

# TAT GIDA SANAYİ A.Ş.

## Material Event Disclosure

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### Summary Info

Related Party Transactions Report (FY2022)

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Within the context of Capital Markets Board Communiqué numbered II.17.1 on Corporate Governance, the attached report has been prepared and accepted by our Board of Directors and disclosed to public. The attached report concerns the conditions of the transactions and comparison with the market conditions in cases where it has been foreseen that the rate of the amount of common and continuous transactions between the corporations and subsidiaries with their related parties within an account period compared to for purchases, the cost of sales in the latest annual financial statements disclosed to public, for sales the revenues in the latest annual financial statements disclosed to public exceed 10%.

We proclaim that our above disclosure is in conformity with the principles set down in “Material Events Communiqué” of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we’re personally liable for the disclosures.

This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

## **TAT GIDA SANAYİ A.Ş.**

### **REPORT REGARDING THE RELATED PARTY TRANSACTIONS THAT TOOK PLACE IN YEAR 2022 AND THAT ARE EXPECTED TO TAKE PLACE IN YEAR 2023**

#### **General Information**

This report is issued within the scope of article 10 of the Corporate Governance Communiqué No. II.17.1 of the Capital Markets Board (CMB). Under the said article, if the amount of the transactions of extensive and continuous nature between the companies, whose shares are publicly traded in Borsa Istanbul, and affiliates of such companies and related parties is expected to reach over 10%

- a) of the costs of sales found according to the latest annual financial statements publicly disclosed for transactions of purchase,
- b) of the amount of the proceeds found according to the latest financial statements publicly disclosed for transactions of sales,

then the Board of Directors of the publicly traded company is to issue a report regarding the terms of transactions and comparison thereof with market conditions and whole or the conclusion section of such report should be disclosed in Public Disclosure Platform.

The purpose of this Report is to disclose the terms of transactions, which are expected to exceed the limits given in the Communiqué, considered to be undertaken by Tat Gıda Sanayi A.Ş. (our Company) with related parties in year 2022 as defined in Accounting Standard numbered 24 of Turkey (TAS 24) within the framework of CMB legislation, provided that such disclosures are not to fall within the scope of confidential secrets, and to show that no results are expected to be to the disadvantage of our Company as compared to the market conditions.

Detailed information on the transactions undertaken by our Company with the related parties in year 2022 is disclosed in footnote no 28 of our financial statements publicly disclosed in relation with our activities in year 2022, and this Report evaluates the conditions of the transactions that exceeded the limit of 10% of total transactions amount in accounting period 2023.

#### **Information Regarding Tat Gıda Sanayi A.Ş.**

Being Corporate Tax Payer of Büyük Mükellefler Tax Office Directorate under account no 8300038990, Tat Gıda is registered in Istanbul Trade Registry Office under no 96638. Tat Gıda established its first factory in 1967 in Bursa, Mustafakemalpaşa. The company's head office is located at the address Taşdelen Çamlık Mahallesi Sırrıçelik Bulvarı No: 7 Çekmeköy/Istanbul, the company engages in production of paste, ketchup, canned vegetables, ready-to-eat food, and has 3 plants located at Mustafakemalpaşa and Karacabey in Bursa, and at Torbalı in Izmir.

The capital of our company is TRY 136.000.000, and its shareholding is presented in the table below.

Shareholder	Share Amount (TRY)	Capital Ratio (%)	Voting Right	Voting Right Ratio (%)
Koç Holding A.Ş.	59.364.947	43,7	5.936.494.700	43,7
Publicly Traded Portion	56.312.844	41,4	5.631.284.400	41,4
Kagome Co Ltd	5.071.168	3,7	507.116.800	3,7
Temel Ticaret ve Yatırım A.Ş.	4.427.889	3,3	442.788.900	3,3
Sumitomo Corp.	2.077.983	1,5	207.798.300	1,5
Other	8.745.169	6,4	874.516.900	6,4
<b>Total</b>	<b>136.000.000</b>	<b>100,0</b>	<b>13.600.000.000</b>	<b>100,0</b>

Please find below the summary financial data for our Company for years 2020, 2021 and 2022.

TRY	31.12.2020	31.12.2021	31.12.2022
Total Assets	1.308.702.452	1.637.839.590	4.437.430.236
Shareholders Equity	704.747.165	885.210.477	1.104.156.149

TRY	31.12.2020	31.12.2021	31.12.2022
Sales	802.944.100	1.091.763.568	2.786.598.384
Cost of Sales	549.262.358	772.830.339	1.969.231.744
Net Profit	167.274.341	223.190.334	817.366.640

According to the data in question, a report should be issued by the Board of Directors under the Communiqué for transactions of purchase exceeding the total amount of TRY 196.923.175 (2022 COGS\*10%) in year 2023 and transactions of sale exceeding the total amount of TRY 278.659.838 (Proceeds of 2022\*10%).

### Information about the Related Companies Subject to the Report

#### Information Regarding Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.

Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret Anonim Şirketi (Düzey) is registered in Istanbul Trade Registry Office under registration no 131496 and it engages in wholesale marketing and trade of food and drinks at Taşdelen Mah. Sırrı Çelik Bulvarı No: 7 34788 Çekmeköy Istanbul.

The Company is a taxpayer under Büyük Mükellefler Tax Office Directorate under tax no 3230016157.

The company was founded on 25.02.1975 in order to market any non-durable consumer goods, especially including food. Starting out selling light bulbs, matches and Tat products, the company extended its distribution network in time, becoming one of the leading firms of the market with its turnover, profit and sales activities.

With vast knowledge of the market gained over 45 years, the company currently has food products produced by Tat in its portfolio in addition to products branded Nutella, Kinder and Rocher, Maret, SEK products, canned fish products branded Dardanel, potato chip products branded Pringles and pasta and bakery products branded Pastavilla.

The company has regional sales networks for all products, including cold chain, serving the retailers directly in cities Istanbul, Ankara, Izmir, Antalya, Muğla and Diyarbakır, and has exclusive distributors in other cities.

Düzey, a Koç Group company, has a capital of TRY 5.766.000 and Tat has a share of 1.1% in Düzey. Düzey is not a publicly traded company.

Please find below the summary financial data for Düzey for years 2020, 2021 and 2022.

TRY	31.12.2020	31.12.2021	31.12.2022
Total Assets	825.490.932	997.970.331	2.135.089.551

TRY	31.12.2020	31.12.2021	31.12.2022
Sales	2.525.937.301	2.677.222.908	5.026.524.894

### **Information Regarding Ram Dış Ticaret A.Ş. A.Ş.**

Ram Dış Ticaret A.Ş. (Ram A.Ş.) is registered with Istanbul Chamber of Commerce under reg. no 109050 and it engages in wholesale trading at the address Altunizade Mah. Kısıklı Cad. No:26/4, 34662, Üsküdar, İstanbul.

The company is the taxpayer registered with Anadolu Kurumlar Tax Office Directorate with tax no 7340025840.

Ram A.Ş. was established on 16.11.1970 and its paid-up capital is TRY 6 million. Tat has 7.5% shareholding in Ram A.Ş. Ram A.Ş. is not a publicly traded company.

The lines of business of Ram A.Ş. are conducting surveys on wholesale trading of any products, import, export, domestic and international marketing and offering consulting services to third persons. The company offers added value to the companies by managing centralized procurement in the iron and steel industry. The business unit operates overwhelmingly in the energy, food, automotive, defense industry and auxiliary materials sectors.

### **Information Regarding Zer Merkezi Hizmetler ve Ticaret A.Ş.**

Zer Merkezi Hizmetler ve Ticaret A.Ş. (Zer A.Ş.) is registered in Istanbul Trade Registry under reg. no 62430 and it engages in wholesale trading at the address Ünalın Mah. Çağla Sok. Koç Grup Apt. No: 11/A 34700 Üsküdar/İstanbul.

The company is a taxpayer of Büyük Mükellefler Tax Office Directorate with tax no 1610035195.

The company's capital is TRY 4.750.000. Zer A.Ş. is not a public company.

The company's business name was "Beko Meyva ve Sebze Konserveleri Türk A.Ş." when it was first established in 1954. After the company was established, its business name was changed from "Beko Meyva ve Sebze Konserveleri A.Ş." to "Beko Ticaret A.Ş." with a decision that was made in 1956, and its business name was registered as such. After such date until 2000's, the company successfully engaged in wholesale and retail trading of electrical devices, mechanical devices, white and brown durable goods. And with a decision made in early 2000's, the company quit the lines of business that it had been operating in.

In 2003, necessary amendments were made as there was a need for a company to centrally conduct the operations for purchase and management of miscellaneous services and materials of Koç Group, and the company named Beko Ticaret A.Ş. started its current activities in the second half of 2003. During the Ordinary General Assembly held in March 2007, the company's business name was amended and registered as "Zer Merkezi Hizmetler ve Ticaret A.Ş."

Zer A.Ş. undertakes procurement for common items for companies, each operating in a different field, making it possible for the companies to focus on their main lines of business and creating an economy of scale, resulting in cost advantage, synergy and efficiency. Zer A.Ş. also undertakes supply management, ensuring that modern procurement approaches, such as guaranteeing the quality of the products and services supplied, are actually implemented.

Therefore, Zer A.Ş. acts as a business partner providing added value for the companies. The services offered by Zer A.Ş. to the companies are summarized hereinbelow:

Fuel Sale Services, Aluminum Sale Services, Packaging Materials, Warehousing Services, Vehicle Tracking Service & Automation Systems, Gardening Services, Barter, Printed Jobs, Call Center Services, Railway Transport, Audit Services, Shipping, Support Services, Supporting Catalog Materials, Cast Steel Raw Materials, E-Tender Services (Promena Services), Industrial Gases, E-Commerce, Leasing Forklift, Leasing/Selling Photocopiers, Airport Logistics, Scrap Materials, Construction and Renovation, Paper Raw Materials, Corporate Advertising Services, Cargo & Courier Services, Queue Management, Tire Sales Services, Logistics Optimization, Media Follow Up, Merch Services, Operational Procurement, Private Security, Personnel Carriage (Private personnel carriage, incl. student shuffle services), Pig Iron Services, Post-Production, Promotional Materials Services, Cleaning, Technical Catalog (Incl. Electrical Components), Test Drive Services, International Road Transport, Investment Projects Services, Meal Ticket Services, Domestic Road Transport Services

In addition, advertising, and promotion within the scope of media procurement services and management for the companies also include Media Procurement Services (TV, Newspapers, Publications, Radio, Outdoor, Internet, Cinema, Market Survey).

The Framework Agreements signed between Zer A.Ş. and the companies define the principles of cooperation between the respective company and Zer A.Ş. and the services and products covered by the agreement. Zer A.Ş. undertakes that the products and services covered by the Framework Agreements will be supplied uninterruptedly to the customer through bidding and contract renewals and that the existing service standards will be maintained as minimum.

Zer A.Ş. is the first and the only example in the private sector, especially taking into consideration its current business volume of its operations.

Engaging in procurement activities for 20 years, Zer A.Ş. has always aimed to offer professionals support for the companies and become a vanguard company in its own field.

### **Information Regarding the Terms of the Transactions between the Related Parties and Conformity with the Arm's Length Principle**

#### **Related Transactions with Düzey A.Ş.**

Düzey, a Koç Group Company, conducts domestic marketing and sales activities for Tat.

Our sales to Düzey amounted to TRY 1.618.485.457 in 2022, and the explanations regarding these transactions, which seem to have exceeded the 10% limit of our Company and the transaction volume that is expected to exceed 10% in 2023, can be found in footnote 28 of the Independent Audit Report dated 31 December 2022.

The "Resale Pricing Method" is applied to find the sales price for the transactions of the year 2022. This method is based on calculating the arm's-length price by subtracting a reasonable sales profit from the price, which would be applicable if the goods or services covered by the transaction were to be resold to unrelated natural or legal persons. This is why this method, which can also be used transactions involving different products, is accepted to yield reliable results, especially for transactions such as marketing and distribution, in which the related company sells the purchased goods and services to unrelated parties.

The trade relationship between Tat and Düzey has been determined by an agreement of sale signed to be effective from 01.01.2017 and updated through protocols in parallel with any changes in the conditions until year 2022. The conditions for Tat to work with Düzey, discount rates by products groups, periods and other conditions are determined clearly in this agreement and the protocols. Considering the developments in Tat's activities and the sector, a distribution agreement, which will be effective from 01.01.2022, was signed based on category and channel-based profit margin and target-based year-end sales premium application instead of discount rates. The products produced by Tat are dispatched from Tat plants to Düzey's warehouses and distributors under the working conditions determined by agreements. The price lists for sale to the final consumer are recommended by Tat according to market conditions. The average term applied for the sales by the Company to Düzey Tüketim Malları Sanayi Pazarlama A.Ş. is 90 days and the terms of sale and terms may vary depending on the developments in the market. In this context, it has been agreed to increase the margins applied by Düzey in its commercial relations with its other customers and by evaluating their compliance with the market conditions for Tat, effective from 2023.

### **Related Transaction with Ram Dış Ticaret A.Ş.**

Our sales to Ram A.Ş. amounted to TRY 246.309.826 in 2022, and the explanations regarding these transactions, which seem to have exceeded the 10% limit of our Company, can be found in footnote number 28 of the Independent Audit Report dated 31 December 2022.

Sales to Ram A.Ş. between the dates 01.01.2022 and 31.12.2022 basically consist of export sales to unrelated third parties. The amounts of the invoices issued to Ram A.Ş. and the third persons that purchase the same goods are identical, and Ram A.Ş. only issues an invoice for commission for the operations that the company conducts.

In transactions of sale involving Ram A.Ş., negotiations with third parties are conducted by Tat, and contracts, payment risks and any possible risks to the inventory are followed up by our Company. In this process, Ram A.Ş. follows up operational works and documentational transactions, and issues an invoice for commission in exchange for this service that it makes available as a foreign trade capital company and the contribution that it makes, and for the expenses that it covers for Tat during such operations, such as bank letters of guarantees and freight costs etc. Moreover, services are also procured for matters such as local regulations and market surveys for the markets of activity.

The amount of the commission accrued for export sales, which constitutes the basic consideration for the transactions between the parties, is determined on an arm's length basis and is much below the limit as set forth in the Communiqué.

### **Related Transactions with Zer A.Ş.**

Our purchases from Zer A.Ş. amounted to TRY 209.213.413 in 2022, and the explanations regarding these transactions, which seem to have exceeded the 10% limit of our Company, and for the transactions that is expected to exceed 10% in also 2023 can be found in footnote number 28 of the Independent Audit Report dated 31 December 2022. The "Transaction-Based Net Profit Margin" method was applied for our purchases from Zer A.Ş., with an average term of 55 days.

Under the framework agreement signed with Zer A.Ş., certain needs of our Company that are excluded from the main lines of business of our Company, such as raw materials, packaging, carriage, handling, catering, security, sending by courier, stationery, clothing, E-Tender and media procurement, are met by

Zer A.Ş., and savings are ensured in terms of procurement costs, benefiting from the synergy arising out of bulk purchasing.

### **Information Regarding the Transactions Expected to Exceed 10% of Our Company's Proceeds/Costs of Sold Goods**

Our Company's related party transactions expected to exceed 10% limit will take place with Düzey A.Ş., Ram A.Ş. and Zer A.Ş. during the accounting period between 01.01.2023 and 31.12.2023 in accordance with the conditions set forth hereinabove.

### **Conclusion**

With respect to Article 10 of the Corporate Governance Communiqué (Communiqué) No. II-17.1 of the Capital Markets Board, since it is foreseen that the ratio of the amount of the common and continuous products sales transaction of our Company with Düzey A.Ş. and Ram A.Ş; and common and continuous material and service procurement transactions of our Company with Zer A.Ş. to the revenue/COGS amount of the publicly disclosed financial statements for year 2022 are expected to reach more than 10% in 2023, this report discloses the conditions of the transactions made with the related companies and which are expected to be continued under similar conditions in 2023, the price determination method and the reasons for choosing this method are explained and information about the compliance of the transactions with the market conditions is presented