



## **ÜLKER BİSKÜVİ SANAYİ A.Ş. 2019 COMMON AND CONTINUOUS TRANSACTIONS WITH RELATED PARTIES**

### **General Information**

This report is prepared in accordance with article 10 of the CMB's "II-17.1 Communiqué on Corporate Governance." As stated in the communiqué, it is mandatory for the Board of Directors to report the ratio of the common and continuous transactions between the corporations and subsidiaries that are projected to exceed ten percent (10%) in an accounting period and explain the conditions of the transactions and compare to market conditions. The report is prepared (a) for purchases from the related parties that exceed ten percent (10%) compared to the cost of sales in the latest annual financial statements disclosed to public, and (b) for sales to related parties that exceed ten percent (10%) compared to the revenues in the latest annual financial statements disclosed to public.

This purpose of the report is to clarify, without disclosing trade secrets, the conditions in which Ülker Bisküvi Sanayi A.Ş. (the "Company") carried out its transactions with the persons that are defined by the International Accounting Standard 24 (IAS 24) within the framework of CMB regulations. It also intends to demonstrate that there are no outcomes against the Company when the said transactions are compared to market conditions.

The Company's transactions with related parties within 2018 are explained in detail in footnote 34 of the financial statements that are publicly disclosed in relation to the Company's 2018 activities.

Provided in this report is an evaluation of the conformity of the transactions of Önem Gıda San. Ve Tic. A.Ş. (which exceeded the 10% limit in purchase transactions), Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş. (which exceeded the 10% limit in sale transactions) and Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş. (which exceeded the 10% limit in sale transactions) to the market conditions.

### **Information Related to Ülker Bisküvi Sanayi A.Ş.**

Ülker Bisküvi Sanayi A.Ş. was established in 1944. The Company's core business activities are producing biscuits, chocolate, chocolate-coated biscuits, wafers and cakes. The headquarters of Ülker Bisküvi Sanayi A.Ş. are located at Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca Üsküdar, İstanbul. The ultimate parent and the controlling party of the group is Pladis Food Limited which is 100% owned by Yıldız Holding A.Ş. Yıldız Holding is managed by the Ülker family.

The Company's capital is 342,000,000 Turkish lira and its shareholding structure is provided in the table below.

### Information Related to Önem Gıda San. ve Tic. A.Ş.

Önem Gıda Sanayi ve Ticaret A.Ş. (the "Company"), began its operations in 2003 with chocolate paste, cocoa and peanuts production at its Topkapı plant in Istanbul, and with hazelnut production at its Kesap plant in Giresun. As the raw material supplier of Yıldız Holding it has continued to grow in parallel with the group's expansion, and in 2012 the production of biscuit flour at its Akyurt, Ankara plant. Its central office is located at Topkapı Davutpaşa Cad. No:18 Zeytinburnu, Istanbul. As of December 31, 2018, it has 533 employees. Shares of Önem Gıda Sanayi ve Ticaret A.Ş. are not publicly traded.

### 2018 Summary Financial Highlights

| Revenue (TL)  | Total Assets  |
|---------------|---------------|
| 1.698.525.853 | 1.174.455.798 |

### Information Related to Pasifik Tüketim Ürünleri Satış ve Tic. A.Ş.

Established in 2007, Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş.'s core business is the wholesale of all kinds of food items, cleaning products and commodities to local and national chain stores. Its central office is located at Büyük Çamlıca, Kısıklı Mahallesi Ferah Caddesi No:1 Üsküdar, Istanbul. As of December 31, 2018, it has 95 employees. Shares of Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş. are not publicly traded.

### 2018 Summary Financial Highlights

| Revenue (TL)  | Total Assets |
|---------------|--------------|
| 1.897.446.016 | 748.464.468  |

### Information Related to Horizon Hızlı Tük. Ür. Paz. Sat. ve Tic. A.Ş.

Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Tic. A.Ş.'s core business is wholesale of all kinds of food items, cleaning products and commodities to traditional channels. As of December 31, 2018, it has 333 employees. It is located at Kısıklı Mah. Ferah Cad. No:1 Büyük Çamlıca, Üsküdar, Istanbul with Trade Register No: 510186. Shares of Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Tic. A.Ş. are not publicly traded.

### 2018 Summary Financial Highlights

| Revenue (TL)  | Total Assets  |
|---------------|---------------|
| 3.295.621.185 | 1.103.493.971 |

### Information Related to the Terms of Transactions Between Related Parties and Conformity to Market Conditions

Between January 1, 2018 and December 31, 2018, the Company's purchases in excess of the ten percent limit were with Önem Gıda Sanayi ve Ticaret A.Ş. Its sales in excess of the 10% limit were with Pasifik Tüketim Ürünleri Satış and Ticaret A.Ş. ve Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Tic. A.Ş. The transaction details are provided in the table below:

| <b>Purchase Transactions in Excess of the 10% Limit</b> |                                         |                                    |                         |                       |
|---------------------------------------------------------|-----------------------------------------|------------------------------------|-------------------------|-----------------------|
| <b>01.01.2018-31.12.2018</b>                            | <b>Transaction Amount (thousand TL)</b> | <b>Ülker Bisküvi Share of Cost</b> | <b>Transaction Type</b> | <b>Pricing Method</b> |
| Önem Gıda Sanayi ve Ticaret A.Ş.                        | 1.103.034                               | 25,1%                              | Supply of Raw Materials | Cost-plus             |

| <b>Sale Transactions in Excess of 10% Limit</b>                    |                                         |                                           |                         |                       |
|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------|-----------------------|
| <b>01.01.2018-31.12.2018</b>                                       | <b>Transaction Amount (thousand TL)</b> | <b>Ülker Bisküvi Share of Net Revenue</b> | <b>Transaction Type</b> | <b>Pricing Method</b> |
| Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş.                     | 1.059.082                               | 17,8%                                     | Sale                    | Cost-plus             |
| Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Tic. A.Ş. | 2.351.287                               | 39,5%                                     | Sale                    | Cost-plus             |

## **Conclusion**

During the 2018 accounting period, the ratio of the common and continuous transactions between the Company and Önem Gıda Sanayi ve Ticaret A.Ş., Pasifik Tüketim Ürünleri Satış ve Ticaret A.Ş. and Horizon Hızlı Tüketim Ürünleri Üretim Pazarlama Satış ve Ticaret A.Ş. has exceeded the ten percent (10%) limit as stated in the CMB Communique II-17.1. The Company's purchase of raw materials from the said subsidiaries exceed ten percent (10%) compared to the cost of sales in the latest annual financial statements disclosed to public. The Company's sale of raw materials to the said subsidiaries exceeded ten percent (10%) compared to the revenues in the latest annual financial statements disclosed to public. Additionally, it is projected that similar transactions will continue based on same principles in the 2019 accounting period. Therefore, information on pricing methods used with the said subsidiaries was hereby provided in this report.