

**(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT  
ORIGINALLY ISSUED IN TURKISH)**

**INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT**

To the General Assembly of Kimteks Poliüretan Sanayi ve Ticaret A.Ş.

**1) Opinion**

As we have audited the full set consolidated financial statements of Kimteks Poliüretan Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2023–31/12/2023, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

**2) Basis for Opinion**

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**3) Auditor's Opinion for the Full Set Consolidated Financial Statements**

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2023–31/12/2023 in our Auditor's Report dated April 29, 2024.

**4) Management's Responsibility for the Annual Report**

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- c) The annual report also includes the matters stated below:
  - The significant events occurred in the Group's activities subsequent to the financial year ends,
  - The Group's research and development activities,
  - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

**5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report**

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulations of the Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Volkan Becerik  
Partner  
Istanbul, April 29, 2024



# KIMPUR

## 2023 ANNUAL REPORT

KİMTEKS POLİÜRETAN SAN. VE TİC. A.Ş.

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**KIMPUR**

**1. BACKGROUND**

<b>Trade Name</b>	:	KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.
<b>Period of the Report</b>	:	01.01.2023-31.12.2023
<b>Authorized Share Capital</b>	:	550,000,000
<b>Paid-in Capital</b>	:	243,100,000
<b>Market Traded in BIST</b>	:	Yıldız Pazar
<b>Trade Registry Number</b>	:	988994-0
<b>Registered Office</b>	:	İnkılap Mah. Dr. Adnan Büyükdeniz Cad. No:13 B Blok Kat:2 İç Kapı No:6 Ümraniye - İstanbul / TÜRKİYE
<b>Production Facilities</b>	:	Gebze Plastikçiler Organize Sanayi Bölgesi İnönü Mah. Cumhuriyet Caddesi Balçık Yolu Üzeri 7. cadde No: 43 Gebze-Kocaeli/TÜRKİYE OSB, Yakabaşı Mevki, 1. Cadde No:12, 81850 Gümüşova/Düzce
<b>Contact information</b>		
<b>Phone</b>	:	+90 212 809 15 50
<b>Fax</b>	:	+90 212 809 15 49
<b>Website</b>	:	<a href="http://www.kimpur.com">www.kimpur.com</a>

**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.

<b>NAME &amp; SURNAME</b>	<b>DUTY</b>	<b>TERM OF DUTY</b>
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.S., 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 in 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 quited 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.

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, Nurol Yatırım Bankası A.Ş. Board Member (2014), Enka İnşaat ve Sanayii A.Ş. (2018) and Dardenel ÖnentAŞ Gıda Sanayi A.Ş. (2022) serve as independent board members and are members of the risk early detection committee, audit committee and corporate governance 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 4 (four) times within the period of 01.01.2023 and 31.12.2023, notified the board of directors and took all the decisions unanimously.

<b>NAME &amp; SURNAME</b>	<b>DUTY</b>	<b>TERM OF DUTY</b>
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 4 (four) times within the period of 01.01.2023 and 31.12.2023, notified the board of directors and took all the decisions unanimously.



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

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• **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 31.12.2023, notified the board of directors and took all the decisions unanimously.

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<b>NAME &amp; SURNAME</b>	<b>DUTY</b>	<b>INDEPENDENCY</b>
Ömer Bakır	Head of Corporate Management Committee	Independent Member
İsak İzi Mizrahi	Member	Not Independent Member
Damla Mermeroğlu	Member	Investor Relations Manager

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**1.1.4 Personnel Information**

As of 31.12.2023, the number of employees is 306.

**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 December 31, 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 27 meetings between 01.01.2023 and 31.12.2023. The Board of Directors' meeting was held with the participation of the majority of members.

**1.1.7 Duties of the Members of the Board of Directors and Managers Outside the Company**

The duties performed by the members of the board of directors and managers outside the company are given in the table below.

Name & Surname	Title	Duty	Currently	Capital Share		
				Amount	PB	(%)
Yuda Leon Mizrahi	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Chairman of the Board	Continuing	81,205,180	TL	33.40%
	Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş.	Chairman of the Board	Continuing	12,345,405	TL	58.00%
	Mizrahi Investment Lda	Partner of Company	Continuing	3,700,000	TL	74.00%
	Mizrahi Greece	Manager	Continuing	2,100,000	TL	70.00%
	Mizrahi Investment Malta	Partner of Company	Continuing	604,000	GBP	60.40%
	Ortak Gayrimenkul Ticaret Anonim Şirketi	Vice President of the Board	Continuing	None	TL	None
	Ortak Yapı Yatırım Anonim Şirketi	Partner of Company	Continuing	22,050,000	TL	13.00%
	Kimplast Granül Sanayi ve Ticaret A.Ş.	Chairman of the Board	Continuing	None	TL	None
	Kimpur Europe	Chairman of the Board	Continuing	None	TL	None
Cavidan Karaca	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Vice President of the Board	Continuing	None	TL	None
	İnnovis Ticaret ve Danışmanlık A.Ş.	Chairman of the Board	Continuing	50,000	TL	50.00%
	Kimplast Granül Sanayi ve Ticaret A.Ş.	Vice President of the Board	Continuing	None	TL	None
	Mizrahi One Uk	Partner of Company	Continuing	200,000	GBP	10.00%
	Kimpur Europe	Vice President of the Board	Continuing	None	TL	None
	Dörtgen Uk Limited	Partner of Company	Continuing	200,000	GBP	10.00%



Name & Surname	Title	Duty	Currently	Capital Share		
				Amount	PB	(%)
İsak İzi Mizrahi	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Board Member	Continuing	19,091,380	TL	7.85%
	Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş.	Vice President of the Board	Continuing	3,192,777	TL	15.00%
	Oniki Han Gayrimenkul Kiralama Limited Şirketi	Company owner	Continuing	120,000	TL	100.00%
	Mizrahi Greece	Partner of Company	Continuing	150,000	TL	5.00%
	Mizrahi Investment Malta	Partner of Company	Continuing	99,000	GBP	9.90%
	Mizrahi Investment Lda	Director	Continuing	650,000	TL	13.00%
Ömer Bakır	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Independent Board Member	Continuing	None	TL	None
Mehmet Mete Başol	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Independent Board Member	Continuing	None	TL	None
	Nurol Yatırım Bankası A.Ş.	Board Member	Continuing	None	TL	None
	Enka İnşaat ve Sanayii A.Ş	Independent Board Member	Continuing	None	TL	None
	Dardenel Önentaş Gıda Sanayi A.Ş.	Independent Board Member	Continuing	None	TL	None
Murat Kuzkan	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Partner of Company	Continuing	236,670	TL	0.10%
	Kimplast Granül Sanayi ve Ticaret A.Ş.	Board Member	Continuing	None	TL	None
Yener Rakıcıoğlu	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	R&D Director	Continuing	1,771,000	TL	0.78%
Kadir Tuncay Halat	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Export Director	Continuing	None	TL	None
Mustafa Özyılmaz	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Business Director	Continuing	None	TL	None
Zafer Demirel	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	CFO	Continuing	None	TL	None
Türker Tuncer	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Human Resources Director	Continuing	None	TL	None
Mehmet Bürgen Bilgin	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Purchasing and Foreign Trade	Continuing	None	TL	None



## 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 Özsarfati	17,710,000	7.29	3.49
Innovis Ticaret ve Danışmanlık A.Ş.	14,267,932	5.87	8.90
Diğer	67,022,238	27.57	13.22
<b>TOPLAM</b>	<b>243,100,000</b>	<b>100</b>	<b>100</b>

### 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	Rusya	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 EURO
SIA Kimpur Europe	Letonya	Chemicals Trade and Agency Activities	Directly	Subsidiary	100%	74.99%	802,800 EURO



## **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 31.12.2023 is 94,856,520 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.

#### **• Rijit 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 total sales volume of Kimpur's rigid systems were approximately 47 K tons, and the domestic rigid systems sales were approximately 34 K tons in 2022. In the year 2023, the total sales of rigid systems reached approximately 69.7 thousand tons, with domestic sales accounting for about 54.2 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 39 K tons, and the domestic footwear systems sales were approximately 24 K tons in 2022. In the year 2023, the total sales of shoe systems reached approximately 40.3 thousand tons, with domestic sales accounting for about 25.4 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 3 thousand tons. In the year 2023, the total sales of flexible foam systems reached approximately 6.6 thousand tons, with domestic sales reaching about 4.8 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 142 thousand tons in sales in the year 2023. Approximately 27.3% 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 32 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 5 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 31.12.2023, the Kimpur R&D Center has 32 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, 50 R&D Center Projects have been completed and there are 10 ongoing projects.

The company has one product for which a patent application has been made, and the process is ongoing.

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

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/>)

## **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 m<sup>2</sup> 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 Büyükdere 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).

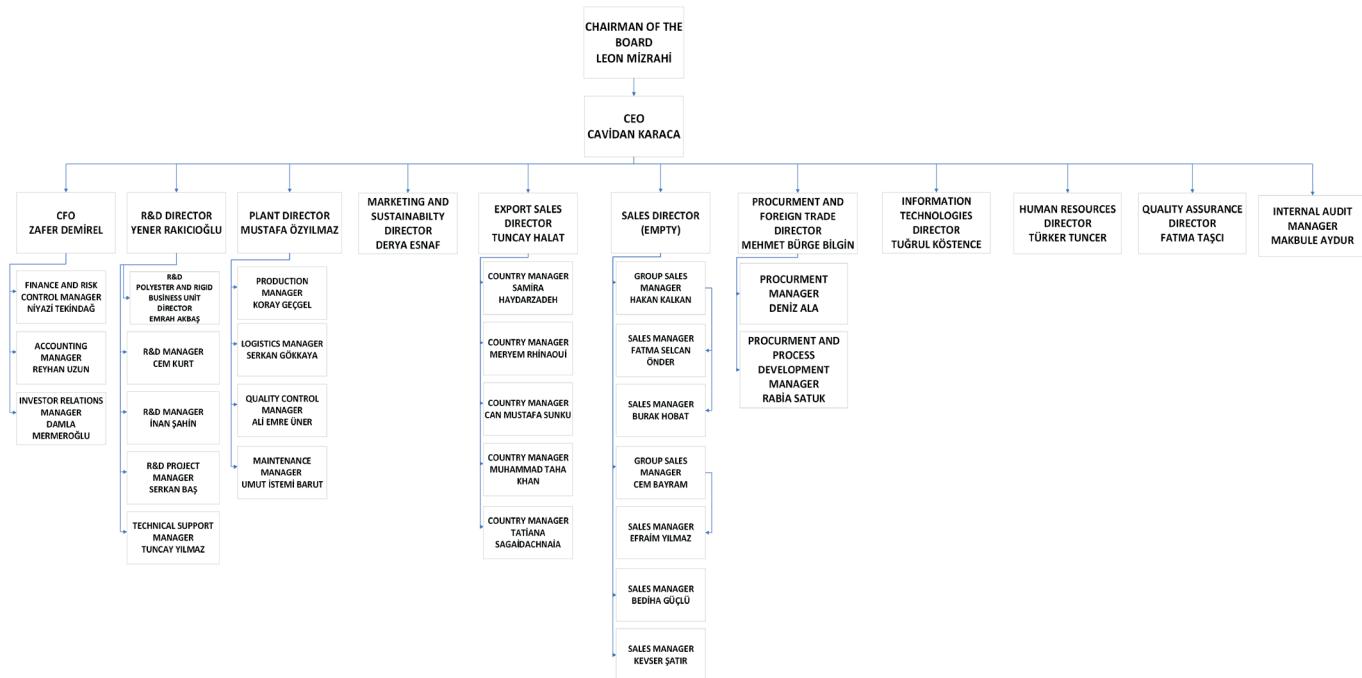
✓ On 05.09.2023, the amendment of Article 6 titled “Capital” of our company’s Articles of Association was registered in the Turkish Trade Registry Gazette numbered 10907 and dated September 05, 2023.

✓ 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.

✓ On 08.12.2023, the Board of Directors of our Company decided, as of today, to diversify the borrowing structure of the Company with the aim of issuing debt instruments in accordance with the Capital Markets Board’s Regulation on Debt Instruments (VII-128.8). Pursuant to this decision, our Company has applied to the Capital Markets Board for approval to issue debt instruments, with various tranches and maturities, up to a maximum amount of 1,000,000,000 Turkish Liras, without a public offering in the domestic market, for sale and/or private placement to qualified investors. The application for approval of the issuance document has been submitted to the Capital Markets Board within the scope of this decision.

### 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. In 2022 tax incentives were utilized, and the same applies for the year 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. The receivables are inherently unsecured and no interest is charged. Trade payables to related parties generally arise from purchase transactions.



Information on our company's transactions with related parties is included in the company's Independent Audit Report, Footnote 4, dated 31.12.2023.

## **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 31.12.2023, 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 31.12.2023 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 31.12.2023.

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

The company has an expenditure of 2,397,288.12 TL for donations, aids and social responsibility projects within the period of 01.01.2023 and 31.12.2023.

**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.

Our company has reviewed the risk management and internal control system of the Board of Directors In the activity period of 2023, the meetings held by the Early Detection of Risk Committee established within our company in accordance with the Capital Market Legislation to evaluate the risks that may arise from financial, administrative and operational risks, and the reports prepared for these meetings were evaluated by our board, and the reports given by the committee were taken into account in the decisions to be taken.



The effectiveness of the risk management and internal control systems was reviewed based on the reports received from the relevant committees and units during the period, and it was concluded that it was sufficient to determine the possible risks of the Company.

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 unreqquired or whether it is in bankrupted and reviews of the board of directors**

The company's capital has not remained unreqquired.

#### **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 3735 hours of training was organized between 01.01.2023 and 31.12.2023.

#### **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
- Report Card Gift
- Birthday Gift
- Education Allowance
- Scholarship Assistance

## 7. CORPORATE MANAGEMENT

### 7.1 Declaration of Conformity with Corporate Management Principles

Pursuant to Article 5 of the Corporate Management Communiqué No. II-17.1 (“Communiqué”) of the Capital Markets Board (“CMB”), published in the Official Gazette No 28871, dated January 3, 2014 and titled “Implementation of Corporate Management Principles”, the Company has paid utmost attention to ensure the required compliance by date of the first general assembly. The company is aware of its responsibilities towards its stakeholders and has adopted the concepts of “equality”, “transparency”, “accountability” and “responsibility”, which form the basis of corporate management.

Our company, during the financial period from January 1, 2023, to December 31, 2023, has exerted maximum effort and diligence in compliance with the mandatory and voluntary principles set forth in the Capital Markets Board’s Corporate Governance Communiqué II-17.1 (‘Communiqué’). The company aims to achieve full compliance by completing administrative, legal, and technical infrastructure work, including keeping abreast of developments, including new regulations issued by the Capital Markets Board. There is no conflict of interest between our company and stakeholders.

There is no conflict of interest between our company and stakeholders.

Within the exceptions specified in Article 6 of the regulation, the number of independent board members, as stated in principle (4.3.4), is applied as two.

Our company’s Corporate Governance Rating has been revised, increasing to 9.32 (93.20), based on the Corporate Governance Rating Report prepared by SAHA Corporate Governance and Credit Rating Inc. (SAHA) as of the date of their evaluation. The distribution of our corporate governance rating by main categories is provided below.

Main Titles	Weight	Note Received
Shareholders	%25	89.10
Public Disclosure Transparency	%25	95.53
Stakeholders	%15	98.13
Board of Directors	%35	92.35
<b>TOTAL</b>	<b>%100</b>	<b>93.20</b>



## 7.2 Board of Directors' Declaration of Independence

### DECLARATION OF INDEPENDENCE

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of KIMTEKS POLİÜRETAN SANAYI VE TICARET ANONIM ŞİRKETİ (Company), I hereby agree, represent and undertake that I;

- a) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- b) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) will not be serving as a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) am residing in Turkey in accordance with the Income Tax Law (İ.T.L) dated 31.12.1960 and numbered 193,
- f) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- j) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,

Mehmet Mete Basol

**DECLARATION OF INDEPENDENCE**

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of KIMTEKS POLİÜRETAN SANAYI VE TICARET ANONIM ŞİRKETİ (Company), I hereby agree, represent and undertake that I;

- a) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- b) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) will not be serving as a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- f) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- j) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Omer Bakır



## 8. INFORMATION ON COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

The "Compliance with Sustainability Principles Framework" contains the basic principles that public companies are expected to disclose while carrying out their Environmental, Social and Corporate Management (ESM) processes. Although the implementation of these principles is on a voluntary basis, it is obligatory to report whether they are applied or not, with the principle of "Comply or Explain".

Some of the principles included in the Social Principles and Corporate Management Principles in the Sustainability Principles Compliance Framework are also found in the current Corporate Management Principles of the Capital Markets Board. Our company's compliance with these principles is currently disclosed in the Corporate Management Compliance Report (CMCR) and Corporate Management Information Form (CMIF) published on the KAP Platform.

The Sustainability Principles Compliance Framework has been prepared in accordance with the announcement of the Capital Markets Board ("CMB") within the context of the amendment in the Corporate Governance Communiqué No II-17.1 published in the Official Gazette on October 2, 2020 (31262), and in accordance with the template published in the Bulletin of the Capital Markets Board ("CMB") dated 23 June 2022 (2022/32). The framework is available at the "Investor Relations/Corporate Governance/Sustainability Principles Compliance Framework" section in the corporate website of the company (<https://kimpur.com/tr/>) and at the Public Disclosure Platform([www.kap.org.tr](http://www.kap.org.tr)).

## 9. FINANCIAL STATEMENTS

### BALANCE SHEET AND INCOME STATEMENT

Income Statement	31.12.2023	31.12.2022	Change (%)
Revenue	10,632,106,748	9,367,138,928	14%
Gross Income	1,794,723,823	1,313,333,779	37%
Core Operating Profit	1,646,139,949	1,311,279,680	26%
Profit for the Period	607,597,998	418,803,131	45%
Balance Sheet	31.12.2023	31.12.2022	Change (%)
Long Term Assets	7,661,601,231	6,740,802,434	14%
Fixed Assets	1,226,081,562	981,260,783	25%
Short-Term Liabilities	5,697,894,696	4,566,093,831	25%
Long-Term Liabilities	471,645,695	628,852,768	-25%
Equities	2,718,142,402	2,527,116,618	8%
Net Profit	604,912,879	419,601,917	44%

## 10. OPERATIONAL AND FINANCIAL PERFORMANCE GOALS

Our operational goal is to become a globally recognized company in polyurethane systems through innovative products and extraordinary solutions. Expanding sales into Eastern European and American markets is also among our objectives.

In addition, the operational and financial performance goals of the company are outlined in the valuation report prepared by the Industrial Development Bank of Turkey ("TSKB"). The mentioned valuation report is available on the Public Disclosure Platform (KAP) and our company's corporate website (<https://kimpur.com/en/investor-relations/#public-offering-information>).



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,  
29.04.2024

**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



# KIMPUR

## KİMTEKS POLİÜRETAN SANAYİ VE TİCARET A.Ş.

### **HEAD OFFICE :**

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### **GEBZE FACTORY :**

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### **DÜZCE FACTORY :**

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### **GAZİANTEP :**

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