium.

Shareholders have assigned new issued class B ordinary shares to underwriters amounting to TL 8.334 thousand for 41.670.000 shares with TL 0,2 nominal value each for IPO of American Depository Shares.

### **I.ç) Statements in relation to the privileged shares and the voting rights of the shares:**

By mean of the Extraordinary General Assembly Resolution dated 25.05.2021, the Articles of Association of the Company were amended and the right of privilege was granted to shareholders of Group A. At the Ordinary and Extraordinary General Assembly meetings, the shareholders holding these Group A shares have been granted 15 (fifteen each) voting rights, and the Group B shares have been granted one vote each save for the provisions of the Turkish Commercial Code. Information on the privilege in the Company as of 31.12.2021 in the Articles of Association is presented below.

## **TRANSFER OF SHARES**

### **ARTICLE 7**

Transfer of Class B shares is unrestricted, provided that the relevant articles of the Turkish Commercial Code and provisions of these articles of association are reserved. However, Class A shares may be transferred within the framework of the arrangements provided in article titled "Elimination of Share Classes Partially or Completely and Privileged Votes" of these articles of association.

## **PARTIAL OR FULL TERMINATION OF SHARE CLASSES AND PRIVILEGED VOTES**

### **ARTICLE 7/A**

#### **A. Events Fully Eliminating Privileged Shares**

Except for the Permitted Transactions defined in section (D) of this article, in following events, the privileged voting afforded to Class A shares under these articles of association shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards. In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon:

a. 180 days following the transaction that leads to the shares (including both privileged Class A shares and ordinary Class B shares) held by the shareholders who owns Class A shares falls below 7.5% of the total paid-in capital of the Company

b. In the event that the shareholder who owns Class A shares is a real person, 180 days after the date of legal documentation of this person's or people's (i) death or (ii) permanent mental incapacity due to health reasons;

c. 1 (one) calendar year after all duties and titles are terminated, in the event that the shareholder who owns Class A shares is a real person, this person or these people (a) resign from the Board of Directors of the Company, (b) do not become a candidate for the Company's board of directors and (c) in case the conditions of ceasing to hold any employment or consultancy position at the Company are fulfilled together and if this situation is not corrected within 1 (one) calendar year wholly and solely with their own will;

#### **B. General Time Limit Regarding the Privileged Shares**

Notwithstanding occurrence or non-occurrence of the events set forth under (a) to (c) above in section (A) of this article hereinabove, on the 20th anniversary of the date on which the Company's shares or other securities representing the Company's capital start to be traded in any stock exchange, the voting privilege afforded to all Class A shares existing as of such date, shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards, In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon.

## **I) GENERAL INFORMATION (Continued)**

### **I.ç) Statements in relation to the privileged shares and the voting rights of the shares (continued):**

#### **PARTIAL OR FULL TERMINATION OF SHARE CLASSES AND PRIVILEGED VOTES ARTICLE 7/A (Continued)**

##### **C. Events Partially Eliminating Privileged Shares**

Except for the Permitted Transactions defined in section (D) of this article, in following events, the privileged voting afforded to Class A shares under these articles of association shall automatically terminate, to the extent permitted by the provisions of the Turkish Commercial Code and other legislation, without revival afterwards. In any case, if these situations occur, the articles of association hereby shall be amended and share classes and references to share classes shall be removed in the first general assembly meeting to be held thereupon:

- a. Except for the cases included in the scope of "Permitted Transactions" below, in the event that Class A shares are transferred to any third real or legal person, as of the date of this transfer, only in relation to the transferred shares; and
- b. Upon application of the shareholders who owns Class A shares to the Central Registry Agency of Turkey (Merkezi Kayıt Kuruluşu Anonim Şirketi) or a substitute institution to convert such shares to tradable form in the stock exchange for any reason including for sale thereof in the stock exchange or subjecting the same to collateral and only in relation to the transferred shares.

##### **D. Permitted Transactions**

However, in case of occurrence of Permitted Transactions, even if they are within the scope of the transactions stated under the above headings (A), (B) and (C) of this article, Class A shares may be transferred without being converted to Class B shares. Below transactions are "Permitted Transactions":

- a. Legal or arbitrary transfer transactions to be made by the shareholder who owns Class A shares to his or her first or second degree relatives; and
- b. Transactions whereby Class A shares are transferred to a domestic or overseas legal entity whose management is controlled by the immediate blood relatives or second degree relatives of the shareholder who owns Class A shares.

#### **CAPITAL INCREASE AND DECREASE ARTICLE 8**

The Company's share capital may be increased or decreased when necessary, within the framework of the provisions of the Turkish Commercial Code.

Bonus shares issued in capital increases through bonus issues shall be distributed to the existing shareholders as of the date of the increase pro rata to their shares.

Unless otherwise determined, in capital increases to be made, Class A shares shall be issued in return for the Class A shares and Class B shares shall be issued in return for the Class B shares. In paid capital increase, in relation to Class A shares, if the owners of the said shares do not exercise their right to acquire new shares, only the relevant Class A shares shall automatically be converted to Class B shares.

#### **VOTING RIGHT AND APPOINTMENT OF PROXY ARTICLE 23**

In Ordinary and Extraordinary General Assembly meetings, each Class A share grants 15 (fifteen) votes to the shareholders who owns these shares and each of Class B share grants one vote to the shareholders, provided that provisions of the Turkish Commercial Code are reserved.

In the General Assembly meetings, votes are cast openly. However, a ballot can be held upon request of the shareholders who owns at least 1/20 of the capital represented in the meeting.

## I) GENERAL INFORMATION (Continued)

### I.ç) Statements in relation to the privileged shares and the voting rights of the shares (continued):

#### AMENDMENT IN ARTICLES OF ASSOCIATION ARTICLE 26

Amendments to the articles of association shall be decided in the general assembly to be called in line with the provisions of the Turkish Commercial Code and the Articles of Association, within the framework of provisions of the Turkish Commercial Code and the articles of association. The amendments to the articles of association must be registered and announced.

Amendments to the articles of association shall bind third parties after registration thereof.

In case the amendment of the articles of association is subject to the permission of the Ministry of Trade or another public institution or organization, the draft amendments to the articles of association, which are not approved by the mentioned public institutions or organizations, cannot be included in the agenda of the general assembly and cannot be discussed.

Pursuant to the provisions of Article 454 of the Turkish Commercial Code, if the decision of the general assembly on amendment of the articles of association is of a nature that violates the rights of privileged shareholders of Class A shares, this decision shall be made in a special meeting to be held by Class A shareholders, unless approved by a decision they will take within the framework of the provisions of the relevant legislation, it is not applicable.

### I.d) Information on the management organ, senior management and the number of employees:

#### I.d.1 Board of Directors:

The Members of the Board of Directors appointed at the Company's Extraordinary General Assembly Meeting held on 25.05.2021 are as follows:

- Hanzade Vasfiye Doğan BOYNER (Chairman of the Board of Directors)
- Erman KALKANDELEN (Deputy Chairman of the Board of Directors)
- Mehmet Murat EMİRDAĞ
- Vuslat SABANCI
- Halil Korhan ÖZ
- Mehmet Erol ÇAMUR
- Tolga BABALI
- Cemal Ahmet BOZER (Independent Board Member)
- Tayfun BAYAZIT (Independent Board Member)

Mustafa Aydemir resigned with the Resolution of the Board of Directors dated 30 June 2021, and Tayfun Bayazit was appointed as an Independent Member of the Board of Directors.

#### I.d.2 Senior Management:

Except for the members of the Company's Board of Directors, those who are conferred the authority and responsibility to plan, manage and control the activities of the Group directly or indirectly by the Board of Directors are defined as "senior management". The names and titles of the Company Group Heads are listed below:

Hepsiburada CEO	Mehmet Murat EMİRDAĞ
Hepsiburada IT Group Head (CIO)	Gürkan COŞKUNER
Hepsiburada Human Resources Group Head (CPCO)	Esra BEYZADEOĞLU
Hepsiburada Logistics Group Head (CLO)	Mehmethan YALLAGÖZ
Hepsiburada Finance Group Head (CFO)	Halil Korhan ÖZ
Hepsiburada Marketing Group Head (CMO)	Ender ÖZGÜN
Hepsiburada Technology Group Head (CTO)	Alexey SHEVENKOV
Hepsiburada Commercial Group Head (CCO)	Murat BÜYÜMEZ
Hepsipay General Manager	Ozan Bayülgen

## **I) GENERAL INFORMATION (Continued)**

### **I.d.2 Senior Management (continued):**

The following changes have occurred in the senior management staff during the period:

- On 4 January 2021, Esra Beyzadeođlu joined us as Human Resources Group Head.
- Galip Furkan Anarat joined us as the Growth & Data Group Head on 22 February 2021, and resigned on 31 December 2021.
- On 5 July 2021, Ender Özgün joined us as Marketing Group Head.
- Mutlu Erturan, who has been serving as the Commercial Group Head, handed over this duty to Murat Büyümez as of 1 September 2021 and was appointed as the Business Development Group Head. Mutlu Erturan resigned from his position as Business Development Group Head on 31 December 2021.
- Serving as the Strategy and Business Support Group Head, Murat Büyümez was appointed as the Commercial Group Head as of 1 September 2021.
- On 6 December 2021, Alexey Shevenkov joined us as Technology Group Head.
- Taner Timirci resigned from his position as Operations Group Head on 31 December 2021 and Mehmethan Yallagöz was appointed to this position.

### **I.d.3 Number of Personnel:**

As of 31.12.2021, the Group has 3.789 employees (31.12.2020: 2.433).

### **I.e) Information about the transactions made by the members of the management body with the Company on behalf of themselves or someone else within the framework of the authorization given by the general assembly of the Company and their activities within the scope of the prohibition of competition:**

Hanzade Vasfiye Dođan Boyne, the Chairman of the Board of Directors of the Company, and Vuslat Sabancı, the member of the board of directors, have been granted authorization to carry out the acts and actions listed in Article 396 of the Turkish Commercial Code. According to the information in the Company, our members of the Board of Directors did not engage in any commercial activities on their own behalf in the fields covered by the Company's field of activity in 2021. However, the members of the Board of Directors of the Company also serve on the Board of Directors of the Company's subsidiaries, which carry out commercial activities in the fields of activity.

## **II) REMUNERATIONS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

All kinds of rights, benefits and remunerations provided to the members of the Board of Directors are determined each year at the Group's General Assembly. Not any rights, benefits and remunerations are paid to Hanzade Vasfiye Dođan Boyner, the Chairman of the Board of Directors. Financial benefits provided to senior management consist of benefits such as wages, premiums, health insurance, communication and transportation that the Group provides to its senior management, consisting of General Managers, Heads of Department, directors and managers. The gross total of the benefits provided in this context in 2021 is TL 310.105 thousand.

## **III) RESEARCH AND DEVELOPMENT ACTIVITIES**

Our Group has website development costs in the amount of TL 158.833 thousand in 2021.



#### IV) THE COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES

##### IV.a) Information in relation the investments made by the Company in the relevant fiscal period:

The Group purchased furniture and fixtures amounting to TL 44.167 thousand in 2021, and made a total of TL 8.403 thousand leasehold improvements within the scope of warehouse renovations and warehouse investments. The total purchase price of the software and rights acquired by the Group is TL 14.563 thousand.

##### IV.b) Information on the internal control system of the Company and the internal audit activities and the opinion of the Board of Directors on this subject:

In the current structure of the Group, there are manual and automated internal control systems that are implemented against financial and operational risks. The efficiency of internal controls is regularly reviewed and new control points are included in the process when necessary.

The Group currently has an Internal Audit Department. The effectiveness of internal controls is monitored by said Internal Audit Department. In this context, planned risk-based audits, inspections and investigations are carried out by the Internal Audit Department to ensure that group-wide activities comply with the laws, Company procedures and international standards. It is aimed to minimize, manage, transfer or avoid risks faced by the group by taking preventive and corrective actions to eliminate the deficiencies arising in such activities.

At the same time, the Internal Control and Compliance Department was established in the Group. This team, which is tasked with making sure that all existing business processes and newly established processes are operated with controls to reduce risks, periodically reports to the CFO and the Audit, Risk and Corporate Governance committees of the Board of Directors.

##### IV.c) Information in relation to direct or indirect affiliates of the Company and their rates of share:

Information on the direct and indirect affiliates of D-Market is presented below:

HEPSİ FİNANSAL DANIŞMANLIK A.Ş.		
Shareholders	Number of Shares	Available Capital (Thousand TL)
D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.	5.000.000	5.000

Hepsi Financial was incorporated on 01.12.2021. By means of the Resolution of the Company's Extraordinary General Assembly, which was held on 23.03.2022 and registered on 31.03.2022, it was resolved to increase the available capital of the Company from TL 5.000 thousand to TL 25.000 thousand with an increase of TL 20.000 thousand.

D ÖDEME ELEKTRONİK PARA VE ÖDEME HİZMETLERİ A.Ş.			
Shareholder	Number of shares	Amount of Shares (Thousand TL)	Share Ratio (%)
D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.	27.670.000	27.670	100,00
<b>TOTAL</b>	<b>27.670.000</b>	<b>27.670</b>	<b>100,00</b>

By means of the Resolution taken at the Extraordinary General Assembly Meeting held on 19.01.2022 and registered on 28.01.2022, the available capital of the Company, which was TL 27.670 thousand, was reduced to TL 26.536 thousand with a decrease of TL 1.134 thousand, and increased to TL 76.536 thousand with a simultaneous increase of TL 50.000 thousand.

**IV) THE COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)****IV.c) Information in relation to direct or indirect affiliates of the Company and their rates of share (continued):**

<b>D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş</b>			
<b>Shareholder</b>	<b>Number of shares</b>	<b>Amount of Shares (Thousand TL)</b>	<b>Share Ratio (%)</b>
D-MARKET ELEKTRONİK HİZMETLER VE TİCARET A.Ş.	197.329.299	197.329	100,00
<b>TOTAL</b>	<b>197.329.299</b>	<b>197.329</b>	<b>100,00</b>

By means of the Resolution taken at the Extraordinary General Assembly Meeting held on 26.10.2021 and registered on 19.11.2021, the available capital of the Company, which was TL 56.329 thousand, was reduced to TL 22.329 thousand with a decrease of TL 34.000 thousand, and increased to TL 197.329 thousand with a simultaneous increase of TL 175.000 thousand.

**IV.ç) Information on the Group's own shares acquired:**

The Group did not acquire its own shares during the period.

**IV.d) Statements on the private and public audits carried out during the accounting period:**

In July 2020, the Group 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. The Group submitted its books and records to the Turkish tax authority in August 2020 and as of the approval date of these financial statements, tax investigation 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 investigation is routine and ordinary. The Group management and its tax advisors believe that there is no significant uncertain tax position of the Group for the respective years. Based on these facts, no provision has been recognized in these consolidated financial statements. Moreover, the ongoing tax audit is closed in terms of corporate income tax by increasing the CIT base within the scope of "Law regarding the Restructuring of Certain Receivables" ("Tax Amnesty Law") numbered 7326 that has been launched in Turkey in June 2021.

**IV.e) Information about the lawsuits brought against the Group that may affect the financial status and activities of the Company and their possible consequences:**

On September 28, 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 case is pending in the Supreme Court of the State of New York in the United States. The plaintiff asserts causes 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 October 21, 2021, alleged holder of Company's American Depository 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 case is pending in the United States District Court for the Southern District of New York. The plaintiff asserts causes 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..

The cases are at a very early stage. At this time, the Company's legal advisors are unable to form a judgment, as to whether an ultimate outcome unfavorable to the Company in the matters described above is either "probable" or "remote". Based on these facts and due to the uncertainty as to the final outcome of the litigation, no provision has been recognized in these consolidated financial statements.

#### **IV) THE COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)**

##### **IV.f) Statements in relation to administrative or judicial sanctions imposed on the Group and the members of Board of Directors due to practices contrary to the provisions of legislation**

There are no administrative and judicial sanctions imposed against the Group and the members of the management body due to practices contrary to the provisions of the legislation.

##### **IV.g) Information and assessments on whether or not the targets determined in previous periods have been achieved, the resolutions of the general assembly meetings have been fulfilled, and if the targets have not been achieved or resolutions not fulfilled, the reasons for the same:**

During the period, the Company's Ordinary General Assembly Meeting for the year 2020 was held at the Company's headquarters on 17.06.2021. At the said Ordinary General Assembly Meeting, the meeting quorum was achieved at the rate of 100% and the resolutions were taken by open ballot. The minutes of the General Assembly were retained at the Company headquarters and were sent to our shareholders, who requested them, via fax/e-mail. The resolutions taken at the Ordinary General Assembly Meeting were implemented exactly.

##### **IV.ğ) If extraordinary general assembly meeting has been held within the year, the information on the date of the meeting, the resolutions taken thereat and the extraordinary general assembly including the actions carried out in relation thereto:**

Extraordinary General Assembly Meeting was held on 25.05.2021 and the relevant general assembly was registered on 27.05.2021. At the relevant General Assembly Meeting, it has been resolved unanimously that the Article titled "Capital" be amended, the Article titled "Transfer of Shares" be amended, the Article titled "Increasing or Decreasing the Capital" be amended, the title "Debentures and other Securities" be amended as "Issuance of Capital Markets Instrument" and the substance of the Article be amended, the Article titled "Board of Directors" be amended, the Article titled "Board of Directors Meetings and Resolution Quorum" be amended, the Article titled "Division of Duties of Board of Directors and Delegation of the Representation and Management Duties" be amended, the Article titled "Remuneration of the Members of the Board of Directors" be amended, the Article titled "General Assembly" be amended, the Article titled "Meeting Quorum" be amended, the Article titled "Voting Rights and Appointment of Proxy" be amended, the Article titled "Announcement" be amended, the Article titled "Amendment to the Articles of Association" be amended, the Article titled "Determination of Profit and Distribution thereof" be amended, the Article titled "Reserve Fund" be amended as "Advance Dividend Distribution" and the substance of the Article be amended in the Company's Articles of Association, and the Articles entitled "Office Period of the Board of Directors", "Board of Directors Resolutions requiring Qualified Quorum", and "General Assembly Resolutions requiring Qualified Quorum", "Time to Distribute the Profit" be repealed in the Company's Articles of Association respectively, and the Articles titled "Partial or Complete Disappearance of Share Groups and Vote Privileges", "Compliance with Corporate Governance Principles" as well as "Provisional Article 1" and "Provisional Article 2" be inserted to the Company's Articles of Association respectively. By mean of the Extraordinary General Assembly Resolution dated 25.05.2021, the Articles of Association of the Company were amended and, within this scope, the right of privilege was granted to shareholders of Group A. At the Ordinary and Extraordinary General Assembly meetings, the shareholders holding these Group A shares have been granted 15 (fifteen each) voting rights, and the Group B shares have been granted one vote each save for the provisions of the Turkish Commercial Code. Information on the privilege in the Company as of 31.12.2021 in the Articles of Association is presented below.

##### **IV.h) Information in relation to donations and aids made by the Group and the expenditures made within the framework of the social responsibility projects within the year:**

During the year, the Group made donations in the amount of approximately TL 3.368 thousand to various institutions and organizations.

##### **IV.ı) Legal actions taken by the Company in favor of the controlling Company or group companies, measures taken or avoided in favor of group companies:**

Although our Company is in the status of a controlling Company, there are no measures taken or avoided for the benefit of group companies or any action that needs to be compensated in 2021.

#### **IV) THE COMPANY'S ACTIVITIES AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)**

**IV.i) Whether an appropriate counter-action has been provided in the legal proceedings mentioned in subparagraph (IV.i), whether the measure taken or avoided has caused a loss to the Company, if the Company has suffered a loss, whether it has been compensated:**

There is no loss that needs to be compensated, as there is no transaction in the Company as listed in paragraph (IV.i) of the Report.

#### **V) FINANCIAL POSITION**

**V.a) Analysis and evaluation of the management body in relation to the financial situation and operating results, the degree of realization of the planned activities, the status of the Company against the determined strategic targets:**

We concluded the year with encouraging growth across our key operational metrics, delivering GMV of TL 26 billion and a revenue growth of 18.5% compared to 2020. Our strong execution in the fourth quarter has contributed to this performance. While several dynamics, including currency volatility and highly competitive market environment, continued during the quarter, we were able to address these challenges through effective execution and prudent management.

In 2022, we will continue to scale our growth drivers in a healthy way; build on the existing capabilities of our strategic assets; and continue to invest in our logistics, technology and data-driven marketing capabilities to achieve our goals.

**V.b) Information on the Group's sales, productivity, income generation capacity, profitability and debt/equity ratio during the year, in comparison with previous years' values, and other matters that will give an idea about the results of the Group's activities and forward-looking expectations:**

Our GMV grew by 54% compared to the year 2020. At a two-year compounded annual growth rate, this corresponded to 80%. Our last twelve month GMV per Active Customer grew by 23.4% in 2021. The total number of orders grew by 53.4% compared to 2020, reaching 53.5 million. The continued growth in orders is also supported by our on-demand grocery business, HepsiExpress and underpins our success in attracting and engaging customers to shop on the Hepsiburada platform.

Our differentiated value proposition for both customers and merchants combined with our diligent execution have enabled us to make a strong start to 2022. Despite the inflationary environment in Q1 2022, we have started the year with a solid performance and expect the GMV growth in Q1 2022 to be higher than the growth rate for the rest of 2022, mainly driven by a healthy mix of our growth drivers across active customers, frequency, active merchants and selection. However, the year 2022 involves many uncertainties including geopolitical headwinds in the region, high inflationary environment both in Turkey and global markets, and disruption risks in the supply chain. Under these circumstances, we will continue with our strategic priorities in mind and we will be ready to make adjustments as necessary. Based on our current view of the market dynamics and challenging macroeconomic environment, we expect to achieve around 50% GMV growth compared to 2021 for the full year of 2022. As we continue to grow, we currently have no plans to raise capital during the next 18 months. On our path to profitability, we expect to improve our margins by accelerating growth drivers, differentiating via logistics and technology and expanding our strategic assets with disciplined cash and cost management.

The financial ratios calculated from the balance sheet and income statement of the Group drawn up in accordance with the Turkish Commercial Code ("TCC") are given below.

## V) FINANCIAL POSITION (Continued)

V.b) Information on the Group's sales, productivity, income generation capacity, profitability and debt/equity ratio during the year, in comparison with previous years' values, and other matters that will give an idea about the results of the Group's activities and forward looking expectations:

RATES OF YIELD			2021	2021	2020	2020
1	Working Capital Turnover Rate	REVENUES	7.558.021,17		6.375.726,55	
		CURRENT ASSETS	7.085.012,69	3,63	1.689.830,23	(6,60)
		CURRENT LIABILITIES	5.000.548,98		2.656.144,18	
2	Equity Turnover	REVENUES	7.558.021,17	2,82	6.375.726,55	(8,10)
		EQUITY	2.676.175,78		(787.331,89)	
3	Asset Turnover	REVENUES	7.558.021,17	0,96	6.375.726,55	3,24
		TOTAL ASSETS	7.881.363,26		1.964.955,86	
PROFITABILITY RATIOS						
1	Operating Profitability Ratio	OPERATING PROFIT OR LOSS	(2.223.013,03)	(0,29)	(256.297,48)	(0,04)
		REVENUES	7.558.021,17		6.375.726,55	
2	Gross Sales Profitability Ratio	GROSS PROFIT OR LOSS	895.973,72	0,12	986.082,10	0,15
		REVENUES	7.558.021,17		6.375.726,55	
3	Return on Equity	NET PROFIT OR LOSS FOR THE PERIOD	(700.077,86)	(0,26)	(474.515,73)	0,60
		EQUITY	2.676.175,78		(787.331,89)	
4	Net Profit Rate	NET PROFIT OR LOSS FOR THE PERIOD	(700.077,86)	(0,09)	(474.515,73)	(0,07)
		REVENUES	7.558.021,17		6.375.726,55	
LIQUIDITY RATIOS						
1	Current Ratio	CURRENT ASSETS	7.085.012,69	1,42	1.689.830,23	0,64
		CURRENT LIABILITIES	5.000.548,98		2.656.144,18	
2	Liquidity Ratio	CURRENT ASSETS	7.085.012,69	1,09	1.689.830,23	0,35
		INVENTORIES	1.639.479,66		770.140,90	
		CURRENT LIABILITIES	5.000.548,98		2.656.144,18	
3	Cash Ratio	CASH AND CASH EQUIVALENTS	3.813.469,27	0,76	592.643,01	0,22
		SECURITIES	0,00		0,00	
		CURRENT LIABILITIES	5.000.548,98		2.656.144,18	

V.c) Determination and management body evaluations as to whether the Group's capital has remained without provision or whether it is in debt:

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

The Group has recurring losses, the comprehensive loss for the year ended 31 December 2021 amounted to TL 703 million, while accumulated deficit as of 31 December 2021 amounted to TL 1.737 million. The Group generates positive operating cash flows on an annual basis and its cash and cash equivalents as of 31 December 2021 amounts to TL 3.813 million. The recurring losses mainly results from increase in operating expenses such as advertising, shipping and payroll expenses of the Group, as well as higher customer discounts in response to slowdown in market growth rate and intensified competition.

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 Group had a capital inadequacy matter as per the Article 376 of the Turkish Commercial Code ("TCC") as of 31 December 2020. As of 31 December 2021, the Group does not have a capital inadequacy matter as per the Article 376 of the TCC as result of the equity increase through the IPO proceeds.

## V) FINANCIAL POSITION (Continued)

### V.ç) Measures considered to be taken to improve the financial structure of the Group:

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. We believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our obligations for at least the next 18 months starting from December 31, 2021.

In addition to pursuing financing opportunities, we continue to focus on improving our overall operating performance and liquidity by assessing and evaluating different options that may be available to us, restructuring plans or strategic options in relation to our strategic assets, and renegotiating for more favorable payment terms with our suppliers. 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.

### V.d) Information on the dividend distribution policy and, if no dividend distribution will be made, a proposal on how to use the undistributed profit with justification:

The Company does not have any privileges regarding profit distribution, and profit distribution is carried out as follows in accordance with the provisions of the Turkish Commercial Code and the principles set out in our Articles of Association:

Accordingly, the remaining amount after deduction of any and all kinds of expenses, depreciation, premiums and bonuses paid, taxes and financial obligations incurred by the Company's legal entity from their income at the end of the accounting period constitutes the net profit.

After deducting the previous years' losses, if any, from the net profit, according to the provisions of the Turkish Commercial Code, 5% and legal reserves stipulated by other legislation are set aside. The General Assembly is authorized to resolve as to whether to allocate or set aside the remaining balance partially or completely to extraordinary reserves.

One tenth of the total amount to be distributed to the persons who will receive a share of the profit after deducting an amount of 5% of the issued capital from the portion that has been decided to be distributed to the shareholders and other persons participating in the profit, is added to the general legal reserve pursuant to the provisions of subparagraph c. of paragraph 2 of the Turkish Commercial Code.

According to the financial statements of D-Market prepared in accordance with the Turkish Commercial Code as of 31 December 2021, there is no dividend distribution proposal submitted to the General Assembly as there is no distributable profit for the period.

## **VI) RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS IN RELATION THERETO**

### **VI.a) Information on the risk management policy that the Group will implement against the foreseen risks:**

Risk Management, monitoring and measurement of financial, operational and compliance risks are carried out by the Board of Directors and senior managers in the Group. In addition, the Risk Committee, consisting of three independent members, two of whom are members of the Board of Directors, was established in 2021 to work in charge of this issue.

#### **Financial, Compliance and Operational Risk Management:**

Risk management activities aimed at defining and detecting the risks faced by the Group and controlling and reducing the possible risks identified in this way are carried out in coordination with the Company's senior management and financial affairs department. Within this framework, in order to minimize and manage the risks specific to the sectors in which they operate, senior managers and unit managers were provided with training on legislation, thereby establishing a risk perception and raising awareness at all levels. In the management of compliance risks with the legislation of tax, commercial law and other regulatory authorities, which have an important place in financial, operational and compliance risks, evaluation meetings are held from time to time with the participation of auditing and certified public accountant companies, under the coordination of the Group CFO, and risks are constantly monitored. Along with this, the Internal Control and Compliance team evaluates the risks in all business processes that affect the financials and questions the existence of controls that respond to such risks.

#### **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.

##### **a) Liquidity Risk:**

The Group manages the liquidity risk by regularly monitoring the cash flows and ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities. Prudent liquidity risk management expresses the ability to keep sufficient cash, the availability of sufficient credit transactions, the availability of fund resources and the ability to close market positions. The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high quality credit providers.

##### **b) Foreign Currency (Exchange Rate) Risk:**

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.

##### **c) Credit risk**

Credit risk consists of cash and cash equivalents, deposits held with banks and customers exposed to credit risk including uncollectible receivables. Ownership of financial assets entails the risk that the other party will not be able to fulfill the contract. However, due to the nature of the operations used to generate revenue, many sales transactions are carried out with prepayments or simultaneous cash transfers, so that the companies affiliated to the Group are not exposed to significant credit risk and there are no doubtful receivables at significant levels in the group companies.

##### **d) 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.

## **VI) RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS IN RELATION THERETO (Continued)**

### **VI.a) Information on the risk management policy that the Group will implement against the foreseen risks (continued):**

#### **e) Capital risk**

While trying to ensure the continuity of its activities in capital management on the one hand, the Group also aims at increasing its profitability by using the debt and equity balance in the most efficient way on the other hand. The Group's capital structure consists of the items of debts including loans, cash and cash equivalents, issued capital, capital reserves, profit reserves and retained earnings, respectively. The risks associated with each capital class together with the Group's cost of capital are evaluated by the management. Based on these assessments, the management aims at keeping the capital structure in balance through the acquisition of new debt or the repayment of existing debt, as well as dividend payments and issuance of new shares.

### **VI.b) Information on the activities and reports of the early detection and management of risk committee, if any:**

The Risk Committee, consisting of three independent members, two of whom are members of the Board of Directors, was established in 2021 to work in charge of this issue. The Risk Committee Bylaws contain detailed information about the responsibilities and working principles of the Risk Committee members. The Committee convenes quarterly and informs the Board of Directors of the issues in its field of activity.

### **VI.c) Future risks on sales, productivity, income generation capacity, profitability, debt/equity ratio and similar issues:**

Inflationary price increases impacting the cost of inventories, payroll costs, shipping costs, and other operating expenses have had, and are expected to continue to have, an increasing demand on our cash requirements. Additionally, the high inflationary environment in Turkey may result in a decline in customer demand which may lead to a decrease in our GMV compared to our targets and accordingly we may consider offering higher customer discounts to stimulate any slowdown in demand which may lead to a lower Gross Contribution. Consequently, we may require additional funding from sources other than our operations for working capital needs. We may consider inorganic growth opportunities to expand our operations. Such acquisitions may result in additional cash requirement and funding. Our BNPL product and our planned consumer financing product will result in additional cash requirements which we may prefer to finance through bank borrowings. 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.

In conjunction with evaluating our ability to continue as a going concern, we have considered factors that may significantly impact our evaluation, including the competitive environment and customer demand, our ability to defer or cancel uncommitted capital expenditures and our ability to lower our advertising spending as well as to reduce our operating expenses, and the impact of inflationary environment which may increase our costs and diminish our profitability. Additional factors that have recently arisen and which may have an adverse impact on this going concern assessment include the following: (i) in an inflationary environment, our merchants and product suppliers may request shorter payment terms, which may result in lower negative net working capital position and (ii) any regulatory change that would limit our operational capabilities resulting in lower GMV generation may also result in lower negative net working capital. 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, rising inflation and interest rates, supply chain challenges, as well as the uncertainty due to the war between Russia and Ukraine and continuing impact of COVID-19 pandemic on our business operations, 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.



## **VI) RISKS AND ASSESSMENTS OF THE BOARD OF DIRECTORS IN RELATION THERETO (Continued)**

### **VI.c) Forward-looking risks on sales, productivity, income generation capacity, profitability, debt/equity ratio and similar issues:**

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 addition to pursuing financing opportunities, we continue to focus on improving our overall operating performance and liquidity by assessing and evaluating different options that may be available to us, restructuring plans or strategic options in relation to our strategic assets, and renegotiating for more favorable payment terms with our suppliers. 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.

## **VII) INFORMATION ON CONTROLLING COMPANY**

### **VII.a) Capital increase/decrease in subsidiaries and their justification:**

#### **ALTINCI CADDE ELEKTRONİK TİCARET A.Ş.**

Altinci Cadde was dissolved by merger by being taken over by D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. with all its assets and liabilities and the related transaction was registered on 27.08.2021.

#### **D ÖDEME ELEKTRONİK PARA VE ÖDEME HİZMETLERİ A.Ş.**

By means of the Resolution taken at the Extraordinary General Assembly Meeting held on 28.06.2021, the available capital of the Company, which was TL 21.670 thousand, was increased to TL 27.670 thousand with an increase of TL 6.000 thousand. This resolution was announced in the trade registry gazette dated 30.06.2021 and numbered 10360.

By means of the resolution taken at the Extraordinary General Assembly Meeting held on 26.10.2021, the available capital of the Company, which was TL 27.670 thousand, was reduced to TL 16.670 thousand with a decrease of TL 11.000 thousand and simultaneously increased by TL 11.000 thousand to TL 27.670 thousand. This resolution was announced in the trade registry gazette dated 04.11.2021 and numbered 104447.

By means of the resolution taken at the Extraordinary General Assembly Meeting held on 19.01.2022 and registered on 28.01.2022, the available capital of the Company, which was TL 27.670 thousand, was reduced to TL 26.536 thousand with a decrease of TL 1.134 thousand, and increased to TL 76.535 thousand with a simultaneous increase of TL 50.000 thousand TL.

#### **D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş.**

By means of the resolution taken at the Extraordinary General Assembly Meeting held on 15.06.2021, the available capital of the Company, which TL was 46.000 thousand, was increased to TL 56.329 thousand with an increase in the amount of TL 10.329 thousand due to the merger and TL 0,58 by a cash increase. This resolution was announced in the trade registry gazette dated 27.08.2021 and numbered 10400.

At the Extraordinary General Assembly Meeting held on 26.10.2021, which was registered on 19.11.2021, the available capital of the Company, which was TL 56.329 thousand, was reduced to TL 22.329 thousand by decreasing TL 34.000 thousand and simultaneously increased to TL 197.329 thousand with an increase of TL 175.000 thousand.

## **VII) INFORMATION ON CONTROLLING COMPANY (Continued)**

### **VII.a) Capital increase/decrease in subsidiaries and their justification (continued):**

#### **EVİMİZ DEKORASYON İNTERNET HİZMETLERİ VE DANIŞMANLIK TİCARET A.Ş.**

Evimiz Dekorasyon was dissolved by merger by being taken over by D Fast Dağıtım Hizmetleri ve Lojistik A.Ş. with all its assets and liabilities and the related transaction was registered 27.08.2021.

#### **HEPSİ FİNANSAL DANIŞMANLIK A.Ş.**

By means of the Extraordinary General Assembly Resolution of Hepsi Finansal held on 23.03.2022 and registered on 31.03.2022, it was resolved that the available capital of the Company be increased from TL 5.000 thousand to TL 25.000 thousand with an increase of TL 20.000 thousand.

### **VII.b) Information about the shares of the companies included in the Group in the capital of the parent Company:**

Our Company consists of real person shareholders, 20.02% publicly traded shares and 14.57% investor shareholders and does not have a controlling Company.

### **VII.c) Statements on the internal audit and risk management systems of the group with respect to the preparation process of the consolidated financial statements:**

The Company and its subsidiaries keep and prepare their legal books and statutory financial statements in accordance with the accounting principles prescribed by the Turkish Commercial Code and tax legislation. The consolidated financial statements of the Group are prepared and subjected to independent audit on the basis of Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") and the annexes and comments in relation thereto in compliance with international standards published by the Public Oversight, Accounting and Auditing Standards Authority.

Risk Management, monitoring and measurement of financial, operational and compliance risks are carried out by the Board of Directors and senior managers in the Group. In addition, the Risk Committee, consisting of three independent members, two of whom are members of the Board of Directors, was established in 2021 to work in charge of this issue.

The Group has Internal Audit and Internal Control & Compliance Units and these two teams carry out their activities to identify and design the right controls to reduce them, and test the healthy operation of the designed controls.

Risk management activities aimed at defining and detecting the risks faced by the Group and controlling and reducing the possible risks identified in this way are carried out in coordination with the Company's senior management and financial affairs department. Within this framework, in order to minimize and manage the risks specific to the sectors in which they operate, senior managers and unit managers were provided with training on legislation, thereby establishing a risk perception and raising awareness at all levels. In the management of compliance risks with the legislation of tax, commercial law and other regulatory authorities, which have an important place in financial, operational and compliance risks, evaluation meetings are held from time to time with the participation of auditing and certified public accountant companies, under the coordination of the Group CFO, and risks are constantly monitored.

### **VII.d) Information about the reports stipulated in Article 199 of the TCC:**

Members of the Board of Directors did not have any requests within the framework of Article 199/4 of the Turkish Commercial Code.

## VIII) OTHER CONSIDERATIONS

1- In April 2021, TCA initiated an investigation against 32 companies (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 regarding anti-competitive agreements in the labor markets, and merged this investigation with the existing April 2021 investigation. The Group received TCA's report on the on April 18th, 2022. In the investigation report the rapporteurs are of the opinion that we are 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 this violation as a cartel 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 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 TL 127.525 thousand in its consolidated financial statements by applying 2% to the D-Market's standalone annual net revenue as per statutory financial statements prepared in accordance with the tax legislations based on the management's and legal advisors' best estimate, 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.

2- 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., a Turkish consumer finance company, to acquire 100% stake in Doruk Finansman for a total transaction value of TL 20 million. Following the regulatory approval of Banking Regulation and Supervision Agency, the transaction was closed on February 28, 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 TL 5 million in cash. Also at closing, the Group agreed to pay DoHol TL 15 million (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 year period.

3- The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Group does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Group's operations because of the uncertainty about how the crisis will evolve.

4- Three-year cumulative increase in Consumer Price Index as of March 2022 has been 109.4% in Turkey according to inflation data published by Turkey Statistical Institute on 4 April, 2022. One of the characteristics of the hyperinflationary economy in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies is that cumulative inflation rate over three years has approached, or exceeded, 100%. It is expected that as per IAS 29 the Turkish economy would be defined as hyperinflationary economy and IAS 29 would be implemented for reporting periods ending on or after 30 June 2022. Financial statements would be expressed in terms of the measuring unit current at the end of the reporting period with the application of IAS 29. Non-monetary items which are not already expressed in terms of the measuring unit current 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 recognized in profit or loss and other comprehensive income. The Group is in the process of assessing the impact of the application of IAS 29 on financial position or performance of the Group.

Hanzade Vasfiye DOĞAN BOYNER  
Chairman of the Board of Directors

Erman KALKANDELEN  
Deputy Chairman of the Board of Directors

Vuslat SABANCI  
Member of the Board of Directors

Tolga Babalı  
Member of the Board of Directors

Mehmet Erol ÇAMUR  
Member of the Board of Directors

Mehmet Murat EMİRDAĞ  
Member of the Board of Directors

Cemal Ahmet BOZER  
Independent Board Member

Halil Korhan ÖZ  
Member of the Board of Directors

Tayfun BAYAZIT  
Independent Board Member