



Interim Operational Report as of 30.09.2023

TABLE OF CONTENTS

1. BACKGROUND

- 1.1 Board of Directors, Company Executives and Employees
 - 1.1.1 Board of Directors
 - 1.1.2 Authorities and Limits of Board Members and Senior Executives
 - 1.1.3 Committees of the Board of Directors
 - 1.1.4 Personnel Information
 - 1.1.5 Amendments in the Articles of Association during the Period
 - 1.1.6 Number of Meetings of the Board of Directors and Participation of Members during the Period
- 1.2 Company's Capital, Shareholding Structure and Privileged Shares
 - 1.2.1 Capital
 - 1.2.2 Shareholding Structure
 - 1.2.3 Privileged Shares
- 1.3 Direct or Indirect Subsidiaries and Share Ratios

2. FINANCIAL RIGHTS OF MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

3. COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

- 3.1 Main Areas of Activities
- 3.2 Research and Development Activities
- 3.3 Important Developments on Company Activities
- 3.4 Key Information on the Industry
- 3.5 Position of the Company in the Industry
- 3.6 Organizational Structure of the Company

4. INCENTIVES

5. QUALIFICATION, CERTIFICATION AND REGISTRATION DOCUMENTS

6. OTHER IMPORTANT INFORMATION

- 6.1 Related Party Transactions
- 6.2 Policy on Profit Distribution
- 6.3 Information on financial risk management policy
- 6.4 Information on legislative changes that will significantly affect the company activities
- 6.5 Events following the reporting period
- 6.6 Descriptions on the private and public audits during the fiscal period
- 6.7 Information on lawsuits filed against the company, which may affect the company's financial status and activities, and their possible consequences
- 6.8 Administrative or judicial sanctions imposed on the company and the members of the

management body due to practices contrary to the legal provisions

- 6.9 Information on the Extraordinary General Assembly Meeting, including the date of the meeting, the decisions made at the meeting and the related transactions (If the extraordinary general assembly meeting is held during the period)
- 6.10 Donations and aids by the company during the period and expenditures on social responsibility projects
- 6.11 Shares acquired by the company
- 6.12 Information about the company's internal control system and internal audit activities, and the opinion of the management body on this subject.
- 6.13 Determination of whether the company's capital is unreqited or whether it is in bankrupted and reviews of the board of directors.
- 6.14 Conflicts of interest between the company and the institutions that provide services such as investment consultancy and rating, and measures taken by the company to prevent such conflicts of interest
- 6.15 Information on corporate social responsibility activities regarding employees' social rights, vocational training and activities that have other social and environmental consequences
- 6.16 Rights and Benefits Provided to Employees

7. CORPORATE MANAGEMENT



1. BACKGROUND

Trade Name	: KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.
Period of the Report	: 01.01.2023-30.09.2023
Authorized Share Capital	: 550.000.000
Paid-in Capital	: 243,100,000
Market Traded in BIST	: Yıldız Pazar
Trade Registry Number	: 988994-0
Registered Office	: Saray Mah. Dr. Adnan Büyükdeniz Cad. No:13 B Blok Kat:2 İç Kapı No:6 Ümraniye - İstanbul / TÜRKİYE
Production Facilities	: Gebze Plastikçiler Organize Sanayi Bölgesi İnönü Mah. Cumhuriyet Caddesi Balçık Yolu Üzeri 7. cadde No: 43 Gebze - Kocaeli / TÜRKİYE
Contact information	
Phone	: +90 212 809 15 50
Fax	: +90 212 809 15 49
Website	: www.kimpur.com

1.1 Board of Directors, Company Executives and Employees

1.1.1 Board of Directors

The Board Members have been reappointed at the ordinary general assembly meeting held on May 3, 2023.

NAME & SURNAME	DUTY	TERM OF DUTY
Yuda Leon Mizrahi	Chairman of the Board	03.05.2023-03.05.2026
Cavidan Karaca	Vice President of the Board	03.05.2023-03.05.2026
İsak izi Mizrahi	Board Member	03.05.2023-03.05.2026
Ömer Bakır	Independent Board Member	03.05.2023-03.05.2026
Mehmet Mete Başol	Independent Board Member	03.05.2023-03.05.2026

Yuda Leon Mizrahi – Chairman of the Board

Yuda Leon Mizrahi (born in 1957) graduated from the Department of Chemical Engineering, Bogazici University in 1980. Following the graduation, he worked in family companies, belonging to his father, in the

production of plastic soles, and established, together with Salvo Özsarfati, a company that trades and distributes artificial leather, rubber, coating and additives in 1983 (Kimteks Kimya). In 1985, he founded another company in the paint industry (Renkim) together with Salvo Özsarfati and Lauren Margulies. In 2007, he became the founding partner of a real estate company (Ortak Gayrimenkul) and accomplished several real estate development projects.

In 2011, he established the company "Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş" ("Dörtgen") as a family company. Dörtgen is the umbrella company that owns the shares of Kimteks Kimya, Renkim and Ortak Gayrimenkul, apart from its own real estate.

Yuda Leon Mizrahi runs his business life as the main partner of the issuer and one of the partners of Dörtgen, Kimteks Kimya and Ortak Gayrimenkul.

Cavidan Karaca - Vice President of the Board

Born in Konya-Akşehir in 1970, Cavidan Karaca graduated from the Middle East Technical University, Department of Mechanical Engineering in 1992 and started her business life.

She worked as a production and planning engineer at Erkunt Sanayi A.S between 1992-1996, as a plastic tool production engineer at the refrigerator plant of Arçelik A.S. between 1996-1997, and as a purchasing manager at General Directorate of Arçelik A.S. between 1997-2001. She worked as a purchasing director at Omsan Lojistik A.S between 2001 and 2002. She became the founding partner of a consultancy company (Innovis Ticaret ve Danışmanlık A.S.) and provided management consultancy services to more than a hundred companies, mainly in production, tourism and other service industries between 2002 and 2014. During this period, she also worked as the general manager of Işık Plastik between 2002-2007.

She began to work as a consultant at Kimteks Kimya Tekstil Ürünleri A.S. in 2014 and assigned as the CEO in 2015. Following the demerger of the issuer from Kimteks Kimya, she has been serving as the CEO and Vice President of the Board since the end of 2015.

Isak İzi Mizrahi - Board Member

He was born in 1984 in Istanbul. He studied Electrical and Computer Engineering at Carnegie Mellon University, Pittsburg, USA between 2002-2004. He completed the Industrial Engineering Department at Koc University between 2005-2008.

He began his career as a purchasing specialist at the American Hospital in 2008. In 2011, he continued to work as a production engineer at Kimteks Kimya.

Between 2012 and 2015, he worked as a business development manager at Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş., which is also a family corporation. He has completed works and investments in the renovation and utilization of some real estates in the tourism industry.

From November 2015 until 05.10.2021, as a Member of the Board of Directors responsible for purchasing and foreign trade in a family-owned company that went public; He took part in the management of the procurement of all chemical raw materials and service items, new supplier and product research in international markets, fair participation, market research and supplier relationship management processes. He has been serving as a non-executive Board Member since 05.10.2021.

Ömer Bakır - Independent Board Member

He was born on 1951 in Malatya. He started his high school education in 1965. After graduating from high school in 1968, he gained his bachelor's degree in chemical engineering at Ege University in 1972.

He continued his chemistry education at Kiel University, Germany, in 1973. Afterwards, he worked as a lecturer at the same university for 3 years.

He began his professional career in 1985 at Bayer AG Leverkusen in the sales and marketing processes in the rubber and plastics departments.

In 1988, he returned to Turkey and began to work as a board member and department director at Bayer Türk. During the 24-year period of duty at Bayer Türk, he had the opportunity to get to know all sectors in the industry.

In 2012, he quit Bayer Türk Industrial Products General Management, and he started his duty as the general manager of a newly established chemical company (Lanxess Kimya Tic. Ltd. Şti).

He retired in 2017 and is not currently working anywhere.

During his professional career, he served on the boards of the Turkish Chemical Manufacturers Association (TKSD), the Association of Paint Industry (BOSAD) and Association Rubber Industry.

Mehmet Mete Başol - Independent Board Member

Mehmet Mete Basol (Born in 1957) graduated from Arizona State University, BSc Economics, and started his career in 1984 at INTERBANK, in the Medium-Term Loans Department, in various investment projects. He performed economic evaluations in these projects and prepared industry reports. He was assigned as the Treasury, Fund Management and Foreign Relations Manager at the investment bank, Türk Merchant Bank, which was established in 1988 as a partnership of Bankers Trust Co. Newyork and T. İş Bankası. In 1992, he assumed the responsibility of the capital markets group as Assistant General Manager. In 1995, following the acquisition of the bank by the Bankers Trust, he was elected as a member of the board of directors and credit committee. He assumed the position of chairman of the board of directors and general manager of the bank (operating by the name of Bankers Trust A.S. between 1997 and 1999 and Deutsche Bank A.S. between 1999 and 2001). Between 2001 and 2003, he joined the public banks joint board of directors (T.C. Ziraat Bankası A.S., Türkiye Halk Bankası A.S., T. Emlak Bankası A.S.). Following

this duty, he established a financial consultancy company (Tridea Finansal Danışmanlık Hizmetleri Ltd. Şti.) with two partners and provided financial and administrative consultancy services to SMEs. After 2009, he continued his consultancy services under his own private company. He served as a member of the board of directors of Galatasaray Sportif A.Ş (2011-2012), Türkiye İş Bankası A.Ş (2011-2014), Dedeman Holding A.Ş. (2008-2014) and Dedeman Turizm Otelcilik Yatırım A.Ş. (2012-2014). He served as the independent board member, chairman of the audit committee and a member of the corporate management committee at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Biracılık ve Malt Sanayi A.Ş. (2012-2018). He also served as a member of the board of directors and chairman of the risk committee, representing the minority shareholder Partners Group of Enerji Yatırım Holding A.Ş (2014-2021), Enerya Gaz Dağıtım A.Ş (2014-2021), Enerya Gaz Ticaret A.Ş. (2014-2021). He was an independent member of the Board of Directors of Sabancı Holding A.S. (2018-2021), and chaired the audit and risk committee. Currently, he is a board member of Nurol Yatırım Bankası A.S. (2014), an independent board member of Enka İnşaat ve Sanayii A.S. (2018) and the chairman of the early risk detection committee and a member of the audit committee.

1.1.2. Authorities and Limits of Board Members and Senior Executives

The Board Members and Senior Executives represent and manage the company with their authorities specified in the relevant articles of the Turkish Commercial Code and the Company's Articles of Association and with the internal directive of the Board of Directors No. 13 dated 03.08.2021.

1.1.3 Board of Directors Committees

In compliance with the 'Corporate Governance Communiqué' issued by the Capital Markets Board, committees have been reconstituted with the Board Resolution dated May 3, 2023, numbered 13.

• Audit Committee

The Audit Committee oversees the company's accounting system, public disclosure of financial information, independent auditing, and the operation and effectiveness of the company's internal control and internal audit system. The audit committee supervises the selection of the independent audit company, the preparation of independent audit contracts, the initiation of the independent audit process, and the progress of the independent audit company at every stage. The meetings of audit committees are held at least four times a year, at least once every three months, and the results are recorded in the minutes and presented to the Board of Directors. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members. The Audit Committee notifies the Board of Directors in writing about the findings and suggestions on their own duties and responsibilities.

The committee members convened 3 (three) times within the period of 01.01.2023 and 30.09.2023, notified the board of directors and took all the decisions unanimously.

<u>NAME & SURNAME</u>	<u>DUTY</u>	<u>TERM OF DUTY</u>
Mehmet Mete Başol	Head of the Audit Committee	Independent Member
Ömer Bakır	Member	Independent Member

- **Early Risk Detection Committee**

The Early Risk Detection Committee makes suggestions and recommendations to the Board of Directors on identifying, defining, prioritizing, monitoring and reviewing the strategic, financial, operational risks and opportunities that may affect the Company's activities by calculating their impact and possibilities, as well as managing, reporting and taking into account these risks and opportunities in line with the company's risk profile in decision mechanisms. The committee meetings are held at least 3 times a year and the decisions are taken unanimously by the participants. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members.

The committee members convened 3 (three) times within the period of 01.01.2023 and 30.09.2023, notified the board of directors and took all the decisions unanimously.

<u>NAME & SURNAME</u>	<u>DUTY</u>	<u>TERM OF DUTY</u>
Mehmet Mete Başol	Head of Early Risk Detection Committee	Independent Member
İsak İzi Mizrahi	Member	Not Independent Member

- **Corporate Management Committee**

The corporate management committee determines whether the corporate management principles are applied in the company. If they are not applied, it determines the reasons and the conflicts of interest that occur due to lack of complying with these principles. The committee also makes recommendations to the Board of Directors to improve corporate management practices and oversees the work of the investor relations department. The Committee also undertakes the duties of the Nomination Committee and the Remuneration Committee, which are stipulated in the regulations of Capital Markets Board. The committee meets three times a year and when deemed necessary, without waiting for this period, and the decisions are taken unanimously by the participants. The resolutions taken at the meetings are put into writing, signed and archived by the Committee members.

Pursuant to the Capital Markets Board's Corporate Management Communiqué No. II-17.1, Article 11, the Company's Investor Relations Department has been established in order to fulfill the company's obligations arising from the Capital Markets legislation. An investor relations manager has been appointed to the investor relations department to work under the general manager of the company and to report to the company's board of directors at least once a year about his/her activities.

The committee members convened 5 (five) times within the period of 01.01.2023 and 30.09.2023, notified the board of directors and took all the decisions unanimously.

NAME & SURNAME	DUTY	INDEPENDENCY
Ömer Bakır	Head of Corporate Management Committee	Independent Member
İsak İzi Mizrahi	Member	Not Independent Member
Damla Mermeroğlu	Member	Investor Relations Manager

1.1.4 Personnel Information

As of 30.09.2023, the number of employees is 288.

1.1.5 Amendments in the Articles of Association during the Period

Changes have been made to our company's articles of association between January 01, 2023, and September 30, 2023. Our company's capital has been increased to 243,100,000 TL, all of which will be covered from internal sources, and the issuance document for shares with a nominal value of 121,550,000 TL to be issued has been approved, and the application for the amendment of Article 6 titled "Capital" of the Articles of Association has been approved by the Capital Markets Board (CMB). The decision has been published in the CMB's bulletin dated August 03, 2023, and numbered 2023/45. Based on the CMB approval letter, the Article 6 titled "Capital" of the Company's articles of association was registered in the Turkish Trade Registry Gazette numbered 10907 and dated September 05, 2023."

1.1.6 Number of Meetings of the Board of Directors and Participation of Members during the Period

The Company's Board of Directors held 25 meetings between 01.01.2023 and 30.09.2023. The Board of Directors' meeting was held with the participation of the majority of members.

1.2 Company's Capital, Shareholding Structure and Privileged Shares

1.2.1 Capital

Company's Paid/ Issued Capital is 243,100,000 TL.

1.2.2 Shareholding Structure

Partner's Name-Surname / Trade Title	Share in the Capital (TL)	Share in the Capital (%)	Voting Rate (%)
Yuda Leon Mizrahi	81.205.180	33,40	53,24
Etel Sason	24.711.890	10,17	4,87
Beti Mizrahi Sunderland	19.091.380	7,85	3,76
İsak İzi Mizrahi	19.091.380	7,85	12,52
Salvo Özsarfatı	17.710.000	7,29	3,49
İnnovis Ticaret ve Danışmanlık A.Ş.	14.267.932	5,87	8,90
Diğer	67.022.238	27,57	13,22
TOPLAM	243.100.000	100	100

1.2.3 Privileged Shares

A) Privileged Share Amount: 66.000.000-TL

B) Voting Rights of Privileged Shares: Group A Privileged Shareholders have the privilege to nominate candidates in the Board of Directors and to exercise their right to vote in the General Assembly. Each share has 5 voting rights.

1.3 Direct or Indirect Subsidiaries and Share Ratios

Title	Country of Establishment	Activity	Participation Type	Affiliate / Subsidiary	Effective Partnership Share	Participation share	Capital
Kimplast Granül Sanayi ve Ticaret A.Ş.	Türkiye	Wholesale of Rubbers and Plastics in Primary Forms (Ethylene, Styrene, Vinyl Chloride, Acrylic, etc. Synthetic and Reclaimed Rubbers in Primary Form with Polymers)	Directly	Subsidiary	100%	83,33%	7.500.000 TL
Kimpur Rus ve Cis Limited Company	Russia	Chemicals Trade and Agency Activities	Directly	Subsidiary	100%	100%	3.000.000 RUB
Kimpur International Trading Limited	Malta	Chemicals Trade and Agency Activities	Directly	Subsidiary	100%	100%	100.000 EUR
SIA Kimpur Europe	Latvia	Chemicals Trade and Agency Activities	Directly	Subsidiary	100%	74,99%	802.800 AVRO

2. FINANCIAL RIGHTS OF MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The total wage paid to the Members of the Board of Directors and Senior Executives between the period of 01.01.2023 and 30.09.2023 is 51.787.491,54 TL.

3. COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

3.1 Main Areas of Activities

Being of the manufacturers of polyurethane systems in Turkey, the company continues to provide uncommon solutions for customers thanks to its investments on R&D and technology.

The products produced by the company are defined as "polyurethane systems". It supplies raw materials in "liquid form" to the following industries. Polyurethane systems consisting of 3 or more components are shipped to customers as liquids in drums, tankers or IBC packages. The customer mixes the liquid raw materials during the process, and the process using blowing gases gives polyurethane foam in different forms.

Polyurethanes are polymers formed by the reaction of polyols containing OH group and isocyanates containing NCO group. However, polyurethane systems are commonly considered as special solutions shaped as a result of customer demands and expectations together with know-how, experience and simulation techniques. These customer demands may vary with each other such as densities that provide cost advantage, different hardness demands, demolding at a certain speed, cell structure, very good adhesion to surfaces or not, hydrolysis resistance, dimensional stability, antistatic properties, flexibility, different colors and appearances. These systems are recommended and produced for the polyurethane industry, from single-component products to 4-5-component products, as follows.

- **Rigid foam systems**

Two-component rigid foam systems for insulation for panels and white appliances;

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is Polymeric MDI, supplied from global suppliers and offered to customers as a component of the system.

Rigid foam systems with 4-5 components for the insulation panels.

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is a mixture of performance additives called additives. They are processed in the same process as polymix.
3. The third component is a mixture of special catalysts and processed in the same process as the polymix.
4. The forth component is Polymeric MDI, supplied from global suppliers and offered to customers as a component of the system.
5. Other

The sales volume of rigid systems were approximately 47 K tons in 2022, and the domestic sales were approximately 34 K tons. By the end of the third quarter of 2023, the total sales of rigid systems reached approximately 52.6 thousand tons, with domestic sales reaching about 41.7 thousand tons.

- **Polyurethane systems for the Footwear and Slippers industry**

These are 3-component polyester systems.

1. The primary component is Polyester Polyol and/or Polyester Polyol blends.
2. The secondary component is the physical mixtures of glycols (called Crosslinker), catalyst, surfactant, performance additives and water.
3. The third component is the prepolymers formed due to the reaction of Polyester Polyols and MDIs.

The total sales volume of Kimpur's footwear systems were approximately 40 K tons, and the domestic footwear systems sales were approximately 25 K tons in 2022. By the end of the third quarter of 2023, the total sales of shoe systems reached approximately 30.2 thousand tons, with domestic sales accounting for about 19.1 thousand tons.

- **Flexible foam systems**

For the automotive and office furniture industries;

1. The primary component is a physical mixture of polyether polyols, called Polymix, catalyst, surfactant, water and/or blowing agents.
2. The secondary component is the prepolymers formed due to the reaction of polyether polyols and MDIs called Prepolymers.

The total sales of flexible foam systems were approximately 6 thousand tons in 2022, and the domestic sales of those were approximately 4 thousand tons. In the third quarter of 2023, flexible foam systems' total sales reached approximately 4.6 thousand tons, with domestic sales reaching approximately 3.3 thousand tons.

- **Case-Adhesive, Binders - Moisture-curing one-component prepolymers**

1. They are prepolymers formed due to the reaction of Polyester Polyols and MDIs.

When including sales from polyester, case, raw materials, and other product groups, Kimpur achieved a total of approximately 107.6 thousand tons in sales by the end of the third quarter of 2023. Approximately 26.3% of these sales consist of exports and export-registered sales.

3.2 Research and Development Activities

Kimpur attaches importance to R&D activities with its investments in its technological infrastructure and human resources. It focuses on R&D, new product development, price performance improvement of existing products, and the development of new products and applications that will provide guidance on the unmet needs of our customers.

The company is one of the companies with advanced laboratory infrastructure in the polyurethane industry and employs 29 researchers, each of whom is specialized in their own field. The company employs 4 Ph.D., 7 master's degree, 15 bachelor's degree, 2 vocational school, and 1 technical high school graduates as researchers.

The main principle of our company is to ensure customer satisfaction, support its customers with its products, and to increase their competitiveness in the domestic and especially abroad markets. For this purpose, it designs the most suitable products for its customers by simulating the production of its customers through its technological investments in its own laboratories.

The R&D team is basically divided into 3 main groups based on the product groups. In the group where product studies are carried out for the footwear industry, raw materials are developed for all kinds of products such as soles, slippers, boots etc. All products are developed by the Rigid division for insulation in the construction and refrigerator industries. There are Flexible and Case divisions for many various industries, especially automotive and furniture.

The products are chemically divided into three main groups: polyester, polymix and prepolymer. Kimpur is one of the companies with the largest polyester production capacity in Turkey in the industry. In addition to the polyester polyols it has developed as semi-finished products in its products, it sells directly to domestic and foreign markets. Polimix products consist of a mixture of different raw materials, taking into account the needs of its customers in all kinds of industries. Regarding the isocyanate required for the formation of the polyurethane material, the mixture or reaction processes produce the prepolymers.

The R&D team performs all critical product tests, which are required to be done at the customer's facilities, in accordance with the standards. In line with the needs and demands of the customer, the company's laboratories have the necessary equipment infrastructure. All mechanical and physical properties of the materials are measured and the required criteria are presented for customer satisfaction.

Due to the importance given to the environment and human health, which is one of the most significant principles, the company always gives priority to environmentally friendly raw materials in the products. Several projects have been successfully implemented for this purpose. For example, with the aim of developing a halogen-free product, the project named "170106 - Development of Alternative Blowing Agent Systems to Replace Halogen-Containing Blowing Agents such as 141b, 365/227 and 245fa for Polyurethane Systems" has been carried out successfully and these products have been added to the product range.

Another project named "Obtaining Polymeric Polyester by Styrene Polymerization", was awarded with an investment incentive by the Ministry of Industry and Technology as an import substitute product (since it is not produced in Turkey).

Polymeric Polyester Polyols are very significant performance-enhancing raw materials with an intense area of application in footwear systems.

The investment related to the project was brought to completion in 2019, which was supported by 80% within the scope of the "strategic investment incentives" of the Ministry of Industry and Technology. This raw material, 100% of which is imported, has began to be used in our own production and sold to

other system houses both at home and abroad, which has made a great contribution to our country's economy.

One of the important strategies of R&D is to develop its own products with sustainable and domestic resources. The aim is to always utilize the domestic resources at the maximum level in all the projects. In addition, the suppliers are always closely followed in order to reduce its dependence on raw materials and to create alternative sources.

Thanks to all these competencies and successful works, the R&D Center was awarded the Ministry of Industry and Technology in 2017. The company keeps presenting its projects with its own resources and the support of the Ministry of Industry and Technology, which results in increased number of products and customers every year. With its strength in this field, it increases its potential and share in domestic and foreign markets.

As of 30.09.2023, the Kimpur R&D Center has 29 employees with an average of 12 years of industry experience.

The R&D Center Certificate was obtained and 7 projects of TEYDEB (Technology and Innovation Funding Programs Directorate) were completed. One of these projects was awarded with an investment incentive by the Ministry of Industry and Technology. Since the establishment of R&D Center, 48 R&D Center Projects have been completed and there are 11 ongoing projects.

Additionally, participation in European Union and SAYEM Projects on Bio, Recycling, and Sustainability topics is ensured with leading companies and universities in the field.

Under the R&D activities, studies are carried out with various universities and private companies. In addition, European Union Projects were included in the strategies, and we concentrated our attention on studies in this regard.

In 2019, based on the number of projects carried out in the R&D center and among the top 50 companies according to the number of brands, Kimpur was among the first 100 companies in Turkey.

In 2019, 2020, 2021 and 2022, Kimpur was among the 250 companies with the highest R&D expenditures in Turkey.

[*\(https://turkishtimedergi.com/ar-ge-250/\)](https://turkishtimedergi.com/ar-ge-250/)

R&D Strategies;

- To increase the number and quality of R&D Center personnel,
- To increase university-industry cooperation and to follow basic researches in our field,
- To carry out joint R&D projects with customers and suppliers,
- To benefit more effectively from national and international R&D support programs and to increase the number of our projects,
- To strengthen qualified personnel and infrastructure for application and simulation processes,
- To develop new and innovative products in the international market,

- To develop joint projects with companies and institutes abroad,
- To develop alternative domestic products to all imported products in the domestic market,
- To develop environmentally friendly and economical products that will increase our competitiveness with global players,
- To develop products that not only meet the needs of the market, but also shape the market, in order to be one of the global players among polyurethane system manufacturers.
- To be one of the leading companies serving in the Defense Industry sector.
- To establish a Polyester Polyol unit and become one of the leading players in this field in the Turkish and Global markets.

3.3 Important Developments on Company Activities

- ✓ On 02.01.2023, our Company has received the approval of membership to SAHA İstanbul, the largest assemblage of the European Aviation Clusters Association in Turkey.
- ✓ On 10.01.2023, the company decided to establish a new company in Germany and the United Kingdom.
- ✓ On 12.01.2023, a sales connection was performed between our company and a customer residing in Turkey, amounting to approximately 300.000.000 TL for our product portfolio in the shoe-slippers sector.
- ✓ On 16.01.2023, new sales connections were performed, amounting to approximately 340 Million TL, for our product portfolio in the Rigid sector (Rigid Foam Systems). 27 Million TL of this amount will be spent for our new product group (bio polyol).
- ✓ On 22.02.2023, the company made new sales connections with sandwich panel manufacturers to be used in earthquake containers. In this context, a total of 453 million TL orders were received, to be delivered by the end of April 2023.
- ✓ On 24.03.2023, the building construction investment for the PET Recycling Plant Factory Building investment approved by the Ministry of Industry and Technology - Incentive Implementation and Foreign Capital General Directorate in line with our company's production facility to be established on a 17,015 m² land in Düzce Gümüşova Organized Industrial Zone has been updated to 210,123.000 TL with an increase of 61,373,000 TL.
- ✓ On 30.03.2023, a sales order of 1,750 tons and a total of € 4.6 million was received for the target export markets for the second quarter of 2023.
- ✓ On 04.04.2023, our company received new sales orders totaling 375 million TL for the 2nd quarter of 2023, in addition to the previous orders to be delivered by the end of April 2023 in the Rigid sector. Out of this amount, 250 million TL is related to new sales connections with sandwich panel manufacturers for use in earthquake containers, and the deliveries are scheduled to be completed by the end of May 2023.
- ✓ On 02.05.2023, our company's Board of Directors announced the decision regarding the Free Capital Increase on May 2, 2023.
- ✓ On 08.05.2023, our company established the Marketing and Sustainability Directorate to strengthen the effectiveness of processes within the organization and support our macro goals focusing on strategic priorities. Ms. Derya Esnaf, who currently serves as Marketing Manager, has been appointed as the Director of Marketing and Sustainability Directorate. Mr. Murat Kuzkan, who is currently serving as the Director of Business Development and Sustainability, has been appointed as a member of the Board of Directors

of our subsidiary, Kimplast Granül Sanayi ve Ticaret A.Ş. Mr. Tuğrul Köstence, who is currently the IT Manager, has been appointed as the Director of Information Technologies Directorate. Mr. Emrah Akbaş, who is currently serving as the R&D Manager, has been appointed as the Director of R&D Polyester and Rigid Business Unit.

✓ On 18.05.2023, our company applied to the Capital Markets Board (SPK) regarding the Free Capital Increase.

✓ On 29.05.2023, the contract for the compliance rating of our company with corporate governance principles has been renewed.

✓ On 05.06.2023, our company reached an agreement with distributors in an important export market, aiming to achieve a total turnover of approximately 24 million Euros by the end of 2024. As part of this agreement, a successful audit was conducted on June 2, Friday. The first phase of this agreement includes a commitment for a turnover of 5 million Euros for the remaining part of 2023. The second phase will continue with other product tests initiated, with the expected achievement of the target turnover of 19 million Euros for the year 2024.

✓ On 03.07.2023, following the Industrial Competence Evaluation and Support Program (EY-DEP) audit conducted by the Presidency of Defense Industries, our company has earned the ES-101 B certificate in the production category, being identified as one of the highly competent firms. Consequently, we now have the right to be a directly approved supplier and a main subcontractor for stakeholder main integrator companies in the defense industry.

✓ On 10.07.2023, our company, in collaboration with our customer Alüform Pekintaş A.Ş., successfully completed the FM Approval certification audit process for panels produced with our Kimrigid PIR 205 product, which is used in sandwich panel systems for insulation purposes. Both companies underwent scrutiny of their process management and products during this process. All inspection and certification processes for our Kimrigid PIR 205 product were successfully completed, affirming the top-level quality, safety, and performance of our product.

✓ On 24.07.2023, our company's headquarters address changed from Sapphire Plaza N 1/4 Floor:19 Apartment:1, Emniyet Evleri Mah. Eski Büyükdere Cad., Kağıthane/Istanbul, to No:13 Inner Door No:6, Dr. Adnan Büyükdeniz Cad., Saray Mah., Ümraniye/Istanbul. The address change was registered on July 24, 2023.

✓ On 25.07.2023, our company commenced its first production at the new manufacturing facility located in Düzce Gümüşova Organized Industrial Zone. With the initiation of production in the Düzce facility, the renewable energy investment (GES) also started, contributing to electricity generation. Our company aims to meet approximately 55% of its total electricity consumption and reduce carbon dioxide emissions by approximately 679 tons annually with the Düzce GES investment.

✓ On 04.08.2023, our company's capital increase request to raise it to 243,100,000 TL, funded entirely from internal resources, and the approval of the Issuance Document for shares with a nominal value of 121,550,000 TL, along with the amendment of Article 6 titled "Capital" of the Articles of Association, were approved by the Capital Markets Board (SPK) and published in the SPK's bulletin dated August 03, 2023, numbered 2023/45.

✓ On 23.08.2023, in accordance with Capital Markets Board Corporate Governance Communiqué annex 4.2.8, the "Management Liability Insurance" for our company's Board Members and Senior Executives was renewed at a cost exceeding 25% of our company's capital.

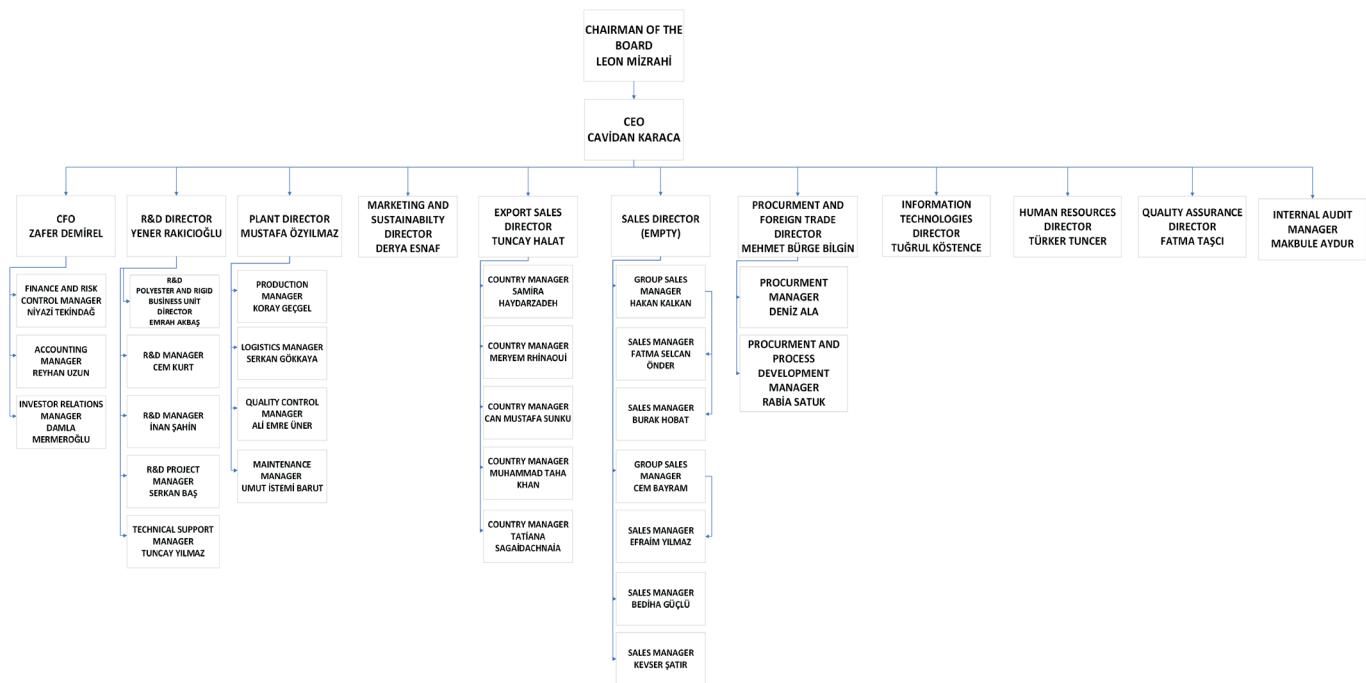
✓ On 24.08.2023, as a result of our company's activities and improvement efforts in corporate governance practices, a Corporate Governance Rating Report was prepared by SAHA Corporate Governance and Credit Rating Services Inc. as of August 24, 2023, revising the existing rating from 9.32 (93.20) to 9.32 (93.20).

✓ On 05.09.2023, the amendment of Article 6 titled “Capital” of our company’s Articles of Association was registered in the Turkish Trade Registry Gazette numbered 10907 and dated September 05, 2023.

✓ On 08.09.2023, a new company is to be established in the United States as part of our global expansion efforts, parallel to our target markets, as decided by the Board of Directors on September 8, 2023.

✓ On 27.09.2023, our company, which ranked 221st in the “Top 500 Industrial Enterprises in Turkey” in 2021, climbed 17 places to the 204th position in 2022.

3.4 Organizational Structure of the Company



4. INCENTIVES

The company has an R&D Center registered by the Ministry of Industry and Technology and benefits from incentives in this regard. The Company gains the advantage of deduction support for income tax withholding, SSI discount and tax advantage from the amount deducted from the corporate tax base within the scope of the exemptions and deductions, in case the it has a profit as per Article 10/1-a of the Law on the Protection of Personal Data in the determination of corporate tax. The company carries out TEYDEB (Technology and Innovation Funding Programs Directorate) projects within the scope of supporting R&D projects and TEYDEB provides cash supports. The company has the “Middle and High Technology Investments” certificate and the 4th Region incentive certificate for its investments to expand its existing production facility. In this context, the company is provided with corporate tax reduction, VAT and SSI tax reduction advantages.

Tax Incentives

Since the company meets the conditions stipulated for the “5% Tax Reduction for Tax Compliant Taxpayers”, it is considered as a compliant taxpayer and received a tax support between 2019-2020. The company benefited from tax incentives for 2022 and will continue to benefit from them in 2023 as well.

5. QUALIFICATION, CERTIFICATION AND REGISTRATION DOCUMENTS

Qualification and Certification:

- TS EN ISO/IEC 27001: 2017 Information Security Management System
- TS EN ISO 9001: 2015 Quality Management System
- TS EN ISO 50001: 2018 Energy Management System
- TS EN ISO 14001:2015 Environmental Management System
- CE Certificate and Reach Certificate
- Economic Operator Authorized by the Ministry of Customs and Trade Certificate
- Polyurethane Manufacturers Association
- SAHA İstanbul (Defense and Aerospace Cluster)
- SASAD (Defense and Aerospace Industry Manufacturers Association)
- SPFA (Spray Polyurethane Foam Alliance), USA
- Turkish Chemical Manufacturers Association
- TUYID- Investor Relations Association
- SKD Turkey - World Business Association for Sustainable Development
- IMMIB (Minerals and Metals Exporters' Association in Istanbul)
- PANELDER (Insulated Panel Manufacturers Association)
- Chamber of Industry of Kocaeli
- EYDEP Certificate

Trademark Registration Documents

The Company has 19 registered trademarks. One patents developed in these projects are currently pending.

6. OTHER IMPORTANT INFORMATION

6.1 Related Party Transactions

Trade receivables from related parties generally arise from sales of merchandise with an approximately 3-month maturity. The receivables are inherently unsecured and no interest is charged. Trade payables to related parties generally arise from purchase transactions with an approximately 3-month maturity.

Information on our company's transactions with related parties is included in the company's Independent Audit Report, Footnote 3, dated 30.09.2023.

6.2 Policy on Profit Distribution

The purpose of the profit distribution policy is to determine the profit distribution principles of the

Company and to enable the shareholders to foresee procedures and principles of distribution of the profit to be obtained by the Company in the future periods, in accordance with the regulations to which the Company is subject and the provisions of the Articles of Association. The Company takes the utmost care to establish a balance between the interests of the shareholders and the interests of the Company in terms of dividend distribution. The Board of Directors is has the authority and responsibility to monitor, develop and update the Company's Profit Distribution Policy.

The Company decides on profit distribution by taking into account market expectations, long-term strategies, capital requirements of the Company, and subsidiaries, investment and financing policies, profitability and cash statement, to the extent that it is allowed by the relevant regulations and financial facilities. Dividend can be distributed to the shareholders free of charge by adding cash or profit to the capital, and a certain amount of cash can also be distributed as bonus shares. The company aims to distribute at least 50% of the distributable period profit, calculated within the framework of the capital market legislation, to the shareholders.

The dividend is distributed equally to all of the Existing Shares in proportion to their shares by the distribution date, regardless of their issuance and acquisition dates. The Company does not have any shares with dividend privileges.

Unless the reserves required to be set aside in accordance with the Turkish Commercial Code and the dividend determined for the shareholders in the Articles of Association or the Profit Distribution Policy are allocated; no decision may be taken to allocate other reserves, to transfer profits to the next year, and to distribute dividends from the profits to the members of the board of directors, employees of the partnership and persons other than the shareholders, unless the dividend determined for the shareholders is paid in cash, no dividends can be distributed to these persons. Dividends are distributed to the shareholders on the date determined by the General Assembly, following the approval of the assembly within the specified legal periods. The General Assembly decides on the date of profit distribution. The General Assembly or, if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with the Turkish Capital Market Legislation.

The Board of Directors may distribute advance dividends, provided that it is authorized by the General Assembly and complies with the Turkish Capital Market Legislation.

The General Assembly of the Company may decide to distribute advance dividends to the shareholders within the framework of the provisions of the Capital Markets Board (CMB) and other relevant legislations. The provisions of the relevant legislation are followed in the calculation and distribution of the amount of advance dividend. It is obligatory to authorize the Board of Directors to distribute advance dividends, limited to the relevant accounting period, upon the decision of the General Assembly.

6.3 Information on financial risk management policy

A reliable data provision infrastructure has been designed for all financial targets of the Company, and monitoring indicators have been defined based on the speed provided by the information security infrastructure and the SAP system. Monitoring indicators are reported to the senior management on a weekly, monthly and annual basis. Accordingly, the budget and realizations approved by the Board of Directors are reviewed with the same frequency of meetings along with the senior management. In

case of deviations, the root causes are determined and the decisions are to be taken in this context. The performances of senior management and departments and all employees are evaluated in Kimpur PYS, and the parameters are considered based on these data.

For domestic customers, the reports of risk assessment institutions, the credit-collateral status, shareholding structure and financial risk of all new customers are examined, and if they comply with the criteria, the possible working limit is determined.

Financial risk reports of the critical customers are repeated quarterly and reported to the senior management.

The company applies working models in the form of cash, money order or customer check in line with the sales term and sales method defined to the customers, and receives a "letter of guarantee" from some customers in line with their risk status.

For export customers, the financial risk status is reviewed and the limit of Eximbank research is performed (if the country is a state covered by Eximbank insurance) If a limit is identified, we work within the relative limit and maturity. In addition, we apply export models such as cash payment, letter of credit, bank-certified policy, cash against documents and similar guaranteed payments.

The CEO, CFO and sales-marketing teams evaluate the budget compliance, risk and collateral status of all customers on a weekly basis.

The company monitors the compliance of the cash flow with the budget on a weekly basis. In the monthly "Financial Status Presentation" to the board of directors; monthly and cumulative annual financial statements, budget compliance, sales volumes, profitability by product-customer and country are evaluated. The risk status is reviewed to schedule the required activities.

Currency Risk

The company complies with a hedging policy in order to manage the exchange rate risk arising from approximately 90% of the raw materials imported and foreign currency liabilities. As per this policy, no foreign exchange short position is allowed. In addition, TL-based trade receivables from TL sales are also hedged under the hedging policy.

Interest Rate Risk

The Company is exposed to interest rate risk since the borrowing transactions are performed at fixed and variable interest rates.

The company determines its borrowing shares at fixed and variable interest rates, taking into account the interest rate changes in the market. Due to the credit limits in many banks, it can use loans at competitive interest rates.

6.4 Information on legislative changes that will significantly affect the company activities

During the period of 01.01.2023 and 30.09.2023, legislative amendments were made that would significantly affect the Company's activities.

6.5 Events following the reporting period

None

6.6 Descriptions on the private and public audits during the fiscal period

There were no private audits and public audits conducted between 01.01.2023 and 30.09.2023 during the accounting period.

6.7 Information on lawsuits filed against the company, which may affect the company's financial status and activities, and their possible consequences

There are no lawsuits filed on behalf of our company that may affect the financial status and activities of the company, and there are no possible outcomes.

6.8 Administrative or judicial sanctions imposed on the company and the members of the management body due to practices contrary to the legal provisions

There are no administrative or judicial sanctions imposed on the company and the members of the management body due to practices contrary to the legal provisions

6.9 Information on the Extraordinary General Assembly Meeting, including the date of the meeting, the decisions made at the meeting and the related transactions (If the extraordinary general assembly meeting is held during the period)

No extraordinary general assembly meeting was held between 01.01.2023 and 30.09.2023.

6.10 Donations and aids by the company during the period and expenditures on social responsibility projects

The company has an expenditure of 2,125,200,00 TL for donations, aids and social responsibility projects within the period of 01.01.2023 and 30.09.2023.

6.11 Shares acquired by the company

There are no shares acquired by the company

6.12 Information about the company's internal control system and internal audit activities, and the opinion of the management body on this subject.

The risk management and internal control system is under the responsibility and control of the company management. The Early Detection of Risk Committee operates in order to provide assurance and consultancy to the management on these issues.

The company utilizes the SAP system in order not to affect the systems and to prevent data loss in any extraordinary situation. The system monitors the activity results on an instant basis and provides measurement and processing opportunities. Thanks to SAP, an important technological infrastructure, errors are minimized, the efficiency of the internal control system is increased and investments such as the backup system are emphasized.

The definition and monitoring of all possible risks that may be faced by the company forms the basis of risk management. The company has a Risk and Opportunity Management procedure in line with the

Quality Management System. The risks in this procedure are corporate risks and operational risks. The corporate risks are defined as our corporate risks in achieving our company's vision and goals. In addition, operational risks are defined as the detection of potential situations that may cause loss of power, time, motivation and productivity in the internal processes of our company's departments. Information security, environment, OHS, energy management, social responsibility etc. are handled under the operational risk management.

**6.13 Determination of whether the company's capital is unreqiited or whether it is in bankrupt-
ed and reviews of the board of directors**

The company's capital has not remained unreqiited.

**6.14 Conflicts of interest between the company and the institutions that provide services such
as investment consultancy and rating, and measures taken by the company to prevent such conflicts of
interest**

There is no conflict of interest between the company and the institutions that provides services for it such as rating or investment consultancy.

**6.15 Information on corporate social responsibility activities regarding employees' social rights,
vocational training and activities that have other social and environmental consequences**

As an expression of its respect for people and its employees, Kimpur has published its Social Responsibility Policy, prepared in accordance with SA8000 regulation, and has committed to implement the policy.

We always support our human resources on the way to perfection with the best human resources processes designed by considering the strategic goals and priorities of Kimpur and evaluating the current and future organizational and individual needs.

The selection and placement processes are designed in accordance with Kimpur's priority strategies with an aim to identify high-quality candidates who are suitable for the company culture and values and the requirements of the job. The tools and facilities required to have an objective evaluation are included in the process and managed efficiently and fairly.

With our belief that the development of our employees can be achieved through continuous trainings, we primarily aimed to create a working environment where everyone can learn, experience and develop efficiently. We have developed project groups, mentorship processes and matrix management approach. Employee-specific training plans are implemented and followed on an annual basis, taking into account Kimpur's organizational goals and priorities, in order for the employees to improve themselves and their job and create value.

The current Performance Management System of Kimpur, designed to manage the employee performance so that Kimpur can achieve its strategy and goals, is an effective management tool that enables the employee to be guided towards common goals and objectives, integrating the company goals with employees' goals, project objectives and competencies.

SOCIAL GENDER EQUALITY

We aim to achieve gender equality both in society and in professional life and offer equal rights to women and men in all employment processes from recruitment to retirement. We proceed with the approach of spreading gender equality among all employees and raising awareness, supporting women throughout their careers, increasing the employment rate of women, and increasing the role of women in decision-making mechanisms and ensuring gender equality in leadership.

EQUAL OPPORTUNITY AND DIVERSITY

Kimpur adopts the principle of equality of opportunity and diversity, and considers that people are different from each other in many ways. Based on the fact that in-house diversity is a wealth and plenitude, we strive to create a fair environment within the company, to find equal opportunities and egalitarian practices. We offer equal opportunities in recruitment processes, interviews, performance measurement and evaluation, career planning, promotion system, training and development programs and applied wage policy. Through this equal opportunity policy, we take care to provide a working environment based on the principle of Equal Opportunity and Diversity, without making any discrimination based on gender, age, religion, sect, race, marital status, philosophical belief and similar visible or invisible reasons.

EMPLOYEE TRAINING AND DEVELOPMENT

The training of our employees is one of the most significant elements of our improvement. Our Human Resources team designs programs for our employees that include annual personal development, job/position-specific expertise, and vocational training in order to improve business practices, balance the training development activities in all of company activities, to meet local requirements and needs, and to support employees in their career goals and conducting their jobs safely and effectively.

A total of 2595 hours of training was organized between 01.01.2023 and 30.09.2023.

6.16 Rights and Benefits Provided to Employees

The rights and benefits provided to our company employees are given below.

- Fee
- Performance Bonus
- Bonus
- Holiday Allowance
- Food Card
- Private Health Insurance
- Private Life Insurance
- Personal Accident Insurance

- Avita Employee Support Program
- Company Contribution Private Pension System
- Heating aid
- Transportation Assistance
- Food (Market) Card
- Scorecard Gold
- Birthday Gold
- Education Allowance
- Scholarship Assistance

7. FINANCIAL STATEMENTS

Balance Sheet and Income Statement

Income Statement	30.09.2023	30.09.2022	Change (%)
Revenue	5.807.483.742	3.364.959.739	73%
Gross Income	1.119.979.137	528.464.117	112%
Core Operating Profit	1.007.509.577	534.698.305	88%
Profit for the Period	882.588.935	532.272.253	66%
Balance	30.09.2023	31.12.2022	Change (%)
Long Term Assets	6.484.645.694	4.058.094.556	60%
Fixed Assets	656.642.660	520.817.607	26%
Short-Term Liabilities	4.739.069.006	2.771.127.745	71%
Long-Term Liabilities	417.785.112	380.275.600	10%
Equities	1.984.434.236	1.427.508.818	39%

This report has been issued in accordance with the provisions of the "Regulation on Determining the Sections and Minimum Content of the Annual Report" published in the Official Gazette No 28395, dated 28.08.2012, by the Ministry of Commerce. It has been signed and approved by the members of the Board of Directors of the company whose names are given below.

Best Regards,

06.11.2023

Chairman of the Board

Yuda Leon Mizrahi

Vice President of the Board

Cavidan Karaca

Board Member

Isak İzi Mizrahi

Independent Board Member

Ömer Bakır

Independent Board Member

Mehmet Mete Başol



KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.

HEAD OFFICE :

Emniyet Evleri Mah. Eski Büyükdere Cad.
Sapphire Plaza No: 1/4 Kat: 19 Daire: 01
Kağıthane 34415 İstanbul TÜRKİYE
Tel : +90 212 809 15 50
Fax: +90 212 809 15 49

GEBZE FACTORY :

Gebze Plastikçiler Organize
Sanayi Bölgesi 7. Cadde No: 43
41400 Gebze Kocaeli TÜRKİYE
Tel : +90 262 751 44 71
Fax: +90 262 751 02 57

GAZİANTEP :

Sanayi Mahallesi Modern Sanayi Sitesi
60363 Nolu Cadde Zemin Kat No: 82
Şehitkamil Gaziantep TÜRKİYE
Tel : +90 342 325 57 97
Fax: +90 342 325 57 97

