



**KİMTEKS POLİÜRETAN SANAYİ VE  
TİCARET A.Ş.**

**ACTIVITY REPORT**

**PERIOD BETWEEN 01.01.2022 and 31.03.2022**

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## 1 BACKGROUND

<b>Period of the Report:</b>	01.01.2022-31.03.2022
<b>Trade name:</b>	KIMTEKS POLIÜRETAN SANAYI VE TİCARET A.Ş.
<b>Trade registry number:</b>	988994-0
<b>Registered Office:</b>	Emniyet Evleri Mah. Eski Büyükdere Cad. Sapphire Plaza No:1/4 Kat:19 Daire:1 34417 Kağıthane/İstanbul
<b>Addresses of Production Facilities:</b>	Gebze Plastikçiler Organize Sanayi Bölgesi İnönü Mah. Cumhuriyet Caddesi Balçık Yolu Üzeri 7. cadde No: 43 Gebze / Kocaeli
<b>Contact information</b>	
<b>Phone:</b>	+90 212 809 15 50
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<b>Website:</b>	www.kimpur.com

### 1.1 Board of Directors, Company Executives and Employees

#### 1.1.1 Board of Directors

The members of the Board of Directors were appointed at the ordinary general assembly meeting held on 22.01.2021, and the independent board members were appointed at the extraordinary general assembly meeting held on 05.10.2021.

NAME & SURNAME	DUTY	TERM OF DUTY
Yuda Leon Mizrahi	Chairman of the Board	22.01.2021 - 22.01.2024
Cavidan Karaca	Vice President of the Board	22.01.2021 - 22.01.2024
Isak Izi Mizrahi	Board Member	22.01.2021 - 22.01.2024
Omer Bakir	Independent Board Member	05.10.2021 - 22.01.2024
Mehmet Mete Basol	Independent Board Member	05.10.2021 - 22.01.2024

#### Yuda Leon Mizrahi – Chairman of the Board

Yuda Leon Mizrahi (born in 1957) graduated from the Department of Chemical Engineering, Bogazici University in 1980. After 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 another real estate company (Dörtgen) as a family company. Apart from its own real estates, this was an umbrella company that owned shares of Kimteks Kimya, Renkim and Ortak Gayrimenkul. As a result of the demerger in 2015, Kimteks Kimya was replaced by Kimpur.

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**

Cavidan Karaca was born on 12.09.1970 in Konya-Akşehir. She graduated from the Department of Mechanical Engineering at the Middle East Technical University in 1992 and began 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 Izi 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. As of 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, he was a member of the board of directors in charge of purchasing and foreign trade at the Issuer, which is also a family company. He got involved in the management of the procurement of all chemical raw materials and service items, new supplier and product research processes in international markets, and fair participation, market research and supplier relationship management processes. He has been currently serving as a non-executive Board Member since 05.10.2021.

#### **Omer Bakir – 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 Basol – 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 Tust 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 governance committee at Coca-Cola İçecek A.Ş. (2012-2018) and Anadolu Efes Biraçılık ve Malt Sanayii A.Ş.’de (2012-2018). He 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 also served as 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 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	50,438,000	TL	45,85%
	Dörtgen Gayrimenkul Yatırım ve Turizm A.Ş.	Chairman of the Board	Continuing	12,345,405	TL	58,00%
	Mipelle Deri Sanayi ve Ticaret A.Ş.	Vice President of the Board	Continuing	5,500,000	TL	50,00%
	Kimteks Kimya Tekstil Ürünleri A.Ş.	Partner of Company	Continuing	625,000	TL	12,50%
	Mizrahi İstanbul Gayrimenkul A.Ş.	Chairman of the Board	Discontinued	21,823,263	TL	76,00%
	Mizrahi Investment Lda	Partner of Company	Continuing	3,700,000	TL	74,00%
	Mizrahi Greece	Manager	Continuing		TL	70,00%

Name & Surname	Title	Duty	Currently	Capital Share		
				Amount	PB	(%)
				2,100,000		
	Mizrahi Investment Malta	Partner of Company	Continuing	604,000	TL	60,40%
	SIA Kimpur Europe	Partner of Company	Continuing	802,800	EURO	74,99%
	Renkim Dış Ticaret Anonim Şirketi	Chairman of the Board	Continuing	None	TL	None
	Ortak Gayrimenkul Ticaret Anonim Şirketi	Vice President 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%
	Mipelle Deri Sanayi ve Ticaret A.Ş.	Board Member	Continuing	None	TL	None
	Dörtgen Uk Limited	Partner of Company	Continuing	200,000	GBP	10,00%
Isak Izi Mizrahi	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Board Member	Continuing	11,858,000	TL	10,78%
	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 İstanbul Gayrimenkul A.Ş.	Vice President of the Board	Discontinued	1,722,889	TL	6,00%
	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%
Murat Kuzkan	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Business Development and Global Sustainability Director	Continuing	147,000	TL	0,13%
Yener Rakıcıoğlu	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	R&D Director	Continuing	1,100,000	TL	1,00%
Kadir Tuncay Halat	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Export Director	Continuing	None	TL	None

Name & Surname	Title	Duty	Currently	Capital Share		
				Amount	PB	(%)
Mustafa Özyılmaz	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Business Director	Continuing	None	TL	None
Omer Bakir	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Independent Board Member	Continuing	None	TL	None
Mehmet Mete Basol	Kimteks Poliüretan Sanayi ve Ticaret A.Ş.	Independent Board Member	Continuing	None	TL	None
	Nurul Yatırım Bankası A.Ş.	Board Member	Continuing	None	TL	None
	Enka İnşaat ve Sanayii A.Ş.	Independent Board Member	Continuing	None	TL	None
	Coca-Cola İçecek A.Ş.	Independent Member of the Board of Directors - Chairman of the Audit Committee and Member of the Corporate Management Committee	Discontinued	None	TL	None
	Anadolu Efes Biracılık ve Malt Sanayii A.Ş.	Independent Member of the Board of Directors - Chairman of the Audit Committee and Member of the Corporate Management Committee	Discontinued	None	TL	None
	Enerya Gaz Dağıtım A.Ş.	Board Member	Discontinued	None	TL	None
	Enerya Gaz Ticaret A.Ş.	Board Member	Discontinued	None	TL	None
	Sabancı Holding A.Ş.	Independent Member of the Board of Directors - Head of Audit and Risk Committee	Discontinued	None	TL	None
Enerji Yatırım Holding A.Ş.	Board Member	Discontinued	None	TL	None	

### 1.1.3. 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.

### 1.1.4 Board of Directors Committees

With an aim to comply with the "Communiqué on Corporate Management" published by the Capital Markets Board, several committees were established with the Board of Directors Resolution No. 2021/19 dated 12.10.2021.

- **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 2 (two) times within the period of January 01, 2022 and March 31, 2022, notified the board of directors and took all the decisions unanimously.

<b>NAME &amp; SURNAME</b>	<b>DUTY</b>	<b>INDEPENDENCY</b>
Mehmet Mete Basol	Head of the Audit Committee	Independent Member
Omer Bakir	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 1 (one) times within the period of January 01, 2022 and March 31, 2022, notified the board of directors and took all the decisions unanimously.

<b>NAME &amp; SURNAME</b>	<b>DUTY</b>	<b>INDEPENDENCY</b>
Mehmet Mete Basol	Head of Early Risk Detection Committee	Independent Member
Isak Izi 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 2 (two) times within the period of January 01, 2022 and March 31, 2022, notified the board of directors and took all the decisions unanimously.

NAME & SURNAME	DUTY	INDEPENDENCY
Omer Bakir	Head of Corporate Management Committee	Independent Member
Isak Izi Mizrahi	Member	Not Independent Member
Damla Mermeroğlu	Member	Investor Relations Manager

#### 1.1.5 Personnel Information

As of the date of 31.03.2022, the number of employees is 233.

#### 1.1.6 Amendments in the Articles of Association during the Period

No amendments have been made in the Articles of Association of our company between January 01, 2022 and March 31, 2022.

#### 1.1.7 Number of Meetings of the Board of Directors and Participation of Members during the Period

The Company's Board of Directors held 9 meetings between 01.01.2022 and 31.03.2022. 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

Our Company's Paid/ Issued Capital is 110,000,000 TL.

#### 1.2.2 Shareholding Structure

NAME & SURNAME / TRADE TITLE OF THE PARTNER	SHARE IN THE CAPITAL (TL)	SHARE IN THE CAPITAL (%)	VOTING SHARE (TL)	VOTING RATE (%)
Yuda Leon Mizrahi	50,438,000	45.85	144,814,000	59.84
Etel Sason	15,349,000	13.95	15,349,000	6.34
Salvo Ozsarfati	11,000,000	10.00	11,000,000	4.55
Isak Izi Mizrahi	11,858,000	10.78	34,046,000	14.07
Beti Mizrahi	11,858,000	10.78	11,858,000	4.9
İnnovis Ticaret ve Danışmanlık A.Ş.	8,250,000	7.5	23,686,000	9.79
Yener Rakıcıoğlu	1,100,000	1	1,100,000	0.45
Murat Kuzkan	147,000	0.13	147,000	0.06

<b>TOTAL</b>	<b>110,000,000</b>	<b>100</b>	<b>242,000,000</b>	<b>100</b>
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### 1.2.3 Privileged Shares

A ) Privileged Share Amount: 33.000.000-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

<b>Title</b>	<b>Country of Establishment</b>	<b>Activity</b>	<b>Participation Type</b>	<b>Affiliate / Subsidiary</b>	<b>Effective partnership share</b>	<b>Participation share</b>	<b>Capital</b>
Kimplast Granül Sanayi ve Ticaret A.Ş.	Turkey	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 and 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 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 01.01.2022 and 31.03.2022 is 2,845,737 TL.

### 3 COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

#### 3.1 Main Areas of Activities

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

The products by our 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.

- **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.

- **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.

- **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 fourth component is Polymeric MDI, supplied from global suppliers and offered to customers as a component of the system.
5. Other

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

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

### 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.

Our company is one of the companies with advanced laboratory infrastructure in the polyurethane industry and there are 26 researchers, each of whom is specialized in their own field. 4, 5, 10 and 6 of researchers have doctor's degree, master degree, bachelor's degree and college degree, respectively.

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 3/31/2022, the Kimpur R&D Center has 26 employees with an average of 10 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. Thirty four R&D Center Projects have been completed since the time it was awarded with the title of R&D Center, and ten projects are still in progress.

Two patents developed in these projects are currently pending.

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 and 2020, 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.

### 3.3 Important Developments on Company Activities

- With the reassignment on 07.01.2022, "Mr. Murat Kuzkan, who was the Business Director, has been appointed as the Business Development and Global Sustainability Director, and Mr. Mustafa Özyılmaz, who was the Raw Material and Polyester Business Unit Director, has been appointed as the Business Director."
- On February 01, 2022, JCR AVRASYA DERECELENDİRME A.Ş., (credit rating company) rated our company's Long-term national credit rating as "AA-"(Trk) and short-term national credit rating as "A-1+" (Trk), and our company was considered to be "stable". JCR AVRASYA DERECELENDİRME A.S., determined our Company's long-term international foreign and local currency credit rating as "BB", and short-term international foreign and local currency credit rating as "B", and our company was considered to be "stable".
- An agreement has been made on 04.02.2022 with Schmid Pekintaş Güneş Enerji Sistemleri San. Ve Tic. A.S. to invest in a rooftop solar power plant in our factory building located on the address of Gebze Plastikçiler Organize Sanayi Bölgesi 7. Cadde N 43 Gebze/Kocaeli.
- On 08.02.2022, “Dividend Policy, Information Policy, Remuneration Policy, Donation and Aid Policy” were published.
- On 15.02.2022, the company participated in the capital increase of Kimplast Granül Sanayi ve Ticaret Anonim Şirketi (Kimplast), of which our company has a 50% sharing. Upon the capital increase, our sharing rate in the capital of the said company was 83.33%.
- On 22.02.2022, It was decided that the proposal on the selection of the audit company (DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.S), for the audit of our company's 3-month and 9-month interim financial reports and 12-month and 6-month operational period of 2022, will be included in the agenda of the ordinary general assembly to be proposed at the ordinary general assembly meeting for 2021.
- On 24.02.2022, our company has decided to participate in the foreign currency-protected deposit for its deposits in various banks.
- On 28.02.2022, it was decided to continue the planned public offering of our company's shares and an application was made to the Capital Markets Board on February 25, 2022, with the prospectus prepared.
- On 17.03.2022, As stated in the public offering prospectus, Kimpur has cooperated with the 'Adamantan SA' with a capacity of 25 K tons, operating in the chemical industry in Latvia. The company has made a partnership in the new company named SIA Kimpur Europe, established in Latvia, to which the existing building and fixed asset investments have been transferred. The registration process of the company, established by the partnership of Kimpur and Adamantan (75% belongs to Kimpur and 25% belongs to Adamantan), has been completed. The company titled SIA Kimpur Europe will start its activities as a subsidiary of Kimpur.

- It was stated in the draft public offering prospectus that an agreement has been made for the allocation of land in the Gümüşova Organized Industrial Zone to establish a facility in Düzce on 28.03.2022, the building project of the facility is in progress for the production of 50 K tons of polyurethane, in the first phase, on a land of 17,015 m<sup>2</sup>. The company aims to initiate the construction works. Besides, in addition to polyurethane production, it plans to activate a "PET recycling facility with a capacity of 5 K tons and a production capacity of 10 K tons of "EVA granule raw materials". The building and infrastructure design of the facility, to be established in Düzce, has been completed, and a contract has been made with " Pekintas A.S" for the construction of the building.

Under our sustainability policies, which are among the fundamental values of our company, it has been decided to invest in a rooftop solar power plant in our new factory building located in the Gumusova Organized Industrial Zone, in order to use solar energy (a renewable and clean energy source) in the production, to produce environmentally friendly solutions, to contribute to the company policies with aim to reduce foreign dependency on energy and to strengthen our company's competitive structure in exports and domestic markets by reducing energy costs in production.

Our company will save on electricity expenses that it will generate with this investment. In line with the scheduled production capacity, we aim to meet approximately 55% of the total electricity consumption and to reduce approximately 679 tons/year of CO<sub>2</sub>.

For the solar energy power plant investment, an agreement has been made with ‘Schmid Pekintaş Güneş Enerji Sistemleri San. ve Tic. A.S.

The cost of the investment, including construction and solar panels, is planned to be approximately 7.5 million USD.

- Our company has fulfilled the criteria of the Great Place to Work Institute, which provides services on a global scale in terms of workplace culture and employee satisfaction, in 2021 with a positive employee experience and high trust culture, and the company was awarded the "Great Place to Work" certificate on 31.03.2022. Our company was ranked the 23rd place in the category of "Companies with 100-249 Employees" in the "2022 Turkey's Best Employers Awards".

### 3.4 Key Information on the Industry

The company operates in the chemical industry. The chemical industry mainly produces raw materials and intermediate products for industry. The industry has a wide product range and steers only one third of its sales directly to consumers. The chemical industry market, which is aimed directly at consumers, mostly consists of the pharmaceutical industry.

The chemical industry has a great importance in the economy since it provides services to different production industries.

The chemical industry produces structurally high value-added products, which causes the structure of the industry to be capital-intensive and technology-oriented.

The Chemistry industry report published in 2021 by the Ministry of Industry and Technology shows that scientific developments in the world's chemical industry are in the fields of nanotechnology, biochemistry, catalyst, genetics, organic chemistry and polymer chemistry. It has been stated that China is the world's largest chemical producer, contributing 40.6% of global chemical sales in 2019 (€ 1.488 billion in 2019). Europe is the second largest chemical producer in the world. The rate of sales of chemicals worldwide in 2019 was € 3.669 billion. The export figures in the report indicate that 10.94% of the total exports are in the



chemical industry (US\$ 1.9 trillion). China, America, Germany, Japan and the Republic of Korea are the top five countries to export chemicals in the world. The report also shows that the chemical industry exports in Turkey increased by 4.3% in 2020 - compared to the previous year - and amounted to US\$ 19.6 billion.

### **3.5 Position of the Company in the Industry**

Polyurethane systems constitute a part of the chemical industries within the GTIP code. In addition, there are many different subgroups.

The products exported by the company are listed in the GTIP Customs Tariff Schedule (Codes 29, 38 and 39).

**The size of market table has been organized using the following sections of the report of "IAL CONSULTANTS - POLYURETHANE CHEMICALS AND PRODUCTS IN EUROPE, MIDDLE EAST & AFRICA (EMEA)" on the Turkish market. (www.ialconsultants.com)1**

**PU EMEA\_Adhesives and Sealants\_Jun21 s. 104-106**

**PU EMEA\_Binders\_Jun21 s. 86-88**

**PU EMEA\_Coatings\_Jun21 s. 138-140**

**PU EMEA\_Elastomers\_Jun21 s. 122-124**

**PU EMEA\_Flexible Foam\_Jun21 s. 138-140**

**PU EMEA\_Rigid Foam\_Jun21 s.188-190**

It is considered that the polyurethane market size in Turkey is around 538 K tons. The market size for the industries in which the Company develops products (excluding the polyurethane systems and coating sectors used for the polyether foam-slabstock industry) is around 400 K tons.

The position of the Company in the market is as follows:

- Footwear Industry
  - Systems for shoe sole or slipper manufacturers,
  - Systems for safety shoe manufacturers and
  - Systems for boot manufacturers.

It is considered that the companies producing in this industry receive approximately 70 K tons of raw materials per year (IAL Consultants Report - PU EMEA\_Elastomers\_Jun21 s. 122). Turkey is an active production center in the production of shoes and slippers and is a significant exporter.

**The sales volume of Kimpur's footwear systems were approximately 33 K tons in 2021, and the domestic sales were approximately 20 K tons. In the first quarter of 2022, the sales of footwear systems reached approximately 10.4 K tons, and the domestic sales reached approximately 6.6 K tons.**

The domestic sales of polyurethane systems for the footwear industry are approximately 20 K tons in 2021.

The total sales of shoes in 2020 are approximately 30 K tons, and the domestic sales are approximately 18 K tons.

The data on elastomer shoes in the IAL Consultants report show that the Company has a high share of 25% in the Turkish market based on the sales volumes.

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In this industry, the competition with global manufacturers is less than in other industries, as in other polyurethane systems in the Turkish market.

- It consists of rigid-foam Systems used in building, construction, refrigeration, furniture and other industries,
  - Refrigerator systems,
  - Sandwich panel systems (Continuous -Discontinuous),
  - Cold room systems,
  - Pipe insulation systems,
  - Solar panel systems and
  - Wooden equivalent systems.

It is considered that the companies producing in these industries use 217 K tons of raw materials per year (IAL Consultants Report - PU EMEA\_ Rigid Foam\_Jun21 s. 188) .

Turkey is one of the major production centers for refrigerators due to the operations of global manufacturers as well as large local manufacturers such as Arcelik and Vestel.

Kimpur is the main supplier of the major companies in the Turkish market that make production for the rigid sector, based on the IAL Consultant report. In this sector, our company competes with global competitors such as Basf, Dow Chemicals, Huntsman, Covestro, Wanhua.

Turkey is also a major production center for continuous insulation panels, called sandwich panels. Kimpur is the main supplier of 70% of approximately 20 panel manufacturers in Turkey, based on the IAL Consultant report.

In addition to these two main fields of activity, more rigid foam systems are used in many sub-sectors.

The sales volume of Kimpur's rigid systems were approximately 41 K tons in 2021, and the domestic sales were approximately 34 K tons. In the first quarter of 2022, the sales of rigid systems reached approximately 9.2 K tons, and the domestic sales reached approximately 7.6 K tons.

The total sales of rigid system in 2020 are approximately 31 K tons, and the domestic sales are approximately 23 K tons. The data on rigid systems in the IAL Consultants report show that the Company has a share of 11% in the Turkish market based on the sales volumes.

- It consists of flexible-foam systems used in automotive and furniture sector,
  - Systems for office furniture and office chairs,
  - Systems for the automotive industry\*,
  - HR foam systems,
  - Viscoelastic systems,
  - Integral systems and
  - Filter systems.

\* Production of passenger cars, buses, trucks, tractors

It is considered that the companies producing in this industry use approximately 138 K tons of raw materials per year. The "polyether foam" used by Slabstock mattress manufacturers is not included in the Company's product range. Excluding this one, the size of the total Turkish flexible foam systems market is approximately 50 K tons as of 2020. (PU EMEA\_Flexible Foam\_Jun21 s. 138)

Turkey is also a production center in automotive production, however the dominance in raw material supply is in the licensed productions or the production in domestic facilities of international manufacturers. When making projects on a model basis, particularly in the automotive sector, "approved suppliers" are utilized, and local manufacturers such as Kimpur may take a long time to get approval.

Despite this, relative approvals were obtained on the production of buses and trucks. Approval processes for passenger cars are still in progress too.

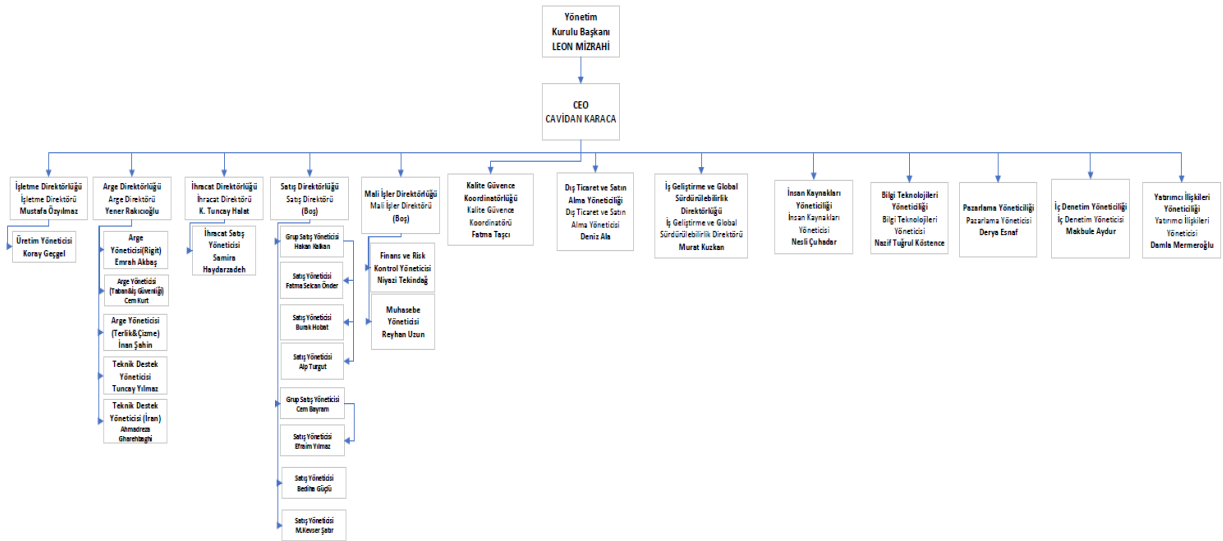
The sales volume of Kimpur's flexible foam systems were approximately 5 K tons in 2021, and the domestic sales were approximately 3 K tons. In the first quarter of 2022, the sales of flexible foam systems reached approximately 1.5 K tons, and the domestic sales reached approximately 0.8 K tons.

The domestic sales in 2021 are approximately 3 K tons. With these sales volumes, the company comes after global manufacturers with a volume of 6%.

In addition to these sectors, it is considered that Kimpur has a share of 15% with a domestic sales amount of 65 K tons in 2021, except for the slabstock pu systems used by mattress manufacturers.

Kimpur made a total sales of 24.5 K tons in the first quarter of 2022, including those in polyester, case, raw material and other product groups. Approximately 27% of these sales consist of export sales and export registered sales.

### 3.6 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. We plan to benefit from tax incentives for 2022 as well.

### **5 QUALIFICATION, CERTIFICATION AND REGISTRATION DOCUMENTS**

#### **Qualification and Certification:**

- TS EN ISO/IEC 27001: 2017 Information Security Management System
- ISO 9001: 2015 Management System
- Economic Operator Authorized by the Ministry of Customs and Trade Certificate
- Polyurethane Manufacturers Association Certificate
- Polyurea Development Association Europe Certificate
- TS EN ISO 50001: 2018 Energy Management System
- CE Certificate and Reach Certificate

#### **Trademark Registration Documents**

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



Marka Adı	Durum	Nice Sınıfı	Başvuru No	Yenileme Tarihi	Nice Sınıfı	Başvuru No	Yenilenme Tarihi
şekil	Tescilli	01 / 40 /	2016/36567	22.04.2026	35 /	2020/06288	16.01.2030
kimvisco	Tescilli	40 /	2015/13504	17.02.2025	35 /	2020/06280	16.01.2030
Kimtekspu	Tescilli	40 /	2013/92332	13.11.2023	35 /	2020/06275	16.01.2030
systems house	Tescilli	40 /	2012/48682	28.05.2022	35 /	2020/06268	16.01.2030
kimsystems	Tescilli	40 /	2013/90408	6.11.2023	35 /	2020/06261	16.01.2030
kimngid	Tescilli	40 /					
kimraw	Tescilli	35 /	2020/06258	16.01.2030			
kimpur	Tescilli	01 / 40 /	2016/36498	21.04.2026	35 /	2020/06256	16.01.2030
kimpol	Tescilli	40 /	2013/91341	11.11.2023	35 /	2020/06255	16.01.2030
kim lite	Tescilli	01 / 40 /	2017/106495	23.11.2027	35 /	2020/06253	16.01.2030
kimfoot	Tescilli	40 /	2013/90400	6.11.2023	35 /	2020/06250	16.01.2030
kim flex	Tescilli	40 /	2013/91339	11.11.2023	35 /	2020/06249	16.01.2030
kimcool	Tescilli	40 /	2016/82248	17.10.2026	35 /	2020/06246	16.01.2030
kim case	Tescilli	40 /	2013/90352	6.11.2023	35 /	2020/06227	16.01.2030
crosskim	Tescilli	40 /	2015/13468	17.02.2025	35 /	2020/06222	16.01.2030
kimrelease	Tescilli	01 / 02 /	2019/136524	31.12.2029	35 /	2020/03794	10.01.2030
kimplus	Tescilli	01 / 02 / 17 / 19 / 40 /	2019/136219	31.12.2029	35 /	2020/03776	10.01.2030
kimcoat	Tescilli	01 / 02 / 17 / 35 / 37 /	2019/136158	31.12.2029			
izokim	Tescilli	40 /	2015/13492	17.02.2025			
kim plas	Tescilli	01 / 02 / 17 / 35 /	2021/085357	10.6.2031			

## 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 3/31/2022.

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

The company makes the sales at the foreign currency price. For export, the sales are performed in foreign currency, and, in the domestic market, export registered sales are performed in foreign currency as well.

The amount obtained from other sales are converted into Turkish Lira at the foreign exchange rate on the invoice day, invoiced in TL, and remain constant in TL throughout the term of the sale. There are also sales followed on a currency basis. The half of the Company's sales in 2021 are based on foreign currency and other half based on Turkish Lira.

Since approximately 95% of the raw materials of the Company are imported or of imported origin, and due to foreign currency liabilities, the company applies a hedging policy for sales in TL to manage the risk of fluctuations in the exchange rate. It utilizes hedging instrument or uses credit in Turkish Lira as much as the sales in TL. Then, by making purchases in foreign currency, it pays off loan in Turkish Lira, which was collected on maturity.

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's activities are exposed to exchange rate risk due to exchange rate fluctuations between TL and other currencies.

The company manages the exchange rate risk by applying a hedging policy in order not to have a deficit in foreign exchange transactions.

#### **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's interest rate risk is related to bank loans. The increase in interest rates may negatively affect the profitability of the company due to increased financial expenses.

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.

#### **Credit Risk**

Credit risk is defined as the risk of loss for the company due to the failure of one of the financial intermediary parties to fulfill its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company constantly evaluates the reliability of financial institutions with cash or equivalent value. The Company manages the risk posed by trade receivables by working with customers with suitable credit worthiness, by limiting the amount of credit limits applied to customers, and by regularly evaluating the determined credit limits in accordance with the Company's risk policies, along with the board of directors and the risk department. Notwithstanding, the Company is exposed to the risk of financial loss due to credit risk.

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

During the period of January 01, 2022 and March 31, 2022, legislative amendments were made that would significantly affect the Company's activities.

### **6.5 Events following the reporting period**

- The company is registered with the Capital Markets Board ("CMB"), and began to be traded (Borsa Istanbul A.S.) on April 28, 2022. The capital of the company increased from 110.000.000 TL to 121.550.000 TL. As of April 28, 27, 15% of shares are traded in Borsa Istanbul A.S.

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

A private independent audit was conducted during the accounting period of January 01, 2022 and March 31, 2022, whereas no public audit was conducted.

**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 January 01, 2022 and March 31, 2022.

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

The company has an expenditure of 18,409.50 TL for donations, aids and social responsibility projects within the period of January 01, 2022 and March 31, 2022.

**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.**

In order to create the internal audit plan of our company, we work with the departments in process analysis, drawings and determination of reporting tools.

**6.13 Determination of whether the company's capital is unrequited or whether it is in bankrupted and reviews of the board of directors.**

The company's capital has not remained unrequited.

**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 1009 hours of training was organized between January 01, 2022 and March 31, 2022.

## 7 STATEMENT OF FINANCIAL POSITION-BALANCE SHEET AS OF 31th MARCH 2022

	Dipnot Referansı	Cari Dönem Bağımsız Denetimden Geçmemiş 31 Mart 2022	Geçmiş Dönem Bağımsız Denetimden Geçmiş 31 Aralık 2021
<b>VARLIKLAR</b>			
<b>Dönen Varlıklar</b>		<b>2.549.309.348</b>	<b>2.071.253.090</b>
Nakit ve Nakit Benzerleri	18	246.281.095	522.234.256
Finansal Yatırımlar	15	338.559.572	31.337.870
Ticari Alacaklar	4	1.413.372.379	1.065.391.205
<i>İlişkili Taraflardan Ticari Alacaklar</i>	3	5.567.677	5.094.156
<i>İlişkili Olmayan Taraflardan Ticari Alacaklar</i>		1.407.804.702	1.060.297.049
Diğer Alacaklar		5.481.998	6.817.745
<i>İlişkili Taraflardan Diğer Alacaklar</i>	3	4.178.094	3.895.777
<i>İlişkili Olmayan Taraflardan Diğer Alacaklar</i>		1.303.904	2.921.968
Türev Araçlar	15	7.807.644	3.749.135
Stoklar	5	458.324.001	360.185.736
Peşin Ödenmiş Giderler		26.660.787	37.015.421
Cari Dönem Vergisiyle İlgili Varlıklar	13	1.859.181	-
Diğer Dönen Varlıklar		50.962.691	44.521.722
<b>Duran Varlıklar</b>		<b>209.610.223</b>	<b>137.100.682</b>
Finansal Yatırımlar	15	228.300	228.300
Maddi Duran Varlıklar	6	173.625.827	108.016.454
Maddi Olmayan Duran Varlıklar	7	23.791.602	26.010.293
Kullanım Hakkı Varlıkları		3.633.631	2.780.727
Peşin Ödenmiş Giderler		29.483	64.908
Ertelenmiş Vergi Varlığı	13	8.301.380	-
<b>TOPLAM VARLIKLAR</b>		<b>2.758.919.571</b>	<b>2.208.353.772</b>

	Dipnot Referansı	Cari Dönem Bağımsız Denetimden Geçmemiş 31 Mart 2022	Geçmiş Dönem Bağımsız Denetimden Geçmiş 31 Aralık 2021
<b>KAYNAKLAR</b>			
<b>Kısa Vadeli Yükümlülükler</b>			
Kısa Vadeli Borçlanmalar	15	1.371.334.665	1.033.274.121
Kiralama İşlemlerinden Kaynaklanan Yükümlülükler		1.266.170	864.811
Ticari Borçlar	4	562.843.893	439.755.402
<i>İlişkili Taraflara Ticari Borçlar</i>	3	5.292	971.339
<i>İlişkili Olmayan Taraflara Ticari Borçlar</i>		562.838.601	438.784.063
Çalışanlara Sağlanan Faydalar Kapsamında Borçlar		3.557.720	2.091.462
Diğer Borçlar		176.350	165.252
<i>İlişkili Olmayan Taraflara Diğer Borçlar</i>		176.350	165.252
Türev Araçlar	15	1.574.560	5.725.030
Ertelenmiş Gelirler		51.054.289	49.522.634
Dönem Karı Vergi Yükümlülüğü	13	-	64.011.163
Kısa Vadeli Karşılıklar		2.002.769	31.225.682
<i>Çalışanlara Sağlanan Faydalara İlişkin</i>			
<i>Kısa Vadeli Karşılıklar</i>		2.002.769	31.225.682
Diğer Kısa Vadeli Yükümlülükler		11.543.969	3.469.860
<b>Uzun Vadeli Yükümlülükler</b>			
Kiralama İşlemlerinden Kaynaklanan Yükümlülükler		2.994.735	2.490.818
Ticari Borçlar	4	1.229.560	1.380.608
<i>İlişkili Olmayan Taraflara Ticari Borçlar</i>		1.229.560	1.380.608
Uzun Vadeli Karşılıklar		4.320.186	3.605.524
<i>Çalışanlara Sağlanan Faydalara İlişkin</i>			
<i>Uzun Vadeli Karşılıklar</i>		4.320.186	3.605.524
Ertelenmiş Vergi Yükümlülüğü	13	-	4.118.888
<b>ÖZKAYNAKLAR</b>			
<b>Ana Ortaklığa Ait Özkaynaklar</b>			
Ödenmiş Sermaye	9	110.000.000	110.000.000
Kar veya Zararda Yeniden Sınıflandırılacak			
Birikmiş Diğer Kapsamlı Gelirler veya Giderler			
<i>Yabancı Para Çevrim Farkları</i>		364.810	-
Kardan Ayrılan Kısıtlanmış Yedekler		16.376.384	16.376.384
Kar veya Zararda Yeniden Sınıflandırılmayacak			
Birikmiş Diğer Kapsamlı Gelirler veya Giderler			
- <i>Tanımlanmış Fayda Planlarının Birikmiş</i>			
<i>Yeniden Ölçüm Kayıpları</i>		(86.089)	(86.089)
- <i>Yeniden Değerleme ve Ölçüm Kazançları</i>		55.292.710	55.292.710
Geçmiş Yıllar Karları		383.388.715	66.103.083
Net Dönem Karı		174.349.189	316.423.046
<b>Kontrol Gücü Olmayan Paylar</b>		<b>5.334.986</b>	<b>2.543.383</b>
<b>TOPLAM KAYNAKLAR</b>		<b>2.758.919.571</b>	<b>2.208.353.772</b>

8 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31th MARCH 2022

	Dipnot Referansı	Cari Dönem Bağımsız Denetimden Geçme miş 1 Ocak - 31 Mart 2022	Geçmiş Dönem Bağımsız Denetimden Geçme miş 1 Ocak - 31 Mart 2021
Hasılat	10	981.064.641	434.502.732
Satışların Maliyeti (-)	10	(820.156.683)	(367.016.353)
<b>BRÜT KAR</b>		<b>160.907.958</b>	<b>67.486.379</b>
Genel Yönetim Giderleri (-)		(7.020.096)	(4.696.138)
Pazarlama Giderleri (-)		(21.657.887)	(8.943.152)
Esas Faaliyetlerden Diğer Gelirler	11	127.160.307	84.650.792
Esas Faaliyetlerden Diğer Giderler (-)	11	(81.477.706)	(74.178.754)
<b>ESAS FAALİYET KARI</b>		<b>177.912.576</b>	<b>64.319.127</b>
Yatırım Faaliyetlerinden Gelirler		44.639.622	-
Özkaynak Yöntemiyle Değerlenen Yatırımların Karlarından/Zararlarından Paylar		-	(116.966)
<b>FİNANSMAN GİDERİ ÖNCESİ FAALİYET KARI</b>		<b>222.552.198</b>	<b>64.202.161</b>
Finansman Giderleri (-)	12	(63.720.997)	(19.842.067)
<b>VERGİ ÖNCESİ KAR</b>		<b>158.831.201</b>	<b>44.360.094</b>
Vergi Geliri / (Gideri)		15.994.447	(9.134.933)
Dönem Vergi Geliri / (Gideri)	13	3.574.179	(9.373.225)
Ertelenmiş Vergi Geliri / (Gideri)	13	12.420.268	238.292
<b>DÖNEM KARI</b>		<b>174.825.648</b>	<b>35.225.161</b>
Pay başına kazanç	14	<b>1,589</b>	<b>0,320</b>
<b>Net Dönem Kar Dağılımı</b>			
Kontrol Gücü Olmayan Paylar		476.459	-
Ana Ortaklık Payları		174.349.189	35.225.161
		<b>174.825.648</b>	<b>35.225.161</b>
<b>DİĞER KAPSAMLI GELİRLER</b>			
Kar veya Zarar Olarak Yeniden Sınıflandırılacaklar		364.810	-
Yabancı Para Çevrim Farkları		364.810	-
<b>DİĞER KAPSAMLI GELİR</b>		<b>364.810</b>	<b>-</b>
<b>TOPLAM KAPSAMLI GELİR</b>		<b>175.190.458</b>	<b>35.225.161</b>
<b>Toplam Kapsamlı Gelirin Dağılımı</b>			
Kontrol Gücü Olmayan Paylar		476.459	-
Ana Ortaklık Payları		174.713.999	35.225.161
		<b>175.190.458</b>	<b>35.225.161</b>

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,

5/9/2022

**Chairman of the Board**

Yuda Leon Mizrahi

**Vice President of the Board**

Cavidan Karaca

**Board Member**

Isak Izi Mizrahi

**Independent Board Member**

Omer Bakir

**Independent Board Member**

Mehmet Mete Basol