

## THE ACTIVITY REPORT OF THE BOARD OF DIRECTORS OF EGE PROFİL TİCARET VE SANAYİ A.Ş.

### SECTION 1 – GENERAL INFORMATION

**Trade Name:** Ege Profil Ticaret ve Sanayi A.Ş.

**Report Period:** 01.01.2019 – 31.12/2019

**The upper Limit of the Registered Capital:** 120,000,000.00 TL

**Issued Capital:** 80,980,793 TL

**Date of Registration:** 13<sup>th</sup> January 1981, Turkey

**Head Office of the Company:** Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR

**Tax Office and Tax ID Number:** Menemen 325 005 4933

**Trade Registration Number:** 5065

**Trade Registry Office:** Menemen

**Mersis No:** 0325005493300015 –Menemen

0328005493300026-Kartepe

**Corporate Website:** [www.egeprofil.com.tr](http://www.egeprofil.com.tr)

**Production Site:** İZMİR FACTORY

Atatürk Plastik OSB Mahallesi, 5. Cadde No: 4 Menemen/İZMİR

Phone: +90 232 398 98 98 / Fax: +90 232 376 98 99

**Production Site:** İZMİR (KOCAELİ) FACTORY

Sarımeşe Mah. Suadiye Cad. Winsa İdari Bina Apt. No. 5 Kartepe/Kocaeli

Phone: +90 262 371 57 27 / Fax +90 262 371 57 28

**The India Branch:** Building no. 09, Casa Grande Distripark, Satharai Village, Trivallur Taluk,

Trivallur District, Tamil Nadu-631 203, INDIA

Phone-Fax No: +919600111788

**Chile (Subsidiary Company):** Centro Industrial Lo Boza 3G-3H Volcan Lascar 801

Pudahel Santiago, CHILE

Phone-Fax No: +56951498754

**India (Subsidiary Company):** Building no. 09, Casa Grande Distripark, Satharai Village, Trivallur Taluk,

Trivallur District, Tamil Nadu-631 203, INDIA

Phone-Fax No: +919600111788

**Independent Auditing Company and Responsible Partner Lead Auditor:**

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

**Responsible Partner Lead Auditor:** Ethem KUTUCULAR

## **SCOPE OF ACTIVITY AND ABOUT EGE PROFİL**

Ege Profil Ticaret ve Sanayi A.Ş. (Ege Profil) is a company registered in Izmir. Main scope of activity of Ege Profil is the manufacture and sales of any kind of plastic pipes and spare parts as well as any kind of profiles and plastic goods.

Ege Profil was established in 1981 under the trade name “Namık Mazhar Zorlu ve Oğulları Plastik Profil Sanayii Kollektif Şirketi”. Its trade name was changed in 1982 to what it is today. The company shares were offered to public and were processed in BİAŞ (İstanbul Stock Exchange). In 2000, 47% of the shares of Ege Profil was sold by Mazhar Zorlu Group to one of the biggest PVC Profile producers in the world, Deceuninck Group, Belgium. Mazhar Zorlu Group sold an additional 30% shares of the company to Deceuninck Group in 2001 and then Deceuninck Group purchased 21% from BİAŞ and thus, owned 98% of the company. In December 2017, Pimaş Plastik İnşaat Malzemeleri A.Ş. underwent a transfer and merged with Ege Profil. Share of the Deceuninck Group is 95.88 % after the exercise of the rights of separation.

With the contract signed between the company and Pilsa A.Ş. in 2004 all the activities performed under the trade name Winsa were transferred to Ege Profil. The production under Winsa brand was then started to be performed from the beginning of 2008 mainly in Kartepe/Kocaeli Facilities built with advanced technology.

The reliance and market knowledge of Egepen Deceuninck and Winsa brand was integrated with the customer oriented approach of Deceuninck Group and its advanced technology and understanding of quality. Deceuninck NV, an integrated group throughout the world, is specialized in compound, design, development, extrusion, finishing and recycling. The group summarizes its targets with the passion to carry its understanding of quality and service to the perfection.

Ege Profil has demonstrated high performance and achieved a continuous growth since 2001. Its experience in the market and the motivation of its personnel lie behind this achieved success. Horizontal organization model is dominating in the company and the personnel members in each and every rank are supported by the management in terms of using initiatives and sharing the authorities and responsibilities.

The young and dynamic personnel continue creating the trends determining the market circumstances in Turkey in compliance with the leading mission of Deceuninck in the world. Training opportunities provided to the employees, importance attached to Research & Development activities, the quality policy applied and large share of information created by the group yield the success infallibly.

Ege Profil is performing business in the PVC Profile Sector with its three main brands Egepen Deceuninck, Winsa and Pimapen. The products and the channels of selling and marketing of all the brands have been created separately.

The investment in Menemen Organized Industrial Zone for Plastic started in 2015 with a process sensitive to the environment without sacrificing its production quality of world standards and it was completed and totally became active in 2017. It has a closed areas of totally 86,258 m<sup>2</sup> including 54,968 m<sup>2</sup> of production facility, 8,995 m<sup>2</sup> of administrative buildings and 22,295 m<sup>2</sup> of logistics center on an area of 110,000 m<sup>2</sup> in total. The facility has a capacity of 60,000 tons at the first stage and it has an infrastructure capable to reach a capacity of 100,000 tons. The company produces in Kartepe, Kocaeli in its facility on an area of 40,667.96 m<sup>2</sup> with a closed area of 34,591 m<sup>2</sup> and capacity of 41,490 tons. The logistic services of company for the products produced in this facility is ensured through an company providing logistic services in the logistics center leased for 10 years on a closed area of 21,515 m<sup>2</sup> in Kartepe.

These three brands also have Regional Directorates in İzmir, İstanbul, Ankara and Adana.

Winsa brand has approximately 219 producer dealers and 509 sales points; Egepen brand has approximately 227 producer dealers and 895 sales points; and Pimapen brand has approximately 272 producer dealers and 600 sales points.

Countries of import and export include the countries in Europe, America, Africa and Australia continents.

Our place as Ege Profil in the world market is expanded with each passing day. Ege Profil started business in India in 2012 with a branch as a warehouse and it participated in the company titled Deceuninck Importadora Limitada in Chile in 2013 with a share of 99.9% and it continued as Deceuninck Brasil that is active as a distributor in Brasil to the developing markets in 2014. With the decision of the Board of Directors dated 21<sup>st</sup> June 2017, the subsidiary established in Brasil was sold. With the decision of the Board of Directors dated 22<sup>nd</sup> June 2018, the acquisition of Deceuninck Profiles India Private Limited (India) subsidiary with 99 % share was completed.

Ege Profil entered the aluminum sector in 2013.

87.60 percent shares owned by Deceuninck NV in Pimaş with a nominal value of 31,535,339.898 TL was purchased in June 2017 with a value of 2.7081 TL per each share and 85,400.364 TL in total; and the share with a nominal value of 2,127,845 Brazilian Reals registered in Deceuninck do Brasil Limitada, Brasil was sold to Deceuninck N.V. at 1,000 EURO over its liquidation value because it was in loss. The process of the decision rendered with Pimaş in August 2017 about the merger through taking over all its assets and liabilities was completed in December 25, 2017.

Customer expectations are met at highest level through new products and technological developments, dealer training seminars, applied operating training and technical publications. Today, our company has the largest range of products in the sector and it makes production with more than three hundred patterns developed by the company. Our sales increasing with the confidence of our dealers in our brands and their effort to meet the expectations of customers at highest level make our competitors feel our supremacy.

## **COMPANY MISSION AND VISION AND STRATEGIC TARGETS**

**For a sustainable future,**

**Why? Our Main Goal;**

### **Innovative and Leading**

Our goal is to produce high quality and innovative products with the support from our knowledge and our specialist staff and carry these to your locations and to increase the comfort of your life. We work intensively to protect your places and beloved ones from the negative impacts of the external conditions, closely follow-up technological developments and offer you new products. Since the production, installation and maintenance of our systems are profoundly simple, all our products are produced with the purpose of meeting your needs at maximum level in a way to ensure maximum customer satisfaction.

### **Ecology**

Our goal is to support our customers in order to utilize energy in the most efficient way in the construction of buildings. Thus, all our products ensure maximum insulation, they have a long life, and they require low maintenance. Our products are produced in a way to leave minimum ecologic traces, using minimum amount of energy, and with a recyclable structure In order not to harm the environment.

### **Design**

Our goal is to assist you to make your places more beautiful and to reflect your own architectural style with our various designs. Our products have a timeless design to meet your expectations, with the large range of natural colors and their unique surface quality having natural textures.

### **Our Employees and Customers**

We create an open, honest and sincere working environment with our employees and all our customers. Thus, we create long-term business collaborations and ensure maximum level of customer satisfaction. We place emphasis on quality, safety, environment, and humans and work with a team spirit.

### **How? Our Basic Values**

#### **Honesty**

We always tell the truth as it is, and act clearly and sincerely throughout the entire communication process. We provide direct and positive feedback in relations with our collaborators. We act in a team spirit with our employees and business partners. While taking the corrective and preventive precautions, we state the mistakes open-heartedly, and defend what is right with all the reality. What we think cannot be different from what we speak. This is our authenticity.

#### **High Performance**

Our performance is regularly measured by our employees, customers, the society and our shareholders. With our passion to achieve perfection, we strive for continuous improvement in all our business processes, and progress successfully without deviation from our main goals, values and

vision. We do as what we speak, we share what we do; this is our perception of responsibility and discipline. Our priorities while targeting high performance: Human, Environment, Quality, Service and Profit. Profit is essential for a sustainable business. We strive to improve our performance in all stages of our business every day, from production to post-sales services.

### **Entrepreneurship**

We are open to the world and all ideas. We see and benefit from opportunities. We create an environment of trust for using the authorities, we foresee the risks, and successfully manage all processes by taking initiatives. We embrace the business as our own business. We respect the decisions of all our employees, encourage them to assume responsibilities, and then appreciate them.

### **What? Our Passion**

### **Our Culture**

As a result of our company culture, all our employees and business partners are proud to work together. They continue their activities in accordance with the principles of honesty, high performance and entrepreneurship.

### **Long-Life, Environment Friendly Products**

We work with the aim to produce high-insulation, long-life, high quality, durable and recyclable products.

### **Leadership in the Sector**

Our Company is one of the leading companies in its sector. It is among the first three companies with its large market share. This success is supported by high performance in quality and service as well as customer relations based on mutual trust.

### **Strong Financial Structure**

Our Company has a sustainable and strong financial structure. We convert all our activities into financial goals and successfully achieve our goals.

## **SECTION 2 – MANAGING BODY AND BENEFITS TO SENIOR MANAGERS QUALIFICATIONS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE POWERS AND RESPONSIBILITIES OF EXECUTIVES**

Although there is not any regulation in the Articles of Association of the Company regarding the selection criteria of the the members of board of directors; our actual members of the board of directors have the qualifications specified in the Corporate Management Principles. There are provisions about the duties and power of the Board of Directors. The powers and responsibilities of other executives are not included in the articles of association; however, the duty descriptions precisising the powers and responsibilities of all the employees working in our company including the senior executives, have been specified.

## COMMISSIONED MEMBERS OF THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE DURING THE ACTIVITY YEAR

The members of the Board of Directors were elected in the Ordinary General Assembly Meeting held on 24<sup>th</sup> April 2018. The Office term of the Board of Directors is one year. The members of our Board of Directors and their duties are as follows:

### The Board of Directors

|  |  |
|--|--|
| Francis Jozef Willem Antoon Van Eeckhout | President of the Board of Directors                          |
| Ergün Çiçekçi                            | General Manager and Vice President of the Board of Directors |
| Ann Bataillie                            | Member of the Board of Directors                             |
| Zeynep Pınar Güventürk                   | Member of Board of Directors (Independent Member)            |
| Ayşe Yenel                               | Member of Board of Directors (Independent Member)            |

### The Audit Committee

|                        |          |
|------------------------|----------|
| Zeynep Pınar Güventürk | Chairman |
| Ayşe Yenel             | Member   |

### Early Risk Detection Committee

|                        |          |
|------------------------|----------|
| Zeynep Pınar Güventürk | Chairman |
| Ayşe Yenel             | Member   |

### Corporate Governance Committee

|                        |          |
|------------------------|----------|
| Zeynep Pınar Güventürk | Chairman |
| Francis Van Eeckhout   | Member   |
| Gülşah Karan           | -        |

## PERSONAL BACKGROUND OF THE BOARD MEMBERS

### Francis Van Eeckhout (Board Member and President)

In 1990, he received his Master's degree in Communication Engineering from Leuven Catholic University.

In 1991, he received his Bachelor of Applied Marketing in Aix en Provence.

In 1992, he received his Accounting License from Koblenz WHU.

He worked in the marketing department of Hannover Bahlsen Keksfabrik between 1992-1993.

In 1994-2011 he was the director of Van Eeckhout (concrete), VVM NV (cement), Diamut NV (grout) and Nivelles Beton NV (concrete). Since 2012, he has been the Gramo BVBA (holding) manager.

### Ergün ÇİÇEKÇİ (General Manager and Vice President)

He was born in Ödemiş in 1954.

He graduated from Istanbul Technical University Mechanical Engineering Department in 1975.

In 1979, he completed his master's degree at Aston University in Birmingham.

After his military service, he started to work in plastic sector in 1981 and continued his career in Mazhar Zorlu Group by undertaking different duties and responsibilities.

He has been working as General Manager in Ege Profil A.S. since 1994.

He has been a member of the Board of Directors since 2001.

**Ann Batallie (Member of the Board)**

Since 2013, she has been acting as the Legal Advisor of Deceuninck Group and the Human Resources Group Director.

She has been working as a Financial Advisor in Deceuninck Group since 2002.

1987- she worked as Legal Counsel for Barco Group for 15 years.

1982- she completed her Master Program in European Law at the University of Nancy II, France.

1981 - she received her Master Degree in Law from Catholic University of Leuven and completed her studies in European Law with the education she received from the European Commission (General Directorate of Internal Market).

**Ayşe Yenel (Independent Member)**

Türkiye Sınai Kalkınma Bankası A.Ş. İzmir Branch Office Director, 2008-continuing

Eurobank-Tekfen A.Ş. İzmir Branch Office- Marketing Director, 2006-2008

Demir Leasing co. Marketing Director (İstanbul), 1998-2005

Demir Leasing co. Marketing Official (İstanbul), 1997-1998

Koçbank Co. Central Branch- Customer Representative, 1994-1997

Mills College Oakland-San Fransisco- Business Program in English-Marketing Courses, 1992-1993

Marmara University, İstanbul Faculty of Economics and Administrative Sciences, 1987-1992.

Terakki Foundation Schools- Şişli Terakki High School, 1984-1987

**Declaration of Independence – Ayşe Yenel**

(Independent Member)

I declare that I am a candidate to serve as an independent member in the Board of Directors of Ege Profil Ticaret ve Sanayi Anonim Şirketi (Company) within the framework of the legislation, articles of association and the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board, within this context;

a) I declare that there is no employment relationship in the executive position to undertake important duties and responsibilities in the last five years, that I do not own more than 5 % of capital, voting rights or privileged shares together, that no significant commercial relationship has been established between Company, Company management, partnerships with has significant influence, shareholders who have the company control, significant influence over the company, or legal entities that these shareholders have control over management and myself, my spouse and my second generation relatives.

b) During the last five years, the company's audit (including tax audit, statutory audit, internal audit), grading and consultancy, in particular; I declare that I am not a partner (5% or more), a manager or a member of the board of directors who undertakes important duties and responsibilities in the period in which the company purchases or sells services or products, in which the company purchases or sells services or products to a significant extent under the agreements concluded.

c) That I have professional training, knowledge and experience to fulfill the duties I undertake due to being an independent board member,

ç) That I do not work full time in public institutions and organizations after being elected as a member, except as a faculty member, provided that it is in compliance with the legislation to which they are affiliated,

d) That I have strong ethical standards, professional reputation and experience that can contribute positively to the company's activities, maintain impartiality in the conflicts of interest between the company and the shareholders, and make decisions freely considering the rights of the stakeholders.

e) That I have strong ethical standards, professional reputation and experience that can contribute positively to the company's activities, maintain impartiality in the conflicts of interest between the company and the shareholders, and make decisions freely considering the rights of the stakeholders.

- f) That I am able to devote time to company affairs to the extent that I can follow the operation of the company's activities and fully fulfill the requirements of the duties I undertake,
- g) That I have not served on the Board of Directors of the Company for more than six years in the last ten years,
- ğ) That I declare that I do not serve as an independent board member in more than three of the companies in which the same person, the company or the shareholders taking the management control of the company have management control and more than five of the companies listed on the stock exchange in total.

**Zeynep Pınar Güventürk (Independent Member)**

Pınar Güventürk was born in 1968 in Istanbul.

Boğaziçi University İstanbul, TURKEY 1986 - 1990

July 1990 - September 1991 Treasury Analyst

Procter & Gamble Tüketim Malları San. A.Ş. (İstanbul, Turkey) September 1991 - September 1993

Financial Analysis Manager- Laundry & Home Care

Eczacıbaşı Procter & Gamble A.Ş. (İstanbul, Turkey) September 1993 - September 1997 Sales Finance Director Assistant

September 1997 - September 1999 Accounting and Control Finance Director Assistant

Procter & Gamble Tüketim Malları San. A.Ş. (İstanbul, Turkey), September 1999 - February 2002

Deputy Director of Budget and Financial Planning

The Procter & Gamble Company (Cincinnati, OH, USA) February 2002 - January 2004 Deputy Director of Finance for the Global Women's Ties Category

March 2005 - March 2006 Eastern Mediterranean Region Financial Budget and Planning Director

April 2006 - December 2008 Eastern Mediterranean Region Finance Director

January 2009 - July 2012 Vice President of Southeast Europe Finance

July 2012 - April 2017 Vice President of Business Transformation Turkey

SEV (Health Education Foundation) Board Member and Trustee

2013 - Board Member

2016 - Trustee

**Declaration of Independence – Zeynep Pınar Güventürk (Independent Member)**

I declare that I am a candidate to serve as an independent member in the Board of Directors of Ege Profil Ticaret ve Sanayi Anonim Şirketi (Company) within the framework of the legislation, articles of association and the criteria set forth in the Corporate Governance Principles announced by the Capital Markets Board, within this context;

a) I declare that there is no employment relationship in the executive position to undertake important duties and responsibilities in the last five years, that I do not own more than 5 % of capital, voting rights or privileged shares together, that no significant commercial relationship has been established between Company, Company management, partnerships with has significant influence, shareholders who have the company control, significant influence over the company, or legal entities that these shareholders have control over management and myself, my spouse and my second generation relatives.

b) During the last five years, the company's audit (including tax audit, statutory audit, internal audit), grading and consultancy, in particular; I declare that I am not a partner (5% or more), a manager or a member of the board of directors who undertakes important duties and responsibilities in the period in which the company purchases or sells services or products, in which the company purchases or sells services or products to a significant extent under the agreements concluded.

c) That I have professional training, knowledge and experience to fulfill the duties I undertake due to being an independent board member,



- ç) That I will not work full time in public institutions and organizations after being elected as a member, except as a faculty member, provided that it is in compliance with the legislation to which they are affiliated,
- d) That I reside in Turkey in accordance with Income Tax Law (ITL) no. 193 and dated 31/12/1960.
- e) That I have strong ethical standards, professional reputation and experience that can contribute positively to the company's activities, maintain impartiality in the conflicts of interest between the company and the shareholders, and make decisions freely considering the rights of the stakeholders.
- f) That I am able to devote time to company affairs to the extent that I can follow the operation of the company's activities and fully fulfill the requirements of the duties I undertake
- g) That I have not served on the Board of Directors of the Company for more than six years in the last ten years,
- ğ) I do not serve as an independent board member in more than three of the companies in which the same person, the company or the shareholders taking the management control of the company have management control and more than five of the companies listed on the stock exchange in total,
- h) I declare that I have not been registered and announced in name of the legal person elected as a member of the board of directors.

#### **BOARD OF DIRECTORS MEETINGS DURING THE YEAR**

18 meetings were held.

#### **BENEFITS TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES**

The total of remunerations and similar benefits provided to the president and members of the Board of Directors as well as the senior executives such as general manager, general coordinator and assistant general manager in the current term is 9,978,539 TL as of 31<sup>st</sup> December 2019. ( 31<sup>st</sup> December 2018 – 7,711,634 TL).

#### **The personnel commissioned in the senior management of our company and the distribution of their duties are as follows:**

|                   |   |
|-------------------|---|
| Ergün Çiçekçi     | General Manager   |
| Nurcan Güngör     | Financial Affairs Group Manager                                 |
| Tamer Özen        | Product Marketing and Sales Group Manager                       |
| Vehbi Cem Korkmaz | Marketing and Sales Group Manager                               |
| Etem Gökmen       | Operations and Investments Group Manager                        |
| Nuri Aslan        | Kartepe Business Group Manager                                  |
| Hakan Nurhan      | Aluminum Joinery Systems Marketing and Sales Department Manager |

#### **RIGHTS AND BENEFITS TO THE PERSONNEL AND WORKERS**

Average number of personnel employed in different categories within the term is as follows:

|                        | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|------------------------|--------------------------------|--------------------------------|
| Administrative Affairs | 277                            | 311                            |
| Production             | 712                            | 702                            |
| <b>Total</b>           | <b>989</b>                     | <b>1,013</b>                   |

Within the framework of the permission provided by the general assembly of company, there is not any transaction by the members of managing body with the company or on behalf of others or any transaction included within the scope of the prohibition of competition.

### SECTION 3 – RESEARCH AND DEVELOPMENT ACTIVITIES

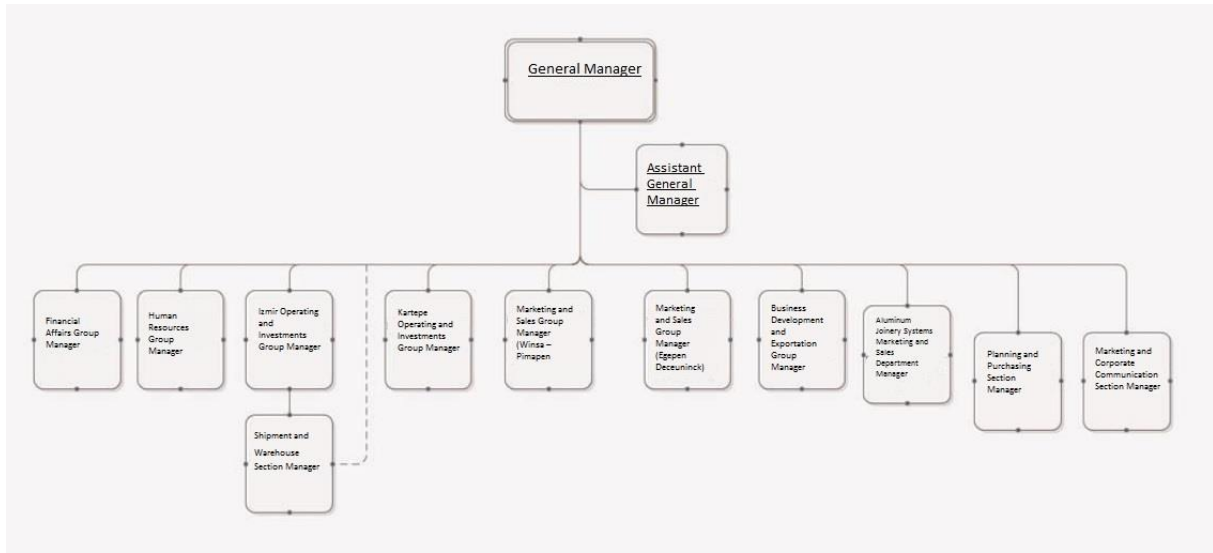
Our company has research and development projects to develop less energy consuming products as part of our environmental awareness and productivity activities in consideration of the energy policies applied in the world and in Turkey.

The audits on the request of our company to obtain a research and development center certificate under the Law No. 5746 were performed by the observers commissioned within the provisions of the practice and audit regulation of the related law; and our company was approved to obtain a research and development center certificate and to benefit from the promotions and exemptions provided for in Law No. 5746 by the Ministry of Science, Industry and Technology of the Republic of Turkey in July 2017.

As of 31<sup>st</sup> December 2019, Our Research & Development expenses are 2,279.524 TL (31<sup>st</sup> December 2018: 1,777,342 TL).

### SECTION 4 – ACTIVITIES OF COMPANY AND IMPORTANT DEVELOPMENTS IN TERMS OF ITS ACTIVITIES

#### ORGANIZATIONAL STRUCTURE



#### SHAREHOLDER STRUCTURE

The shareholder structure as of 31<sup>st</sup> December 2019 is as follows:

| Title of Shareholder | Share Amount (TL) | Share Ratio (%) |
|----------------------|-------------------|-----------------|
| Deceuninck NV        | 77,641,840        | 95.88           |
| Public Shares        | 3,338,953         | 4.12            |
| Total                | 80,980,793        | 100.00          |

Each share has got one voting right in the General Assembly and there is not any privilege for voting rights.

## INVESTMENT ACTIVITIES

As of 31<sup>st</sup> December 2019, the Company has purchased fixed assets in amount of 38,847,885 TL ( 6,001,827 EURO).

| 1000 EURO & TL | 31.12.2019 | 31.12.2018 | CHANGE % |
|----------------|------------|------------|----------|
| EURO           | 6,002      | 9,463      | -37 %    |
| TL             | 38,848     | 57,905     | -33 %    |

## INTERNAL CONTROL AND AUDITING SYSTEM

Audits are carried out each year within the framework of the specified annual audit plan and the results of the audits are reported. Audits are also carried out with regard to the compliance of transactions and activities with legal regulations and company policies.

The Internal Audit Unit presented its findings on its audits and identified areas for development. Actions regarding these areas of development were immediately put in place. Follow-up articles on the findings were added to the audit plans for the following year.

In addition, periodic internal audits verify whether the requirements of the standards TS EN ISO 9001 Quality Management, TS EN ISO 14001 Environmental Management, TS 18001 Occupational Health and Safety Management, TS EN ISO 50001 Energy Management and TS ISO/IEC 27001 Information Security Management Systems are met in our company; and improvement actions are initiated where deemed necessary. No findings having a negative effect on the company's operations were obtained during the audits and controls carried out in the corresponding account period.

Furthermore, our company measures its internal layout and layout level on a team basis through monthly 5S audits with the aim of continuous improvement using simple production techniques.

Our company aims to provide employees, dealers, visitors and suppliers in or on behalf of the company with a healthier and safer working environment and to protect the environment in its operations. Accordingly, the company works in compliance with the legal regulations on health, safety, energy and the working environment, as well as the philosophy of continuous improvement. An occupational safety specialist is employed full-time in our company in addition to the service received from the occupational safety consultancy company.

## INFORMATION ON DIRECT AND INDIRECT SUBSIDIARIES AND SHARE RATES

**Chile (Subsidiary Company):** Centro Industrial Lo Boza 3G-3H Volcan Lascar 801  
Pudahel Santiago / CHILI  
Phone- Fax No: +56951498754

Our company is a partner of the Deceuninck Importadora Company with a share ratio of 99.9 %.

**India (Subsidiary Company) :** Building no 09, Casa Grande Distripark, Satharai Village  
Trivallur Taluk, Trivallur District, Tamil  
Nadu- 631 203, INDIA

Phone/Fax No:+919600111788

Our company is a partner of the Deceuninck Profiles India Private Limited Company with a share ratio of 99 %.

#### **INFORMATION ON THE OWN SHARES ACQUIRED BY THE COMPANY**

Nominal total of the shares acquired by the company is 8,024,832 TL as of 31<sup>st</sup> December 2019.

#### **INFORMATION ON THE PRIVATE AUDITS AND PUBLIC AUDITS HELD WITHIN THE ACTIVITY YEAR**

There is not any audit performed within the activity year.

#### **INFORMATION ON THE ACTIONS BROUGHT AGAINST THE COMPANY AND POSSIBLE CONSEQUENCES**

The actions brought by the workers, who were made redundant as a result of the transfer of the headquarters from Pimaş A.Ş. which was merged with our company through an acquisition as being located in the Gebze plant and the closure of this plant, are the subject of ongoing responsibility for their social claims.

#### **INFORMATION ON THE ADMINISTRATIVE SANCTIONS AND PENALTIES OF IMPORTANCE IMPOSED ON THE COMPANY AND MEMBERS OF THE BOARD OF DIRECTORS DUE TO PRACTICES CONTRARY TO THE PROVISIONS OF REGULATIONS**

Pursuant to the reports prepared by the Revenue Administration of the Ministry of Finance in 2011 as a result of the tax audit of transactions relating to the year 2007, the company filed an appeal on April 30, 2012 before the 4<sup>th</sup> Tax Court of Izmir against the tax assessment and tax penalties equal to 3,605,914 TL in total which had been notified to the Parent Company on April 2, 2012. Following the lawsuit, 2,358,150 TL of the total tax levies and penalties notified to our company was abolished by the court decision and the case of the remaining part is currently being examined by the State Council. It is expected that the outcome of the lawsuit will be in favour of our company based on the current legal situation and evidence. As a precautionary measure, the company has made a provision of 536,260 TL in its consolidated financial statements.

#### **LEGAL AND ENVIRONMENTAL RISKS**

Our Group is subject to different regulations in the many countries in which it operates. We continue to develop our environmental policies and procedures within the company in order to comply with environmental and legal laws as a group.

We conduct regular surveys to define these environmental risks as management and we continue to implement various systems to control them.

In line with the Group's sensitivity to compliance with legal and environmental regulations, which is one of the most important policies of our group, no administrative or judicial sanctions have been taken against the management body or our company for contrary practices. As of 31.12.2019, there were no negative developments in this direction in the 2019 activity year.

## **TARGETS SPECIFIED IN PREVIOUS TERMS, INFORMATION ON THE RESOLUTIONS OF GENERAL ASSEMBLY AND ASSESSMENTS**

In the 2019 activity year, we have achieved our objectives by implementing all the resolutions of our Ordinary General Meeting and heading towards sustainable growth and high value-added investments.

## **EXTRAORDINARY GENERAL ASSEMBLY MEETINGS HELD WITHIN THE YEAR OF ACTIVITY**

No meeting was held.

## **AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE YEAR OF ACTIVITY**

No amendment was made.

## **EXPENSES UNDER THE SCOPE OF DONATIONS, AIDS AND SOCIAL LIABILITY PROJECTS WITHIN THE YEAR OF ACTIVITY**

Our company may make donations and grants to charitable foundations, associations, training and educational institutions and public institutions and organizations acting for social, cultural, educational, sports, etc. purposes with the approval of the management within the framework of the principles specified by the Capital Market Board and Turkish Commercial Law.

The regulations of the Ministry of Finance are taken into account while making the donations and grants and care is taken to give them to the institutions benefiting from tax exemptions

Compliance with social responsibility criteria is observed in the selection of the type of donation, its quantity, the institution, organisation or non-governmental organisation. Donations and grants may be provided to organisations such as charitable foundations, associations, etc. that are established to act in accordance with the company's field of activity.

Detailed information regarding all the donations and grants made within the term is provided to the partners in the Ordinary General Assembly Meeting of that year.

The amounts of the donations and grants made by the company in December 2019 and 2018 are as follows:

| DONATIONS: | 31.12.2019 | 31.12.2018 |
|------------|------------|------------|
| TL         | 11,140     | 131,895    |

## **RELATIONS WITH THE CONTROLLING COMPANY, WITH A COMPANY AFFILIATED TO THE CONTROLLING COMPANY**

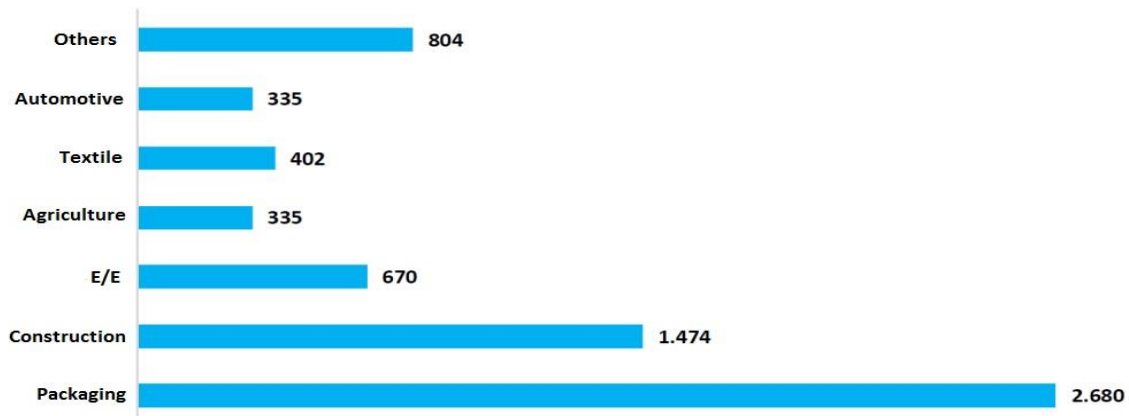
It was not performed without an appropriate provision in accordance with the initiatives or benefits of Ege Profil Ticaret ve Sanayi A.Ş. All the transactions were performed as if the transactions were performed between third persons.

No measures were taken or avoided in the interest of Deceuninck NV or any of its affiliates.

## TURKISH PLASTIC FINISHED PRODUCTS SECTOR

### DISTRIBUTIONS OF PLASTIC FINISHED PRODUCTS PRODUCTION PER SECTORS

It is observed that plastic packaging materials lead the way with approximately 2 million 580 thousand tons within total plastic production of 6.7 million tons within the 9 month period in 2019; and that plastic packaging materials are followed by the production of plastic construction materials with 1 million 474 thousand tons.



**Graph 3: Production of Finished Plastic Products on the basis of Sub-sectors – (1,000 tons) 2019/9**  
Source: TUIK (Turkish Statistics Institution) and ITC Trade Statistics

Building and construction, with a volume of 20-25% of all application areas for plastics, is the second most important area after packaging applications. Plastic products such as pipes manufactured on a large scale and used in the construction industry have been in use for more than 60 years. With the exception of insulation and sheeting applications, plastics are by far the most widely used material in all areas of application of PVC structures and constructions. In the coming years, high growth rates are expected for plastic building materials in construction applications.

#### • Production

In the first 9 months of 2018, the production of plastic products was 7 million 87 thousand tons and 25 billion 717 million dollars, and in the corresponding period of 2019 it decreased to 6 million 699 thousand tons and 23 billion 616, as a result the production decreased by 5 % in quantity terms and 8 % in value terms when compared to the corresponding period.

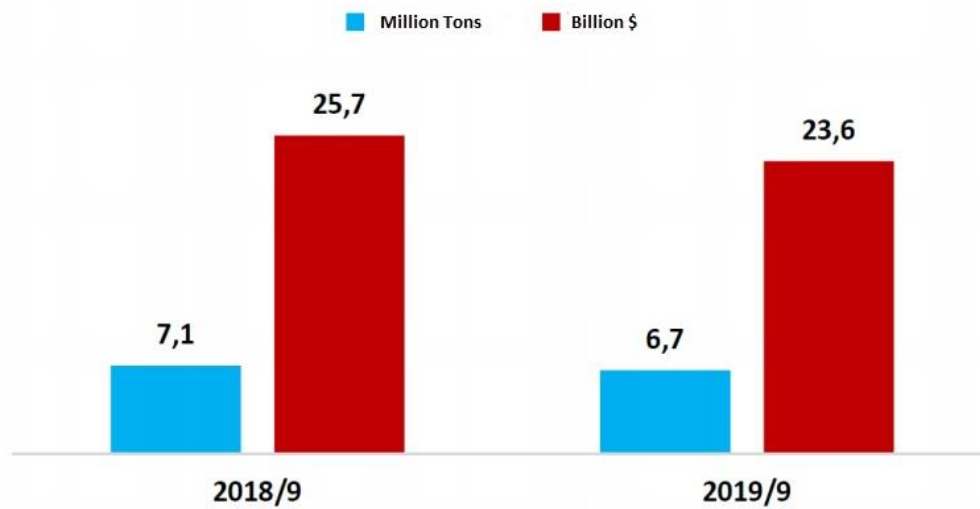
|            | 2018/9 | 2018   | 2019/9 | 2019/T | Increase %<br>2019/2018<br>(9 Months) | %<br>Estimated Increase<br>2019/2018 |
|------------|--------|--------|--------|--------|---------------------------------------|--------------------------------------|
| 100 tons   | 7,087  | 9,144  | 6,699  | 8,932  | -5                                    | -2                                   |
| Million \$ | 25,717 | 34,289 | 23,636 | 31,515 | -8                                    | -8                                   |

2018/9 2019/T %

#### Table: Plastic Finished Product Production

Source: TUIK and ITC Trade Statistics

It is estimated that plastic finished product production will decrease by 2 % in quantity and by 8 % in value at the end of 2019 when compared with 2018 and it will be realized as 8.9 million tons and 31.5 billion dollars. (\*)



**Graph 4: Comparison of the Finished Plastic Products Production in the Corresponding Periods.**

Source: TUIK and ITC Trade Statistics

(\*) : The latest report available in the report term has a meaning in that direction.

#### • Foreign Trade

##### Import

In the first 9 months of 2019, 414 tons of plastic products valued at 1 billion 884 million dollars were imported. Imports of plastic products decreased by 8 % in quantity and 14 % in value compared to the corresponding period in 2018. If this trend continues, imports of plastic Products are expected to decrease by 3 % in quantity and 10 % in value to diminish to 552 thousand tonnes and 2 billion 511 million by the end of 2019. In the first month of 2019 the highest amount of the imported products both in terms of quantity and value are those of the Product Group bearing GTIP\* number 3920 (Other plate, leaf, pellicle and slides made of plastic). Imported amount of the products pertaining to that group is equal to 46 % in quantity and 30 % in value of the total imported finished plastic products.

(\*) GTIP: Customs Tariff Statistics Position

| GTIP NO | GTIP DESCRIPTION  | 1000 Ton | Quantity % share | Million \$ | Value -% Share |
|---------|---|----------|------------------|------------|----------------|
| 3.916   | Plastic Monofilament, rod, profiles, cross-section made of plastic exceeding 1 mm | 7        | 2                | 33         | 2              |
| 3.917   | Plastic tubes, pipes, hoses of plastics; gasket, elbow, connector etc.            | 22       | 5                | 172        | 9              |
| 3.918   | Plastic floor coverings, including wall and ceiling coverings                     | 14       | 3                | 43         | 2              |

|  |     |     |       |     |
|--|-----|-----|-------|-----|
| 3.919 Flat sheet of plastic adhesive sheets, foils, strips, lam, etc.        | 41  | 10  | 212   | 11  |
| 3.920 Other plastic sheets, foils, strips, lams                              | 189 | 46  | 569   | 30  |
| 3.921 Other plates, sheets, sheets, foils and slides of plastics             | 44  | 11  | 167   | 9   |
| 3.922 Bathtub, shower, washbasin, toilet bath and equipment made of plastic  | 2   | 0   | 13    | 1   |
| 3.923 Plastic products for the transport of goods, stoppers, caps, capsules  | 44  | 11  | 201   | 11  |
| 3.924 Tableware, kitchenware and other houseware of plastic, toilet articles | 5   | 1   | 28    | 1   |
| 3.925 Construction materials made of plastic                                 | 4   | 1   | 19    | 1   |
| 3.926 Other items of plastics  | 42  | 10  | 428   | 23  |
| Total plastic products   | 414 | 100 | 1.884 | 100 |

**Table: Import of Plastic Finished Products on GTIP basis (2019/9)**

Source: TUIK and ITC Trade Statistics

Turkey has imports plastic products from over 100 countries, and exports to more than 200 countries. In the first 9 months of 2019, the imports from 10 countries generated 65 % of the total quantity and 72 % of the total value of the imports. In this period Germany became the country from which the largest amount of import is made, it had a share of 14 % on the tons basis and 18 % on the value basis. In the same period, China took the second place it accounted for 25 % of total plastic imports and 19% of value imports. Apart from China and Germany; Italy, France and South Korea protect their place as the countries from which largest amount of plastic products are imported. In the first 9 months of 2019, the exports made to 10 countries constitute 49 % of total exports and 46 % of the value of the exports. During this period, Iraq, Germany, England, Israel and France constituted our largest export markets for plastic products.

| Import       |           |            |       |        |
|--------------|-----------|------------|-------|--------|
| Country      | 1000 tons | Million \$ | Ton % | \$ - % |
| Germany      | 57        | 347        | 14    | 18     |
| China        | 105       | 339        | 25    | 18     |
| Italy        | 32        | 165        | 8     | 9      |
| France       | 18        | 119        | 4     | 6      |
| South Korea  | 19        | 100        | 5     | 5      |
| U.S.A        | 7         | 91         | 2     | 5      |
| England      | 9         | 62         | 2     | 3      |
| Belgium      | 11        | 50         | 3     | 3      |
| Japan        | 3         | 46         | 1     | 2      |
| Spain        | 7         | 45         | 2     | 2      |
| 10 countries | 269       | 1,364      | 65    | 72     |
| Others       | 146       | 520        | 35    | 28     |
| TOTAL        | 414       | 1,884      | 100   | 100    |

**Table: First 10 Countries in the Import of Plastic Finished Products (2019/9)**

Source: TUIK and ITC Trade Statistics

## Export

In the first 9 months of 2019, plastic raw materials exports were 881 thousand tons and 1 billion 94 million dollars. Compared to the corresponding period of 2018, it increased by 32 % in quantity and 10 % in value basis. If it continues with the same trend, the export of plastics is expected to increase to 1 million 174 thousand tons and 1 billion 458 million dollars at the end of 2019. In the first 9



month period of 2019 the largest export both in quantity and value terms were made from the GTIP\* Groups 3906 and 3907 which include acrylic polymers and polyacetals. Part of the plastic raw materials included in the said GTIP numbers in the total export is 42 % in quantity terms and 48 % in value terms.

(\* ) GTIP: Customs Tariff Statistics Position

| GTIP NO | GTIP DESCRIPTION  | 1000 Ton | Quantity % share | Million \$ | Value -% Share |
|---------|---|----------|------------------|------------|----------------|
| <<      |   |          |                  |            |                |
| 3902    | polymers of propylene or other olefins, (primary forms)                     | 25       | 3                | 28         | 3              |
| 3903    | polymers of styrene, (in primary forms)                                     | 71       | 8                | 83         | 8              |
| 3904    | polymers of vinyl chloride etc. (in primary forms)                          | 21       | 2                | 25         | 2              |
| 3905    | polymers of vinyl acetate & other vinyl polym, (in primary forms)           | 51       | 6                | 44         | 4              |
| 3906    | acrylic polymers (in primary forms)   | 179      | 20               | 202        | 18             |
| 3907    | Polyacetals, other polyethers, epoxides, alkyd resins ,( in primary forms)  | 192      | 22               | 332        | 30             |
| 3908    | polyamides (in primary forms)   | 12       | 1                | 28         | 3              |
| 3909    | amino resins, phenolics resins, polyurethanes, (in primary forms)           | 98       | 11               | 109        | 10             |
| 3910    | silicones, (in primary forms)   | 5        | 1                | 18         | 2              |
| 3911    | petro resins, polyterpenes  | 1        | 0                | 5          | 0              |
| 3912    | cellulose and chemical derivatives, (in primary forms)                      | 40       | 5                | 53         | 5              |
| 3913    | natural polymers, modified natural polymers, derivatives (in primary forms) | 0        | 0                | 1          | 0              |
| 3914    | ion-exchangers based on plastics, (in primary forms)                        | 0        | 0                | 0          | 0              |
| 3915    | waste, parings and scrap, of plastics                                       | 10       | 1                | 8          | 1              |
|         | Total Plastic raw materials   | 881      | 100              | 1,094      | 100            |

**Table: Plastic Finished Products Exportation on GTIP basis (2019/9)**

Source: TUIK and ITC Trade Statistics

| Export             |           |            |       |        |
|--------------------|-----------|------------|-------|--------|
| Country            | 1000 tons | Million \$ | Ton % | \$ - % |
| Germany            | 55        | 82         | 6     | 7      |
| Iran               | 27        | 62         | 3     | 6      |
| Egypt              | 58        | 61         | 7     | 6      |
| Italy              | 47        | 58         | 5     | 5      |
| Russian Federation | 27        | 52         | 3     | 5      |
| Romania            | 57        | 47         | 6     | 4      |
| Spain              | 31        | 42         | 4     | 4      |
| Iraq               | 28        | 38         | 3     | 4      |
| Uzbekistan         | 20        | 36         | 2     | 3      |
| China              | 56        | 36         | 6     | 3      |
| 10 countries       | 405       | 513        | 46    | 47     |
| Others             | 476       | 580        | 54    | 53     |
| TOTAL              | 881       | 1,094      | 100   | 100    |

**Table: First 10 Countries in the Export of Plastic Finished Products (2019/9)**

Source: TUIK and ITC Trade Statistics

### Import and Export Prices

In the first 9 months of 2019, the average import prices of plastic raw materials were 1.3 \$ / Kg and the average export prices were 1.2 \$/ Kg. Compared to 2018, the average import price decreased by 12 %, while the average export price decreased by 17 %.



**Graph: Average Foreign Trade Prices for Plastic Finished Products**

Source: TUIK and ITC Trade Statistics

| GTIP No | Import Price |        |            | Export Price |        |            |
|---------|--------------|--------|------------|--------------|--------|------------|
|         | 2018         | 2019/9 | % Increase | 2018         | 2019/9 | % Increase |
| 3901    | 1.36         | 1.2    | -12        | 1.2          | 0.9    | -23        |
| 3902    | 1.42         | 1.3    | -8         | 1.3          | 1.1    | -13        |
| 3903    | 1.77         | 1.5    | -18        | 1.5          | 1.2    | -22        |
| 3904    | 1.02         | 1.0    | -4         | 1.1          | 1.2    | 9          |
| 3905    | 2.55         | 2.2    | -14        | 1.0          | 0.9    | -11        |
| 3906    | 1.86         | 1.7    | -6         | 1.2          | 1.1    | -8         |
| 3907    | 1.94         | 1.7    | -13        | 1.9          | 1.7    | -10        |
| 3908    | 3.10         | 3.1    | 0          | 2.4          | 2.4    | -2         |
| 3909    | 2.64         | 2.0    | -26        | 1.4          | 1.1    | -21        |
| 3910    | 4.75         | 4.2    | -11        | 4.1          | 3.6    | -11        |
| 3911    | 3.00         | 2.8    | -6         | 3.1          | 3.1    | 1          |
| 3912    | 3.99         | 3.7    | -6         | 1.3          | 1.3    | 1          |
| 3913    | 7.13         | 6.5    | -8         | 4.7          | 6.0    | 29         |
| 3914    | 2.58         | 2.3    | -11        | 2.5          | 2.5    | -2         |
| 3915    | 0.27         | 0.2    | -21        | 1.1          | 0.8    | -24        |

**Table: Average Unit Foreign Trade Prices for Plastic Finished Products (\$/Tons)**

Source: TUIK and ITC Trade Statistics

#### • Domestic Market Consumption

5.1 million tons and 6.8 billion dollars of domestic market consumption occurred in the plastic raw materials sector in the first 9 month period of 2019. Consumption decreased by 6 % on the quantity basis and by 17 % on the value basis in comparison with the corresponding period of 2018. If the same trend continues, the domestic consumption is expected to decline to 6.9 million tons and 9.1 billion dollars.\*

#### • Supply and Demand

Compared to the corresponding period of 2018, in the first 9 months of 2019: the import of plastic raw materials increased by 1%, domestic consumption increased by 5%, the foreign trade deficit decreased by 6% while exports increased by 32%. In 2019, in parallel with the forecast decline in the finished plastic products sector, imports are expected to reach 7 million tons, exports 1 million 74 thousand tons and domestic consumption 6.86 million tons. In 2019, imports are expected to continue to account for 87% of total supply.\*

(\*) : The latest report available in the report term has a meaning in that direction.

## SECTION 5 – FINANCIAL STATUS

For the term ended on 31<sup>st</sup> December 2018, the independently audited consolidated financial statements and the related footnotes are attached.

### PRINCIPAL FINANCIAL AND OPERATIONAL INDICATORS

Some information on the consolidated financial statements of our company as of December 31, 2019 compared to the previous term is as follows.

#### Revenues

| 1,000 TL  | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 | Change % |
|-----------|--------------------------------|--------------------------------|----------|
| Net Sales | 1,047,210                      | 1,105,843                      | (6%)     |

#### Import and Export

| 1,000 EURO | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 | Change % |
|------------|--------------------------------|--------------------------------|----------|
| Export     | 26,606                         | 25,159                         | (0.05 %) |
| Import     | 45,008                         | 67,605                         | (34 %)   |

### FINANCIAL RATES

#### LIQUIDITY RATIOS

|                 | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|-----------------|--------------------------------|--------------------------------|
| Current Rate    | 1.23                           | 1.28                           |
| Acid-Test Ratio | 1.02                           | 1.08                           |

#### PROFITABILITY RATIOS

|                      | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|----------------------|--------------------------------|--------------------------------|
| Gross Profit Margin  | 0.28                           | 0.32                           |
| Equity Profitability | 0.09                           | 0.25                           |

#### LEVERAGE RATIOS

|                                       | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|---------------------------------------|--------------------------------|--------------------------------|
| Total Liabilities/Equity              | 1.89                           | 1.97                           |
| Total Liabilities/Total Assets        | 0.65                           | 0.66                           |
| Equity Ratio                          | 0.35                           | 0.34                           |
| Short Term Liabilities / Total Assets | 0.51                           | 0.53                           |
| Long Term Liabilities / Total Assets  | 0.14                           | 0.13                           |

#### OPERATIONAL RATIOS

|                              | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|------------------------------|--------------------------------|--------------------------------|
| Accounts receivable turnover | 2.62                           | 2.40                           |
| Stock turnover               | 5.56                           | 6.14                           |
| Asset turnover               | 0.85                           | 0.86                           |

#### DISTRIBUTION OF PROFIT:

There is no privilege for participation in the company profit.

According to our company's articles of association, general expenses and the amounts to be paid by the company are separated, after deducting the various depreciations and taxes and similar sums to be paid by the legal entity of the company, from the income determined at the end of the accounting year, the profit remaining in the annual balance sheet, if any, is distributed in the way indicated in the articles of association after deducting the losses of the previous year.

At the Ordinary General Assembly Meeting held on 07.05.2019, it was decided to pay the profit of the accounting year 2018 in 2 equal installments: the first instalment will be paid on 18.06.2019 and the second will be paid on 18.09.2019. First instalment with a profit share of 20,117,100 TL (gross) was paid on 18.06.2019. The second instalment with a profit share of 20,117,100 TL (gross) was paid on 18.09.2019.

#### **FINANCIAL RISK MANAGEMENT:**

Our company's financial risk management is explained in the 30<sup>th</sup> article of the footnotes to the independently audited consolidated financial statements for the period ended December 31, 2019, included in the annex to our activity report.

#### **SECTION 6 – OTHER ISSUES**

##### **Insurance**

Total insurance amounts of the assets per terms are as follows (TL);

|                                       | 31 <sup>st</sup> December 2019<br>(Amount in TL) | 31 <sup>st</sup> December 2018<br>(Amount in TL) |
|---------------------------------------|--|--|
| Total insurance amounts of the assets | 1,236,638,189                                    | 1,059,400,402                                    |

#### **SECTION 7 – ACTIVITY REPORTS OF THE PARENT COMPANY IN THE GROUP OF COMPANIES**

Activity reports of the controlling company Deceuninck NV are published at the website [www.deceuninck.com](http://www.deceuninck.com).

#### **RESPONSIBILITY REPORT ISSUED IN ACCORDANCE WITH THE ARTICLE 199 OF TURKISH CODE OF COMMERCE**

##### **THE REPORT PERIOD**

The Activity Year starting on 01<sup>st</sup> January 2019 ending on 31<sup>st</sup> December 2019.

##### **SCOPE OF THE REPORT AND PRELIMINARY INFORMATION,**

This affiliation report is prepared in accordance with the obligation stipulated in Article 199 of the Turkish Commercial Code for the Board of Directors of the affiliated company. Our company is registered at the İzmir Trade Registry Office under the registration number Karşıyaka 10289-K-2159. Ege Profil Ticaret ve Sanayi A.Ş. is directly affiliated with Deceuninck NV, which operates in Belgium.

This affiliation report covers all legal acts and other measures that were carried out or avoided during the period from 01.01.2019 to 31.12.2019 between Deceuninck NV, the parent company and the other subsidiaries of the parent company.

Ege Profil Ticaret ve Sanayi AŞ and its domestic and foreign subsidiaries have carried out legal transactions in the form of services, goods and they act both as a supplier of goods/services and as a buyer of goods/services in these transactions.

None of these legal transactions have been carried out without obtaining an adequate compensation in accordance with the initiative or interest of Ege Profil Ticaret ve Sanayi AŞ. All the above-mentioned legal transactions have been carried out as if they were transactions between third parties. No action has been taken to the detriment of the company on the initiative or in the interest of Ege Profil Ticaret ve Sanayi AŞ.

#### **INFORMATION ABOUT THE COMPANIES INCLUDED IN THE SCOPE OF THE REPORT**

Deceuninck NV has got 95.88 % share in our capital, equivalent to 77,641,840 TL. That's why it is included in the report.

#### **EFFECTED TRANSACTIONS WITH THE CONTROLLING COMPANY**

##### **A- Capital and Shareholding Structure,**

Paid up capital: As of December 31, 2019 and 2018, the Company's paid up capital and shareholding structure are as follows:

|                                  | 31 <sup>st</sup> December 2019 |           | 31 <sup>st</sup> December 2018 |           |
|----------------------------------|--------------------------------|-----------|--------------------------------|-----------|
|                                  | TL                             | Share (%) | TL                             | Share (%) |
| Deceuninck NV                    | 77,641,840                     | 95.88     | 77,641,840                     | 95.88     |
| Public Shares                    | 3,338,953                      | 4.12      | 3,338,953                      | 4.12      |
| Paid up capital in legal records | 80,980,793                     | 100       | 80,980,793                     | 100       |
| Inflation adjustment difference  | 7,840,703                      |           | 7,840,703                      |           |
| Total                            | 88,821,496                     |           | 88,821,496                     |           |

As of December 31, 2019, and December 31, 2018, the upper limit of the Company's registered capital is TL 120,000,000. As of December 31, 2018, the Company's paid up capital amounted to 80,980,793 TL (December 31, 2018 - 80.980.793 TL), it consists of 8,980,793,000 shares (December 31, 2018 – 8,980,793,000 shares), each of which amounts to 1 Kurush.

An extraordinary general meeting was held on December 7, 2017 to discuss the merger of the company and Pimaş. The merger of all the assets and liabilities of Pimaş, which is a subsidiary of the company, with the company as a whole; 134 and related articles of the Turkish Commercial Code; Articles 19 and 20 of the Corporate Tax Law; the communiqué on mergers and demergers (II-23. 2) and the communiqué on common principles and the right to the separation of significant transactions (II-23.1); and conducted under the provisions of other relevant legislation was adopted by a majority vote at the Extraordinary General Meeting and was registered on 25 December 2017.

The application made regarding the merger to the CMB (Capital Markets Board) on 26 December 2017 to increase the Company's capital from 79,600,000 TL (seventy-nine million six hundred thousand) to 80,980,793 TL (eighty million nine hundred eighty thousand seven hundred and ninety-three) was approved by CMB and was registered on December 28, 2017.

(b) Repurchased shares and exercise of right of departure:

These are the shares that the company has repurchased as part of the liquidity provision operations carried out under the CMB legislation. The shares repurchased by the company are traded at the market prices of the İstanbul stock exchange on the date of the transaction. The repurchased shares are recorded in the accounts, including any part exceeding the nominal value of the repurchased shares.

As accepted at the Extraordinary General Meeting of the company held on December 7, 2017, payments amounting to TL 7,690,383 in respect of the shares of Pimaş amounted to TL 1,665. TL 378 with the nominal value repurchased in connection with the exercise of the departure right resulting from the merger of the company and Pimaş were taken out of the fund for the effect of business combinations whose nominal value is subject to joint control in the equity capital, the part exceeding the nominal value of TL 6,025,005 of retained earnings (losses) is booked.

**B- Related party disclosures**

i) Trade receivables from related parties are as follows:

|                            | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|----------------------------|--------------------------------|--------------------------------|
| Deceuninck Group companies | 39,414,540                     | 76,455,567                     |
| Deceuninck (main partner)  | 1,161,554                      | 5,026,680                      |
| <b>Total</b>               | <b>40,576,094</b>              | <b>81,482,247</b>              |

ii) Other short-term receivables from related parties are as follows:

|                   | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|-------------------|--------------------------------|--------------------------------|
| Deceuninck NV (*) | 43,984,454                     | 3,042,045                      |
| <b>Total</b>      | <b>43,984,454</b>              | <b>3,042,045</b>               |

iii) Trade receivables from the related parties are as follows:

|                            | 31 <sup>st</sup> December 2019 | 31 <sup>st</sup> December 2018 |
|----------------------------|--------------------------------|--------------------------------|
| Deceuninck Group companies | 5,851,983                      | 9,731,512                      |
| Deceuninck (main partner)  | 19,737,925                     | 6,975,373                      |
| <b>Total (Note 7)</b>      | <b>25,589,908</b>              | <b>16,706,885</b>              |

iv) The purchases of goods and services from the related parties for the periods ended December 31, 2019 and 2018 are as follows:

|                           | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2019 | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2018 |
|---------------------------|--|--|
| Deceuninck (main partner) | 317,008  | 7,153,158  |

|                            |            |           |
|----------------------------|------------|-----------|
| Deceuninck Group companies | 37,418,296 | 2,729,294 |
| Total                      | 37,735,304 | 9,882,452 |

- v) The sales to related parties for the periods ended December 31, 2019 and 2018 are as follows:

|                            | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2019 | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2018 |
|----------------------------|--|--|
| Deceuninck Group companies | 72,704,010   | 60,127,445   |
| Deceuninck (main partner)  | 5,017,052  | 3,343,286  |
| Total                      | 77,721,062   | 63,470,731   |

- vi) The purchases of fixed assets from the related parties for the periods ended December 31, 2019 and 2018 are as follows:

|                             | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2019 | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2018 |
|-----------------------------|--|--|
| Deceuninck (main partner)   | 808,488  | 869,361  |
| Other Deceuninck affiliates | 3,788,201  | 726,182  |
| Total                       | 4,596,689  | 1,595,543  |

- vii) Other revenues and expenses of the related parties for the periods ended December 31, 2019 and 2018 are as follows:

|                               | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2019 | 1 <sup>st</sup> January-<br>31 <sup>st</sup> December 2018 |
|-------------------------------|--|--|
| Deceuninck (main partner) (*) | 39,458,165   | 24,342,098   |
| Deceuninck Group Companies    | 10,096,830   | 3,502,145  |
| Total                         | 49,554,995   | 27,844,243   |

(\*) As of December 31, 2019, the part of TL 19,742,013 (December 31, 2018 - TL 11,395,925) of this amount relates to management services, the part of TL 17,501,235 (December 31, 2018 - TL 12,946,173) relates to IT systems services and costs and the part of TL 2,214,917 relates to the royalty fees. Transactions with other Deceuninck affiliates constitute other expenses.

## RESULT

During the last year of activity, no legal acts were performed for the benefit of the parent company, an affiliate of the parent company or the company under the direction of the parent company.

In the same year of activity, there are no transactions or measures taken or avoided for the benefit of the parent company or an affiliate, no adjustment of losses has been made.

Since no legal transactions were carried out with our company and the parent company and indirectly related companies, no action was taken or avoided in accordance with the conditions and circumstances known to us, it was therefore not necessary to provide an appropriate consideration in each legal transaction and no corporate loss occurred.

Our obligation is to prepare a subsidiary report within the framework of the following principles;

- a- Reporting any transactions made in favor of the parent company against the affiliated company,
- b- Equalization in case of loss,
- c- Eliminating the negative consequences of the risk of giving up the interest of the subsidiary for the benefit of the group in favor of the subsidiary,
- d- Within this scope,

We hereby declare that we have prepared this report for the protection of minority shareholders, suppliers, creditors, workers; in accordance with the principles of trust and honest accountability and that our company has not suffered such a loss as a result of a transaction that occurs in accordance with known circumstances and conditions in 2019.

PREPARED BY

Ege Profil Ticaret ve Sanayi A.Ş., Board of Directors

DATE OF REPORT

19<sup>th</sup> February 2020