

**ÇAN2 TERMİK A.Ş. AND
ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS AND
INDEPENDENT AUDITOR'S
REPORT REGARDING
1 JANUARY – 31 DECEMBER 2022
PERIOD**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Çan2 Termik A.Ş.

A) Independent Audit of the Financial Statements

1. Opinion

We have audited the consolidated financial statements of Çan2 Termik A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2022, and the consolidated statements of income, and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "ISA") issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA") that are part of Turkish Standards on Auditing. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



3. Emphasis of Matter

The consolidated financial statements of the Group for the accounting period ending on 31.12.2021 were audited by another independent auditor and a positive opinion was given on these consolidated financial statements on 03.02.2022.

As explained in Note 20, as of December 31, 2022 the Group has order advances given related to the investment projects in progress amounting to TL 47.864.509 included in "Other Non-Current Assets". The Group management explained that these advances were given for the construction of thermal power plant and will be transferred to property, plant and equipment in the following periods. As of December 31, 2022, TL 6.514.873.72 of that advances are dormant. The management plans to take the necessary actions to ultimately close the balances of advances in question. The accompanying financial statements do not contain any adjustment or classification thereon.



4. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the Significant Uncertainty matter explained in respect of going concern of the business, the issues described below have been identified as key audit issues and reported in our report:

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| <p>Cash Flow Hedging Accounting</p> <p>The Group associates the budgeted electricity sales with the loans denominated in Euro obtained in reference to its investments in electricity generation. The contractual sales are indexed to USD currency and these contracts are affected by the fluctuation of the exchange rates between Turkish Lira and USD. The Company hedges this exchange rate risk with its loans borrowed in Euro.</p> <p>As of December 31, 2022, the amount of cash flow hedge losses classified under the shareholders equity amounting to TL 766.181.663 is considered to be significant with respect to the financial statements.</p> <p>Cash flow hedge accounting is structurally complex and has been considered a key audit matter since it is a matter which requires professional expertise.</p> | <p>The definition and documentation of the risk management target and strategy that led to the Company's cash flow hedging process has been examined within the framework of the definitions of financial hedging accounting specified in Financial Instruments: Recognition and Measurement. Cash flow hedging accounting model calculation prepared by a consultant service organization for the Group, risk management strategy, risk management objectives, hedging relationship, nature of protected risk, method of measurement of credit hedging effectiveness were examined and it was reviewed that the financial instrument in question was part of the hedge relationship that provides the hedge requirements.</p> <p>The group has linked USD receivables subject to the hedge accounting process with foreign exchange sales to be made. The compliance of the electricity sales prices, which are the subject of cash flow hedging, with the budget approved by the management has been checked. Repayment plans for such loans were checked from credit contracts and bank agreements.</p> <p>The mathematical accuracy and accounting of the accounting record carried out on the subject was checked. The adequacy of the explanations in the financial statements related to cash flow hedging accounting was evaluated.</p> |



| Key Audit Matter | How our audit addressed the key audit matter |
|--|---|
| Capitalized mining assets | |
| <p>The Group capitalizes the following expenditure incurred:</p> <p>Development costs incurred in mine sites in cases where the economic benefits from the mine sites are highly likely to be obtained in the future, can be defined for certain mining areas and the costs can be measured reliably.</p> <p>During the period, the direct costs incurred during the stripping work that facilitates access to the defined part of the ore in each open pit ore deposit and the general production expenses associated with the stripping work.</p> <p>Reclamation, rehabilitation, and closure costs according to the current conditions of the mine sites that arise due to open pit mine development activities and open pit production, share of development costs capitalized as of the 31.12.2022, present value of provision for expenses that are highly likely to be used during the rehabilitation of mines, and the management judgments applied during the capitalization process of the related costs has been determined as key audit matters.</p> | <p>Our audit procedures in this area are as follows:</p> <p>Evaluation of the content of development costs capitalized for each mine site.</p> <p>Testing the appropriateness of management evaluations.</p> <p>Meeting with the managers of the Group's departments responsible for mining sites.</p> <p>Performing detailed tests on development costs, mutual checking of invoice samples with mining licenses and progress payment reports.</p> <p>Examining the expected economic benefit in the future according to the Group's forecasts and past performance,</p> |

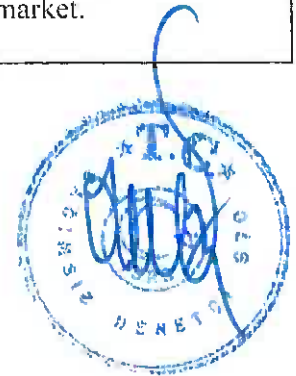
| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| Short Term and Long-term Financial Liabilities | |
| <p>As of December 31, 2022, the Group has short-term financial liabilities of TL 293.815.316 which constitutes 24% of its short-term liabilities, and long-term financial liabilities of TL 1.931.248.633, which constitute 99% of its total long-term liabilities.</p> <p>Details on short-and long-term financial liabilities are included in Note 33.</p> <p>The group shows its financial debts at rate valuations and discounted cost using the effective interest method. The calculation and reconciliation of financial liabilities has been considered by us as a key audit matter.</p> <p>In addition, expense accruals and provisions amounting to TL 498.136.013 which constitutes 40% of the short-term liabilities in the consolidated financial statements of the group.</p> | <p>Our audit procedures are designed to inquiry the accuracy of financial liabilities.</p> <p>The accounting policies applied by the Group regarding financial liabilities and their principles of implementation were evaluated.</p> <p>The accuracy of financial debts has been confirmed by external confirmations set with banks and financial institutions, rate valuations, discounts and acerual studies for financial liabilities were recalculated and tested by the Group.</p> <p>The explanations in the financial statement footnotes regarding financial liabilities were examined and the adequacy of the information contained in these notes wasevaluated.</p> <p>Regarding expense accruals, provision calculations and related invoice etc. the accuracy and certainty of the documents were audited.</p> |



| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p data-bbox="256 349 592 383">Accounting of inventories</p> <p data-bbox="256 416 836 815">In the consolidated financial statements as of December 31, 2022, there is risk of impairment for the raw materials amounting to TL 17.696.163, for finished goods, amounting to TL 172.140.215 and other spare part inventories, amounting to TL 34.960.916 included in the total inventories, amounting to TL 528.587.004, due to damage, loss of value partially or completely which may be originated from external factors, or failure to recover in case of a decrease in sales in price and economic factors.</p> <p data-bbox="256 954 815 987">Details on inventories are included in Note 9.</p> <p data-bbox="256 1021 836 1323">Based on the estimates and assumptions of the management, no provision for impairment has been set for inventories in the current period. These estimates and assumptions include the evaluation of slow-moving inventories and of inventories that have not been sold or a certain period of time and are damaged. Due to these reasons, stocks have been considered a significant matter for our audit.</p> | <p data-bbox="858 416 1430 483">Our audit procedures are designed to inquire the accuracy of inventories.</p> <p data-bbox="858 551 1441 651">Understanding and evaluating the appropriateness of the accounting policy regarding the inventory impairment provision.</p> <p data-bbox="858 685 1441 853">Discussing with the Group management about the risk of impairment of inventories due to loss of value partially or completely due to external factors, or failure to recover in case of a decrease in the sales price.</p> <p data-bbox="858 887 1441 954">Comparison of inventory turnover with the previous year.</p> <p data-bbox="858 987 1441 1122">Evaluating the fact that there is no provision for impairment in the current period as a result of the estimates and assumptions of the management.</p> <p data-bbox="858 1155 1441 1223">Testing sales prices after deducting discounts used in net realizable value calculations</p> |



| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p data-bbox="293 394 563 423">Revenue recognition</p> <p data-bbox="293 461 874 696">The Group's main field of activity is the sale of electricity generated by the Can-2 Thermal Power Plant, which is owned by the Group and carry out the sales activities of coal mines. Revenue is the most important indicator in the consolidated performance evaluation of the Group.</p> <p data-bbox="293 730 874 1032">During the year ended December 31, 2022, the Group generated total revenues of TL 5.812.540.889. Revenue is significant matter for our audit since it is the most important financial statement item in the income statement for the period ending December 31, 2022, in terms of evaluating the results of the strategies applied and the follow-up of the performance of the Group.</p> <p data-bbox="293 1066 874 1162">Explanations on the accounting policies and revenue amount of the Group are included in Notes 2 and 22.</p> | <p data-bbox="900 461 1477 521">The following audit procedures have been applied for the recognition of revenue:</p> <p data-bbox="900 562 1477 658">Understanding of sales processes and evaluating the design and operating effectiveness of the controls related to these processes.</p> <p data-bbox="900 698 1477 795">Evaluating the conformity of the Group's accounting policy for the recognition of the revenue, reviewing the related-party sales.</p> <p data-bbox="900 835 1477 965">Performing analytical procedures regarding whether the revenue recorded in the consolidated financial statements is at the expected level.</p> <p data-bbox="900 1005 1477 1162">Performing tests with sampling method regarding the accuracy of customer invoices and matching these invoices with the delivery notes (coal sales) and collections made from customers,</p> <p data-bbox="900 1202 1477 1332">Examining the sales contracts made by the Group with customers and evaluating the timing of the revenue to be included in the financial statements for different delivery methods.</p> <p data-bbox="900 1373 1477 1637">Obtaining information that will ensure the accuracy of the estimates from the commercial units regarding the invoices issued and received in the following period and the accruals calculated in the following period, and verification of the accrual amounts, due to the special circumstances arising from the operation of the energy market.</p> |



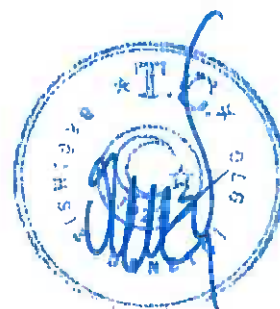
5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



6. Auditor's Responsibility for the Audit of the Financial Statements

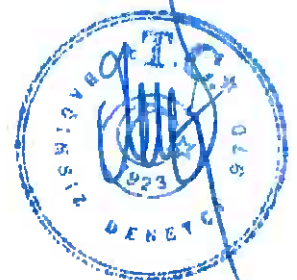
Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



6. Auditor's Responsibility for the Audit of tire Financial Statements (Cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph 4 of Article 402 of the Turkish Commercial Code, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, December 31, 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph 4 of Article 402 of the Turkish Commercial Code, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code, was submitted to the Company's Board of Directors on January 25, 2023.

As Bağımsız Denetim ve YMM A.Ş.

O. Tuğrul Özüt
Engagement Partner



Istanbul,
January 25, 2023

| | |
|---|------------|
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ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| ASSETS | Notes | Current Year Audited Consolidated 31.12.2022 | Prior Year Audited Consolidated 31.12.2021 |
|---|-------|--|--|
| Current Assets | | | |
| Cash and Cash Equivalents | 42 | 209.452.279 | 23.552.721 |
| Trade Receivables | 6-7 | 914.917.992 | 155.198.509 |
| <i>Trade Receivables from Related Parties</i> | 6 | 498.659.615 | 28.517.163 |
| <i>Trade Receivables from Third Parties</i> | 7 | 416.258.377 | 126.681.346 |
| Other Receivables | 6-8 | 12.590.640 | 3.333.243 |
| <i>Other Receivables from Related Parties</i> | 6 | 9.979.929 | 592.695 |
| <i>Other Receivables from Third Parties</i> | 8 | 2.610.711 | 2.740.548 |
| Inventories | 9 | 528.587.004 | 222.076.764 |
| Other current tax assets | 10 | 51.342.279 | 15.182.551 |
| Other Current Assets | 30 | 3.268.855 | -- |
| | 20 | 377.502.937 | 122.166.556 |
| TOTAL CURRENT ASSETS | | 2.097.661.986 | 541.510.344 |
| Non-current Assets | | | |
| Other Receivables | 8 | 209.963 | 209.744 |
| <i>Other Receivables from Related Parties</i> | 6 | -- | -- |
| <i>Other Receivables from Third Parties</i> | 8 | 209.963 | 209.744 |
| Property, Plant, and Equipment | 11 | 4.919.883.315 | 4.921.667.543 |
| Intangible Assets | 12 | 33.809.355 | 30.706.367 |
| <i>Other Intangible Assets</i> | 12 | 33.809.355 | 30.706.367 |
| Right to Use Assets | 14 | 1.713.135 | 3.290.763 |
| Prepaid Expenses | 10 | 889.057 | 1.884.776 |
| Deferred Tax Assets | 30 | 490.995.261 | -- |
| Other Non-Current assets | 20 | 47.864.509 | 53.860.977 |
| TOTAL NON-CURRENT ASSETS | | 5.495.364.595 | 5.011.620.170 |
| TOTAL ASSETS | | 7.593.026.581 | 5.553.130.514 |

Consolidated financial statements for the period ended on 31.12.2022 have been approved by the Board of Directors Decision dated 25.01.2023 and numbered 2023/1.

The accompanying notes form an integral part of these consolidated financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| LIABILITIES | Notes | Current Year Audited Consolidated 31.12.2022 | Prior Year Audited Consolidated 31.12.2021 |
|--|--------------|---|---|
| Current Liabilities | | | |
| Short-Term Borrowings | 33 | -- | 81.776.258 |
| Short-Term Leasing Liabilities | | 861.732 | 421.153 |
| Current Portion of Long-Term Borrowings | 33 | 293.815.316 | 543.249.068 |
| Other Financial Liabilities | 33 | 866.832 | 2.972.839 |
| Trade Payables | 6-7 | 232.541.573 | 204.267.918 |
| <i>Trade Payables to Related Parties</i> | 6 | 121.268 | 516.207 |
| <i>Trade Payables to Third Parties</i> | 7 | 232.420.305 | 203.751.711 |
| Short Term Provisions for Employee Benefits | 19 | 9.326.857 | 6.115.662 |
| Other Payables | 6-8 | 159.839.880 | 132.618.962 |
| <i>Other Payables to Related Parties</i> | 6 | 16.778.893 | 103.398.050 |
| <i>Other Payables to Third Parties</i> | 8 | 143.060.987 | 29.220.912 |
| Deferred Income | 10 | 5.634.429 | 61.096.265 |
| Current Income Tax Liabilities | 30 | 28.460.456 | |
| Short Term Provisions | 18-19 | 11.375.439 | 5.807.581 |
| <i>Short-Term Provisions for Employee Benefits</i> | 19 | 10.397.411 | 4.867.231 |
| <i>Other Short-Term Provisions</i> | 18 | 978.028 | 940.350 |
| Other Short-Term Liabilities | 20 | 498.136.013 | 43.650.986 |
| TOTAL CURRENT LIABILITIES | | 1.240.858.527 | 1.081.976.692 |
| Long-Term Borrowings | 33 | 1.931.248.633 | 1.670.555.436 |
| Long-Term Leasing Liabilities | | 590.132 | 1.136.908 |
| Other Borrowings | 6-8 | 1.680.862 | 5.796.327 |
| <i>Other Borrowings to Related Parties</i> | 6 | -- | -- |
| <i>Other Borrowings to Third Parties</i> | 8 | 1.680.862 | 5.796.327 |
| Long-Term Provisions | 18-19 | 3.312.062 | 1.509.318 |
| <i>Long-Term Provisions for Employee Benefits</i> | 19 | 3.109.464 | 1.324.274 |
| <i>Other Long-Term Provisions</i> | 18 | 202.598 | 185.044 |
| Deferred Tax Liability | 30 | 5.686.230 | 175.075.436 |
| Other Long-Term Liabilities | 20 | 481.163 | 1.447.164 |
| TOTAL NON-CURRENT LIABILITIES | | 1.942.999.082 | 1.855.520.589 |

Consolidated financial statements for the period ended on 31.12.2022 have been approved by the Board of Directors Decision dated 25.01.2023 and numbered 2023/1.

The accompanying notes form an integral part of these consolidated financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| EQUITY | Notes | Current Year Audited Consolidated 31.12.2022 | Prior Year Audited Consolidated 31.12.2021 |
|---|-------|--|--|
| Shareholders' Equity | | 4.409.168.972 | 2.615.633.233 |
| Share Capital | 21 | 320.000.000 | 320.000.000 |
| Share Premium/Discount | 21 | 185.332.488 | 185.332.488 |
| Accumulated Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss | | 2.828.402.269 | 2.829.865.838 |
| Defined Benefit Plans Re-Measurement Losses | 11 | 2.829.801.337 | 2.831.264.906 |
| <i>The Effect of Mergers Involving Entities Subject to Common Control</i> | 3-21 | (1.399.068) | (1.399.068) |
| Other Accumulated Comprehensive Income and Expenses to be Reclassified to Profit or Loss | 21 | (767.840.764) | (425.813.602) |
| Hedging Gain/Loss | | (766.181.663) | (425.193.010) |
| <i>Other Gain/Loss</i> | 21 | (1.659.101) | (620.592) |
| Prior Years Profits / Losses | 21 | (293.751.490) | (112.788.484) |
| Net Profit /Loss | 31 | 2.137.026.469 | (180.963.007) |
| Non-Controlling Interests | | -- | -- |
| TOTAL SHAREHOLDER'S EQUITY | | 4.409.168.972 | 2.615.633.233 |
| TOTAL LIABILITIES | | 7.593.026.581 | 5.553.130.514 |

Consolidated financial statements for the period ended on 31.12.2022 have been approved by the Board of Directors Decision dated 25.01.2022 and numbered 2023/1.

The accompanying notes form an integral part of these consolidated financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | | Current Year Audited Consolidated | Prior Year Audited Consolidated |
|--|-------|---|---------------------------------------|
| INCOME STATEMENT | Notes | 01.01 - 31.12.2022 | 01.01 - 31.12.2021 |
| Sales | 22 | 5.812.540.889 | 1.192.936.521 |
| Cost of Sales | 23 | (3.736.295.353) | (865.358.998) |
| GROSS PROFIT / LOSS | | 2.076.245.536 | 327.577.523 |
| General Administrative Expense (-) | 24 | (45.686.163) | (25.637.218) |
| Marketing, Selling and Distribution Expense (-) | 24 | -- | - |
| Other Operating Income | 25 | 40.571.671 | 32.960.780 |
| Other Operating Expense (-) | 25 | (78.044.561) | (83.984.436) |
| OPERATING PROFIT / LOSS | | 1.993.086.483 | 250.916.649 |
| Income from Investment Activities | 26 | 28.829.080 | 124.648 |
| Expenses from Investment Activities (-) | 26 | (1.671) | -- |
| OPERATING PROFIT / LOSS BEFORE FINANCE EXPENSE | | 2.021.913.892 | 251.041.296 |
| Financial Income | 28 | 382.317.574 | 132.480.998 |
| Financial Expenses (-) | 28 | (815.626.926) | (656.608.597) |
| PROFIT BEFORE TAX FROM CONTINUING OPERATIONS | | 1.588.604.540 | (273.086.303) |
| Tax Income / (Expense) from Continuing Operations | | 548.421.929 | 92.123.296 |
| Current Period Tax Expense / (Income) | 30 | (28.460.456) | -- |
| Deferred Tax Expense / (Income) | 30 | 576.882.385 | 92.123.295 |
| PROFIT / LOSS FROM CONTINUING OPERATIONS | | 2.137.026.469 | (180.963.007) |
| PROFIT / LOSS FROM DISCONTINUED OPERATIONS | | -- | -- |
| NET PROFIT / LOSS FOR THE PERIOD | | 2.137.026.469 | (180.963.007) |
| Distribution of Profit / Loss for the Period | | | |
| Non-Controlling Interests | | -- | -- |
| Attributable to Equity Holders of the Parent | 21 | 2.137.026.469 | (180.963.007) |
| Earnings per Share | | | |
| Earnings per Share from Operating Activities | 31 | 6,678208 | (0,607332) |
| OTHER COMPREHENSIVE INCOME | | (1.038.509) | 2.176.410.510 |
| Items not to be Reclassified to Profit or Loss | | (1.038.509) | 2.176.410.510 |
| Increases / Decreases Related to Revaluation of Fixed Assets | 29 | -- | 2.693.227.136 |
| Actuarial Gain / (Loss) Arising from Defined Benefit Plans | 19-29 | (1.298.136) | (211.349) |
| Tax Effect | 19-29 | 259.627 | (516.605.277) |
| Items to be Reclassified to Profit or Loss | | (340.988.653) | (425.193.010) |
| Gain/Loss Of Protection from Cash Flow Risk | 37 | (423.865.116) | (533.861.963) |
| Gain/Loss from Deferred Tax | 29 | 82.876.463 | 108.668.953 |
| OTHER COMPREHENSIVE INCOME | | (342.027.162) | 1.751.217.500 |
| TOTAL COMPREHENSIVE INCOME | | 1.794.999.307 | 1.570.254.493 |

Consolidated financial statements for the period ended on 31.12.2022 have been approved by the Board of Directors Decision dated 25.01.2023 and numbered 2023/1.

The accompanying notes form an integral part of this consolidated financial statement.

Convenience translation of consolidated financial statements originally issued in Turkish)

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | Items not to be Reclassified to Profit or Loss | | Items to be Reclassified to Profit or Loss | | Accumulated profit | Net Profit for the Year | Non-Controlling Interest / Profit | Total Equity | |
|--|--|------------------|--|------------------------|--------------------|-------------------------|-----------------------------------|--------------|--|
| | The Effect of Mergers Involving Entities Subject to Common Control | Capital Advances | Actuarial Gain/(Loss) Arising from Defined Benefit Plans | Gain/Loss from Hedging | | | | | Revaluation and Classification Gain / Loss |
| Balance at 01.01.2021 | | 252.410.000 | (1.399.068) | -- | 654.691.656 | (150.141.189) | 37.352.705 | -- | 792.456.252 |
| Other Comprehensive Income/Expense Transfers | -- | -- | -- | (162.740) | 2.176.573.250 | -- | -- | -- | 1.751.217.500 |
| Total Comprehensive Income | -- | -- | -- | -- | -- | 37.352.705 | (37.352.705) | -- | -- |
| Capital Increase | -- | 67.590.000 | -- | -- | -- | -- | -- | -- | 252.922.488 |
| Net Profit / Loss for the Year | -- | -- | -- | 185.332.488 | -- | -- | (180.963.007) | -- | (180.963.007) |
| Balance at 31.12. 2021 | | 320.000.000 | (1.399.068) | 185.332.488 | 2.831.264.906 | (112.788.484) | (180.963.007) | -- | 2.615.633.233 |
| Balance at 01.01.2022 | | 320.000.000 | (1.399.068) | 185.332.488 | 2.831.264.906 | (112.788.484) | (180.963.007) | -- | 2.615.633.233 |
| Other Comprehensive Income/Expense Transfers | -- | -- | -- | (1.038.509) | (1.463.569) | -- | -- | -- | (343.490.731) |
| Total Comprehensive Income | -- | -- | -- | -- | -- | (180.963.007) | 180.963.007 | -- | -- |
| Capital Increase | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Increase/Decrease from other changes | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Net Profit / Loss for the Year | -- | -- | -- | -- | -- | -- | 2.137.026.469 | -- | 2.137.026.469 |
| Balance at 31.12.2022 | | 320.000.000 | (1.399.068) | 185.332.488 | 2.829.801.337 | (293.751.491) | 2.137.026.469 | -- | 4.409.168.971 |

The accompanying notes form an integral part of these consolidated financial statements.

Convenience translation of consolidated financial statements originally issued in Turkish)

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

| | Notes | Current Year Audited Consolidated 01.01-31.12.2022 | Prior Year Audited Consolidated 01.01-31.12.2021 |
|--|-------------------|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Period income / loss | | 2.137.026.469 | (180.963.007) |
| Adjustments to Reconcile Net Profit / (Loss) for the Period | | (53.611.610) | 2.906.172.439 |
| Adjustments Related to Depreciation and Amortization Expense | 11-12-14-23-24-27 | 199.527.687 | 65.633.944 |
| Adjustments Related to Provisions (Reversal) for Employee Benefits | 19 | 6.000.126 | 2.139.786 |
| Adjustments Related to Lawsuit Provision (Reversal) | 18 | 37.678 | (539.736) |
| | 18 | 17.554 | -- |
| Deferred Finance Expenses arising from Credit Purchases | 7-8 | 5.660.098 | 1.805.544 |
| Unearned Finance Income arising from Credit Sales | 7-8 | (5.246.072) | (5.536.774) |
| Adjustments for Interest Expenses | 20 | 498.136.013 | 43.650.986 |
| Adjustments for Interest Income | 20 | (327.137.281) | (104.435.569) |
| Adjustments for Unrealized Foreign Currency Translation Differences | | 572.229.276 | 836.255.642 |
| Adjustments for Reversal of Impairment of Tangible Assets | 11 | (1.463.570) | 2.176.573.250 |
| Adjustments for Tax Expense / Income | 30 | (660.384.466) | 315.818.376 |
| Adjustments for Fair value Gain/loss | 37 | (340.988.653) | (425.193.010) |
| Changes in Working Capital | | (1.052.249.681) | 17.174.146 |
| Increase/Decrease in Inventor | 9 | (306.510.240) | (94.212.445) |
| Increase/Decrease in Trade Receivables from Related Parties | 6 | (470.142.452) | (11.157.288) |
| Increase/Decrease in Trade Receivables from Third Parties | 7 | (295.237.130) | (27.715.693) |
| Increase/Decrease in Other Receivables from Related Parties | 6 | (9.387.233) | 21.205.373 |
| Increase/Decrease in Other Receivables from Third Parties | 8 | 129.618 | 118.471 |
| Changes in Other Assets | 20 | 74.528.514 | 41.812.197 |
| Increase/Decrease in Trade Payables to Related Parties | 6 | (394.939) | (136.010) |
| Increase/Decrease in Trade Payables to Third Parties | 7 | 33.481.312 | 25.317.656 |
| Change in Prepaid Expenses | 10 | (35.164.009) | (885.760) |
| Changes in Employee Benefit Obligations | 19 | (2.788.931) | (375.569) |
| Increase/ Decrease in Other Payables to Related Parties | 6 | (86.619.157) | 12.951.711 |
| Increase/ Decrease in Other Payables to Third Parties | 8 | 110.157.964 | 18.996.386 |
| Provisions for Employee Benefits | 19 | 7.315.369 | 2.342.001 |
| Changes in Deferred Tax | 10 | (55.461.836) | 53.750.006 |
| Change in Other Liabilities | 20 | (16.156.531) | (24.836.890) |
| Cash Flow from Activities | | 1.031.165.178 | 2.742.383.578 |
| Other Loss/ Gain | 21 | (1.038.509) | (162.739) |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | | |
| Cash Inflows from the Sales of Property, Plant and Equipment and Intangible Assets | 11 | 28.829.080 | 124.647 |
| Cash Outflows from the Purchases of Property, Plant, and Equipment | 11 | (219.537.381) | (2.806.574.152) |
| Cash Outflows from the Purchases of Intangible Assets | 12 | (10.138.147) | (2.803.626) |
| Cash Outflows from the Right of Use Assets | 14 | 1.577.628 | (415.809) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES | | (644.958.291) | 89.797.650 |
| Cash Inflows from the Issuance of Equity and Other Equity-Based Instruments | 21 | -- | 252.922.488 |
| Cash Inflows from Financial Borrowings | 33 | (106.199) | 1.558.063 |
| Cash Inflows from Bank Loans | 33 | 180.096.087 | 150.348.964 |
| Cash Inflows from Operational Borrowings | 14 | 137.878 | 704.375 |
| Cash Outflows from the Payments of Bank Loans | 33 | (822.846.448) | (313.483.957) |
| Cash Outflows from Operational Borrowings | 14 | (2.245.090) | (2.233.275) |
| Cash Outflows from Other Borrowings | 33 | -- | (19.008) |
| Cash Inflows from Other Borrowings | | 5.481 | -- |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | | 185.899.558 | 22.349.549 |
| CASH AND CASH EQUIVALENTS AS OF JANUARY 1 | | 23.552.721 | 1.203.172 |
| CASH AND CASH EQUIVALENTS AS OF DECEMBER 31 | | 209.452.279 | 23.552.721 |

The accompanying notes form an integral part of these consolidated financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Çan2 Termik A.Ş.

Çan2 Termik A.Ş. ("Company", "Parent") was established on May 27, 2003 as Çan Kömür İnşaat A.Ş. The name of the Company was changed into Çan2 Termik A.Ş. subsequent to the registration of the decision of the Extraordinary General Assembly, held on January 19, 2021, to the Istanbul Commercial Registry Office on January 21, 2021. The related change was published in the Turkish Trade Registry Gazette on January 26, 2021, and numbered 10253. The Company is engaged in establishing and leasing electricity generation facilities, selling electricity energy and capacity produced by the Company to the customers. The Company's registered office address is Barbaros Mahallesi Karanfil Sokak Varyap Meridian Sitesi No:1D Ataşehir / Istanbul.

The license of the Çan-2 Thermal Power Production Facility, located in Çan / Çanakkale, with the installed power of 340 MW/330 MWe, was activated by the decision, numbered by 6083-2, taken by Energy Market Regulatory Authority on January 28, 2016. Ministerial acceptance of the Çan-2 Thermal Power Production Facility was made on August 1, 2018. In addition, the Industrial Registration Certificate, dated August 10, 2020, numbered by 720480, and the Capacity Report, valid until July, 29 2022, numbered by 79, have been obtained with regard to the Thermal Power Production Facility. As of December 31, 2022, the average number of employees of the Group is 580.

The application of Çan2 Termik A.Ş. made to the Capital Markets Board of Turkey for its initial public offering was approved by the Board's decision numbered 2021/20, dated 15.04.2021. The public issue of the shares was realized on 21-22 April,2021 under "Fixed Price Offering".

The sale of the shares issued to public with nominal value of TL 67.590.000 and additional shares offering with nominal value of TL 6.759.000 totaling TL 74.349.000 was realized at 3.90 TL per share.

As of 31 December 2022, the total amount of share capital of the Company is TL 320.000.000. The breakdown of the shareholders is as follows:

| | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Odaş Elektrik Üretim Sanayi Ticaret A.Ş. | 76,77% | 76,77% |
| Publicly Owned Shares | 23,23% | 23,23% |

Subsidiaries

Yel Enerji Elektrik Üretim Sanayi A.Ş.

Yel Enerji Elektrik Üretim Sanayi A.Ş. ("Yel Enerji") was established on 22.10.2007. Yel Enerji was founded in order to establish and rent electricity power generation facility, selling electricity produced by the Company to the customers. As of December 31, 2022, the average number of employees of Yel Enerji is 3.

The Mining License, numbered by IR:17517 was purchased by Yel Enerji in Bayramiç / Canakkale region and the related transfer was completed. The Company's registered office address is Barbaros Mahallesi Karanfil Sokak Varyap Meridian Sitesi No:1D Ataşehir / Istanbul.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Cont’d)

Subsidiaries (Cont’d)

With the Share Purchase Agreement signed on October 20, 2016, the shareholders of Yel Enerji transferred all their shares to Çan Kömür2 Termik A.Ş. at nominal value. Accordingly Yel Enerji was included in the consolidated financial statements.

As of 31 December 2022, the share capital of the Company amounted to TL 2.000.000 The shareholder structure is as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------|------------|------------|
| Çan2 Termik A.Ş. | 100% | 100% |

Çan 2 Trakya Kömür Maden A.Ş.

Çan2 Termik A.Ş. participated as founding shareholder with 100% shareholding in Çan 2 Trakya Kömür Maden A.Ş. (“Çan2 Trakya”) on June 18, 2019. Accordingly, Çan 2 Trakya Kömür Maden A.Ş. is included in the consolidated financial statements.

Çan 2 Trakya was established to engage in the purchase, sale, manufacture, assembly and import of all-natural stones, mineral ores in the form of finish and semi finish goods. The Company’s registered office address is Barbaros Mahallesi Karanfil Sokak Varyap Meridian Sitesi No:1D Ataşehir / Istanbul. As of December 31, 2022, the average number of employees of Çan2 Trakya is 1.

As of 31December 2022, the total amount of share capital of the Company is TL 550.000. The shareholder structure is as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------|------------|------------|
| Çan2 Termik A.Ş. | 100% | 100% |

Details of EMRA licenses held by parent company and subsidiaries as of 31 December 2022 are as below

| License Owner | License Type | License Number | Effective Date of License | License Duration |
|---------------|--------------|-----------------|---------------------------|------------------|
| ÇAN2 Termik | Production | EÜ/6083-2/03428 | 28.01.2016 | 17 Year |

The information regarding the licenses of the parent company and subsidiaries as of 31 December 2022 are as below

| License Owner | License Group | License Type | License Number | Effective Date of License | License Duration |
|---------------|---------------|--------------|----------------|---------------------------|------------------|
| YEL ENERJİ | IV. Group | Operation | 17517 | 05.01.2015 | 05.01.2025 |
| YEL ENERJİ | IV. Group | Research | 201900443 | 09.04.2019 | 09.04.2026 |

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of presentation

Accounting policies

The accompanying consolidated financial statements are prepared in accordance with the announcement of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676 and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Board ("POA").

TFRS includes standards and interpretations under the name of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), Turkish Accounting Standards Comments and Turkish Financial Reporting Standards Comments published by POA.

Functional and presentation currency

The Group prepares and maintains its legal books and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), accounting principles set forth by tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The valid currency of the Group is Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is valid currency of the Group.

Application of Financial Reporting in High Inflation Economies

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given on March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/TAS 29 "Financial Reporting in Economies with High Inflation" according to the decision given by CMB.

According to the announcement made by the Public Oversight Board on 20 January 2022 related to the Implementation of Financial Reporting in Hyper Inflationary Economies under TFRS the entities that have adopted TFRS will not be required to adjust their financial statements for 2021 in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

Basis of Consolidation

The consolidated financial statements were prepared by the Parent Company, Çan2 Termik A.Ş. The consolidated financial statements have been prepared in accordance with Accounting Standard for Turkey TAS 27 Consolidated and Separate Financial Statements.

Consolidated financial statements include all subsidiaries of the Parent company.

- The amount of investment in each subsidiary of parent company and the amount that relates to the share of the parent company from the equity of the subsidiaries are eliminated.
- Amount that relates with minority shares from the profit/loss of consolidated subsidiaries for the period are determined, and the amount that relates with minority shares of the net assets of consolidated subsidiaries are determined separately from the amount that relates with parent company. Amount that relates with minority shares of net assets; Minority shares calculated at the time of the merge in accordance with TFRS 3; It consists of amounts that relates minority shares from changes in equity after the date of the merge.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Consolidation Principles (Cont'd)

- Intra-group balances, transactions, income and expenses are completely eliminated.
- Intra-group balances and transactions, including income, expenses and dividends, are completely eliminated. Profit and losses resulting from intra-group transactions and included in the assets such as inventories and tangible assets are completely eliminated. Intra-group losses may indicate a impairment in assets that should be reflected in the consolidated financial statements. TAS 12 "Income Taxes" Standard is applied for the determination of temporary differences arises during the elimination of profit and loss originated from intra-group transactions.
- If the financial statements of any of the companies included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events of similar circumstances, the necessary corrections are made to the financial statements of the company concerned during the preparation of the consolidated financial statements.
- The parent company and the subsidiaries financial statements used in the preparation of the consolidated financial statements were prepared as of the same date. Similar accounting policies have been adopted for consolidated financial statements, similar transactions and other events of similar circumstances.
- The income and expense of subsidiaries are included in the consolidated financial statements from the date of acquisition set forth in TFRS 3, which continues until the date when the parent company loses control over the subsidiary. When the subsidiary is disposed of; the difference between the revenue obtained and the book value of the subsidiary is reflected in the consolidated income statement as earning or loss. With regard to this transaction, the accumulated currency differences directly associated with equity, if any, in accordance with the "Effects of TAS 21 Exchange Rate Change" Standard are taken into account in the calculation of gain or losses.
- Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group's loss or profit amount for minority interest should be shown also separately on financial statements.

Comparative Information and Correction of Prior Financial Statements

The Group has prepared the comparative consolidated statement of financial position as of December 31, 2022 with December 31, 2021, the comparative consolidated comprehensive income statement and cash flow statement for the accounting period 1 January 1- 31 December 2022, with 1 January 1- 31 December 2021, comparative consolidated shareholder's equity movement for the accounting period 1 January 1- 31 December 2022, with 1 January 1- 31 December 2021. When comparative information is deemed necessary to ensure compliance with the presentation of the consolidated financial statements for the current period, it is reclassified, and significant differences are explained.

Effect of Covid 19 Pandemic

Covid 19 declared as pandemic by World Health Organization on March 2020 and spread to Turkey and to the global world, led to disruptions in businesses and operations and adversely affected the economic situations. The Group did not experience any production shortage caused by the pandemic at its plants. The effect was reflected to electricity sales prices. Yel Enerji, one of the group companies, has not experienced any adverse impact in this process due not being operational yet. The Group did not experience any breakdown in electricity generation due to Covid-19 pandemic in Çan2 Thermal Power and it was mainly impacted by the aftermath effects on the general electricity prices in the electricity market. The Group has obtained the Covid-19 safe production certificate. Since Çan2 Trakya is engaged in

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Effect of Covid 19 Pandemic (Cont'd)

coal extraction and is an open business, there was no serious effect on the production part and the main effect was the increase in production costs. As of the report date, the Group management believes that it will not be exposed to any further significant negative impact that might arise from Covid-19, considering the economic impact of the pandemic.

Changes in accounting policies

If the change in accounting policies is applied retrospectively, the Group must adjust the opening balance of each affected equity item in the financial statements for the earliest period and present comparable information to previous periods as if the new accounting policy had been applied in the past. If the change in accounting policy requires retrospective application but the effect of the change cannot be determined on a period-specific or cumulative basis, retrospective application may not be applied.

b. Changes and misstatements in accounting estimates

If the effect of the change in accounting estimates cause a change in the assets, liabilities or equity items, the book values of the relevant assets, liabilities or equity items should be adjusted in the period in which the change is made. Prospective approach of the effect of a change in the accounting estimate means that it is applied to transactions, events and conditions after the date of change in the estimate. Except for cases where the period-specific or cumulative effects regarding the error cannot be calculated, previous period errors are corrected through retrospective rearrangement.

In the preparation of the consolidated financial statements, the Group management is required to make estimations and assumptions that will affect the asset and liability amount, determine the possible liabilities and commitments as of the balance sheet date and the income and expense amount as of the reporting period. Actual results may differ from estimations and assumptions. These estimates and assumptions are reviewed regularly, necessary corrections are made and reflected in the operating results of the relevant period.

Important Accounting Assessments, Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that may affect the amount of assets and liabilities reported as of the statement of financial position date, disclosure of contingent assets and liabilities, and the amount of income and expenses reported during the accounting period. Although these estimations and assumptions are based on the optimum knowledge and practice of Group management regarding the current events and transactions, actual results may differ from the assumptions. In the next financial reporting period, estimations and assumptions that may cause significant changes in the book value of assets and liabilities are stated below:

Inventories: Inventories are examined and recorded physically. The inventories used or sold in production in monthly periods are recorded in the relevant accounts.

Provision for employee benefit: Employment termination benefits pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties.

Determination of fair value: Certain estimations are set in the use of observable and non-observable market information used to determine fair value.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont’d)

Important Accounting Assessments, Estimates and Assumptions (Cont’d)

Useful lives of tangible and intangible assets: The Group management makes important assumptions in the determination of the useful lives of tangible and intangible assets in line with the experience of the technical team and the forward-looking marketing and management strategies for special costs.

Facility, machinery, and devices are reflected in the financial statements with their fair values determined in the valuation studies performed by an independent professional and real estate appraisal company licensed by the Capital Markets Board (“CMB”). The frequency of revaluation studies is determined in a way to ensure that the book values of the revalued tangible fixed assets do not differ significantly from their fair values as of the end of the relevant reporting period. The frequency of revaluation studies depends on the change in the fair values of tangible fixed asset items. In cases where the fair value of a revalued asset is significantly different from its book value, the revaluation study should be repeated, and this study is performed for the entire asset class in which the revalued asset is located as of the same date. On the other hand, it is not deemed necessary to repeat the revaluation studies for tangible fixed assets whose fair value changes are insignificant. As of the current period, there is no need for a re-valuation study.

The economic useful lives related to Çan-2 thermal power plant is based on the determinations made by the technical departments regarding the economic life of the facility made during the period when the facility has been taken into the operations.

Deferred tax assets and liabilities: Deferred tax assets are recorded when it is highly likely to benefit from temporary differences and unused previous year financial losses by earning taxable profit in the future. While determining the amount of deferred tax assets to be recorded, it is necessary to make important estimates and evaluations regarding the taxable profits that may occur in the future.

Borrowing costs: The Group has added the borrowing costs of the loans it has used to finance the construction of power plants to the cost of the power plant considered as qualifying assets.

c. Going Concern

The group prepared the consolidated financial statements in the interim period based on going concern.

d. Netting/Offsetting

Financial assets and liabilities are presented net if the required legal right is already present, the presence of intention is to pay the related assets and liabilities in accordance with the net fair value, or if the acquisition of assets and the fulfillment of obligations are intentional simultaneously.

e. Changes in Financial Reporting Standards

The accounting policies adopted in the preparation of the financial statements for the accounting period ending as of Dec 31, 2022 have been applied consistently with those used in the previous year, except for the new and amended TFRS standards and TFRYK interpretations valid as of 1 January 2021. The effects of these standards and these interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

As of 31 December 2022, the new standards in force and the amendments and interpretations to the existing previous standards:

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Changes in TFRS 3 - Changes regarding the References to the Conceptual Framework

This amendment updates a reference to the Conceptual Framework for Financial Reporting in IFRS 3 without significantly changing the provisions of the standard.

Changes in TFRS 16 – Tangible Fixed Assets - Intended Pre-Use Earnings

These changes do not allow revenues from the sale of produced items to be deducted from the cost of the related asset while making the related property, plant and equipment operate under the conditions intended by management, and require such sales revenues and related costs to be recognized in profit or loss.

Changes in TAS 37 – Economically Disadvantaged Contracts-Contract Fulfillment Costs

With the change made in TAS 37, the estimated costs of fulfilling the contract in order to determine whether the contract is an economically disadvantageous contract consist of both the variable costs incurred to fulfill the contract and the amounts distributed from other costs directly related to fulfilling the contract.

Standards, amendments and interpretations published but not yet effective as of 31 December 2022:

TAS 1 , Application Declaration 2 and Narrow Changes in TAS 8

Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, (Amendments) Deferred Tax On Assets And Liabilities Arising From A Single Transaction

Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that result in equal amounts of taxable and deductible temporary differences when first recognized by companies.

TFRS 16, Sale And Leaseback Transactions;

Effective for annual reporting periods beginning on or after 1 January 2024. These changes include the sale and leaseback requirements in IFRS 16 that describe how an entity accounts for a sale and leaseback transaction after the transaction date. Sales and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

TAS 1, Amendments To The Long-Term Obligations, Which Are The Terms Of The Contract;

Effective for annual reporting periods beginning on or after 1 January 2024. These changes clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability. These changes are not expected to have a significant impact on the Group's financial position and performance.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

TFRS 16 (Amendments) Continuing Concessions on Rent Payments Related to COVID-19 After 30 June 2021

TFRS 16 'Leases' - amendments to extend the COVID 19 lease concessions facilitating practice (effective as of 1 April 2021); due to the COVID-19 outbreak, some privileges have been provided to tenants in rent payments. In May 2020, IASB introduced an optional facilitating practice for the tenants not to evaluate the concessions granted due to COVID-19 in the lease payments, whether there is a change in the lease, with the amendment published in the

TFRS 16 Leases standard. On March 31, 2021, IASB published an additional amendment to extend the date of facilitating implementation from June 30, 2021 to June 30, 2022. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

e. Summary of Significant Accounting Policies

Related Parties

It is considered related if one of the following criteria is met:

- a) The related party, directly or indirectly, through one or more intermediaries:
 - i) Controlling the business, controlling it by the business or being under joint control with the business (including parent companies, subsidiaries and subsidiaries in the same business branch);
 - ii) Has a share that allows it to have significant influence over the group; or,
 - iii) Having joint control over the Group;
- b) If the party is a subsidiary of the Group;
- c) If the party is a business partnership in which the Group is a joint venture;
- d) If the party is a member of the key management personnel of the Group;
- e) If the party is a close family member of any individual mentioned in a) or d);
- f) The party; is a business that is controlled, jointly controlled or under significant influence or any individual mentioned in d) or e) has significant voting rights directly or indirectly; or,

The party must have benefit plans provided to the employees of the enterprise or an enterprise that is a related party to the enterprise after they leave their roles.

Financial assets

Financial investments are accounted for over the remaining amount after deducting expenses directly associated with the purchase transaction from their fair market value, except for financial assets that fair value difference is reflected in profit or loss and booked at their fair value. Investments are recorded or derecognized on the transaction date that is bound by a contract that requires the delivery of investment instruments in accordance with the period determined by the relevant market. Financial assets are classified as "financial assets at fair value through profit or loss", "financial assets measured at amortized cost", "financial assets at fair value through other comprehensive income".

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss; are financial assets held for trading. When a financial asset is acquired for short-term disposal, it is classified in this category. The mentioned financial assets constituting derivative products that are not determined as an effective protection tool against financial risk are also classified as financial assets whose fair value difference is reflected to profit or loss.

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Financial assets measured at amortized cost

Financial asset is classified as a financial asset measured at amortized cost if the terms of the contract for the financial asset, which aims to collect the contractual cash flows of the financial asset, lead to cash flows that include only the principal and interest payments arising from the principal balance at certain dates. It is valued at its discounted cost using the effective interest rate method and provision is made for impairment, if any. Interest income from securities held to maturity is recognized as interest income in the period profit / loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flow and to sell financial asset, and financial asset with contractual terms that lead to cash flow that are solely payments of principal and interest on the principle amount outstanding at specific date.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction cost on the financial statements. However, if the fair value cannot be determined reliably, for those with a fixed maturity, the discount rate is calculated using the internal rate of return method for those who do not have a fixed maturity, they are valued using fair value pricing models or discounted cash flow techniques. Unrealized gains or losses arising from the changes in the fair value of financial assets at fair value through profit and loss is recognized in other comprehensive income are shown below Financial Assets Value Increase / Decrease Fund. In the event that the fair value differences of financial assets that are reflected in other comprehensive income are eliminated, the value in the equity accounts as a result of the fair value application is reflected to the period profit/loss.

Recognition and derecognition of financial assets

The Group reflects the financial assets or liabilities to its balance sheet when it becomes a party to the relevant financial instrument contracts. The Group derecognizes an asset; all or part of it, when it loses its control over its contractual rights. The Group derecognizes a financial liability only if the obligation defined in the contract is eliminated, reversed or expired.

Impairment of financial assets / expected credit loss

At each reporting period, each financial asset's credit risk within the scope of impairment is assessed from the date which it is first recognized in the financial statements. Within this assessment, the change of the default risk of the financial asset is taken into consideration. The expected loss provision estimate is unbiased, weighted according to probabilities, and includes information that can be supported about past events, current conditions, and forecasts for future economic conditions.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off. Subsequent recovery of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss. With the exception of equity instruments at fair value through other comprehensive income, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

With regard to fair value of equity instruments, any increase of value of fair value through other comprehensive income, as a subsequence of an impairment loss is recognized, directly realized in equity statement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Interests, dividends, losses, and gains

Interest, dividends, losses, and gains related to a financial instrument, or a financial liability are recognized as income or expense in profit or loss. Distributions to equity instrument holders are accounted for directly in equity. Transaction costs arising from equity transactions are accounted for as a discount from equity. Income taxes on distributions to shareholders of equity instruments and transaction costs arising from equity transactions are accounted for in accordance with TAS 12 Income Taxes. The classification of a financial instrument as a financial liability or equity

instrument determines whether interest, dividends, losses and gains on that instrument are recognized as income or expense in profit or loss. Thus, dividend payments on shares that are fully accounted for as liabilities are accounted for as expenses, just like interest on bonds. Similarly, gains and losses associated with the repurchase or refinancing of financial liabilities are recognized in profit or loss, while the repurchase or refinancing of equity instruments is accounted for as a change in equity. Changes in the fair value of the equity instrument are not reflected in the financial statements. An entity generally incurs various costs in issuing or repurchasing its own equity instruments. These costs may include registration and other regulatory fees, legal, financial, and other professional consulting fees, printing costs and stamp duties. From equity transactions

Transaction costs arising from these transactions are accounted for as a deduction from equity, as long as there are additional costs incurred directly from these transactions, that is, they do not need to be incurred otherwise. In addition, costs related to abandoned equity transactions are recognized as an expense.

Transaction costs related to the issuance of a composite financial instrument are allocated to the debt and equity components of the instrument in proportion to the distribution of the obtained amounts to the related instrument. Transaction costs associated with multiple transactions (for example, costs associated with simultaneous issuance of some stocks and listings of some other stocks) are allocated to the relevant transactions on the basis of an allocation method that is reasonable and consistent with similar transactions. The amount of transaction costs accounted for as a deduction from equity during the period is disclosed separately in accordance with TAS 1.

Trade Receivables

Trade receivables resulting from the provision of products or services to the buyer are accounted for at the amortized value of the receivables, which are recorded at the original invoice value, to be obtained in the following periods using the effective interest method. Short-term receivables with no specified interest rate are shown at the invoice amount unless the effect of the original effective interest rate is significant.

A "simplified approach" is applied within the scope of impairment calculations for trade receivables (with a maturity of less than 1 year) that are accounted at amortized cost in the consolidated financial statements and do not contain a significant financing component. With this approach, allowances for losses on trade receivables are measured at an amount equal to "lifetime expected credit losses", in cases where trade receivables are not impaired for specific reasons (other than realized impairment losses).

Following the provision for impairment, if all or part of the amount of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other income from main activities.

Cash and cash equivalents

Cash and cash equivalents are cash, demand deposits and other highly liquid short-term investments with maturities of 3 or less than 3 months from the date of purchase, immediately convertible into cash, and without significant risk of change in value.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Financial Liabilities

A financial liability is measured at fair value at initial recognition. During the initial recognition of financial liabilities whose fair value difference is not recognized in profit or loss, the transaction costs directly attributable to the underwriting of the related financial liability are added to the said fair value. Financial liabilities are accounted for at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

Inventories

Inventories are valued based on the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. When the net realizable value of inventories falls below its cost, the inventory value is reduced to net realizable value and reflected to the income statement as an expense on the year when the value decrease happened.

If the conditions causing the inventories to reduce to the net realizable value are not effective or if the net realizable value increase due to changing economic conditions; the provision for decrease in value of the stocks is reversed. The reversed amount is limited with the earlier determined amount of decrease in value of the inventories. (Note 9)

Tangible Fixed Assets

The Group has adopted for the thermal power plant in accordance TAS 16 "Tangible Assets" standard the "Revaluation model" starting from 30.09.2018, based on the reasonable values determined in the valuation studies carried out by an independent valuation company accredited to the CMB.

"Income Approach" was used in the determination of the fair value of the thermic plant of Çan2 Termik A.Ş. This approach was used taking into consideration the ability of the asset to generate income which is a crucial factor impacting the value and the reasonable estimates made with respect to the amount and timing of expected future incomes expected to be generated by the asset. Revaluations are made regularly in a way that does not cause the amount to be determined by using the fair value as of the end of the reporting period to differ materially from the carrying value. The frequency of revaluations depends on the changes in the fair values of the items of property, plant and equipment subject to revaluation.

If the fair value of the revalued asset differs significantly from its carrying value, the asset is revalued. Some items of property, plant and equipment whose fair values show significant changes are revalued annually. Items of property, plant and equipment that do not have significant changes in their fair values are subject to revaluation every three or five years.

Increases in the property, plant and equipment arising from revaluation are recorded in the revaluation fund account under shareholders equity in the statements of financial position, net of deferred tax effect. The difference between the depreciation and amortization (included in the profit or loss statement) calculated based on the carrying values of the re-evaluated assets and that over the acquisition costs of these assets is transferred from the revaluation fund to the accumulated profit / loss each year after the deferred tax effect is netted off. The same accounting application is also used for tangible fixed asset disposals.

Land is not subject to depreciation since its economic useful life is considered to be infinite. The estimated useful lives of these assets are as follows:

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Tangible Fixed Assets (Cont'd)

| | <u>Years</u> |
|--------------------------------|--|
| Thermic Plant | 30 |
| Land improvements | 8-50 |
| Buildings | 50 |
| Machinery, plant and equipment | 4-15 |
| Vehicles | 5 |
| Furniture and fixtures | 3-15 |
| Leasehold improvements | the lesser of the lease term (days) or useful life |

The profit or loss resulting from the disposal of tangible fixed assets is determined by comparing the carrying values with the net proceeds received and is taken to the statement of income.

Maintenance and repairment expenses of tangible fixed assets are expensed under normal circumstances. However, in exceptional circumstances, maintenance and repair expenditure that result in an expansion or significant improvement in assets, the costs incurred are capitalized and depreciated over the remaining useful life of the associated tangible asset (Note 11).

Intangible assets

Intangible assets are comprised of acquired rights, information systems, computer software, development activities. These are recorded at the acquisition cost and are subjected to depreciation by the linear depreciation method over their estimated useful lives after the date of acquisition. The estimated useful lives of these intangible assets are as follows:

| | <u>Years</u> |
|--|-------------------|
| Rights | 3-15 |
| Software | 3 |
| Preparation and development activities | Contract Duration |

In case of impairment, the carrying value of intangible assets is reduced to recoverable amount. The recoverable amount is the higher of the current value in use of the intangible asset and the net selling price. (Note 12).

Leases – TFRS 16 (As tenant)

At the inception of a contract, the Group evaluates whether the contract includes a lease. If the contract transfers the right to control the use of a defined asset in exchange for a consideration, this contract is a lease or includes a lease.

The group considers the following conditions when considering whether a contract transfers the right to control the use of an identified asset for a specified period of time:

- The contract includes a defined asset (an asset is defined by express or implied in the contract),
- The functional part of the asset is physically separate or represents almost the entire capacity of the asset (the asset is not defined if the supplier has a substantive right to substitute the asset during its use period and derives economic benefits from it),
- The Group has the right to obtain almost all of the economic benefit to be obtained from the use of the defined asset,
- The group has right to manage the use of the defined asset. The group has right to manage the use of the asset in any of the following situation:

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Leases – TFRS 16 (As tenant) (Cont'd)

- a) The Group has right to manage and change how and for what purpose the asset is used throughout the period of use, or
- b) The following decisions regarding how and for what purpose the asset will be used are pre-determined:
- i. The Group has right to operate the asset (or direct others to operate the entity as it determines) throughout the period of use and the supplier does not have the right to change these operating instructions, or
- ii. The Group has designed the asset (or certain properties of the asset) in a way to predetermine how and for what purpose the asset will be used throughout the period of use.

After the above-mentioned evaluations, the Group reflects a right-of-use asset and a lease liability in its consolidated financial statements at the date the lease actually commences.

Right to use assets

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the initial measurement amount of the lease liability,
- b) all lease payments made on or before the commencement date of the lease, less any lease incentives received.
- c) all initial direct costs incurred by the group; and
- d) in relation to restoring the underlying asset to the condition required by the terms and conditions of the lease.

Costs incurred by the group (excluding costs incurred for producing inventory). When applying the group cost method, the right-of-use entity:

- a) deducting accumulated depreciation and accumulated impairment losses; and
- b) measures at cost adjusted for remeasurement of the lease liability.

Leases – TFRS 16 (As a Lessor)

The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease payments that are included in the measurement of the Group's lease obligation and which have not been realized at the actual date of the lease are as follows:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the effective date of the lease, the Group measures the lease obligation as follows:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modification. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use

The Group reflects the remeasurement of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Cash Flow Hedge

At the date of the derivative contract, the Group determines the transactions that provide hedging against changes in the cash flows of asset or liability or transactions that can be associated with a certain risk and that are likely to occur, resulting from a certain risk and that may affect profit or loss as cash flow hedge.

The Group presents the gains and losses on the effective hedging transaction under "hedging gains (losses)" in equity. The ineffective portion is defined as profit or loss in the profit for the period. In the event that the hedged commitment or possible future transaction becomes an asset or liability, the gains or losses related to these transactions, which are recognized as equity items, are taken from these items and included in the acquisition cost or book value of the related asset or liability. Otherwise, the amount recognized under equity items are transferred to the income statement in the period in which the hedged possible future transaction affects the income statement and reflected as profit or loss.

In case the hedging instrument is sold, expires or fails to meet the hedge accounting requirements even though it is for hedging purposes, or if one of the situations where the promised or probable future transaction is not expected to occur, it is separately in equity until the promised or probable future transaction occurs. remains classified. The promised or probable future transaction is recorded in the income statement when it occurs, or if it is anticipated that it will not occur, the accumulated gains or losses related to the transaction are reflected in the consolidated financial statements as profit or loss (Note 37).

Practical expedients

Short-term lease agreements with a lease term of 12 months or less and contracts for information technology equipment leases (predominantly printers, laptops, mobile telephones, etc.) designated by the Group as low value asset that have been evaluated within the scope of the exemption recognized by TFRS 16 Leases Standard. The payments related to the contracts continued to be recognized as expense in the period in which they are incurred (Note 14).

Investment properties

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be recorded as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at the date of completion of rehabilitation and construction work. Asset at this date becomes a property for investment purposes and cause of that it transfers to investment properties account section.

Borrowing costs

Group reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur with the profit or loss.

Energy produce plants can be evaluated as a specialty asset depending on conditions. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset can be capitalized as a part of specialty asset's cost by firms. Firms can book the other borrowing costs as an expense in their occurred period.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Borrowing costs (Cont'd)

Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset is added to cost of the asset. This kind of borrowing costs is capitalized as a part of specialty asset's cost for a dependable measure and for a possible situation that it can make an economic contribution to company. Acquiring, constructing, or borrowing costs that can be directly related to producing of a specialty asset are borrowing costs that will not appear in case that there will be no expense done related to specialty asset.

If a company is get into debt in order to acquire a specialty asset, the borrowing cost amount that will be capitalized will be determined by deducting income that is gained via temporary exploiting aforesaid funds from borrowing cost of the aforesaid borrowing in the related period.

In the case of a company uses a part of the funds that it is get into debt for general purposes in order to finance a qualifying asset; the borrowing cost amount that can be capitalized; is determined via using capitalizing rate that will be applied to expenses that related asset. This capitalizing rate is the weighted average of all existing borrowing of the related period to borrowing costs, except the borrowings that is done for acquiring the qualifying asset. The borrowing cost amount that is capitalized for a period, cannot exceed the amount of borrowing costs incurred during the relevant period.

When all necessary proceedings virtually is completed for asset's intended usage and getting ready for sale, the capitalizing of borrowing costs will end. In the situation of a qualifying asset is completed in parts and every part can be used while other parts Continue to construct; When all necessary proceedings virtually is completed for certain part's intended usage and getting ready for sale, the capitalizing of borrowing costs of the related part will end.

Within the scope of TAS-23 "Borrowing Costs" standard, the Group includes the exchange differences arising from the principal amount of the borrowings obtained to finance the construction of a qualifying asset assuming the borrowing was used in TL, by using the TL basis interest rate at the date of the loan was used and the exchange differences corresponding to the TL interest cost are capitalized on the qualifying assets. In the calculations made, the base interest rate is based on the representative interest rate at the date of the signing of the loan agreements as well as the representative interest rate existing at the dates of the renewal of the loan agreement, provided the loans are used in TL under the same conditions (Note 17).

Provisions, Contingent, assets and liabilities

Provisions

Provisions are accounted in cases where Group has a legal or structural liability arising from the past that exists as of the date of the financial statement, the outflow of economic resources to fulfill the obligation is highly likely, and a reliable estimation of the amount of liability can be made. In cases where there is more than one similar obligation, the possibility of the outflow of economic resources that may be necessary for economic benefit is evaluated taking into account all obligations of the same nature. Even if the probability of economic resources outflow for any of the obligation is not probably high, provision should be set. There is no provision set for future operational losses. In cases where the effect of the time value of the money is significant, the provision amount may be set as present value.

Contingent Assets and Liabilities

Probable assets and liabilities arising from past events and occurrence of these assets and liabilities are not entirely under the control of the Group in the future, depending on whether or not there are one or more events, are considered contingent assets and liabilities.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Contingent Assets and Liabilities (Cont'd)

The Group does not book contingent assets and liabilities in its financials. Contingent liabilities are described in the consolidated financial statement's footnotes, unless related economic outflow is probable. Contingent assets are described in the consolidated financial statement's footnotes when economic inflow is probable.

Benefits for Employees

Defined Benefit Plan

Employment termination provisions are booked based on actuarial calculation according to TAS 19 "Benefits to Employees"

The employment termination liability refers to the value of the estimated total value of the group's potential future liabilities as of the date of the financial statement, which will arise from the retirement of the Group's personnel in accordance with the Turkish Labor Law or the termination of the employment contract for the reasons specified by the relevant law.

The group calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from group's experience about fire personnel or quit of the personnel and reflects to its financial statements.

Defined Contribution Plans

The Group pays social insurance premiums to the Social Insurance Institution. As long as the Group pays these premiums, it has no other obligations. These premiums are booked as personnel expenses during the period they accrue.

Revenue

When the Group fulfills or fulfills a performance obligation by transferring a promised good or service to its customer, revenue is recognized in the consolidated financial statements. An asset is transferred when or when control of an asset falls into the hands of the customer. The Group recognizes revenue in the consolidated financial statements in line with the following 5 basic principles:

- (a) Identification of customer contracts
- (b) Identification of performance obligations
- (c) Determination of transaction price in the contract
- (d) Allocation of price to performance obligations
- (e) Recognition of revenue

If a contract is only legally enforceable, collection can be carried out, rights and payment conditions for goods and services can be defined, the contract has commercial essence, the contract is approved by the parties and the full terms of the commitment by the parties to fulfill their obligations are met, this agreement shall be evaluated under TFRS 15.

At the beginning of the contract, the Group evaluates the goods or services promised in the contract with the customer and defines each commitment to transfer to the customer as a separate performance obligation. The Group also determines, at the inception of the contract, whether it has fulfilled each performance obligation over time or at a particular moment in time.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Revenue (Cont'd)

The Group takes into account the contract terms and commercial practices in order to determine the transaction price. Transaction price is the price that the Group expects to deserve in return for transferring the promised goods or services to the customer, excluding the amounts collected on behalf of third parties (eg some sales taxes). While evaluating, it is taken into consideration whether the contract includes elements of variable amounts and a significant financing component.

In accordance with TFRS 15 "Revenue from contracts with customers", the Group's performance obligations consist of wholesale electricity sales and ancillary services related to electricity sales. The electricity sold is transmitted to the customer over transmission lines and the customer consumes the Group's benefit from performance simultaneously. Revenue from electricity sales and ancillary services related to electricity sales are recognized at the moment of delivery.

TEİAŞ Electricity Sales Revenue

It includes the sales arising from the settlement system based on all the sales transactions made by the market participant in the free market settled by the free market MFSC ("Market Financial Settlement Center").

Eligible Consumer Electricity Sales

Sales made to all consumers who are defined as eligible consumers according to the consumer limits published by EMRA.

Bilateral Agreements Electricity Sales

Physical or service sales to either wholesale companies or private manufacturing companies. Primary Frequency Control (PFK) includes the sale of services related to the transfer of this obligation to someone else by the power plants that have an obligation in the relevant legislation.

Energy Imbalance

According to the relevant legislation, when the group companies merge and form a balancing group, all imbalance receivables and debts are settled within the party responsible for the balance. The balance responsible party distributes this amount to the balancing group members. Group imbalance items include positive imbalance receivables, negative imbalance debit and zero balance debit / credit amounts.

Foreign Currency Translation

Foreign currency transactions realized during the period are translated into Turkish Lira at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are valued at the exchange rates prevailing at the end of the period. Exchange gains or losses arising from the valuation of monetary assets and liabilities denominated in foreign currency are reflected in the profit/loss statement.

As of 31.12.2022, announced buying rate of USD by the Central Bank of Republic of Turkey is 18,6983 TRY (31.12.2021: 13,3290 TRY), buying rate of EURO is 19,9349 TRY (31.12.2021: 15,0867 TRY), buying rate of GBP is 22,4892 TRY (31.12.2021: 17,9667 TRY). As of the date of 31.12.2022 announced selling rate of USD by the Central Bank of Republic of Turkey is 18,7320 TRY (31.12.2021: 13,3530 TRY), selling rate of EURO is 19,9708 TRY (31.12.2021: 15,1139 TRY), selling rate of GBP is 22,6065 TRY (31.12.2021: 18,0604 TRY).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Deferred Tax

Deferred taxes are calculated by considering statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future. Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections.

Current Tax

The corporate tax rate in Turkey for 2022 is 23%. This rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the corporations, deducting the exemptions (such as participation earnings exemption) and deductions (such as investment allowance) stated in the tax laws. No further tax is paid if the profit is not distributed.

With revenues through a permanent establishment or permanent representative institutions in Turkey from the dividend paid to companies resident in Turkey (dividend) not subject to withholding. Dividend payments made to those other than these are subject to 15% withholding tax. Addition of profit to capital is not considered as profit distribution and no withholding tax is applied.

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period's corporate income, provided that they do not exceed 5 years. However, financial losses can not be offsetted from last year's profits.

Earnings/Loss per share

Earnings / Loss per share stated in the income statement is calculated by dividing the net profit / loss by the weighted average number of shares in the market during the reporting periods. In case of capital increase from internal sources during the period, it is accepted that the newly found value is valid as of the beginning of the period while calculating the weighted average number of shares. TAS 33 mentions this issue as follows;

Ordinary stocks may be issued or the number of common stocks available may be reduced without causing any change in resources. For example:

- a. Activation or give ordinary shares (sometimes, ordinary share can be given as dividend too);
- b. Include bonus issued in another issued transaction; for example, include new rights about bonus issued in issued transaction for current shareholders)
- c. Share split and
- d. Merging shares by increasing nominal value (consolidation of shares).

In ordinary shares or bonus distribution or share split, ordinary shares are issued without demanding any additional payment to existing shareholders. Therefore, the number of common shares available increases without an increase in resources. The number of ordinary shares in existence prior to the related transaction is adjusted according to the proportional change that will occur in the number of ordinary shares available if the related transaction took place at the beginning of the earliest period presented.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

Subsequent events after the reporting period

Subsequent events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

Group; In case events requiring a correction to be made occur subsequent to the date of the statement of financial position, amounts included in the consolidated financial statements will be accordingly corrected. In the event non-adjusting events that occur after the date of the statement of financial position date will have material impact on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

Statement of cash flow

In the consolidated cash flow statement, cash flows pertaining to the period are classified and reported as operating, investing and financing cashflows. Cash flows originating from the main operating activities represent the cash flows from electricity sales. Cash flows related to investing operations represent the Group's cash flow used in and obtained through investment operations (investments in fixed assets and financial investments). Cash flows related to finance operations represent resources of the Group used in finance operations and repayment of these resources. Cash and cash equivalents include short-term investments made up of cash, demand deposits and other short term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

Determination of fair value

Various accounting policies and explanations of the Group require the determination of the fair value of both financial and non-financial assets and liabilities. If applicable, additional information about the assumptions used in determining fair values are presented in footnotes specific to the asset or liability.

Valuation methods according to the levels are listed as follows:

Level 1: Quoted (unadjusted) prices in active markets for Identical Assets and Liabilities

Level 2: Data excluding registered prices in Level 1 and that can be observed directly (through prices or indirectly (derived from prices) in terms of assets or debts.

Level 3: Data not based on observable market data on assets or liabilities (non-observable data)

3. BUSINESS COMBINATION

A business combination involving the undertaking or businesses subject to joint control is a business combination in which all the merging undertaking or businesses are controlled by the same person or persons before and after the business merger and this control is not temporary.

Since the business combinations subject to joint control are accounted by the combination of rights method, goodwill cannot be included in the financial statements, the amount of 1.399.068 TRY goodwill arising from the acquisition of the companies subject to joint control has been shown in the account "The Effect of the Enterprises Subject to Joint Control or Mergers Including the Enterprises" as an account that balances under equity.

The amounts resulting from the merger of enterprises under joint control in the "The Effect of Mergers Including Joint Controlled Enterprises or Businesses" are shown below;

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3. BUSINESS COMBINATION (Cont'd)

| Company Name | Acquisition Cost | Acquired Equity Share Value | The Effect of Mergers Including Joint Controlled Enterprises or Businesses |
|--------------|------------------|-----------------------------|--|
| Yel Enerji | 100.000 | (1.299.068) | (1.399.068) |
| Total | 100.000 | (1.299.068) | (1.399.068) |

4. INTEREST IN OTHER ENTITIES

None. (31.12.2021: None)

5. SEGMENT REPORTING

In the presentation of the product or service group of the enterprise, there is no distinguishable operating segment, which has different characteristics from other fields of activity in terms of risk and return, and no distinguishable geographical segment with different risk and return characteristics.

6. RELATED PARTIES TRANSACTIONS

i) Balances with related parties as of December 31, 2022 and December 31,2021 are as follows :

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|-------------------|
| a) Trade receivables from related parties: | | |
| Suda Stratejik Metal Dış Ticaret A.Ş. | 357.493.406 | -- |
| Voytron Enerji Elektrik Perakende Satış A.Ş. | 166.705.567 | 746.106 |
| Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş. | 7.312.766 | 10.314.282 |
| Suda Maden A.Ş. | 770.835 | 601.708 |
| Hidro Kontrol Elektrik Üretim A.Ş | 408.105 | 6.037.674 |
| Batı Trakya Madencilik A.Ş. | 17.500 | 12.406.844 |
| Öztay Enerji Elektrik Üretim Sanayi A.Ş | -- | 2.321.547 |
| Ys Madencilik Sanayi ve Tic. Ltd. Şti | -- | 25.195 |
| TOTAL | 532.708.179 | 32.453.356 |
| Deduct: Unaccrued financial expenses | (34.048.564) | (3.936.193) |
| TOTAL | 498.659.615 | 28.517.163 |
| b) Other receivables from related parties: | | |
| Abdulkadir Bahattin Özal | 5.511.145 | -- |
| Burak Altay | 4.209.365 | 7.500 |
| Süleyman Sarı | 160.750 | 160.750 |
| Tahsin Yazan | 100.000 | 100.000 |
| Kerem Emir Yazan | -- | 93.951 |
| Odaş Elektrik Üretim San. ve Tic. A.Ş. | -- | 234.917 |
| Ys Madencilik Sanayi ve Tic. Ltd. Şti | -- | 254 |
| Rey Bilişim Hizmetleri Tic. Ltd. Şti. | -- | 936 |
| TOTAL | 9.981.260 | 598.308 |
| Deduct: Unaccrued financial expenses | (1.331) | (5.613) |
| TOTAL | 9.979.929 | 592.695 |

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6. RELATED PARTIES TRANSACTIONS (Cont'd)

c) Trade payables to related parties:

| | 31.12.2022 | 31.12.2021 |
|--|-------------------|-------------------|
| Odaş Elektrik Üretim San. ve Tic. A.Ş. | 121.380 | -- |
| Kısrakdere Maden A.Ş. | -- | 55.680 |
| Batı Trakya Madencilik A.Ş. | -- | 544.758 |
| TOTAL | 121.380 | 600.438 |

Deduct: Unaccrued financial income

| | | |
|--------------|----------------|----------------|
| | (112) | (84.231) |
| TOTAL | 121.268 | 516.207 |

d) Other Payables to related parties:

| | 31.12.2022 | 31.12.2021 |
|--|--------------------|---------------------|
| Odaş Elektrik Üretim San. ve Tic. A.Ş. | 10.778.330 | 94.971.030 |
| Suda Maden A.Ş. | 7.360.678 | 6.697.536 |
| Bahattin Özal | 12.500 | 12.500 |
| Voytron Enerji Elektrik Perakende Satış A.Ş. | -- | 12.067.921 |
| Ys Madencilik Sanayi ve Tic. Ltd. Şti | -- | 1.406.192 |
| Batı Trakya Madencilik A.Ş. | -- | 2.221 |
| Total | 18.151.508 | 115.157.400 |
| <i>Deduct: Unaccrued financial income</i> | <i>(1.372.615)</i> | <i>(11.759.350)</i> |
| Total | 16.778.893 | 103.398.050 |

ii) Significant sales to related parties and significant purchases from related parties:

a) Sales of product to related parties

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--|--|--|
| Voytron Enerji Elektrik Perakende Satış A.Ş. | 2.395.830.735 | 42.012.653 |
| Odaş Elektrik Üretim San. ve Tic. A.Ş. | 1.065.011.126 | 577.149 |
| Suda Stratejik Metal Dış Ticaret A.Ş. | 316.163.900 | -- |
| Suda Maden A.Ş. | 14.950.423 | 9.704.196 |
| Batı Trakya Madencilik A.Ş. | -- | 1.932.752 |
| Arsin Enerji Elektrik Üretim San. Tic. A.Ş. | 1.284.155 | -- |
| Hidro Kontrol Elektrik Üretim A.Ş. | 437.320 | -- |
| Total | 3.793.677.659 | 54.226.750 |

b) Purchases from related parties

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--|--|--|
| Voytron Enerji Elektrik Perakende Satış A.Ş. | 19.742.442 | 4.889.228 |
| Suda Maden A.Ş. | 2.905.842 | 9.700.596 |
| Rey Bilişim Hizmetleri Ve Ticaret Ltd Şti. | 161.301 | -- |
| Kısrakdere Maden A.Ş. | -- | 25.672.990 |
| Total | 22.809.585 | 40.262.814 |

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6. RELATED PARTIES TRANSACTIONS (Cont'd)

As of 31.12.2022, remuneration and benefits provided to executive are as follows:

- a) **Shor-term employee benefits:** The total amounts of wages and similar benefits provided to the members of the Board of Directors and Senior Managers for the twelve months of the 2022 are TL 21.906.106 (31.12.2021: TL 7.821.599)
- b) **Post-employment benefits:** Employment termination benefits are paid to the personnel who are entitled to received such benefits by Law. No other payment is made to personnel other than those arising from the Labor Law.
- c) **Other long-term benefits:** None.
- d) **Benefits due to dismissal:** None.
- e) **Share based payments:** None.

7. TRADE RECEIVABLES AND PAYABLES

Trade receivables

The details of the Group's trade receivables as of December 31, 2021 and of 2022 are as follows:

| Trade receivables | 31.12.2022 | 31.12.2021 |
|---|---------------------|--------------------|
| Customer current accounts | 936.653.558 | 114.307.354 |
| -Receivables from related parties | 532.708.179 | 32.453.356 |
| -Other receivables | 403.945.379 | 81.853.998 |
| Notes receivable | 17.973.097 | 46.632.891 |
| Doubtful trade receivables | 1.500.000 | 1.500.000 |
| Provisions for doubtful trade receivables (-) | (1.500.000) | (1.500.000) |
| | 954.626.655 | 160.940.245 |
| <i>Deduct: Unaccrued financial expense</i> | <i>(39.708.663)</i> | <i>(5.741.736)</i> |
| -Receivables from related parties | <i>(34.048.564)</i> | <i>(3.936.193)</i> |
| -Other receivables | <i>(5.660.099)</i> | <i>(1.805.543)</i> |
| Total | 914.917.992 | 155.198.509 |

The movement of the provision for doubtful trade receivables as of 31.12.2021 and 31.12.2022 are as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------------------------|-------------------|-------------------|
| Balance at the beginning of period | 1.500.000 | 1.500.000 |
| Additional provisions | -- | -- |
| Payments (-) | -- | -- |
| Total | 1.500.000 | 1.500.000 |

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7. TRADE RECEIVABLES AND PAYABLES (Cont'd)

Trade payables

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|--------------------|
| Vendor accounts | 237.354.404 | 176.094.130 |
| - Payables to related parties | 121.380 | 600.438 |
| - Other vendor payables | 237.233.024 | 175.493.692 |
| Notes payable | -- | 33.794.793 |
| Other Trade Payables | -- | -- |
| | 237.354.404 | 209.888.923 |
| <i>Deduct: Unaccrued financial income</i> | <i>(4.812.831)</i> | <i>(5.621.005)</i> |
| -Trade payables to related parties | <i>(112)</i> | <i>(84.231)</i> |
| -Trade payables to third parties | <i>(4.812.719)</i> | <i>(5.536.774)</i> |
| TOTAL | 232.541.573 | 204.267.918 |

8. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

The details of the Group's short-term receivables are as follows:

| | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| <i>Receivables from related parties</i> | 9.981.260 | 598.308 |
| Other receivables | 259.197 | 498.225 |
| Deposits and guarantees given | 2.351.514 | 2.242.323 |
| Total | 12.591.971 | 3.338.856 |
| <i>Deduction: Unaccrued financial expense</i> | <i>(1.331)</i> | <i>(5.613)</i> |
| -Receivables from related parties | <i>(1.331)</i> | <i>(5.613)</i> |
| -Other receivables | -- | -- |
| Total | 12.590.640 | 3.333.243 |

Other long-term receivables

The details of the Group's long-term receivables are as follows:

| | 31.12.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Deposits and guarantees given | 209.963 | 209.744 |
| Total | 209.963 | 209.744 |

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8. OTHER RECEIVABLES AND PAYABLES (Cont'd)

Other short-term debts

The details of the Group's other short-term debts are as follows:

| | 31.12.2022 | 31.12.2021 |
|--|--------------------|---------------------|
| Payables to related parties | 18.151.508 | 115.157.400 |
| Other payables | 235.390 | 666.112 |
| Taxes and funds payable | 139.285.116 | 14.279.187 |
| Advances received | 9.965 | 8.422 |
| Delayed or deferred tax and other payables | 3.939.782 | 14.257.942 |
| Other payables | 24.088 | 9.249 |
| | 161.645.849 | 144.378.312 |
| <i>Deduct: Unaccrued financial expense</i> | <i>(1.805.969)</i> | <i>(11.759.350)</i> |
| <i>-Related party payables</i> | <i>(1.372.615)</i> | <i>(11.759.350)</i> |
| <i>-Other payables</i> | <i>(433.354)</i> | <i>--</i> |
| Total | 159.839.880 | 132.618.962 |

Details of tax payables are as follows:

| | 31.12.2022 | 31.12.2021 |
|-----------------------|--------------------|-------------------|
| VAT | 125.960.785 | 9.512.160 |
| Income Tax Deduction | 9.943.174 | 4.660.215 |
| Other tax liabilities | 3.381.157 | 106.812 |
| Total | 139.285.116 | 14.279.187 |

Other Long-term debts

The details of the Group's other long-term debts are as follows:

| | 31.12.2022 | 31.12.2021 |
|----------------------------------|-------------------|-------------------|
| Delayed or deferred public debts | 1.680.862 | 5.796.327 |
| Total | 1.680.862 | 5.796.327 |

9. INVENTORIES

| | 31.12.2022 | 31.12.2021 |
|----------------------------|--------------------|--------------------|
| Raw materials and supplies | 17.696.163 | 7.475.983 |
| Semi-finished goods | 303.789.710 | 113.372.192 |
| Finished goods | 172.140.215 | 90.947.624 |
| Other inventories | 34.960.916 | 10.280.965 |
| Total | 528.587.004 | 222.076.764 |

Raw materials consists of fuel oil purchases, semi-finished product stocks from all-in coal purchases, finished product stocks from powder coal and limestone purchases, and other stocks consist of auxiliary production materials and other operating materials and spare parts.

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10. PREPAID EXPENSES AND DEFERRED INCOME**Short-term prepaid expenses**

Details of the short-term prepaid expenses are as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------|-------------------|-------------------|
| Advances given | 29.993.674 | 5.640.818 |
| Prepaid expenses | 21.348.605 | 9.541.732 |
| Total | 51.342.279 | 15.182.551 |

Long-term prepaid expenses

Details of the long-term prepaid expenses are as follows:

| | 31.12.2022 | 31.12.2021 |
|------------------|----------------|------------------|
| Prepaid expenses | 889.057 | 1.884.776 |
| Total | 889.057 | 1.884.776 |

Short-term deferred income

| | 31.12.2022 | 31.12.2021 |
|-----------------------|------------------|-------------------|
| Advances received (*) | 5.634.429 | 61.096.265 |
| Total | 5.634.429 | 61.096.265 |

(*) The amounts are related to the advances received. In the following period, the amount is netted off with trade receivables.

11. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the period 01.01- 31.12.2022 is as follows:

| | 01.01.2022 | Addition | Disposal | Transfer | Revaluation | 31.12.2022 |
|---------------------------------|----------------------|----------------------|--------------------|-----------|-------------|----------------------|
| Cost | | | | | | |
| Land | 166.675.000 | 9.334.628 | -- | -- | -- | 176.009.628 |
| Buildings | 596.707 | -- | -- | -- | -- | 596.707 |
| Plants machinery and equipment | 4.925.301.810 | 79.304.401 | (3.533.057) | -- | -- | 5.001.073.154 |
| Vehicles | 13.335.631 | 39.979.069 | (740.408) | -- | -- | 52.574.292 |
| Furniture and fixture | 7.736.063 | 9.407.427 | (3.390) | -- | -- | 17.140.100 |
| Construction in progress | 33.668.266 | 56.465.353 | -- | -- | -- | 90.133.619 |
| Search costs | 167.381 | -- | -- | -- | -- | 167.381 |
| Total | 5.147.480.858 | 194.490.878 | (4.276.855) | -- | -- | 5.337.694.881 |
| Accumulated Amortization | | | | | | |
| Buildings | (61.707) | -- | -- | -- | -- | (61.707) |
| Plants machinery and equipment | (220.870.145) | (183.350.049) | 357.364 | -- | -- | (403.862.830) |
| Vehicles | (1.775.114) | (7.491.503) | 135.408 | -- | -- | (9.131.209) |
| Furniture and fixture | (3.106.350) | (1.650.976) | 1.507 | -- | -- | (4.755.820) |
| Total | (225.813.316) | (192.492.528) | 494.278 | -- | -- | (417.811.566) |
| Net book value | 4.921.667.543 | 1.998.350 | (3.782.577) | -- | -- | 4.919.883.315 |

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11. PROPERTY, PLANT AND EQUIPMNET (Cont'd)

Movement of property, plant and equipment for the period 01.01.-31.12.2021 is as follows :

| | 01.01.2021 | Addition | Disposal | Transfer | Revaluation | 31.12.2021 |
|---------------------------------|----------------------|---------------------|------------------|------------------|----------------------|----------------------|
| Cost | | | | | | |
| Land | 54.755.175 | 2.086.644 | -- | -- | 109.833.181 | 166.675.000 |
| Buildings | 320.000 | -- | -- | -- | 276.707 | 596.707 |
| Plants machinery and equipment | 2.262.393.996 | 87.335.125 | (635.593) | 2.008.625 | 2.574.199.657 | 4.925.301.810 |
| Vehicles | 4.011.077 | 472.831 | (65.869) | -- | 8.917.592 | 13.335.631 |
| Furniture and fixture | 6.020.196 | 1.715.871 | -- | -- | -- | 7.736.067 |
| Construction in progress | 13.746.851 | 19.921.415 | -- | -- | -- | 33.668.266 |
| Search costs | -- | 167.381 | -- | -- | -- | 167.381 |
| Total | 2.341.247.295 | 111.699.267 | (701.462) | 2.008.625 | 2.693.227.137 | 5.147.480.862 |
| Accumulated amortization | | | | | | |
| Buildings | (48.881) | (12.826) | -- | -- | -- | (61.707) |
| Plants machinery and equipment | (164.076.858) | (56.793.287) | -- | -- | -- | (220.870.145) |
| Vehicles | (1.405.255) | (585.798) | 215.939 | -- | -- | (1.775.114) |
| Furniture and fixture | (2.153.362) | (952.991) | -- | -- | -- | (3.106.353) |
| Total | (167.684.356) | (58.344.902) | 215.939 | -- | -- | (225.813.319) |
| Net book value | 2.173.562.940 | 53.354.365 | (485.523) | 2.008.625 | 2.693.227.137 | 4.921.667.543 |

In accordance with TAS 16 "Property, Plant and Equipment" land and land improvement, property, plant and equipment were revalued in accordance with the revaluation conducted by Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş., qualified valuers licensed by the CMB, and the Group adopted the "revaluation model" starting from 30.09.2018 based on the fair values determined in the valuation calculation.

In the valuation report dated 11.10.2018 and prepared as of September 30, 2018, the value of the investment was determined as TL 1.961.836.045 based on the revenue approach (DCF). In the valuation report dated 10.02.2020 prepared by certified valuation firm as of 31.12.2019, the value of the investment was determined as TL 2.085.175.474 based on the revenue approach (DCF).

As of 31.12.2021, the property value of Çan2 Termik power plant was reflected in the financial statements base in accordance with the valuation study conducted by Ata Yatırım Menkul Değerler in line with International Valuation Standards (IVS) and Decision of the Capital Market Board dated 11.04.2019 and numbered 21/500, in accordance with the guidelines with respect to the valuation of others other than immovables, based on the fair values in the valuation report dated 12.01.2022 in line with International Valuation Standards. The value of the Çan 2 Termik Plant was assessed as TL 4.684.505.558 based on Income Approach (DCF Method) in the valuation report prepared by the qualified valuers.

The asset value of Çan 2 Thermal Power Plant was determined by using the discounted cash flow method according to the income approach, and the Market Approach, Income Approach and Cost Approach methods were used in the valuation study. The valuation study was carried out by the valuation company authorized by the Capital Markets Board and by valuation experts in accordance with the International Valuation Standards.

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11. PROPERTY, PLANT AND EQUIPMNET (Cont'd)

Revaluation value increase fund movements are as follows:

| 31.12.2022 | Facility | Building | Land | 31.12.2022 |
|-----------------------------|----------------------|----------------|--------------------|----------------------|
| 01.01.2022 Balance | 2.682.442.026 | 355.718 | 148.467.161 | 2.831.264.906 |
| Gain on revaluation (Gross) | -- | -- | -- | -- |
| Loss on revaluation | -- | -- | -- | -- |
| Deferred Tax | -- | -- | -- | -- |
| Sales (Gros) | (1.829.462) | -- | -- | (1.829.462) |
| Sales (Deferred Tax) | 365.893 | -- | -- | 365.893 |
| Revalued Amount | 2.680.978.457 | 355.718 | 148.467.161 | 2.829.801.337 |

| 31.12.2021 | Facility | Building | Land | Total |
|-----------------------------|----------------------|----------------|--------------------|----------------------|
| 01.01.2021 Balance | 615.948.227 | 109.449 | 38.633.980 | 654.691.656 |
| Gain on revaluation (Gross) | 2.586.606.678 | 276.707 | 109.833.182 | 2.696.716.567 |
| Loss on revaluation | (3.489.429) | -- | -- | (3.489.429) |
| Deferred Tax | (516.623.450) | (30.438) | -- | (516.653.888) |
| Revalued Amount | 2.682.442.026 | 355.718 | 148.467.162 | 2.831.264.906 |

12. INTANGIBLE ASSETS

The details of the Group's intangible assets for the year ended 31.12.2022 are as follows:

| | 01.01.2022 | Addition | Disposal | Transfer | 31.12.2022 |
|----------------------------------|---------------------|--------------------|------------------|-----------|---------------------|
| Cost Value | | | | | |
| Rights | 5.758.547 | 3.053.937 | (254.000) | -- | 8.558.484 |
| Other intangible assets | 299.880 | 29.299 | -- | -- | 329.179 |
| Preparation and development cost | 36.215.981 | 7.256.691 | -- | -- | 43.472.672 |
| Total | 42.274.408 | 10.339.927 | (254.000) | -- | 52.360.335 |
| Accumulated Amortization | | | | | |
| Rights | (1.973.387) | (996.365) | 52.220 | -- | (2.917.532) |
| Other intangible assets | (281.506) | (12.784) | -- | -- | (294.290) |
| Preparation and development cost | (9.313.148) | (6.026.010) | -- | -- | (15.339.158) |
| Total | (11.568.041) | (7.035.159) | 52.220 | -- | (18.550.980) |
| Net Book Value | 30.706.367 | 3.304.768 | (201.780) | -- | 33.809.355 |

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12. INTANGIBLE ASSETS (Cont'd)

The details of the Group's intangible assets for the year ended 31.12.2021 are as follows:

| | 01.01.2021 | Addition | Disposal | Transfer | 31.12.2021 |
|----------------------------------|--------------------|--------------------|----------|----------|---------------------|
| Cost Value | | | | | |
| Rights | 3.643.455 | 2.115.092 | -- | -- | 5.758.547 |
| Other intangible assets | 288.355 | 11.526 | -- | -- | 299.881 |
| Preparation and development cost | 35.538.973 | 677.008 | -- | -- | 36.215.981 |
| Total | 39.470.783 | 2.803.626 | -- | -- | 42.274.409 |
| Accumulated Amortization | | | | | |
| Rights | (1.557.572) | (415.814) | -- | -- | (1.973.386) |
| Other intangible assets | (278.143) | (3.363) | -- | -- | (281.506) |
| Preparation and development cost | (4.059.464) | (5.253.686) | -- | -- | (9.313.150) |
| Total | (5.895.179) | (5.672.863) | -- | -- | (11.568.042) |
| Net Book Value | 33.575.604 | (2.869.237) | -- | -- | 30.706.367 |

13. EXPLORATION AND EVALUATION OF MINERAL RESOURCES

The total amount of preparation and development cost capitalized as of December 31, 2022 and 2021 is as follows;

| Subsidiary | 31.12.2022 | 31.12.2021 |
|------------------|-------------------|-------------------|
| Yel Enerji | 6.649.108 | 3.198.426 |
| Çan2 Termik A.Ş. | 3.025.247 | 3.025.247 |
| Çan2 Trakya | 33.798.317 | 29.992.308 |
| Total | 43.472.672 | 36.215.981 |

The amount of TL 6.649.108 capitalized as preparation and development costs in Yel Enerji is related to project study, analysis, land permit applications and drilling works carried out for the coal mine operation license of 1.205.11 hectares in Bayramiç district of Çanakkale province with the number IR: 17517.

Transferring of mine license has realized at July 15, 2015 and preparation and development expenditures have been activated in accordance with the Exploration for and Evaluation of Mineral Resources standard and the accounting policy applied by the Group. Amortization process will be beginning when intangible assets is ready to use (taken over the license) means required conditions available for management's aim. Therefore, development expenses is capitalized and amortization begun to be calculated.

Preparation and development costs capitalized in Çan2 Termik A.Ş. on 09.07.2013 are related to the mining coal field in Yayaköy Village, Çan district of Çanakkale province with the license number İR.17448, the operating rights of which have been obtained in accordance with the operating agreement in return for royalty and pertain to the expenditures capitalized as development expenses such as land measurement, testing and drilling, architectural engineering, land damage costs, construction equipment rental service in the mine sites previously operated. These costs were amortized within the term of the royalty contract. As of Dec 31, 2022, total costs incurred on the mining coal amounted to TL 3.025.247. (31.12.2021 : 3.025.247 TL)

Preparation and Development cost capitalized in the amount of TL 33.798.317 in Çan 2 Trakya is related with the coal mine drilling, analysis and geophysical costs in Tekirdağ Malkara. Drilling works are continuing and amortization will start when the intangible asset is brought into the position and condition required to operate as intended by the management.

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14. RIGHT USE OF ASSETS

The details of the Group's right use of assets for the year ended 31.12.2022 are as follows:

| | 1.01.2022 | Addition | Disposal | Transfer | 31.12.2022 |
|---|--------------------|--------------------|----------------|-----------|--------------------|
| Cost – Vehicles | | | | | |
| Right use of assets | 6.316.280 | -- | (4.788) | -- | 6.311.492 |
| Total | 6.316.280 | -- | (4.788) | -- | 6.311.492 |
| Accumulative amortization – Vehicles | | | | | |
| Right use of assets | (3.025.517) | (1.572.840) | -- | -- | (4.598.357) |
| Total | (3.025.517) | (1.572.840) | -- | -- | (4.598.357) |
| Net Book Value | 3.290.763 | -- | -- | -- | 1.713.135 |

The details of the Group's right use of assets for the year ended 31.12.2021 are as follows:

| | 01.01.2021 | Addition | Disposal | Transfer | 31.12.2021 |
|---|--------------------|--------------------|-----------|-----------|--------------------|
| Cost – Vehicles | | | | | |
| Right use of assets | 5.900.470 | 415.810 | -- | -- | 6.316.280 |
| Total | 5.900.470 | 415.810 | -- | -- | 6.316.280 |
| Accumulative amortization – Vehicles | | | | | |
| Right use of assets | (1.409.337) | (1.616.180) | -- | -- | (3.025.517) |
| Total | (1.409.337) | (1.616.180) | -- | -- | (3.025.517) |
| Net Book Value | 4.491.134 | | | | 3.290.763 |

The Group has included the lease obligations representing the operational lease payments for which it is liable in its consolidated financial statements. The details of the accounting made by the Group in accordance with TFRS 16 Leases standard are explained in Note 2.

15. IMPAIRMENT OF ASSETS

The impairment in trade receivables of the Group as of December 31,2021 and December 31,2022 and the related impairment provisions have been shown in the relevant financial statement items (Note 7).

The impairment in tangible and intangible assets of the Group as of December 31,2021 and the related impairment provisions have been shown in the relevant financial statement items (Note 14).

16. GOVERNMENT GRANTS

Investment incentive certificate held by Çan2 Termik A.Ş., which is dated 06.02.2015 and numbered 117824 and issued by Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, has been renewed with the number C117824, dated 18.09.2017.

The investment concerning the certificate is a power generation plant based on domestic coal with an installed capacity of 340 MW (Çan 2 Thermal Power Plant). The incentive certificate was issued in accordance with EMRA's preliminary license dated 10.07.2014 numbered ÖN / 5117-5 / 03070.

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16. GOVERNMENT GRANTS (Cont'd)

The investment incentive certificate has been granted for the new investment made in Çanakkale Çan 2nd region and covers the period between 13.08.2014 and 12.02.2019. With the certificate, Employer's Share Support for Insurance Premium, Interest Support, Tax Reduction Rate Support, VAT exemption and Customs Tax exemption incentives are used. The total amount of the investment is TL 801.789.866. An Incentive Closing Visa application was made to the Ministry of Industry and Technology on October 2, 2019, and a completion visa was effected within the framework of Article 24 of the decision dated June 15, 2012 and numbered as 2012/3305 and Article 23 of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was notified to the Company in accordance with the letter dated August 5, 2020 and numbered 1777914. The contribution rate to the investment is calculated at the rate of 40% over the total investment amount before the closing of the investment incentive certificate, and a tax reduction of 80% is provided up to the tax reaching up to TL 320.715.946. Indexed and not deducted investment incentive deduction amount in 2022 is 873,238,724 TL. Deferred tax has been computed on this amount (Note 30).

In addition, an investment incentive certificate organized by the Republic of Turkey Ministry of Industry and Technology, dated April 8, 2020, No. 510216 and ID number 1013731 was issued. The support class is classified as Regional-Priority Investment and the support elements consist of VAT Exemption, Interest Support, Tax Reduction, Insurance Premium Employer's Share and Land Allocation. The investment subject to the certificate is a power generation plant based on domestic coal with an installed power of 340 MW (Çan 2 Thermal Power Plant), and the incentive certificate was issued in accordance with the Energy Market Regulatory Authority's Production License dated January 28, 2016, numbered ÜE / 6083-2 / 03428.

17. BORROWING COSTS

There is no borrowing costs for the period under investigation. (31.12.2021: None)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

| | 31.12.2022 | 31.12.2021 |
|--------------------|----------------|------------------|
| Lawsuit provisions | 978.028 | 1.480.086 |
| Total | 978.028 | 1.480.086 |

Cases Against the Group

As of 31.12.2022, according to the information obtained from the Group's legal consultancy, there are various commercial lawsuits filed against the Group. A provision of TL 281.821 has been set aside for these lawsuits and their costs.

As of 31.12.2022, the Group has set aside a provision for litigation expenses of TRY 696.207 considering the high probability of losing the cases related to reemployment lawsuits.

The details of the provision for litigation regarding the lawsuits filed against the Group are as follows;

| | 01.01.- 31.12.2022 | 01.01.- 31.12.2021 |
|--|--------------------|--------------------|
| Balance at the Beginning of the Period | 940.350 | 1.480.086 |
| Additional Provisions | 361.119 | 183.850 |
| Cancellations | (323.441) | (723.586) |
| TOTAL | 978.028 | 940.350 |

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18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Favorable Lawsuits

As of the report date, there are various lawsuits initiated by the Group.

Other long-term provisions

| | 31.12.2022 | 31.12.2021 |
|-----------------------------|-------------------|-------------------|
| Mine restoration provisions | 202.598 | 185.044 |
| Total | 202.598 | 185.044 |

In accordance with TFRS 6 Exploration for and Evaluation of Mineral Resources , an entity will recognize in the financial statements the cost of removal and restoration obligations that will be incurred during a given time period as a result of undertaking the exploration and evaluation of mineral resources according to TAS 37 Provisions, Contingent Liabilities and Contingent Assets. Accordingly, based on the technical evaluation made by the project manager and technical team, mining activities in Çanakkale Province Çan District Yayaköy License No: 17448 site will be operated as closed and open operations. Extension projects including this scope have been submitted to the General Directorate of Mining Affairs for approval. Following the open operation, transition will be made to closed operation. There will be no stripping work on the land improvement during the closed business periods. The area stripped in the open pit will be used as an ash storage area within the scope of Çan 2 thermal power plant, as stated in the EIA report.

Subsequent to utilization the economic life of the field, the site will be arranged with a survey study, afforested, and abandoned. Approximate estimated cost for terracing and afforestation will be around TL 300.000.

Pickling work will be carried out in an area of approximately 150 decare. As per the extension project, there are 100 trees per decare. Due to the soil structure of the region, approximately TL 2,000 per decare cost is calculated in this way. The total cost for 150 decare of land has been calculated as $150 \times \text{TL } 2.000 = \text{TL } 300.000$. This study will be carried out after the open business has completed its economic life, which is estimated to be at the completion of 20 year period.

Provision for mine restoration

| | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Balance at the beginning of period | 185.044 | 185.044 |
| Additional provision / payment (-) | 17.554 | -- |
| Balance at the end of the period | 202.598 | 185.044 |

As of December 31, 2022, the net present value of total cost amounting to TL 300.000, is TL 202.598.

Share pledge agreement

A pledge agreement was signed with the Consortium made up of Yapı Kredi Bank A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatagi Commercial Branch and Çan2 Termik A.Ş. in order to pledge all shares of the shareholders of Çan2 Termik A.Ş. in favor of The Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatagi Commercial Branch as the guarantee of the loan issued in accordance with the General Credit Agreement signed by Çan2 Termik A.Ş. Furthermore, related to the debt arising from the General Credit Agreement signed between the consortium made up of Yapı Kredi Bank A.Ş. Esenyurt Commercial Branch and Halk Bank A.Ş. Kozyatagi Commercial Branch and Çan2 Termik A.Ş., a Pledge Agreement and a Movable Pledge Agreement was signed without any provisions in regards the transfer of title and proprietorship. The total amount in the Movable Pledge Agreement is Euros 244.800.000 and TL 1.000.000.000.

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18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Properties owned by ÇAN2 Termik A.Ş. were pledged as guarantee for loans obtained from Yapı Kredi Bank A.S. and Türkiye Halk Bankası. The pledge is ranged between 1 up to 10th degrees. The total amount of the mortgage was TL 2.614.500.000 and Euro 558.900.000.

Assignments

Transfer of EPIAS Receivables Agreement with Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch.

In accordance with the General Loan Agreement signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası EPIAŞ Receivable Pledge Agreement was signed as guarantee of the loan in favor of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch. The pledge was assigned for an amount of TL 13.000.000.000, with a term up to 2029.

Receivable Pledge Agreement with Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Pledge of EÜAŞ Receivable Agreement with Türkiye Halk Bankası A.Ş Commercial Branch:

In accordance with the General Loan Agreement signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası Kozyatağı Commercial Branch EÜAŞ Receivable Pledge Agreement was signed as guarantee of the loan in favor of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch. The pledge assigned is related to the electricity sales agreement dated 24.12.2020.

Guarantees given

The guarantees given by the group are as follows:

| Guarantees / Pledge / Mortgage (GPM) | 31.12.2022 | 31.12.2021 |
|--|-----------------------|-----------------------|
| A) GPM given for companies own legal personality | 19.998.450.829 | 15.969.233.599 |
| B) GPM given in behalf of fully consolidated companies | -- | -- |
| C) GPM given for continuation of its economic activities on behalf of third parties | -- | -- |
| D) Total amount of other GPM's | -- | -- |
| i) Total amount of GPM's given on behalf of the majority shareholder | -- | -- |
| ii) Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C | -- | -- |
| Total amount of CPM's given on behalf of other group companies which are not in scope of B and C | -- | -- |
| iii) Total amount of GPM's given on behalf of third parties which are not in scope of C | -- | -- |
| Total GPM | 19.998.450.829 | 15.969.233.599 |

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18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

Guarantees given (Cont'd)

Guarantees and notes received by the Group are as follows;

| | 31.12.2022 | 31.12.2021 |
|-------------------------------|-------------------|-------------------|
| Letters of guarantee received | 7.243.878 | 3.277.211 |
| Total | 7.243.878 | 3.277.211 |

19. EMPLOYEE BENEFITS

a. Short term

Payables due to employee benefits

| | 31.12.2022 | 31.12.2021 |
|----------------------------------|-------------------|-------------------|
| Payables to personnel | 5.119.135 | 1.964.029 |
| Social security premium payables | 4.207.722 | 4.151.633 |
| Total | 9.326.857 | 6.115.662 |

Payables to personnel consists of unpaid accrued wages and similar debts due. Social Security withholdings consist of social security premiums payables that are accrued with the related payroll, declared and filed on the twenty-third of the following month and paid by the end of the month consists of premium debts.

Annual Leave Provision

The movement of the leave provision account between December 31, 2021 and 2022 are as follows:

| | 31.12.2022 | 31.12.2021 |
|---|-------------------|-------------------|
| Balance at beginning of the period | 4.867.231 | 3.031.076 |
| Provision for the period | 5.530.180 | 1.836.155 |
| Total | 10.397.411 | 4.867.231 |

b. Long term

Severance pay provision

Under the Turkish Labor Law, companies are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The maximum amount payable equals to one month of salary is TL 17.904,62 as of 31 December 2022 (31 December 2021: TL 10.596,74) for each year of service.

In order to calculate the liabilities of the Group in accordance with TAS 29 (Employee Benefits), a calculation made with actuarial assumptions is required. The Group calculated the provision for severance pay, using the "Projection Method" in accordance with TAS 29, based on the experience of the Group in completing the personnel service period in previous years and gaining the right to severance pay and reflected it in the financial statements.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. Accordingly, the actuarial assumptions used to calculate the liability as of December 31, 2021 and 2022 are as follows:

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19. EMPLOYEE BENEFITS (Cont'd)

| | 31.12.2022 | 31.12.2021 |
|----------------------------|------------|------------|
| Discount rate | 21,44% | 18,90% |
| Estimated rate of increase | 17,78% | 15,00% |
| Net Discount rate | 3,11% | 3,39% |

The movement of the employment termination benefits provision during the years ended December 31,2021 and 2022 are as follows:

Severance pay provision

| | 31 December 2022 | 31 December 2021 |
|-------------------------------------|------------------|------------------|
| Balance at beginning of the period | 1.324.274 | 818.428 |
| Additional Allowance / Payment (-) | 1.785.190 | 505.846 |
| Balance at end of the period | 3.109.464 | 1.324.274 |

| | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| Balance at beginning of the period | 1.324.274 | 818.428 |
| Payment | 1.030.959 | 891.014 |
| Interest cost | 305.041 | 152.865 |
| Current service cost | (848.946) | (749.382) |
| Actuarial Gain/Loss | 1.298.136 | 211.349 |
| Balance at end of the period | 3.109.464 | 1.324.274 |

20. OTHER ASSETS AND LIABILITIES

Other current assets

Other Current Assets as of December 31, 2021, and 2022 are as follows:

| | 31.12.2022 | 31.12.2021 |
|----------------------|--------------------|--------------------|
| Income accruals (*) | 327.137.281 | 104.435.569 |
| Deferred VAT | 5.335.857 | 7.829.601 |
| Job advances | 1.024.235 | 3.447.047 |
| Personnel advances | 72.371 | 3.654 |
| Order advances given | 43.933.193 | 6.450.685 |
| Total | 377.502.937 | 122.166.556 |

(*) Income accruals are as follows:

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|--------------------|
| Income accruals from sales of electricity | 327.137.281 | 104.435.569 |
| TOTAL | 327.137.281 | 104.435.569 |

Other short-term liabilities

| | 31.12.2022 | 31.12.2021 |
|------------------|--------------------|-------------------|
| Expense accruals | 498.136.013 | 43.650.986 |
| Total | 498.136.013 | 43.650.986 |

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20. OTHER ASSETS AND LIABILITIES (Cont'd)

The details of Expense Accruals are as follows:

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|-------------------|
| Expense accruals from electricity purchases | 497.213.402 | 41.063.525 |
| Other expenses accruals | 922.611 | 2.587.461 |
| Total | 498.136.013 | 43.650.986 |

The details of Other Non - Current Assets as of December 31, 2021, and 2022 are as follows.

Other non-current assets

| | 31.12.2022 | 31.12.2021 |
|--------------------|-------------------|-------------------|
| Advances given (*) | 47.864.509 | 53.860.977 |
| Total | 47.864.509 | 53.860.977 |

(*) Advances given consist of advances given to contractors and suppliers in the previous periods in order to purchase investment materials and services for Çan-2 Termik A.Ş. plant.

Other long-term liabilities

| | 31.12.2022 | 31.12.2021 |
|----------------------|----------------|------------------|
| Expense accruals (*) | 481.163 | 1.447.164 |
| Total | 481.163 | 1.447.164 |

(*) Amount consists of the interest expense accrual related to the restructuring of insurance and tax debt installment.

21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid Capital

The paid capital structure of the Group as of 31.12.2021, and 2022 is as follows:

| Shareholders | 31.12.2022 | | 31.12.2021 | |
|-------------------------------------|--------------------|-------------|--------------------|-------------|
| | Shares | Amounts | Percentage | Percentage |
| Odaş Elektrik Üretim San. Tic. A.Ş. | 245.651.000 | 76,77% | 245.651.000 | 76,77% |
| Public Shares | 74.349.000 | 23,23 | 74.349.000 | 23,23 |
| Total | 320.000.000 | 100% | 320.000.000 | 100% |

As of 31.12.2022, the paid-in capital of Çan2 Termik A.Ş. was TL 320.000.000, divided into 320.000.000 (Three hundred and twenty million shares, each with a nominal value of TL 1.

Share premiums/discounts

In the aftermath of the share capital increased realized between April 21-22 through a share offering, the sale of 67.590.000 shares during the IPO process at Borsa İstanbul AŞ over the nominal value of TL 1 gave rise to Share Premiums amounting to TL 185.332.488 included under shareholders equity after the net-off of the public issue costs of TL 9.441.284.

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21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

| | 31.12.2022 | 31.12.2021 |
|----------------|--------------------|--------------------|
| Share Premiums | 185.332.488 | 185.332.488 |
| TOTAL | 185.332.488 | 185.332.488 |

Gain/Loss From Revaluation

| | 31.12.2022 | 31.12.2021 |
|---|----------------------|----------------------|
| Land, Building, Vehicles, Machinery and Plant | 2.829.801.337 | 2.831.264.906 |
| Total | 2.829.801.337 | 2.831.264.906 |

Gain/Loss From Cash Risk Protection

| | 31.12.2022 | 31.12.2021 |
|------------------------------|--------------------|--------------------|
| Cash Flow Hedge Gains/Losses | 766.181.663 | 425.193.010 |
| Total | 766.181.663 | 425.193.010 |

Actuarial Loss / Gain Fund

The movement of actuarial loss/gain fund is as follows:

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|-------------------|
| Balance at beginning of the period | (620.592) | (457.852) |
| Actuarial gain/loss | (1.298.136) | (211.350) |
| Deferred tax effect | 259.627 | 48.610 |
| Balance at the end of the period | (1.659.101) | (620.592) |

The Effect of Mergers Involving Entities Subject to Common Control

Amounts arising from the merger of businesses subject to common control, which are included in the " The Effect of Mergers Involving Entities Subject to Common Control " are shown below.

| Name | Acquisition Cost | Acquired Equity Share Value | The Effect of Mergers Involving Entities Subject to Common Control |
|------------|------------------|-----------------------------|--|
| Yel Enerji | 100.000 | (1.299.068) | (1.399.068) |

A business combination involving the undertakings or businesses subject to joint control is a business combination in which all the merging undertakings or businesses are controlled by the same person or persons before and after the business merger and this control is not temporary.

Goodwill cannot be included in the financial statements since business combinations subject to common control are accounted for using the combination of rights method. Therefore, goodwill amounting to TL 1,399,068 arising from the acquisition of enterprises under common control has been shown in the "Effect of Mergers Including Joint Controlled Enterprises or Businesses" account as an offsetting account under equity.

Capital Advances

There are no capital advances (31.12.2021: None).

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21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Cont'd)

Parent Company Shares

During the year ended December 31, 2022, the Group incurred a period profit of TL 2.137.026.469. (31.12.2021: TL 180.963.007 of net loss), all of which pertain to the Parent Company shares and there are no non - controlling interests.

Prior Years Profit/Loss

| Prior Years Profit/Loss | 31.12.2022 | 31.12.2021 |
|--|----------------------|----------------------|
| Prior Years Profit/Loss | (112.788.484) | (150.141.189) |
| Share Not Resulting in Loss of Control in Subsidiaries Rate Not. Depending On Increase/Decrease | -- | -- |
| Profit/Loss for the Period | (180.963.006) | 37.352.705 |
| Total | (293.751.490) | (112.788.484) |

22. REVENUE AND COST OF SALES

The details of sales are as follows

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|-----------------------|----------------------------------|----------------------------------|
| Domestic Sales | 5.825.394.984 | 1.192.954.380 |
| Electricity Sales | 5.819.210.126 | 1.192.058.316 |
| Other Income | 6.184.858 | 896.064 |
| Sales Returns | (12.854.095) | (17.859) |
| Total | 5.812.540.889 | 1.192.936.521 |

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23. EXPENSES BY NATURE

The details of the cost of sales for the periods 01.01.-31.12.2022 and 01.01.-31.12.2021 are as follows:

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--|--|--|
| Daily Market Debt Fee | 1.101.156.832 | 124.259.259 |
| Other costs TEIAS/EPIAS | 889.339.618 | 1.092.194 |
| Coal usage cost | 721.681.510 | 294.779.488 |
| Energy imbalance amount | 422.513.153 | 145.096.489 |
| Amortization and depreciation expenses | 190.064.102 | 61.069.542 |
| Personnel expenses | 118.992.843 | 53.888.803 |
| Maintenance cost | 63.277.518 | 19.812.223 |
| Diesel consumption cost | 52.298.236 | 10.602.714 |
| System usage and operating fee | 41.303.014 | 33.585.055 |
| Fuel Oil usage cost | 32.146.536 | 12.567.173 |
| DGP amount | 24.042.389 | 10.847.487 |
| Insurance cost | 14.178.586 | 8.387.410 |
| Rental Expenses | 10.593.018 | -- |
| The Cost of Selling Coal | 9.752.019 | 10.316.531 |
| The Cost of Selling Finished Products Obtained from Production | 9.732.596 | 14.322.380 |
| Limestone usage cot | 9.634.450 | 3.736.621 |
| Bilateral agreements cost | 8.750.201 | 6.619.759 |
| Consultancy Expenses | 1.478.287 | -- |
| Other Cost | 15.360.445 | 20.703.519 |
| Purchase amount of the Gop system | -- | 32.410.381 |
| Imbalance of Group Companies | -- | 1.206.267 |
| Retroactive Adjustment Amount | -- | 55.703 |
| TOTAL | 3.736.295.353 | 865.358.998 |

24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING

Marketing, selling and distribution expenses

There are no marketing, sales distribution expenses for the periods 01.0-31.12.2022 and 01.01-31.12.2021

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24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING (Cont'd)**General Administrative Expenses**

The details of the general administrative expenses for the periods 01.01.-31.12.2022, and 2021 are as follows:

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|---|--|--|
| Personnel expenses | 25.042.724 | 16.592.763 |
| Tax Return and Contract Stamp Duty Tax | 4.879.039 | 1.629.333 |
| Amortization expenses | 4.151.679 | 3.595.334 |
| Consultation expense | 3.552.957 | 992.862 |
| CMB Board Expenses | 2.908.165 | -- |
| Representation and hospitality expenses | 280.244 | 94.039 |
| Legal Provision expenses | 206.223 | 1.035.568 |
| Fuel expenses | 196.827 | 114.782 |
| IPO Expenses | 194.378 | -- |
| Subscription fee | 168.673 | 162.448 |
| Travel expenses | 159.286 | 159.985 |
| Notary expenses | 61.174 | 42.967 |
| Freight expenses | 33.324 | 13.994 |
| Other expenses | 3.851.469 | 586.172 |
| Rent expenses | -- | 573.792 |
| Tax expenses | -- | 43.179 |
| Total | 45.686.163 | 25.637.218 |

25. OTHER OPERATING INCOME AND EXPENSES**Other income from operating activities**

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|-----------------------------------|--|--|
| Exchange rate gain | 30.859.520 | 10.187.642 |
| Previous year's profit and income | 6.211.846 | 9.571.782 |
| Other operating profit and income | 1.651.125 | 8.902.356 |
| Other extraordinary income | 1.498.480 | 3.548.773 |
| Provision no longer required | 325.114 | 723.587 |
| Rediscount income | 25.586 | 26.640 |
| Total | 40.571.671 | 32.960.780 |

Other expenses from operating activities

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--|--------------------------------------|--------------------------------------|
| Other Extra Ordinary Losses and Expenses | 34.295.725 | 18.036.779 |
| Exchange Rate Expenses | 31.591.182 | 18.109.837 |
| Idle Capacity Losses and Expenses | 6.903.975 | 4.153.798 |
| Rediscount expenses | 3.256.128 | 10.543.866 |
| Previous years losses and expenses | 1.101.012 | 30.714.530 |
| Provision expenses | 222.244 | -- |
| Other | 674.295 | 2.425.626 |
| Total | 78.044.561 | 83.984.436 |

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26. INVESTMENT INCOME AND EXPENSES

The details of the income and expenses from investment activities for the periods 01.01.-31.12.2022, and 2021 are as follows:

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|-------------------------------------|--|--|
| Income from investment activities | 28.829.080 | 124.647 |
| Expenses from investment activities | (1.671) | -- |
| Total | 28.827.409 | 124.647 |

27. EXPENSES BY NATURE

The details of the expenses of the Group classified based on variety for the periods 01.01.-31.12.2022, and 2021 are as follows:

| Amortization Expense | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|----------------------------------|--|--|
| Cost of sales | 190.064.102 | 61.069.542 |
| General administrative expense | 4.151.679 | 3.595.334 |
| Idle capacity expenses and loses | 5.311.906 | 927.096 |
| Previous years profit/loss | -- | 41.972 |
| Total | 199.527.687 | 65.633.944 |

| Personnel Expenses | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--------------------------------|--|--|
| Cost of sales | 118.992.843 | 53.888.803 |
| General administrative expense | 25.042.724 | 16.592.763 |
| Total | 144.035.567 | 70.481.566 |

| Insurance Expenses | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|---------------------------|--|--|
| Cost of sales | 14.178.586 | 8.387.410 |
| Total | 14.178.586 | 8.387.410 |

| Consultancy Expenses | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--------------------------------|--|--|
| General administrative expense | 3.552.957 | 992.862 |
| Cost of Sales | 1.478.287 | -- |
| Total | 5.031.244 | 992.862 |

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28. FINANCIAL INCOME AND EXPENSES

Financial Income

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|---|--|--|
| Exchange gain | 333.226.471 | 117.563.958 |
| Interest Income | 28.509.987 | 9.537.101 |
| Profits from Derivative Instruments | 18.384.000 | -- |
| Rediscount expenses | 1.740.499 | 5.333.391 |
| Profit on Sale of Marketable Securities | 456.617 | 46.548 |
| Total | 382.317.574 | 132.480.998 |

Financial Expenses

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|----------------------------------|--|--|
| Exchange losses | 442.110.605 | 418.551.979 |
| Interest and commission expenses | 330.282.165 | 235.366.152 |
| Rediscount expenses | 43.234.156 | 2.690.466 |
| Total | 815.626.926 | 656.608.597 |

29. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

The Group's other comprehensive income/(expense) during the years ended 31.12.2022 and 31.12.2021 comprised:

| Other comprehensive income (expense) that will not be reclassified to profit and loss | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--|--|--|
| Revaluation Gain/Loss | -- | 2.693.227.136 |
| Actuarial Gain / Loss | (1.298.136) | (211.349) |
| Deferred tax income / expenses | 259.627 | (516.605.277) |
| Total | (1.038.509) | 2.176.410.510 |

30. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

Tax income /expenses in the statement of income during the years ended 31.12.2022 and 31.12.2021 comprised:

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|--------------------------------------|--|--|
| Deferred tax income / expense | 576.882.385 | 92.123.296 |
| Cash Flow Hedging Gains/Losses | 82.876.463 | 108.668.953 |
| Current tax expense / income | (28.460.456) | -- |
| Deferred tax reflected in Equity (*) | 259.627 | (516.605.277) |
| Total | 631.558.019 | (315.813.028) |

Current Tax

In Turkey, the corporate tax rate is applied as 22% for corporate earnings for the taxation periods of 2018, 2019, 2020 and 25% for 2021 and 23% for 2022 in accordance with the Corporate Tax Law No. 5520.

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30. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Cont'd)**Current Year Tax Provisions, Net**

| | 31 December 2022 | 31 December 2021 |
|---|--------------------|------------------|
| Profit / Loss Before Tax | 1.376.526.867 | -- |
| Non-tax-deductible expenses | 11.945.911 | -- |
| Financing Expense Restriction | 68.407.716 | -- |
| Currency Protected Deposit System | 24.409.882 | -- |
| Participation Earning | 1.721.475 | -- |
| Past year loss deduction | 754.913.960 | -- |
| Reduced corporate tax advantage arising from capital increase in cash | 85.869.555 | -- |
| Corporate Tax Base | 589.965.621 | -- |
| Corporate Tax Base (%23) | 1.652.242 | -- |
| Corporate Tax Base (Investment Discounted Part %4,6) | 26.808.214 | -- |
| Current Tax Expenses | 28.460.456 | -- |

Assets Related to Current Period Tax

| | Dec 31 2022 | Dec 31 2021 |
|-------------------------|------------------|-------------|
| Prepaid Taxes and Funds | 3.268.855 | -- |
| TOTAL | 3.268.855 | -- |

Deferred Tax

The Group's deferred income tax assets and liabilities are calculated by taking into account the effects of temporary differences arising as a result of different evaluation between the registered value of the balance sheet items and the Tax Procedure Law.

These temporary differences generally resulting from the recognition of income and expenses in different reporting periods according to the CMB Communiqué and tax laws. The rate to be applied for the deferred tax receivables and liability calculated according to the liability method over the temporary differences that will arise after 31.12.2008 is 20%. However, the 20% tax rate specified in the first paragraph of Article 32 of the Corporate Tax Law No. 5520 with the Law No. 7061 "Amending Some Tax Laws and Some Other Laws" adopted on 28.11.2017 is for corporate earnings for the 2018, 2019 and 2020 taxation periods. The provision that is applied as 22% has been added with a provisional article. The tax rate for corporate earnings will be applied as 25% in 2021 and 23% in 2022.

Turkish tax legislation makes not possible that the main partner of company can organize tax statement via financial statement of its consolidated subsidiaries and affiliates. Therefore, with company has deferred tax assets and company has deferred liabilities are not net finalized their tax position. It is stated separately.

The deferred tax assets and liabilities as of December 31, 2022, and 2021 are given in the financial statements as follows,

| | 31.12.2022 | 31.12.2021 |
|---|--------------------|----------------------|
| Deferred Tax Assets | 490.995.261 | -- |
| Deferred Tax Liabilities | (5.686.230) | (175.075.436) |
| Deferred Tax Assets / Liabilities, Net | 485.309.031 | (175.075.436) |

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30. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Cont'd)**Deferred Tax (Cont'd)**

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of December 31, 2021, and 2022 are as follows:

| Deferred tax assets / Liabilities | Temporary Differences | | Deferred tax assets / (Liabilities) | |
|---|-----------------------|-------------------|-------------------------------------|----------------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| Other Deferred Tax Assets/Liabilities | 85.430 | -- | 19.649 | -- |
| Rediscounts | 28.774.956 | (11.633.005) | 6.618.240 | (2.675.591) |
| Stocks | (13.575) | -- | (3.122) | -- |
| Other liabilities and accrued expenses | 137.491.731 | (167.995.885) | 31.623.097 | (38.639.053) |
| Tangible and intangible fixed assets depreciation differences | 210.464.627 | (34.587.391) | 48.406.864 | (7.955.100) |
| Employment termination benefits and annual leave provision | 12.874.350 | 5.055.347 | 2.961.101 | 1.162.730 |
| Reduced corporate tax advantage arising from capital increase in cash | -- | 218.291.299 | -- | 50.206.999 |
| Reduced Corporate Tax from Investment (*) | -- | -- | 866.559.089 | 320.715.946 |
| Tangible Asset Revaluation Effects | -- | -- | (695.587.677) | (695.171.391) |
| Cash Flow Hedging Gains/Losses | -- | -- | 224.711.790 | 108.668.953 |
| IAS 21 Currency Change Effect | -- | 61.757.204 | -- | 13.586.584 |
| Prior Period Expense Losses | -- | -- | -- | 75.024.487 |
| Total | 389.677.519 | 70.887.569 | 485.309.031 | (175.075.436) |

(*) Even though the related investment of the Group is in Region II, the Special Terms of Investment Incentive, Article 5 state that the investment subject to the incentive is listed among prioritized investments, which will benefit from regional supports granted to Region 5. Accordingly, the Investment Contribution Rate is 40% and the Discounted Corporate Tax Rate is 80%. Accordingly, the Group will benefit from reduced corporate tax application in the amount of TL 320.715.946 in relation to the profit from the investment, which is calculated as 40% of the total investment amount of TL 801.789.865. In addition, there is an investment discount within the scope of the investment incentive certificate dated 08.04.2020. The Investment Contribution Rate is 40% and the Discounted Corporate Tax Rate is 80%. Accordingly, a reduced corporate tax application will be available for the income obtained from the investment of TRY 76.453.154, which is 40% of the total investment of TRY 191.132.885. The remaining investment allowance indexed in 2022 is 866.559.089 TL.

31. EARNINGS PER SHARE

| | 01 January - 31 December 2022 | 01 January - 31 December 2021 |
|---|----------------------------------|----------------------------------|
| Net profit / (Loss) | 2.137.026.469 | (180.963.007) |
| Weighted average number of common share | 320.000.000 | 297.963.808 |
| Profit / (Loss) per share with a nominal value of 1 TL | 6,678208 | (0,607332) |

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32. REPORTING IN HYPERINFLATIONARY COUNTRIES

In order to show the changes in the purchasing power of Turkish Lira in the financial statements prepared before 01.01.2005, inflation adjustments have been made by using wholesale price indices within the scope of TAS 29. In this standard, it is stipulated that the financial statements prepared in currency in high inflation periods are expressed in terms of the current purchasing power of money by eliminating the effects of changes in the purchasing power of money on financial statement items by using the adjustment coefficient. On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying IFRS do not need to make any adjustments within the scope of TAS 29 in their financial statements for 2021.

33. FINANCIAL INSTRUMENTS

Short term financial liabilities

As of December 31, 2021 and 2022 short-term financial debts are as follows:

| | 31.12.2022 | 31.12.2021 |
|---|----------------------|----------------------|
| Bank loan | -- | 81.776.258 |
| Liabilities from leasing | 1.125.581 | 804.476 |
| Deferred leasing costs (-) | (263.849) | (383.323) |
| Loan principal instalments and interest | 293.815.316 | 543.249.068 |
| Other financial liabilities | 866.832 | 2.972.839 |
| Short term financial liabilities – Net | 295.543.880 | 628.419.318 |
| Long term financial liabilities | | |
| | 31.12.2022 | 31.12.2021 |
| Bank loan | 1.931.248.633 | 1.670.555.436 |
| Liabilities from leasing | 670.897 | 1.475.364 |
| Deferred leasing costs (-) | (80.765) | (338.456) |
| Long term financial liabilities – Net | 1.931.838.765 | 1.671.692.344 |
| | 31.12.2022 | 31.12.2021 |
| Other financial liabilities | 866.832 | 2.972.839 |
| Total | 866.832 | 2.972.839 |

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33. FINANCIAL INSTRUMENTS (Cont'd)

The details of the maturity and interest amounts of the Group's loans are as follows:

Loan repayment schedule:

| Long term loans | 31.12.2022 | 31.12.2021 |
|------------------------|----------------------|----------------------|
| 2023 | -- | 340.316.800 |
| 2024 | 441.534.725 | 293.026.883 |
| 2025 | 378.260.303 | 256.153.049 |
| 2026 | 330.334.391 | 226.669.511 |
| 2027 | 287.320.534 | 200.187.875 |
| 2028 | 248.673.391 | 176.350.730 |
| 2029 | 214.207.450 | 155.018.633 |
| 2030 | 30.917.839 | 22.831.955 |
| Total | 1.931.248.633 | 1.670.555.436 |

| Long term loans | 31.12.2022 | 31.12.2021 |
|------------------------|----------------------|----------------------|
| 1-2 Years | -- | -- |
| 2-3 Years | 441.534.725 | -- |
| 3-4 Years | 378.260.303 | 340.316.800 |
| 4-5 Years | 330.334.391 | 293.026.883 |
| 5 Years and above | 781.119.214 | 1.037.211.753 |
| Total | 1.931.248.633 | 1.670.555.436 |

| Date of payment | Liabilities from leasing | Deferred leasing costs (-) |
|------------------------|---------------------------------|-----------------------------------|
| 2023 | 1.125.581 | (263.849) |
| 2024 | 670.898 | (80.766) |
| Total | 1.796.479 | (344.615) |

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33. FINANCIAL INSTRUMENTS (Cont'd)

| | Annual interest rate % | | Value in foreign currency | | TL |
|---|------------------------|------------|---------------------------|----------------------|----------------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.12.2021 |
| TL Loans | 7,5%-18% | 7%-29% | -- | -- | 14.299.118 |
| EURO Loans | 6%-8,5% | 5,5%-7% | 4.464.575 | -- | 67.477.140 |
| Short term Loans | | | -- | -- | 81.776.258 |
| EURO Loans | 6%-8,5% | 5,5%-7% | 11.586.248 | 31.191.030 | 471.418.101 |
| TL Loans | 7,5%-18% | 7,5%-29% | -- | -- | 71.830.967 |
| Short Term Loan principal installments and interests | | | -- | 293.815.316 | 543.249.068 |
| Short term Loans in total | | | -- | -- | 625.025.327 |
| EURO Loans | 6%-8,5 | 5,5%-7 | 91.908.500 | 102.531.484 | 1.549.650.599 |
| TL Loans | 7,5%-18% | 7,5%-29% | -- | -- | 120.904.837 |
| Long term Loans in total | | | 1.931.248.633 | 1.670.555.436 | 1.670.555.436 |

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit risk management

The credit risks exposed by the financial instrument types as of December 31, 2022, as follows:

| | Receivables | | | | | | Deposits at banks | Derivative instruments | Other |
|---|-------------------|-------------|-------------------|-------------|-------------|-------------|-------------------|------------------------|-------|
| | Trade receivables | | Other receivables | | Third party | Third party | | | |
| | Related party | Third party | Related party | Third party | | | | | |
| 31.12.2022 | | | | | | | | | |
| Minimum credit risk exposed as of reporting date (A+B+C+D+E) | | | | | | | | | |
| - The section of the minimum risk taken under assurance | 498.659.615 | -- | 416.258.377 | -- | 9.979.929 | 2.820.674 | 2.446 | 121.933.701 | |
| | | | | | | 2.561.476 | -- | -- | |
| A. Carrying amount of financial assets not overdue or not impaired | 498.659.615 | | 416.258.377 | | 9.979.929 | 259.198 | 2.446 | 121.933.701 | |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired | -- | -- | -- | -- | -- | -- | -- | -- | |
| C. Carrying amount of financial assets overdue but not impaired | -- | -- | -- | -- | -- | -- | -- | -- | |
| D. Carrying amount of assets impaired | -- | -- | 1.500.000 | -- | -- | -- | -- | -- | |
| -Overdue (gross book value) | -- | -- | (1.500.000) | -- | -- | -- | -- | -- | |
| - Impairment (-) | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Net value guaranteed | -- | -- | -- | -- | -- | -- | -- | -- | |
| -Undue (gross book value) | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Impairment (-) | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Net value guaranteed | -- | -- | -- | -- | -- | -- | -- | -- | |
| E. Off-balance sheet items carrying credit risk | -- | -- | -- | -- | -- | -- | -- | -- | |

In determining the amount, the factors that increased credit reliability, such as the guarantees received, were not considered.

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont'd)

The credit risks exposed by the financial instrument types as of December 31, 2021, as follows:

| 31.12.2021 | Receivables | | | | | | | Deposits at banks | Derivative instruments | Other |
|---|-------------------|--------------------|--------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------------|-------|
| | Trade receivables | | | Other receivables | | Third party | Third party | | | |
| | Related party | Third party | Third party | Related party | Third party | | | | | |
| Minimum credit risk exposed as of reporting date (A+B+C+D+E) | 28.517.163 | 126.681.346 | 126.681.346 | 592.695 | 2.950.292 | 2.950.292 | 15.643.115 | 7.909.606 | 66.142.481 | |
| - The section of the minimum risk taken under assurance | -- | -- | -- | -- | 2.452.067 | 2.452.067 | -- | -- | -- | |
| A. Carrying amount of financial assets not overdue or not impaired | 28.517.163 | 126.681.346 | 126.681.346 | 592.695 | 498.225 | 498.225 | 15.643.115 | 7.909.606 | 66.142.481 | |
| B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| C. Carrying amount of financial assets overdue but not impaired | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| D. Carrying amount of assets impaired | -- | 1.500.000 | 1.500.000 | -- | -- | -- | -- | -- | -- | |
| -Overdue (gross book value) | -- | (1.500.000) | (1.500.000) | -- | -- | -- | -- | -- | -- | |
| - Impairment (-) | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Net value guaranteed | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| -Undue (gross book value) | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Impairment (-) | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| - Net value guaranteed | -- | -- | -- | -- | -- | -- | -- | -- | -- | |
| E. Off-balance sheet items carrying credit risk | -- | -- | -- | -- | -- | -- | -- | -- | -- | |

In determining the amount, the factors that increased credit reliability, such as the guarantees received, were not considered.

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont'd)

Liquidity risk

The main responsibility related to liquidity risk management belongs to the Board of Directors. The board of Directors has established an appropriate liquidity risk management for the short-, medium- and long-term funding and liquidity requirements of the Group's Management. The Group manages liquidity risk by regularly monitoring estimated and actual cash flows and ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities.

In this context, care is taken to ensure that the maturities of receivables and payables are compatible, in order to maintain short-term liquidity, net working capital management targets are set and efforts are made to keep the balance sheet ratios at certain levels.

In medium- and long-term liquidity management, the Group's cash flow forecasts are made based on financial markets and industry dynamics, the cash flow cycle is monitored and tested according to various scenarios.

It shows the maturity distribution of the Group's non-derivative financial liabilities. Non-derivative financial liabilities are prepared without discount and based on the earliest dates required to be paid. When receivables or payables are not fixed, the amount disclosed is determined using the interest rate derived from the yield curves at the date of the report.

Market Risk

Market risk is changes in interest rates, rates or the value of securities that will adversely affect the Group.

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont'd)

Foreign Currency Risk

| FOREIGN EXCHANGE POSITION | | | | |
|---|------------------------------------|------------------|----------------------|------------|
| | 31.12.2022 | | | |
| | TL (Functional Currency) | USD | EUR | GBP |
| 1. Trade Receivables | 34.088.871 | 1.823.100 | -- | -- |
| 2a. Monetary Financial Assets (Cash, Banks included) | 14.059.517 | 1.714 | 703.540 | 111 |
| 2b. Non-Monetary Financial Assets | 30.430.057 | 347.816 | 1.200.231 | -- |
| 3. Other | -- | -- | -- | -- |
| 4. Current Assets (1+2+3) | 78.578.445 | 2.172.630 | 1.903.771 | 111 |
| 5. Trade Receivables | -- | -- | -- | -- |
| 6a. Monetary Financial Assets | -- | -- | -- | -- |
| 6b. Non-Monetary Financial Assets | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- |
| 8. Non-Current Assets (5+6+7) | -- | -- | -- | -- |
| 9. Total Assets (4+8) | 78.578.445 | 2.172.630 | 1.903.771 | 111 |
| 10. Trade Payables | (52.419.333) | (341.912) | (2.304.096) | -- |
| 11. Financial Liabilities | (231.386.636) | -- | (11.586.248) | -- |
| 12a. Other Monetary Financial Liabilities | -- | -- | -- | -- |
| 12b. Other Non-Monetary Financial Liabilities | -- | -- | -- | -- |
| 13. Current Liabilities (10+11+12) | (283.805.969) | (341.912) | (13.890.344) | -- |
| 14. Trade Payables | -- | -- | -- | -- |
| 15. Financial Liabilities | (1.835.486.267) | -- | (91.908.500) | -- |
| 17. Non-Current Liabilities (14+15+16) | (1.835.486.267) | -- | (91.908.500) | -- |
| 18. Total Liabilities (13+17) | (2.119.292.236) | (341.912) | (105.798.844) | -- |
| 19. Net asset / liability position of off-balance sheet derivatives (19a-19b) | -- | -- | -- | -- |
| 19a. Total Amount of Assets Hedged | -- | -- | -- | -- |
| 19b. Total Amount of Liabilities Hedged | -- | -- | -- | -- |
| 20. Net foreign currency asset liability position (9-18+19) | (2.040.713.791) | 1.830.718 | (103.895.073) | 111 |
| 21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a) | (2.071.143.848) | 1.482.902 | (105.095.304) | 111 |
| 22. Net asset / liability position of off-balance sheet derivatives | -- | -- | -- | -- |
| 23. Export | -- | -- | -- | -- |
| 24. Import | -- | -- | -- | -- |

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont'd)

| FOREIGN EXCHANGE POSITION | | | | |
|---|-----------------------------|--------------------|----------------------|----------------|
| | 31.12.2021 | | | |
| | TL (Functional Currency) | USD | EUR | GBP |
| 1. Trade Receivables | 41.190.353 | 3.035.383 | 48.501 | -- |
| 2a. Monetary Financial Assets (Cash, Banks included) | 6.891.193 | 757 | 456.097 | 6 |
| 2b. Non-Monetary Financial Assets | 12.478.428 | 453.225 | 426.693 | -- |
| 3. Other | -- | -- | -- | -- |
| 4. Current Assets (1+2+3) | 60.559.974 | 3.489.365 | 931.291 | 6 |
| 5. Trade Receivables | -- | -- | -- | -- |
| 6a. Monetary Financial Assets | -- | -- | -- | -- |
| 6b. Non-Monetary Financial Assets | -- | -- | -- | -- |
| 7. Other | -- | -- | -- | -- |
| 8. Non-Current Assets (5+6+7) | -- | -- | -- | -- |
| 9. Total Assets (4+8) | 60.559.974 | 3.489.365 | 931.291 | 6 |
| 10. Trade Payables | (64.242.470) | (1.437.503) | (2.975.515) | (4.200) |
| 11. Financial Liabilities | (538.895.242) | -- | (35.655.605) | -- |
| 12a. Other Monetary Financial Liabilities | -- | -- | -- | -- |
| 12b. Other Non-Monetary Financial Liabilities | -- | -- | -- | -- |
| 13. Current Liabilities (10+11+12) | (603.137.712) | (1.437.503) | (38.631.120) | (4.200) |
| 14. Trade Payables | -- | -- | -- | -- |
| 15. Financial Liabilities | (1.549.650.599) | -- | (102.531.484) | -- |
| 17. Non-Current Liabilities (14+15+16) | (1.549.650.599) | -- | (102.531.484) | -- |
| 18. Total Liabilities (13+17) | (2.152.788.311) | (1.437.503) | (141.162.604) | (4.200) |
| 19. Net asset / liability position of off-balance sheet derivatives (19a-19b) | (295.395.306) | 156.827.174 | (158.135.793) | -- |
| 19a. Total Amount of Assets Hedged | 2.094.113.250 | 156.827.174 | -- | -- |
| 19b. Total Amount of Liabilities Hedged | (2.390.048.556) | -- | (158.135.793) | -- |
| 20. Net foreign currency asset liability position (9-18+19) | (2.387.623.643) | 158.879.036 | (298.367.106) | (4.194) |
| 21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a) | (2.104.706.765) | 1.598.637 | (140.658.006) | (4.194) |
| 22. Net asset / liability position of off-balance sheet derivatives | -- | -- | -- | -- |
| 23. Export | -- | -- | -- | -- |
| 24. Import | -- | -- | -- | -- |

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34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Cont'd)

Foreign Exchange Position Analysis Chart

| Exchange Rate Sensitivity Analysis Chart | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 31.12.2022 | | | | |
| | Profit/(Loss) | | Equity | |
| | Foreign currency appreciation | Foreign currency depreciation | Foreign currency appreciation | Foreign currency depreciation |
| If the US dollar had changed by 10% against the TRY; | | | | |
| 1- USD net (liabilities)/assets | 2.013.790 | (2.013.790) | -- | -- |
| 2- Hedging amount of USD (-) | -- | -- | -- | -- |
| 3- USD Net Effect (1+2) | 2.013.790 | (2.013.790) | -- | -- |
| If the EUR had changed by 10% against the TRY; | | | | |
| 4- EUR net (liabilities)/assets | (114.284.580) | 114.284.580 | -- | -- |
| 5- Hedging amount of EUR (-) | -- | -- | -- | -- |
| 6- EUR Net Effect (4+5) | (114.284.580) | 114.284.580 | -- | -- |
| If the GBP had changed by 10% against the TRY; | | | | |
| 7- Other Currencies net (liabilities)/assets | 122 | (122) | -- | -- |
| 8- Hedging amount of other currencies (-) | -- | -- | -- | -- |
| 9- GBP Net Effect (7+8) | 122 | (122) | -- | -- |

| Exchange Rate Sensitivity Analysis Chart | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 31.12.2021 | | | | |
| | Profit/(Loss) | | Equity | |
| | Foreign currency appreciation | Foreign currency depreciation | Foreign currency appreciation | Foreign currency depreciation |
| If the US dollar had changed by 20% against the TRY; | | | | |
| 1- USD net (liabilities)/assets | 190.654.843 | (190.654.843) | -- | -- |
| 2- Hedging amount of USD (-) | -- | -- | -- | -- |
| 3- USD Net Effect (1+2) | 190.654.843 | (190.654.843) | -- | -- |
| If the EUR had changed by 20% against the TRY; | | | | |
| 4- EUR net (liabilities)/assets | (358.040.527) | 358.040.527 | -- | -- |
| 5- Hedging amount of EUR (-) | -- | -- | -- | -- |
| 6- EUR Net Effect (4+5) | (358.040.527) | 358.040.527 | -- | -- |
| If the GBP had changed by 20% against the TRY; | | | | |
| 7- Other Currencies net (liabilities)/assets | (5.033) | 5.033 | -- | -- |
| 8- Hedging amount of other currencies (-) | -- | -- | -- | -- |
| 9- GBP Net Effect (7+8) | (5.033) | 5.033 | -- | -- |

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35. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)

Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase.

Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date. Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

Financial Assets

The fair value of certain financial assets carried at cost, including cash at banks, marketable securities plus the respective accrued interest are considered to approximate their respective carrying values of cash and cash equivalents are estimated to be their fair values since they are short term. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered allowances for trade uncollectibility are close to be their fair values.

Financial liabilities

The values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

The fair value of financial assets and liabilities are determined as follows:

First Level: Financial assets and liabilities are appreciated from stock price traded in active market for similar assets and liabilities.

Second Level: Financial assets and liabilities are appreciated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.

Third Level: Financial assets and liabilities are appreciated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

The Group's management believes that the recorded values of financial instruments reflects their fair values.

Derivative Financial Instruments (Forward Contracts)

The Group engage to agreements on derivative transactions in the foreign exchange markets.(Note 38)

Financial Liabilities

The values of monetary liabilities and trade payables are considered close to their fair value because of short term nature. Bank loans are stated with their discounted cost and transaction cost will be added to initial cost of loans. Book value of loans is considered close to its fair value because of updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its fair value cause of being short termed.

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36. SUBSEQUENT EVENTS

It is stated with the amendment in the Procedures and Principles Regarding the Determination and Implementation of the Support Fee Based on Resources published on 30 March 2022 that the bilateral agreement amounts are within the scope of the exemption. The company notified EPIAŞ about the bilateral agreement regarding the exemption and the parts sold indirectly to the final consumer, which is much lower than that, and EPIAŞ applied an exemption to the Company based on the bilateral agreement amounts. Based on the letter sent to the Company by EMRA on January 13, the Company made the necessary explanations on the Public Disclosure Platform on January 14, 2023 and stated that it would protect all its rights.

37. FEES PAID FOR THE AUDIT SERVICES.

For the year ended at 31.12.2022 fees paid for the audit services were TL 325.000 (31 December 2021: 175.000 TL).

38. DERIVATIVE FINANCIAL INSTRUMENTS

CASH FLOW HEDGE OF A HIGHLY PROBABLE FORECASTED TRANSACTION

Within the scope of its corporate budget and agreements, the company provides protection from currency risk on the balance sheet by borrowing in the same currency against foreign currency exchange risks arising from foreign currency indexed sales amounts that are likely to be realized at a later date.

In this context, repayments of foreign currency borrowings that are subject to hedge accounting and determined as hedging instrument are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item within the scope of hedge accounting.

Within the scope of the currency risk management strategy it has determined, the Company applies hedging accounting for the purpose of hedging the currency risk component of the highly probable estimated transaction cash flow risk, and the exchange rate fluctuations that have occurred on the hedging instrument, whose effectiveness has been mathematically proven in accordance with TFRS 9 and have not yet been realized. It pulls it from the income statement and parks it in the comprehensive income statement and aims to present a healthier income statement.

The Group takes care to maintain a 100% hedging ratio and 70% to 130% hedging activity within the scope of the hedging accounting it has established, and as of December 31, 2022, the hedging ratio was calculated as 106% and the hedging effectiveness was 87%.

| TRY | 31.12. 2022 |
|---|--------------------|
| Accumulated exchange rate difference on hedging item (current part) | 169.347.242 |
| Accumulated exchange rate difference on hedging item (non-current part) | 932.544.849 |
| Exchange rate difference on hedging item (current part) | (53.036.476) |
| Exchange rate difference on hedging item (non-current part) | (904.690.604) |
| Rate of hedging effectiveness | 87% |
| Excluded part on the income statement | -- |

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38. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

| <i>TL</i> | 31.12.2022 |
|---|-------------------|
| Total amount of future cash flows of the hedging item | 2.662.929.515 |
| Total future cash flow of the instruments used for hedging purposes | 2.509.379.059 |
| Hedging ratio | 106% |

39. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

40. EXPLANATION ON CASH FLOW STATEMENTS

The movements that do not generate cash inflows and outflows in the cash flow statement are as follows by years:

| | NOTES | Current Period Audited Consolidated | Prior Period Audited Consolidated |
|--|-------------------|---|---|
| | | 01.01-31.12.2022 | 01.01-31.12.2021 |
| A. CASH FLOWS FROM OPEARING ACTIVITIES | | 1.030.126.669 | 2.742.220.839 |
| Profit/Loss For The Period | | 2.137.026.469 | (180.963.007) |
| Adjustments To Reconcile Net Profit/Loss For The Period | | (53.611.610) | 2.906.172.438 |
| Adjustments related to amortization and depreciation expenses | 11-12-14-23-24-27 | 199.527.687 | 65.633.944 |
| Adjustments Related to Employees Benefits Provision (Cancellation) | 19 | 6.000.126 | 2.139.786 |
| Adjustments Related to Lawsuit Provision (Reversal) | 18 | 37.678 | (539.736) |
| Adjustments Regarding Provisions Allocated (Reversal) within Framework for Sectoral Requirements | 18 | 17.554 | - |
| Deferred Finance Expenses arising from Credit Purchases | 7-8 | 5.660.098 | 1.805.544 |
| Unearned Finance Income arising from Credit Sales | 7-8 | (5.246.072) | (5.536.774) |
| Adjustments Regarding Interest Expenses | 20 | 498.136.013 | 43.650.986 |
| Adjustments Regarding Interest Income | 20 | (327.137.281) | (104.435.569) |
| Adjustments for Unrealized Fx Gain Loss | | 572.229.276 | 836.255.642 |
| Adjustments Regarding Impairment Reversal of Tangible Fixed Assets | 11 | (1.463.570) | 2.176.573.250 |
| Adjustments Regarding Tax Expenses/Income | 30 | (660.384.466) | 315.818.376 |
| Fair Value | 37 | (340.988.653) | (425.193.010) |
| Changes In Business Capital | | (1.052.249.681) | 17.174.147 |
| Adjustments Regarding Increase/Decrease in Inventories | 9 | (306.510.240) | (94.212.445) |
| Increase/Decrease in Trade Receivables from Third Parties | 6 | (470.142.452) | (11.157.288) |
| Increase/Decrease in Trade Receivables from non-related Parties | 7 | (295.237.130) | (27.715.693) |
| Decrease (Increase) in Other Receivables from Related Parties | 6 | (9.387.233) | 21.205.373 |
| Decrease (Increase) in Other Receivables from non-related Parties | 8 | 129.618 | 118.471 |
| Change in Other Assets | 20 | 74.528.514 | 41.812.197 |
| Increase (Decrease) in Trade Payables to Related Parties | 6 | (394.939) | (136.010) |
| Increase (Decrease) in Trade Payables to non-related Parties | 7 | 33.481.312 | 25.317.656 |
| Change in Prepaid Expenses | 10 | (35.164.009) | (885.760) |
| Changes in Employee Benefits | 19 | (2.788.931) | (375.569) |
| Increase (Decrease) in Other Payables Related to Operations to Related Parties | 6 | (86.619.157) | 12.951.711 |
| Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties | 8 | 110.157.964 | 18.996.386 |
| Provisions for Employee Benefits | 19 | 7.315.369 | 2.342.001 |
| Increase (Decrease) in Deferred Revenues | 10 | (55.461.836) | 53.750.006 |
| Change in Other Obligations | 20 | (16.156.531) | (24.836.890) |
| Cash Flows from Operations | | 1.031.165.178 | 2.742.383.578 |
| Other Loss/Gain | 21 | (1.038.509) | (162.739) |

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41. EXPLANATION ON SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As the date of 31.12.2021 and 31.12.2022 the details of the Group's equity are explained in Note 21.

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

| | 31.12.2022 | 31.12.2021 |
|---------------------|--------------------|-------------------|
| Bank | 209.449.833 | 15.643.115 |
| -Demand deposit | 21.516.289 | 10.862.280 |
| -Time deposit | 187.933.544 | 4.780.835 |
| Other liquid assets | 2.446 | 7.909.606 |
| Total | 209.452.279 | 23.552.721 |

As of December 31, 2022, the Group has no blocked deposits (31.12.2021: None).

As of December 31,2022 and 2021 details of time deposit are as follows:

| | | | 31.12.2022 |
|-----------------|-----------------|----------------------|--------------------|
| Currency | Maturity | Interest Rate | TL |
| TL | 2.01.2023 | 4,00% | 122.979 |
| TL | 2.01.2023 | 10,24% | 1.430.275 |
| TL | 6.03.2023 | 12,00% | 9.817.300 |
| TL | 3.03.2023 | 12,00% | 127.624.900 |
| TL | 2.01.2023 | 13,00% | 15.000.000 |
| TL | 15.02.2023 | 13,50% | 1.938.090 |
| TL | 2.01.2023 | 14,75% | 12.000.000 |
| TL | 2.01.2023 | 15,00% | 20.000.000 |
| | | | 187.933.544 |

| | | | 31.12.2021 |
|-----------------|-----------------|----------------------|-------------------|
| Currency | Maturity | Interest Rate | TL |
| TL | 03.01.2022 | 19,00% | 3.000.000 |
| TL | 03.01.2022 | 15,42% | 328.675 |
| TL | 03.01.2022 | 15,42% | 452.160 |
| TL | 03.01.2022 | 19,00% | 1.000.000 |
| TL | 15.03.2021 | 14,00% | -- |
| | | | 4.780.835 |

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**43. EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTIZATION
(EBITDA)**

This financial data, that is calculated as an income before finance, tax and depreciation is an indication of measured income without taking notice of finance, tax, expenses that are not required cash outflows, depreciation and redemption expenses of the company. This financial data also specified in the financial statements by some investors due to use in the measurement of the company's ability to repay the loans and/or additional loan. However, EBITDA should not be considered independently from financial statements. Also, EBITDA should not evaluate as an alternative to net income(loss), net cash flow derived from operating, investing and financing activities, financial data obtained from investing and financial activities or prepared according to IAS / IFRS, or other inputs obtained from financial instruments such as, business operating performance. This financial information should be evaluated together with other financial inputs that are contained in the statement of cash flow.