

## COMMITMENT TEXT

### I. BASIC PRINCIPLES RELATED TO THE DISTRIBUTION OF MOVIES IN MARS CINEMAS

- 20% of the total seat capacity owned by Mars Sinema will be allocated at most to the movies distributed by CGV Mars Dağıtım (corresponds to less than 10% of the total seat capacity in the sector).

- For the movies distributed by independent or third party distribution companies, at least 80% of the total seat capacity will be allocated for movie programming.

- **Starting from the Day Zero (defined below), Mars guarantees that it will not allocate more than 20% of the total seat capacity for the movies distributed by CGV Mars Dağıtım.**

- o “Day Zero” shall be defined as one month after the date on which the Competition Board officially accepts these commitments.

- **In the weeks following the Day Zero, the allocation of seat capacity shall be determined according to the principles stated below:**

- o For newly released movies, during the First Week, Mars guarantees that maximum 20% of the **Remaining Seat Capacity** will be allocated to the movies distributed by CGV Mars Dağıtım, 80% of the **Remaining Seat Capacity** will be allocated to third party distributors.

For the purposes of this provision, **Remaining Seat Capacity** means the total seat capacity after deducting the seats allocated to the movies, which meet “THE COMMITMENT TO ENSURE THAT ONGOING SCREENINGS ARE BASED ON OBJECTIVE CRITERIA”

In line with the purposes of this provision, the First Week of a film is defined as the period from Friday to the following Thursday.

- **Annual Compliance Obligation:** Mars commits to allocate maximum 20% of the total seat capacity for the films distributed by CGV Mars Dağıtım and allocating at least 80% of the total seat capacity for the films distributed by third party distributors on a cumulative annual basis. Within this scope, at the end of the commitment year (that is at the end of 12-month period starting

from Day Zero, when the commitments are accepted by the Competition Authority and enter into force), apart from the exceptions defined in the commitments, the seat data compiled shall indicate full compliance with 20 percent - 80 percent ratio.

- To leave no room for doubt, Mars explicitly states that the application of annual compliance obligation shall not constitute an obstacle for the implementation of 20%-80% rate based on the total seat capacity determined as of “Day Zero” and the implementation of 20%-80% rate based on remaining seat capacity related to other weeks.

- Within the framework of the films distributed by CVG Mars Dağıtım remaining in screening in accordance with the criteria under the scope of “COMMITMENT TO ENSURE THAT ONGOING SCREENINGS ARE BASED ON OBJECTIVE CRITERIA ” and 20% quota to be applied in terms of newly released films, the possibility that films distributed by CGV Mars Dağıtım may exceed 20% of the total seat capacity during certain weeks is taken into account and “annual compliance obligation” is designed as an additional measure to eliminate competitive concerns.

The proportional restrictions mentioned above shall not apply to the exceptions specified below. Programming shall be made depending on free market conditions that are based on performance and audience demand.

### **Exceptions**

#### **a. Regarding Blockbuster Films**

##### **Definitions:**

**The Basic Characteristics of Blockbuster Films can be Defined according to One of the Criteria Stated below**

##### **1. High Budget:**

- Their production and marketing costs are very high.

- In today’s circumstances budgets are:

- For local productions, 100 million TL and above.

- For foreign productions, 80 million USD and above.

*The said budget thresholds are determined within the framework of current economic conditions, those will be updated every year by considering relevant economic indicators, especially consumer price index and updated figures shall be submitted to the Board at the end of each year.*

## **2. Audience Turnout:**

- Audience turnout in the first week is a determining factor in the film's success.

- Accordingly, films with an audience potential of 500,000 and above at the time of release fall under the category of high performance expectations.

- The number of viewers reached at this period directly affects the performance of the film in release.

*Therefore, the proportional restrictions explained above shall not apply for such films.*

*To avoid any ambiguity, our clarifications on certain points that may raise questions are provided below:*

- The main element of this criterion, audience number of 500,000 and above, means the **expected number of viewers the film will reach while it remains in release (approximately eight weeks).**

- In addition, this expectation refers to not only the number of viewers in the cinemas belonging to Mars but also **the total number of viewers expected in all cinemas throughout the country.**

- The forecast of whether a film will meet this criterion is shaped based on the film's estimated production and marketing budget, pre-sale data, the scope of promotional and marketing campaigns, the cast, the past performance of the director and producer, social media interaction and audience interest, historical performance of similar content, the release date, holiday seasons and data about rival content.

- After the film has been released, (but not yet reached 500,000 viewers), while making a forecast about whether it will meet the blockbuster criterion, an evaluation is made by taking into account the criteria listed above again,

especially the number of viewers during the weekend it is first released (three-day period of Friday, Saturday and Sunday).

–The proportional restriction under the scope of 20%-80% rule shall not apply to blockbuster films; however, films that are projected not to meet the blockbuster expectation as a result of the outcomes obtained in the previous week (from Friday to Thursday) shall be taken out of this scope and general principles of the commitment shall apply to those.

**b. Regarding films with a screen time below the general average (Short Films):**

Recently, a trend has emerged toward releasing short feature-length films that are 30 minutes or shorter. For instance, for a short content of 10 minutes, there may be about 20 screenings in a cinema. In this case, it is not possible to estimate deviation ratio for those films due to seat capacity allocation for each screening. Therefore, the proportional restrictions specified above shall not apply for such films.

**c. For films shown in cinemas with a special design and format (IMAX, 4DX, SCREENX, DBOX, ATMOS, STARIUM, PREMIUM CINEMA, MPX, SKYAUDITOURIUM, GOLD/HOME CLASS, TEMPUR, etc.):**

The capacity in cinemas with a special format cannot be increased or decreased according to audience expectations. Therefore, the proportional restrictions specified above shall not apply for such films.

**d. For films displayed in ARTHOUSE cinemas:**

The art films under this category are generally developed independently and aims a niche group of viewers rather than large groups. The films shown in Arthouse cinemas appeal to a more selective audience and therefore have lower viewer expectations. Those films are allocated to cinemas regardless of audience expectations, aiming to support artistic cinema independently of commercial concerns. Therefore, proportional restrictions shall not apply to the films defined above.

**e. For Alternative Content (Concerts, Plays, Dance Shows, Interactive Art Shows, Documentaries, Musicals, Operas, Ballet Performances, E-sports Games, Award Ceremonies, etc.)**

**f. Films supported by the Ministry of Culture and Tourism:**

*Cinemas are allocated for such films as a result of the discussions with the Ministry, irrespective of audience expectation. In order to support and improve the sector and cultural policies, the proportional restrictions shall not apply to those films identified above.*

**II. THE COMMITMENT TO ENSURE THAT ONGOING SCREENINGS ARE BASED ON OBJECTIVE CRITERIA**

*In order to objectively specify the principles of screening of films, which are shown in cinemas in the opening week (from Friday, when the film is first released, to next Thursday), in the second and following weeks, Mars declares that it adopts the principles laid down in this commitment article and undertakes to apply the principles laid down in this commitment article without any discrimination among distributors. This application is based on the principle of equality and objectivity between the films distributed by CGV Mars Dağıtım and the films distributed by all other distributors. To avoid any doubt, Mars clearly commits that this article on the commitments about ensuring that ongoing screenings are based on objective criteria shall be implemented on a **locational basis**. Accordingly,*

*•In case a film on show meets **at least two** of the measurable criteria listed in this commitment article in the location where it is on show, it shall remain in release **in the relevant location** depending on its performance.*

*•If a film currently showing at a location begins screening at a new location, it will be regarded as having its first release at that location, in that sense it shall be subject to the general principles of distribution (20-80% rule), to continue screening **at the relevant location** during the following weeks, it will be subject to the criteria specified in this commitment article.*

*In order for a film screening at any location to be able to continue screening in the relevant location, Mars hereby agrees, declares and undertakes that*

*•It shall take the measurable performance criteria listed below,*

*•It shall require that the film should meet **at least two of those criteria** to continue screening,*

- *It shall make an evaluation in terms of other criteria if there are films having the same performance for similar criteria,*

- *It shall adopt an objective and non-discriminative attitude, irrespective of the producer of the film while making those evaluations. The measurable performance criteria that Mars shall consider while applying this commitment article are as follows:*

*The measurable performance criteria that Mars shall consider while applying this commitment article are as follows:*

**1. The Number of Viewers Per Location:**

*Average number of viewers per location in the previous weekend (during the three-day period composed of Friday, Saturday and Sunday under the scope of “weekend” as defined in this Commitment Text) may be above those thresholds according to the release season:*

- *High season: **200 or more people***
- *Low Season: **20 or more people***

**2. Occupancy Rate:**

*Considering all screenings in the location where the film is released in the previous weekend (during the three-day period composed of Friday, Saturday and Sunday under the scope of “weekend” as defined in this Commitment Text) Occupancy rate per screening (total tickets sold/total seat capacity) may be above the thresholds below according to the screening season:*

- *High season: **10% and above***
- *Low Season: **3% and above***

**3. Audience Ranking:**

*The film may rank among the first four films according to the viewership figures in the locations it is released as of the previous weekend.*

**4. Reduction Rate in Weekend Attendance:**

*The reduction rate in the total number of weekend viewers of the film compared to the previous weekend.*

- *High season: **Maximum 40%***

- Low Season: Maximum 50%

**Definitions:**

**Weekend is defined as Friday, Saturday and Sunday.**

*For the purposes of making a judgement, High Season and Low Season are defined as follows.*

*High season: January, February, March, October, November, December,*

*Low Season: April, May, June, July, August, September*

*However, it should be noted that those monthly definitions are temporary and factors such as Ramadan period and other holidays should be considered. Annual adjustments may be needed to determine the relevant periods.*

**Exceptions:**

*Short films, films in cinemas with special design and format, ARTHOUSE films, Alternative Content and films supported by the Ministry of Culture and Tourism, which are defined under the heading “**BASIC PRINCIPLES RELATED TO THE DISTRIBUTION OF MOVIES IN MARS CINEMAS**” In addition to this, we would like to emphasize that in case films in special cinemas with special design and formats and ARTHOUSE films are displayed in cinemas not having this nature, those films shall not be assessed under the scope of exception in terms of their screening in the cinemas not having this nature.*

**III. BASIC PRINCIPLES FOR MARS’S 10 HIGHEST-REVENUE LOCATIONS**

*Mars undertakes to make film programming according to the principles laid down below for the 10 highest-revenue cinemas, owned by Mars:*

Rank	City	Cinema
1	Ankara	Ankamall
2	İstanbul	Akasya
3	İstanbul	Hilltown
4	İzmir	Mavibahçe
5	İzmir	Optimum Gaziemir
6	İstanbul	Maltepe Piazza
7	Adana	Adana M1
8	İstanbul	Marmara Park
9	İstanbul	Emaar
10	İstanbul	Cevahir

Period: 2019-2023-2024-2025 (Jan-May)

•The general principles presented under the scope of this commitment shall also apply **as a whole** to 10 highest-revenue cinemas (locations) owned by Mars. Accordingly,

o For the films distributed by CGV Mars Dağıtım, maximum **20%** of the seat capacity of 10 highest-revenue cinemas (**locations**) owned by Mars,

o For the films distributed by other independent or third party distribution companies, at least **80%** of the seat capacity of 10 highest-revenue cinemas (**locations**), owned by Mars shall be allocated to film programming.

**The general principles laid down in this commitment text shall be applied about which films will continue screening in 10 highest-revenue cinemas (locations), owned by Mars.**

• The commitments and explanations under the scope of “Annual Compliance Obligation” under the heading “I. Basic Principles Related To The Distribution Of Movies In Mars Cinemas” shall also apply **as a whole** to **all** 10 highest-revenue cinemas (**locations**), owned by Mars.

•In order to avoid ambiguity, it should be clearly declared that the commitments submitted under this commitment heading shall not include application and implementation commitment on a location basis under the scope of the Basic Principles Related To The Distribution Of Movies In Mars Cinemas and apply as a whole to all 10 highest-revenue cinemas (locations), owned by Mars. To ensure legal clarity, it should be noted that this article means that 20%-80% rule, which is valid for the first distribution of films, shall be applied as a whole to all 10 highest-revenue cinemas (locations), owned by Mars, not for each of those individually.

•However, the issues stated under the scope of the **Commitment To Ensure That Ongoing Screenings Are Based On Objective Criteria** shall also apply to 10 highest-revenue cinemas (**locations**), owned by Mars and **within this scope analyses shall be made on a location basis** for 10 highest-revenue cinemas (locations), owned by Mars.



*•The locations stated here may be updated during the commitment period depending on the changes in the revenues of cinemas, annually, at the anniversary of Day Zero (as defined below).*

#### **IV. MONITORING AND REPORTING**

*The programming method stated above shall be revised and reported electronically to the Competition Authority in the form of an Excel file at the end of each commitment year (that means at the end of 12-month period starting from Day Zero, when the commitments are accepted by the Competition authority and enter into force), within one month, (The period necessary for compiling the data that generate during the commitment year on an annual basis and submitting them to the Authority). In case there is an innovation or development that may change the calculation method, the effect of that development on the criteria will be immediately reported to the Competition Authority and it shall be implemented after the Competition Board's approval.*

#### **V. NO DISCRIMINATIVE ACTIONS WILL BE TAKEN WHILE IMPLEMENTING THE COMMITMENTS**

*For the implementation of the commitments stated in this Commitment Text, Mars declares, agrees and undertakes that*

- It will adopt an equal approach towards all distribution firms including those under the body of the same economic unity with Mars,*
- The commitments will apply to all distribution companies objectively and equally, without discrimination,*
- In case it is necessary to make an option even in cases where it complies with the commitments laid down in the Commitment Text, it will make such option in compliance with the principles in this commitment text and in a way to prioritize the audience preferences,*
- It will fully comply with the principles of avoiding discriminative practices or causing exclusionary effects in the implementation of the criteria listed in the Commitment Text.*

## **VI. INDEPENDENCY OF PROGRAMMING, RELATIONS WITH MARS DAĞITIM AND OTHER DISTRIBUTORS**

*During the commitment period, Mars shall continue and further strengthen its existing functional distinction between distribution and screening activities; In compliance with the non-discrimination principle in this commitment, it will handle screening planning independently of Mars Dağıtım's activities; within this scope, its will communicate with CGV Mars Dağıtım at the same level as the other distribution companies at the stage of screening programming, And will focus only on making film programming according to consumer preference in its communication with all distributors, including CGV Mars Dağıtım and on complying with the principles stated in this commitment text.*

## **VII. OUR COMMITMENT REGARDING INFORMATION EXCHANGE**

*To ensure transparent supervision of compliance with the commitments, Mars undertakes to execute the necessary reporting activities for the monitoring of the commitments regarding the issues we state in "Monitoring and Reporting" commitment. In addition, Mars declares, agrees and undertakes, before the Board, that it shall not carry out any discriminative practices while implementing the commitments under the scope of the commitment "No Discriminative Actions shall Be Taken While Implementing The Commitments".*

*Accordingly, in order to provide more transparency to not only the Board but also to the film distribution sector, under this heading, Mars declares, agrees and undertakes that the commitments shall not be implemented in a discriminative manner and in case distributors make a request, it shall share with the distributors in question performance data about the films that they distribute (the number of tickets sold, occupancy rate, box office revenues, etc.) in order to assess whether the decisions under these commitments are taken in the most objective manner possible.*

## **VIII. COMMITMENT PERIOD**

*This commitment shall remain in effect for **a period of three years** starting from Day Zero, which refers to the date that is one month following the formal acceptance of the commitments and becoming binding according to the decision of the Competition Board.*

*Mars commits to comply with all the commitments laid down here completely. Unless the otherwise is decided by the Authority, the commitments shall terminate automatically without the need for further notice. However, if the Authority deems necessary, Mars is ready to communicate about a possible extension, revision or renewal.*

*Three-year period is defined by taking into account the dynamic structure of the movie sector, the need for predictability in business planning, and the importance of forming a reasonable time frame to measure the efficiency of the commitments in eliminating the competitive concerns stated by the Authority.*

#### ***IX. ANNOUNCEMENT OF THE COMMITMENTS***

*In case this Commitment Text is accepted by the Board, Mars agrees, declares and undertakes to announce the commitments, which it declares and agrees to comply with in the Commitment Text, with all sector stakeholders on its website,*