

**ÇAN2 TERMİK A.Ş.
AND ITS' SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX-
MONTH INTERIM PERIOD
ENDED 30.06.2021 AND
LIMITED INDEPENDENT
AUDITORS' REPORT**

Contents	Page
Consolidated Statements of Financial Position	1-3
Consolidated Statements of Profit or Loss and Other Comprehensive Income Statements... ..	4
Statements of Changes in Shareholders' Equity.....	5
Consolidated Statements of Cash Flows.....	6
1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY	7
2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	8
3. BUSINESS COMBINATIONS.....	28
4. JOINT VENTURES	29
5. SEGMENT REPORTING.....	29
6. EXPLANATIONS OF RELATED PARTIES.....	31
7. TRADE RECEIVABLES AND PAYABLES.....	35
8. OTHER RECEIVABLES AND PAYABLES.....	36
9. INVENTORIES	37
10. PRE-PAID EXPENSES AND DEFERRED INCOME.....	37
11. TANGIBLE FIXED ASSETS	38
12. INTANGIBLE FIXED ASSETS.....	40
13. EVALUATING AND RESEARCHING OF MINE RESOURCES	41
14. RIGHT OF USE ASSETS.....	42
15. IMPAIRMENT OF ASSETS	42
16. GOVERNMENT INCENTIVES.....	42
17. BORROWING COSTS.....	43
18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES.....	43
19. EMPLOYEE BENEFITS	46
20. OTHER ASSETS AND LIABILITIES	47
21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS	48
22. REVENUE AND COST GOOD SOLD.....	50
23. EXPENSES ACCORDING TO THEIR QUALIFICATIONS.....	51
24. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES	52
25. OTHER OPERATING INCOME AND EXPENSES	53
26. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES	53
27. EXPENSES CLASSIFIED BY PRINCIPLE TYPES	54
28. FINANCIAL EXPENSE AND INCOME.....	55
29. ANALYSIS OF OTHER COMPREHENSIVE INCOME.....	55
30. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES).....	55
31. EARNING PER SHARE.....	57
32. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES	57
33. FINANCIAL INSTRUMENTS.....	58
34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	60
35. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)	66
36. SUBSEQUENT EVENTS.....	67
37. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS	67
38. EXPLANATIONS TO CASH FLOW STATEMENT	67
39. EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE	68
40. CASH AND CASH EQUIVALENTS.....	68
41. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (EBITDA)	68

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTERIM PERIOD AS OF
30.06.2021
(Currency is TRY unless otherwise is indicated.)

		Current Period Limited Audit Consolidation	Revised Previous Period Audited Consolidation
ASSETS	NOTES	30.06.2021	31.12.2020
Current Assets			
Cash and cash equivalents	40	11.137.736	1.203.171
Trade Receivables	6-7	122.381.495	118.131.072
Trade receivables from related parties	6	18.964.714	17.359.875
<i>Trade receivables from third parties</i>	7	103.416.781	100.771.197
Other Receivables	6-8	3.225.311	24.657.091
<i>Other Receivables from Related Parties</i>	6	368.468	21.798.068
<i>Other Receivables from Third Parties</i>	8	2.856.843	2.859.023
Inventories	9	175.055.784	127.864.319
Prepaid Expenses	10	17.792.483	13.970.747
Assets Related to Current Term Tax	30	12.333	-
Other Current Assets	20	53.794.839	35.165.872
TOTAL CURRENT ASSETS		383.399.981	320.992.272
Non-current Assets			
Other receivables	8	209.742	209.739
<i>Other receivables from related parties</i>	6	-	-
<i>Other receivables from third parties</i>	8	209.742	209.739
Tangible Fixed Assets	11	2.151.162.353	2.173.562.940
Intangible Fixed assets	12	30.756.064	33.575.604
<i>Other intangible fixed assets</i>	12	30.756.064	33.575.604
Right of Use Assets	14	3.767.694	4.491.134
Prepaid Expenses	10	1.842.216	2.210.821
Deferred Tax Assets	30	143.993.449	142.739.441
Other Non-Current Assets	20	99.479.102	78.238.288
TOTAL NON-CURRENT ASSETS		2.431.210.620	2.435.027.967
TOTAL ASSETS		2.814.610.601	2.756.020.239

Consolidated financial statements for the period ending on 30.06.2021 have been approved by the Board of Directors Decision dated 19.08.2021 and numbered 2021/19.

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTERIM PERIOD AS OF
30.06.2021
(Currency is TRY unless otherwise is indicated.)

		Current Period Limited Audit Consolidation	Revised Previous Period Audited Consolidation
LIABILITIES	NOTES	30.06.2021	31.12.2020
Short Term Liabilities			
Short Term Loans	33	60.478.449	46.216.445
Short Terms Part of Long-Term Loans	33	186.607.515	280.047.374
Other Financial Liabilities	33	3.642.459	4.520.746
Trade Payables	6-7	174.355.153	184.623.046
<i>Trade Payables to Related Parties</i>	6	1.618.847	652.217
<i>Trade Payables to Third Parties</i>	7	172.736.306	183.970.829
Payables within the Scope of Employee Benefits	19	4.079.033	4.351.445
Other Payables	6-8	104.285.742	100.916.227
<i>Other payables to related parties</i>	6	77.750.970	90.446.339
<i>Other payables to third parties</i>	8	26.534.772	10.469.888
Deferred Income	10	18.677.054	7.346.258
Short-term Provisions	18	5.698.059	4.511.163
<i>Short term provisions from employee benefits</i>	25	4.219.154	3.031.076
<i>Other Short-Term Provisions</i>	18	1.478.905	1.480.086
Other Short-Term Liabilities	20	23.954.523	25.363.408
TOTAL SHORT-TERM LIABILITIES		581.777.987	657.896.112
Long Term Borrowings	33	1.353.836.970	1.296.196.291
Other Payables	6-8	4.673.876	5.550.965
<i>Other Payables to Related Parties</i>	6	-	-
<i>Other Payables to Third Parties</i>	8	4.673.876	5.550.965
Long Term Provisions	18-19	1.165.540	1.003.472
<i>Long term provisions for employee benefits</i>	19	980.496	818.428
<i>Other Long-Term Provisions</i>	18	185.044	185.044
Deferred Tax Liabilities	30	2.479.885	1.996.500
Other Long-Term Liabilities	20	1.001.849	920.645
TOTAL LONG-TERM LIABILITIES		1.363.158.120	1.305.667.875

Consolidated financial statements for the period ending on 30.06.2021 have been approved by the Board of Directors Decision dated 19.08.2021 and numbered 2021/19.

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTERIM PERIOD AS OF
30.06.2021
(Currency is TRY unless otherwise is indicated.)

		Current Period	Revised
		Limited Audit	Previous Period
		Consolidation	Audited
			Consolidation
EQUITY	NOTES	30.06.2021	31.12.2020
Equity of Parent Company		869.674.494	792.456.252
Paid-in Share Capital	21	320.000.000	252.410.000
Shares Related Discount/Premium	21	186.569.716	-
Not to be reclassification of profit or loss accumulated other comprehensive income or expenses	3,11	653.292.588	653.292.588
<i>Gains/Losses Related Revaluation and Measurement</i>	11	654.691.656	654.691.656
<i>Effects of combination of entities or businesses under common control</i>	3-21	(1.399.068)	(1.399.068)
Reclassification of profit or loss accumulated other comprehensive income or expenses	21	(408.288)	(457.852)
<i>Other Gain/Loss</i>	21	(408.288)	(457.852)
Advances of Capital	21	-	-
Profit or Loss of Previous Years	21	(112.788.485)	(150.141.189)
Net Profit or Loss	21	(176.991.037)	37.352.705
Non-controlling Shares		-	-
TOTAL EQUITY		869.674.494	792.456.252
TOTAL LIABILITIES		2.814.610.601	2.756.020.239

Consolidated financial statements for the period ending on 30.06.2021 have been approved by the Board of Directors Decision dated 19.08.2021 and numbered 2021/19.

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30.06.2021
(Currency is TRY unless otherwise is indicated.)

		Current Period Limited Audit Consolidation	Previous Period Limited Audit Consolidation	Current Period Consolidation of not Pass Limited Audit	Previous Period Consolidation of not Pass Limited Audit
STATEMENT OF PROFIT/LOSS	NOTES	01.01 - 30.06.2021	01.01 - 30.06.2020	01.04 - 30.06.2021	01.04 - 30.06.2020
Revenue	22	500.782.637	366.381.237	263.052.982	214.737.731
Cost of Goods Sold (-)	23	(376.118.586)	(249.027.985)	(190.021.580)	(129.408.163)
GROSS PROFIT/LOSS		124.664.051	117.353.252	73.031.402	85.329.568
General administrative expenses (-)	24	(13.695.822)	(11.189.193)	(9.102.321)	(6.085.591)
Marketing expenses (-)	24	-	(219.547)	-	(149.512)
Other Income from Operating Activities	25	16.010.927	23.227.699	5.747.115	5.107.766
Other Expenses from Operating Activities (-)	25	(12.706.337)	(35.896.177)	(5.222.525)	(3.027.865)
OPERATING PROFIT/LOSS		114.272.819	93.276.034	64.453.671	81.174.366
Income from Investing Activities	26	124.647	51.695	(25.424)	-
Expenses from Investing Activities (-)	26	-	-	-	-
FINANCING EXPENSE BEFORE OPERATING PROFIT/LOSS		114.397.466	93.327.729	64.428.247	81.174.366
Financial Income	28	48.085.072	52.726.528	17.880.926	2.789.295
Financial Expenses (-)	28	(340.263.644)	(304.672.112)	(88.024.480)	(129.708.908)
PROFIT/LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS		(177.781.106)	(158.617.855)	(5.715.307)	(45.745.247)
Tax Expense/Income from Continuing Operations		790.069	(439.001)	(10.667.601)	892.811
Period Tax Income/Loss	30	-	-	-	-
Deferred Tax Income/Loss	30	790.069	(439.001)	(10.667.601)	892.811
PROFIT/LOSS FROM ONGOING OPERATIONS		(176.991.037)	(159.056.856)	(16.382.908)	(44.852.436)
PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-	-	-
PROFIT/LOSS FOR THE PERIOD		(176.991.037)	(159.056.856)	(16.382.908)	(44.852.436)
Profit/loss distribution for the period					
Non-controlling Shares		-	-	-	-
Parent Company Shares	21	(176.991.037)	(159.056.856)	(16.382.908)	(44.852.436)
Earnings Per Share					
Earnings per share from continuing operations	31	(0,642290)	(163,285962)	(16,818507)	(46,045000)
OTHER COMPREHENSIVE INCOME		49.564	(278.955)	26.032	(249.938)
Not to be reclassified to profit or loss		49.564	(278.955)	26.032	(249.938)
Increase/Decrease in Revaluation of Tangible Fixed Assets	29	-	-	-	-
Actuarial losses and earnings calculated under employee benefits	19-29	64.369	(357.634)	34.200	(320.433)
Effect of Tax	19-29	(14.805)	78.679	(8.168)	70.495
To be reclassified to profit or loss		-	-	-	-
OTHER COMPREHENSIVE INCOME		49.564	(278.955)	26.032	(249.938)
TOTAL COMPREHENSIVE INCOME		(176.941.473)	(159.335.811)	(16.356.876)	(45.102.374)

Consolidated financial statements for the period ending on 30.06.2021 have been approved by the Board of Directors Decision dated 19.08.2021 and numbered 2021/19.

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30.06.2021
(Currency is TRY unless otherwise is indicated.)

	NOTES	Not to be Reclassified to profit or loss accumulated other comprehensive income or expenses				Restricted Reserves	To be Reclassified to profit or loss accumulated other comprehensive income or expenses	Accumulated Profit				
		Paid-in Share Capital	The Effect of Associations Including Enterprises or Enterprises Subject to Joint Control	Share Premiums / Discounts	Actuarial Loss /Gain		Revaluation Increase Fund	Retained Earnings/Losses	Net Profit/Loss for the Period	Non-controlling Interest	Equities	
Balance on January 1, 2020		97.410.000	(1.399.068)	--	(207.514)	150.411.415	654.691.656	12.832.180	--	162.973.371	--	750.765.298
Other Comprehensive Income/Expense	19-29	--	--	--	(278.954)	--	--	--	--	--	--	(278.954)
Transfers		--	--	--	--	--	--	(162.973.371)	162.973.371	--	--	--
Total Comprehensive Income		--	--	--	--	--	--	--	--	--	--	--
Capital Increase	21	--	--	--	--	--	--	--	--	--	--	--
Net Profit/Loss for The Period	21	--	--	--	--	--	--	--	(159.056.854)	--	--	(159.056.854)
Balance on June 30, 2020		97.410.000	(1.399.068)	--	(486.468)	150.411.415	654.691.656	(150.141.194)	(159.056.858)	--	--	591.429.490
Balance on January 1, 2021		252.410.000	(1.399.068)	--	(457.852)	--	654.691.656	(150.141.190)	37.352.705	--	--	792.456.251
Other Comprehensive Income/Expense	19-29	--	--	--	49.564	--	--	--	--	--	--	49.564
Transfers		--	--	--	--	--	--	37.352.705	(37.352.705)	--	--	--
Capital Increase (Security Offering)	21	67.590.000	--	186.569.716	--	--	--	--	--	--	--	254.159.716
Net Profit/Loss for The Period	21	--	--	--	--	--	--	--	(176.991.037)	--	--	(176.991.037)
Balance on June 30, 2021		320.000.000	(1.399.068)	186.569.716	(408.288)	--	654.691.656	(112.788.485)	(176.991.037)	--	--	869.674.494

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30.06.2021
(Currency is TRY unless otherwise is indicated.)

		Current Period Limited Audit Consolidation	Previous Period Limited Audit Consolidation
	NOTES	01.01-30.06.2021	01.01-30.06.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		677.513	16.600.989
Profit/Loss for The Period		(176.991.037)	(159.056.856)
Adjustments To Reconcile Net Profit/Loss for The Period		209.474.165	322.237.432
Adjustments related to Amortization and Depreciation Expenses	11-12-23-24-27	42.429.430	36.853.886
Adjustments Related to Employees Benefits Provision (Cancellation)	19	1.419.155	865.725
Adjustment Related to Litigation and/or Penalty Provisions (Cancellation)	18	(1.181)	79.844
Deferred Financial Expense Arising from Purchases on Credit	7-8	1.792.604	1.234.944
Unearned Financial Income Arising from Sales on Credit	7-8	(21.285.745)	(10.545.151)
Adjustments Related to Interest Expense	20	23.954.523	185.370.934
Adjustments Related to Interest Income	20	(44.065.334)	(54.453.070)
Adjustments Related to Unrealized Foreign Currency Translation Differences		206.001.337	162.470.000
Adjustments Related to Tax Expense/Income	30	(770.624)	360.320
Changes In Business Capital		(31.855.179)	(146.300.635)
Adjustments related to inventories increase/decrease	9	(47.191.465)	(28.382.262)
Increase (Decrease) in Trade Receivables from Related Parties		(1.604.839)	-
Increase (Decrease) in Trade Receivables from Third Parties	7	(4.435.696)	(65.712.713)
Increase (Decrease) in Other Receivables from Related Parties	6	21.427.108	(15.227.316)
Increase (Decrease) in Other Receivables from Third Parties	8	2.176	(22.192)
Change of Other Assets	20	4.183.221	119.846.678
Increase (Decrease) in Trade Payables to Related Parties		966.630	-
Increase (Decrease) in Trade Payables to Third Parties	7	10.018.417	10.907.970
Changes of Prepaid Expenses	10	(3.453.132)	1.065.086
Changes of Payables within the Scope of Employee Benefits	19	(1.691.566)	(4.240.486)
Increase (Decrease) in Other Payables related to Activities of Related Parties	6	(12.695.369)	57.339.616
Increase (Decrease) in Other Payables related to Activities of Third Parties	8	15.220.600	(4.609.318)
Provisions on Employee Benefits	19	1.350.145	1.189.527
Increase (Decrease) in Deferred Income	10	11.330.796	(32.982.197)
Changes of Other Liabilities	20	(25.282.204)	(185.473.028)
Cash Flows from activities		627.949	16.879.943
Other gain/loss	21	49.564	(278.954)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		(16.485.863)	(56.663.338)
Cash Inflows Arising from the Sale of Tangible Fixed Assets		124.647	51.695
Cash Outflows Arising from the Purchase of Tangible Fixed Assets	11	(16.564.339)	(41.464.364)
Cash Outflows Arising from the Purchase of Intangible Assets	12	27.729	(15.250.669)
Cash Outflows from Right-to-Use Assets	14	(73.900)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		25.742.914	68.161.202
Cash Inflows from the Issuance of Equity and Other Equity-Based Instruments	21	254.159.716	-
Cash Inflows from Loans	33	81.941.945	208.016.918
Cash Outflows Related to Loan Repayments	33	(309.480.460)	(139.403.947)
Cash Outflows from Other Financial Loan Payments	33	(878.287)	(451.769)
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS		9.934.564	28.098.853
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.203.171	2.968.335
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		11.137.736	31.067.188

The accompanying notes are an integral part of these financial statements.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

1. ORGANIZATION AND CORE BUSINESS OF THE COMPANY

Çan2 Termik A.Ş.

Çan2 Termik Inc. (“Company”, “Parent Company”), on 27 May 2003 Çan Kömür ve İnşaat A.Ş. was established under the title. The title of the company was changed to Çan2 Termik Anonim Şirketi after the Extraordinary General Assembly held on January 19, 2021, registered with the Istanbul Trade Registry Office on January 21, 2021. This change was published in the Turkish Trade Registry Gazette dated January 26, 2021 and numbered 10253. The company is engaged in the establishment, commissioning, leasing of a domestic coal-based electric power generation facility, electric power generation, sales of the produced electric energy and/or capacity to customers. Its center located Barbaros District, Karanfil Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul.

The license certificate of the Company for Çan-2 Thermal Power Plant Production Facility with an installed capacity of 340 MWm/330 MWe located in Çan district of Çanakkale province was approved by the decision of the Energy Market Regulatory Authority dated 28.01.2016 and numbered 6083-2, and on 28.01.2016 the Company's license was approved. e delivered. Ministry acceptance of Çan-2 Thermal Power Plant was made on 01.08.2018. In addition, regarding the thermal power plant, Industry Registry Certificate dated 10.08.2020 and numbered 720480 and a capacity report valid until 29.07.2022 dated 28.07.2020 and numbered 79 were obtained. As of 30.06.2021, the average number of employees of the Group is 555.

Çan2 Termik A.Ş. the application made to the Capital Markets Board for the initial public offering of its shares was approved in the Board's bulletin dated 15.04.2021 and numbered 2021/20, and the public offering of the shares was carried out on 21-22 April 2021 using the "Fixed Price Bookkeeping" method.

Thus, all of the shares with a nominal value of TRY 67.590.000 offered to the public, and TRY 6.759.000 shares with a nominal value offered for additional sale, were sold at a total nominal value of TRY 74,349.000, at the public offering price of 3.90 TRY/share.

The capital of Çan2 Termik A.Ş. as of 30.06.2021 is TRY 320.000.000 and the shareholding structure is as follows:

	30.06.2021	31.12.2020
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	76,77%	100%
Public Shares	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 established to engage in the establishment, commissioning, leasing, generation of electrical energy, and sale of the generated electrical energy and/or capacity to customers. As of 30.06.2021, Yel Enerji's investments continue, it has not started its operations yet and has not generated any income. As of 30.06.2021, the average number of employees of Yel Enerji is 2 people.

The mining license numbered IR:17517 in the Bayramiç District of Çanakkale Province was purchased by Yel Energy and the transfer process was completed. Its center is in Barbaros District, Karanfil Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul.

With the Share Purchase and Sale agreement signed on 20.10.2016, Yel Enerji shareholders transferred all of their shares to Çan Kömür2 Termik A.Ş. at nominal value and Yel Enerji was included in the scope of consolidation.

As of 30.06.2021, Yel Enerji's capital is TRY 600.000 and its shareholding structure is as follows:

	30.06.2021	31.12.2020
Çan2 Termik A.Ş.	100%	100%

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

1.ORGANIZATION AND CORE BUSINESS OF THE COMPANY (CONTINUED)

Çan 2 Trakya Kömür Maden A.Ş.

Çan2 Termik A.Ş. became a 100% shareholder of Çan 2 Trakya Kömür Maden A.Ş. (“Çan 2 Trakya”) as a founding partner on 18.06.2019 and was included in the consolidation.

Çan 2 Trakya is engaged in purchasing, selling, manufacturing, assembling, and importing all kinds of natural stones and mineral ores in finished and semi-finished form. Its center is in Barbaros District, Karanfil Street, Varyap Meridian Site No: 1D, Ataşehir / Istanbul. As of 30.06.2021, the average number of employees of Çan 2 Trakya is 1 person.

The capital of Çan 2 Thrace is TRY 550,000 as of 30.06.2021 and its shareholding structure is as follows:

	30.06.2021	31.12.2020
Çan2 Termik A.Ş.	100%	100%

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of Presentation

Applied Accounting Standards

The accompanying interim consolidated financial statements are in accordance with the provisions 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. It has been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”), which was put into effect by the Public Oversight, Accounting and Auditing Standards Authority (“KGK”). TFRSs; It includes Standards and Interpretations published by KGK under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TMS Interpretations and TFRS Interpretations.

Interim consolidated financial statements have been presented in accordance with the TFRS Taxonomy developed by the POA based on the financial statement examples determined in the Financial Statement Examples and User Guide published in the Official Gazette dated 07.06.2019 and numbered 30794.

Current and Reporting Currency

The Group keeps and prepares its legal books and statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), the accounting principles determined by the tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance. The functional currency of the Group is Turkish Lira (“TL”). These interim consolidated financial statements are presented in TL, which is the functional currency of the Group.

Approval of Interim Consolidated Financial Statements

The interim consolidated financial statements were approved by the Board of Directors and authorized to be published on 19.08.2021. The General Assembly has the authority to change the interim consolidated financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Adjusting financial tables in hyperinflation periods

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.

Base of Consolidation

Consolidation is prepared in structure of Çan2 Termik A.Ş. which is parent company.

Consolidated financial reports are prepared in accordance with TAS 27 - Consolidated and Separated Financial statements of Turkish accounting standard.

Consolidated financial reports contain all subsidiaries of the parent company.

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
- All expenses, income, transactions, and balances incurred of group are eliminated.
- Subsidiary income, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to inventory or cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with TAS 12 “Income Taxes” standard.
- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions, and transactions in same condition.
- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity consider in accordance with “TAS 21 Currency Change Effects”.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Base of Consolidation (Continued)

- 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 Restatement of Prior Period Financial Statements

The group for the period 30 June 2021 Dec 2020 dated as of the date of the Consolidated Financial Statements Consolidated Statement of financial position prepared with 31 December; 1 January – 30 June consolidated comprehensive income statement in the period from Dec 2021 period, consolidated cash flow statement 1 January – 30 June 2020 Dec consolidated comprehensive income in the period as of the date prepared statement, cash flow statement; and 1 January – 30 June 2021 Dec consolidated stockholder's equity statement in the period 1 January – 30 June 2020 Dec comparatively with the Consolidated Statement of changes in equity in the period. 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.

Comparable with the Financial Statements dated 30 June 2021 in terms of being the group in the statement of financial position December 31, 2020 'other receivables from related parties' related party receivables in the current period TRY commercial 17.359.875 offered under 'other receivables' under lists.

Comparable with the Financial Statements dated 30 June 2021 in terms of being the group in the statement of financial position December 31, 2020 'other payables to related parties in the current period TRY related party payables commercial 652.717 offered under 'other payables' under lists.

Covid - 19 Outbreak Effects

Spread in Turkey and the world and declared as a pandemic by the World Health Organization in March 2020 Covid-19th epidemic and the measures taken against the epidemic, epidemic leads to disruptions in the operations of exposure in all countries harms the economic conditions both globally and in our country. There has been no shortage of epidemic-ceased production at the power plant. The effect is reflected in electricity sales prices. Because Yel Enerji, one of the group companies, has not yet been activated, it has not experienced an impact on this process. Due to the Covid-19 outbreak at the Group Çan 2 Termik Santral , there were no problems with production, and the electricity market was affected by the impact on overall electricity prices. The group has obtained the Covid-19 safe production certificate. Jul. 12 There is an extraction of coal in Thrace, and since it is an open enterprise, there has been no serious impact on the production part, there has been an impact due to increases in production costs. In terms of the economic impact of the outbreak, the Group management believes that as of the reporting date, it will not be exposed to a significant negative impact due to Covid-19.

Changes in Accounting Policies

If adjustments on accounting policies are applied retroactive, the group should adjust the previous opening balance in the report. The group should provide comparative data which is presented in accordance with the new accounting policies in terms of current years. Changes in accounting policy need to application for previous periods and also for current period or if group cannot determine the change effect of the financial statements as in cumulative, it wouldn't make any application for previous periods.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Changes in Accounting Policies (Continued)

a. Changes and Errors in Accounting Estimates

If the effects of the change in accounting estimates create changes in asset, foreign resource or equity items, the book values of the relevant asset, foreign resource or equity item must be corrected at the time of the change. Projecting the impact of a change in accounting forecasting into the financial statements going forward means that the forecast applies to transactions, events, and conditions after the date of the change. Previous period errors are corrected through retroactive rearrangement, except where period-specific or cumulative effects related to the error cannot be calculated.

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

Significant Accounting Evaluations, Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the statement of financial position date, disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the best information of the Group management regarding the current events and transactions, actual results may differ from the assumptions.

b. Changes and Errors in Accounting Estimates

In the next financial reporting period, estimates and assumptions that may cause significant changes in the book value of assets and liabilities are stated below:

Inventories: Inventories are examined physically and how long they are in the past, and provisions are made for inventory items that are estimated to be unavailable.

Provisions for employee benefits: Severance 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 values: Certain estimates are made in the use of observable and unobservable market information used in determining the fair value.

Useful lives of tangible and intangible fixed assets: The Group management makes important assumptions in the determination of the useful lives of tangible and intangible fixed assets, in line with the experience of its technical team and 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 as of 31.12.2019 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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

b. Changes and Errors in Accounting Estimates (Continued)

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 depreciation period of the Çan-2 Termal Santral is based on the determinations made by the technical departments regarding the economic life of the plant during the commissioning period.

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 used to finance the construction of power plants to the cost of the power plant, which is considered as qualifying assets.

c. Going Concern

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

In assessing the continuity of the Enterprise, Group management considers the existing and additional financial resources, refinancing opportunities and the risks and uncertainties on liquidity in the business plan prepared for the foreseeable period. The group prepares its consolidated financial statements with the assumption that the entity will continue its operations in a predictable future and does not foresee a risk to the going concern.

d. Netting/Deduction

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 preparation of the yearend financial statements as at June 30, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRYK interpretations on the Group's financial position and performance have been disclosed in the related paragraphs

The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Indicator Interest Rate Reform - 2nd Stage - Changes to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, POA published the Amendments to the Benchmark Interest Rate Reform – Phase 2- TFRS 9, TAS 39, TFRS 7, TFRS 4, and TFRS 16, which set out temporary exemptions to address the effects of replacing the benchmark interest rate (IBOR) with an alternative reference interest rate on financial reporting. Enterprises will implement these changes for annual periods beginning on or after January 1, 2021. Early application is allowed. The amendments cover the following issues:

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Facilitating implementation for changes in the basis for determining contractual cash flows as a result of the IBOR reform

Changes include a facilitating practice for treating contractual changes or changes in cash flows directly required by the reform as changes in a variable interest rate equivalent to a market interest rate movement. Within the scope of this facilitating practice, if the interest rates applicable to financial instruments change as a result of the interest rate reform, the situation is not considered as a derecognition or contract change; instead, it is envisaged that cash flows will continue to be determined using the original interest rates of the financial instrument.

The facilitating application is mandatory for companies applying TFRS 4 Insurance Contracts Standard by providing exemption from TFRS 9 Financial Instruments (and therefore TAS 39 Financial Instruments: Classification and Measurement) standard and for the application of TFRS 16 Leases standard for lease changes originating from IBOR Reform.

Privileges regarding the termination of the Hedge Accounting relationship

- The amendments allow the revisions in the hedge accounting setup and documentation required due to the IBOR reform without terminating the hedging relationship.
- The accumulated amount in the cash flow hedge fund is assumed to be based on the alternative reference interest rate.
- During the alternative interest rate transition period, companies may attempt to reset the accumulated fair value changes in each hedging relationship while evaluating retrospective efficiency tests in accordance with TAS 39.
- The amendments provide an exemption from changing the items identified as the subject of the grouping approach (for example, those that are part of the macro risk hedging strategy) due to the revisions required by the IBOR reform. The relevant exemption allows the hedging strategy to be maintained and continued without termination.
- In the alternative reference interest rate transition, the hedging relationship can be revised more than once. Phase 2 exemptions apply to all revisions made in the hedging relationship arising from the IBOR reform.

Separate identification of risk components

The amendments provide companies with a temporary exemption that, in cases where the alternative reference interest rate is determined as a risk component in the hedging relationship, it will meet the requirement to define risk components separately.

Additional Disclosures

The changes are covered by the TFRS 7 Financial Instruments Disclosures standard; quantitative easing about the business's transition to alternative reference interest rates and how it manages risks arising from the transition, quantitative information about financial instruments that will be affected by the IBOR transition even though the transition has not yet taken place, and if IBOR reform has led to any change in risk management strategy, it requires additional footnote obligations such as the disclosure of this change.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

These changes are mandatory and early application is allowed. Although the application is retrospective, companies do not need to reorganize previous periods.

This change has not had a significant impact on the Company's financial position or performance.

Amendments to TFRS 16 - Privileges Recognized in Lease Payments Regarding Covid-19

In June 2020, the POA amended the TFRS 16 Leases standard in order to provide an exemption to the lease privileges granted to tenants due to the COVID-19 outbreak to assess whether there was a change in leasing. April 7, 2021, POA amended the extension of the exemption to include concessions that result in a decrease in lease payments that expire on or before June 30, 2022.

Lessee will apply this change in annual accounting periods starting on or after April 1, 2020. Early application is allowed.

In general terms, the Company does not expect a significant impact on the financial statements.

Standards published but not enacted and not early implemented

The new standards, interpretations and amendments published as of the date of approval of the financial statements, but which have not yet entered into force for the current reporting period and have not been implemented by the Company at an early stage, are as follows. Unless otherwise stated, the Company will make the necessary changes that will affect its financial statements and footnotes after the entry into force of the new standards and interpretations.

TFRS 10 and TAS 28 Changes: Asset sales or contributions made by an investor to a subsidiary or business partnership

POA postponed the validity date of the amendments made in TFRS 10 and TAS 28 in December 2017, to be changed depending on the ongoing research project outputs regarding the equity method. However, it still allows early application. The Group will evaluate the effects of these changes after these standards have been finalized.

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

In July 2020, the POA made changes to the TFRS operating mergers standard. The amendment was made with the intention of replacing the reference to the old version of the conceptual framework (1989 framework) with the reference to the current version (Conceptual Framework) published in March 2018, without significantly changing the requirements of TFRS 3. However, it added a new paragraph to TFRS 3 to identify contingent assets that do not meet the registration criteria at the date of acquisition. The amendment will apply forward-looking for annual periods beginning on and after January 1, 2022. Early implementation is allowed if the business implements changes to all of the changes in TFRS standards that refer to the conceptual framework (March 2018) at the same time or earlier.

The effects of these changes on the Company's financial position and performance are being evaluated.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Changes in TAS 16 - Making it suitable for the purpose of use

POA made changes in TAS 16 Tangible Fixed Assets standard in July 2020. With the amendment, companies do not allow the deduction of the revenues from the sale of the manufactured products from the cost of the tangible fixed asset item while making a tangible fixed asset suitable for its intended use. Companies will now recognize such sales revenue and related costs in profit or loss. The amendment will be applied for the annual accounting periods starting from January 1, 2022 and after. The amendments can be applied retrospectively only to tangible fixed asset items that are made available at the beginning or after the earliest period in which the company presented the change in comparison with the first accounting period. There is no exemption for first time TFRS applicants.

The effects of these changes on the Company's financial position and performance are being evaluated.

Changes in TAS 37 - Economically disadvantaged Contracts-Contract fulfillment costs

POA made changes in TAS 37 Provisions, Contingent Liabilities and Contingent Assets standard in July 2020. The amendment to TAS 37, which will be applied for the annual accounting periods starting from 1 January 2022 and after, has been made to determine the costs to be considered when evaluating whether a contract is economically "disadvantaged" or "losing" and includes It includes the application of the approach to be. The changes should be applied retrospectively for contracts in which the entity does not fulfill all its obligations at the beginning of the annual reporting period when the changes are first applied (first application date). Early application is allowed.

The effects of these changes on the Company's financial position and performance are being evaluated.

TFRS 17 - New Insurance Contracts Standard

In February 2019, the POA published TFRS 17, a comprehensive new accounting standard covering accounting and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that enables both the measurement of the liabilities arising from insurance contracts with current balance sheet values and the recognition of the profit during the period in which the services are provided. Some changes in future cash flow estimates and risk adjustment are also accounted for during the period in which the services are provided. Businesses may choose to recognize the effects of changes in discount rates in profit or loss or other comprehensive income. The standard contains specific guidance for the measurement and presentation of insurance contracts with participation features. TFRS 17 will enter into force in annual accounting periods beginning on or after January 1, 2023, and early application is permitted for businesses that implement TFRS 9 Financial Instruments and TFRS 15 Revenue from Customer Contracts on or before that date. The effects of this standard on the financial position and performance of the Company are being evaluated.

Changes in TAS 1 - Classification of liabilities as short and long term

On March 12, 2020, POA made changes in the standard of "TAS 1 Presentation of Financial Statements". These amendments, which will be effective in the annual reporting periods starting on or after January 1, 2023, bring explanations to the criteria for long- and short-term classification of liabilities. The changes should be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is allowed.

The effects of this standard on the financial position and performance of the Company are being evaluated.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Annual Improvements - 2018-2020 Period

"Annual Improvements to TFRS standards / 2018-2020 Period" was published by the POA in July 2020, including the following changes:

- TFRS 1- First Application of International Financial Reporting Standards - Participation as First Implementing: The amendment allows a subsidiary to measure accumulated foreign currency translation differences using amounts reported by the parent company. The amendment also applies to the affiliate or joint venture.
- TFRS 9 Financial Instruments - Fees considered in the '10% test for derecognition of financial liabilities: The amendment clarifies the fees an entity considers when assessing whether new or changed financial liability terms differ significantly from the original financial liability terms. These fees include only fees paid or received between the debtor and the lender, including the fees paid by the parties on behalf of each other.
- TAS 41 Agricultural Activities - Taxation in determining the fair value: With the amendment made, the provision in paragraph 22 of TAS 41 for not considering the cash flows made for taxation in determining the fair value of the assets of the companies within the scope of TAS 41.

All the improvements made will be applied for the annual accounting periods starting from 1 January 2022 and after. Early application is allowed.

The effects of these improvements on the Company's financial position and performance are being evaluated.

New and revised standards and interpretations published by the international accounting standards authority (IASB) but not published by POA

The new standards, interpretations, and amendments to the existing IFRS standards listed below have been published by IASB but have not yet entered into force for the current reporting period. However, these new standards, interpretations and amendments have not yet been adapted/published by the POA to the TFRS and therefore do not form part of the TFRS. The Company will make the necessary changes to the financial statements and footnotes after these standards and interpretations come into force in TFRS.

Amendments to IAS 8 - Definition of accounting estimates

In February 2021, IASB published amendments to IAS 8 introducing a new definition for "accounting estimates". The amendments published for IAS 8 are valid for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It also clarifies how businesses will use measurement techniques and inputs to improve their accounting estimates. The amended standard clarifies that the effects of a change in the input or a change in a measurement technique on the accounting forecast are changes in the accounting estimates, if they are not caused by the correction of previous period errors. The previous definition of a change in accounting estimates stated that changes in accounting estimates may be caused by new information or new developments. Therefore, such changes are not considered correction of errors. This aspect of the definition has been preserved by the IASB.

The effects of these improvements on the Company's financial position and performance are being evaluated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Amendments to IAS 1 and IFRS application statement 2 – Presentation of accounting policies

In February 2021, IASB published amendments to IAS 1 and IFRS Implementation Statement 2 providing guidance and examples for Making Materiality Estimates to help businesses apply materiality estimates to their accounting policy statements. The amendments published in IAS 1 are effective for annual periods beginning on or after 1 January 2023. Since there is no definition of the term "significant" in IFRS, the IASB has decided to replace this term with the term "significant" in the context of disclosure of accounting policy information. 'Significant' is a term defined in IFRS and is largely understood by users of financial statements according to UMSK. When assessing the importance of accounting policy information, enterprises need to consider both the size of transactions, other events or circumstances, and their nature. In addition, examples of situations in which an entity may consider accounting policy information to be important have been added.

The effects of these improvements on the Company's financial position and performance are being evaluated.

Amendments to TAS 12 - Deferred tax on assets and liabilities arising from a single transaction

In May 2021, the IASB published amendments to IAS 12 that narrow the scope of the first accounting exception and thus ensure that the exception is not applied to transactions that cause temporary differences that are equally taxable and deductible. Amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2023. Changes for tax purposes can be downloaded payments on an obligation in cases where such reductions are recognized in the financial statements of obligation (interest and charges) or related entity component (interest and charges) can be associated for tax purposes (whether considering current tax law) clarifies that is a matter of judgment. This reasoning is important in determining whether there is any temporary difference in the inclusion of assets and liabilities in the financial statements for the first time.

The effects of these improvements on the Company's financial position and performance are being evaluated.

2. Summary of Important Accounting Policies

Related Parties

The group will consider as a related party if one the conditions below are met.

- a) If the party directly or indirectly with one or more agent:
 - i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
 - ii) Has share which allows it to have big impact on the company; or
 - iii) Has associated control on the company.
- b) If the party is an affiliate of the company;
- c) If the party is an business partnership where the group is a party;
- d) If the party is a member of the key personnel in the group or Company's main partnership;
- e) If the party is a close family member of any person mentioned in the a or d parts;
- f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;

The party must have post-employment benefit plans for employees of the entity or an entity that is a related party.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchase except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction or deducted from records. Financial assets are classified as “financial assets reflected to profit or loss of the realizable value difference”, “financial assets kept in hand till its maturity”, “marketable financial assets” and credits and receivables.

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.

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

In cases where the contractual terms of the financial asset aiming at collecting the contractual cash flows of the financial asset and selling the financial asset, and in addition, the terms of the contract for the financial asset lead to cash flows that include only principal and interest payments arising from the principal balance at certain dates, the financial asset is the fair value difference reflected in other comprehensive income classified as.

Fair value difference subsequent valuation of financial assets reflected in other comprehensive income is made at their fair value. However, if their fair value cannot be determined reliably, are measured at amortized cost using the internal rate of return method for those with a fixed term; a fixed term fair value are measured using pricing models or discounted cash flow techniques for non. The difference of the fair value of financial assets arising from changes in fair value reflected in other comprehensive income and amortized cost and fair value of securities computed by expressing the difference between the effective interest method, unrealized profits or losses in equity items “in value of financial assets increase / decrease Fund” under the account are shown. Fair value difference if financial assets reflected in other comprehensive income are disposed of, the value generated in equity accounts as a result of fair value application is reflected in profit/loss for the period.

Registration and derecognition of financial assets

The Group reflects the financial assets or liabilities in its consolidated balance sheet if it is a party to the related financial instrument contracts. The Group derecognizes all or part of a financial asset only when it loses control over the rights arising from the contract to which the said assets are subject. The Group derecognizes financial liabilities only if the liability defined in the contract is discharged, canceled or expired.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Impairment / expected loss provision in financial assets

At each reporting date, it is assessed whether there has been a significant increase in the credit risk of an impaired financial instrument since it was first recognized in the consolidated financial statements. While making this assessment, the change in the default risk of the financial instrument is considered. The expected loss allowance estimate is objective, probability-weighted, and includes supportable information about estimates of past events, current conditions, and future economic conditions.

For all financial assets, except for trade receivables, where the carrying amount is reduced through the use of an allowance account, the impairment is directly deducted from the carrying amount of the relevant financial asset. In case the trade receivable cannot be collected, the amount in question is deducted from the provision account and written off. Changes in the provision account *are recognized in profit or loss for the period. Except for equity instruments at fair value through other comprehensive income, if the impairment loss is reduced in a subsequent period and the decrease can be attributed to an event that occurred after the impairment loss was recognized, the previously recognized impairment loss would never have been recognized at the date the impairment loss would be reversed. It is canceled in the consolidated income statement so that it does not exceed the amortized cost amount that it will reach.

The increase in the fair value of equity instruments at fair value through consolidated other comprehensive income is recognized directly in equity.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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.

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. The cost of inventories covers all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement.

In cases where impairment of inventories is no longer valid or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 9)

Tangible Fixed Assets

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

"Peer Comparison Method" and "Cost Approach" were used to determine the fair value of the real estate's belonging to Çan2 Termik A.Ş, and "Income Capitalization INA analysis" and "Cost Method" were used to determine the fair values of the facilities. 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 tangible fixed assets because of revaluation are recorded after netting the deferred tax effect to the revaluation fund account in the equity group of the balance sheet. The difference between depreciation and amortization calculated over the carrying value of the revalued assets (depreciation charged to the profit or loss statement) and the depreciation and amortization calculated over the acquisition cost of these assets is transferred from the revaluation reserve to the accumulated profit/loss after the deferred tax effect is netted each year. . The same applies to tangible fixed assets as well.

The lands are not depreciated because their economic useful lives are indefinite. The estimated useful lives of these assets are as follows:

	<u>Years</u>
Thermal reactor	30
Aboveground and underground layouts	8-50
Buildings	50
Machinery, plant and devices	4-15
Vehicle tools and equipment	5
Flooring and fixtures	3-15
Specific costs	lease term (days) or lifetime, whichever is less

The profit or loss resulting from the disposal of tangible fixed assets is determined by comparing the adjusted amounts with the collected amounts and is reflected in the relevant income and expense accounts in the current period.

Maintenance and repair expenses of tangible fixed assets are normally recorded as expense. However, in exceptional cases, if the maintenance and repair results in an expansion or significant improvement in assets, these costs can be capitalized and depreciated over the remaining useful life of the associated tangible asset (Note 11).

Intangible Assets

Intangible assets are consisting of acquisition rights, information systems, computer software and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using normal amortization method according to their expected useful life. Expected useful life of intangible assets is like below.

	<u>Years</u>
Rights	3-15
Computer programs	3
Preparation and Development Activities	License or Royalty Contract Duration

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:12)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Leases – TFRS 16 (As a Lessor)

At the inception of a contract, the Group evaluates whether the contract is or contains a lease. If the contract transfers the right to control the use of an identified asset for a specified period of time, the contract is or includes a lease.

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

- The contract contains an identified asset (identification of an asset by express or implied indication in the contract),
- A 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 replace the asset throughout its useful life and derive economic benefits from it),
- The Group has the right to obtain almost all of the economic benefits to be derived from the use of the identified asset,
- The Group has the right to direct the use of the identified asset. The Group has the right to manage the use of the asset in any of the following situations:
 - a) The Group has the right to manage and change how and for what purpose the asset will be used throughout the period of use, or
 - b) The following decisions regarding how and for what purpose the asset will be used have been determined beforehand:
 - i. The Group has the right to operate the asset (or direct others to operate the asset as it determines) throughout the life of the asset and the supplier does not have the right to change these operating instructions; or
 - ii. The Group has designed the asset (or certain features of the asset) to predetermine how and for what purpose the asset will be used throughout its useful life.

After the above-mentioned assessments, the Group reflects a right-of-use asset and a lease liability to its consolidated financial statements at the actual commencement date of the lease.

Right-of-use asset

The Group measures the right-of-use asset at cost at the commencement date of the lease. The cost of the right-of-use asset includes:

- 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Leases – TFRS 16 (As a Lessor) (Continued)

While depreciating right-of-use assets, the Group applies the depreciation provisions of TAS 16 Tangible Fixed Assets. TAS 36 Impairment of Assets is applied to determine whether a right-of-use asset is impaired and to account for any identified impairment losses.

Lease payments that are included in the measurement of the Group's lease liability and that have not been realized at the commencement date of the lease consist of the following:

- a) The amount obtained by deducting all kinds of lease incentive receivables from fixed payments,
- b) Lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease; and
- c) Penalties for termination of the lease if the lease term indicates that the lessee will exercise an option to terminate the lease.

After the actual commencement date of the lease, the Group measures the lease liability as follows:

- a) Increases the book value to reflect the interest on the lease liability,
- b) Decrease book value to reflect lease payments made; and
- c) Remeasures the book value to reflect any reassessments and restructurings. The Group reflects the remeasurement of the lease liability as an adjustment to the right-of-use asset in its consolidated financial statements.

Facilitating applications

Short-term lease agreements with a rental period of 12 months or less, and agreements regarding information technology equipment rentals (predominantly printers, laptop computers, mobile phones, etc.) determined by the Group as low value, are considered within the scope of the exception recognized by TFRS 16 Leases Standard. Payments related to contracts continue to be recognized as expenses in the period 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 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.

Energy producing 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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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 consisted of the borrowing cost in related 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 principal currency difference amounts of the loans used to finance the construction of the Specialty Assets; Assuming that the loan was used in TRY, the TRY base interest rate at the date of use of the loans is taken and the exchange differences corresponding to the TRY interest cost are added to the capitalization amount of the assets considered as qualifying assets. In the calculation made, the base interest rate is based on the representative interest rate on the date of the signed and renewed contracts in the current period for all investment loans used if the same loans are used in TRY under the same conditions (Note 17).

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in group as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfil this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, group allocates provision. Group does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfil liability.

Contingent Assets and Liabilities

Contingent assets and liabilities are contingent assets and liabilities that arise from past events and whose realization is dependent on the occurrence or non-existence of one or more events that are beyond the Group's complete control in the future.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

The Group does not reflect contingent assets and liabilities in its records. Contingent liabilities are disclosed in the notes to the consolidated financial statements unless the probability of an outflow of relevant economic benefits is remote, whereas contingent assets are disclosed only if an inflow of economic benefits is highly probable.

Employee Benefits:

Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 “employee benefit”.

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between group and its personnel for defined reasons according to

Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date. 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 Proportions

Group has to pay social insurance premium to Social Insurance Institution. There will be no other liability if the group continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

Revenues

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) Definition of customer contracts
- b) Definition of performance obligations in contracts
- c) Determination of the transaction price in the contracts
- d) Allocating the transaction price to the performance obligations in the contracts
- e) Recognizing revenue when each performance obligation is satisfied.

A contract is considered within the scope of TFRS 15 only if it is legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract has a commercial substance, the contract is approved by the parties, and the parties undertake to fulfill their obligations.

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.

The Group takes into account the contractual terms and commercial practices to determine the transaction price. The transaction price is the amount the Group expects to be entitled to in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). While making the assessment, it is considered whether the contract includes elements of variable amounts and whether it contains a significant financing component.

ÇAN2 TERMİK A.Ş.

Limited Audited 01 January 2021- 30 June 2021 Period

Explanatory Notes to the Consolidated Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

Contains all sales transactions are made by market participant on the free market reconciled by PMUM (Market Financial Settlement Center) and sales arising from settlement center due to presence of the free market.

Free Consumer Electricity Sales

According to consumer limit is published by EMRA, sales made to all consumers within the definition of free consumer.

Bilateral Agreements Electricity Sales

Physical or service sales to both wholesale companies or private manufacturing companies. Primary Frequency Control (PFC) contains service sales related with power plants liability in relevant legislations to transfer this liability to someone else.

Energy Imbalance

According to legislation, all imbalance receivables and payables are reconciled within responsible party when group companies are merged to create balance group. The responsible party for the balance distributes this amount of compensation to group members. Group imbalance items contains the amount of positive imbalance receivables, negative imbalance payables and zero balance payable/receivable.

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 30.06.2021, announced buying rate of USD by the Central Bank of Republic of Turkey is 8,6803 TRY (31.12.2020: 7,4194 TRY), buying rate of EURO is 10,3249 TRY (31.12.2020: 9,1164 TRY), buying rate of GBP is 12,008 TRY (31.12.2020: 10,1142 TRY). As of the date of 30.06.2021 announced buying rate of USD by the Central Bank of Republic of Turkey is 8,6959 TRY (31.12.2020: 7,4327 TRY), buying rate of EURO is 10,3435 TRY (31.12.2020: 9,1329 TRY), buying rate of GBP is 12,0633 TRY (31.12.2020: 10,1669 TRY).

Calculated Taxed on Corporation Revenue

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. Deferred tax asset and liability is recording without considering time where group can use timing differences.

ÇAN2 TERMİK A.Ş.

Limited Audited 01 January 2021- 30 June 2021 Period

Explanatory Notes to the Consolidated Financial Statements

(Currency is TRY unless otherwise is indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Current Tax Payments

Corporate tax rate in Turkey is 25% as of 2021. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law (exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before the date of 22.07.2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

Earnings / Loss Per Share

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in group in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period. TMS 33 also refers to this matter is as follows.

Ordinary shares can be issued without any changing at sources or current ordinary shares can be reduced. 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) Reverse share split (consolidation of shares)

Ordinary shares issued to current shareholders without any additional payment in the event of activation or bonus issue or share split. Because of this current ordinary share increase without any increase in resource. Before mentioned transaction number of current ordinary shares adjust according to proportional change in case of mentioned transaction realized at the beginning of the earliest period presented.

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.

In case of occurring, events which are necessary to make adjustments after statement of financial position date, group adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

Statement of Cash Flow

In cash flow statement group reports cash flows in period based on classification as operating, investing, and financing activities. Cash flows sourced from operating activities shows cash flows sourced from Group's activities. Cash flow related to investing activities shows cash flows that group use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by group and back payment of these resources for financing activities. Cash and cash equivalents are consisted of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

Determination of Fair Value

Several accounting policies and disclosures of the group require determination of fair value of both financial and non-financial assets. Assumptions are used to determine fair value and relevant additional information is presented in the notes specific to asset or liability.

According to levels, the valuation methods are listed as follows.

Level 1: Recorded prices (unadjusted) in active market for identical assets and liability

Level 2: Directly (through prices) observable data and indirectly (derived from prices) observable data for assets or liabilities and except recorded prices in Level 1

Level 3: Data is not based on observable market data relevant with assets and liabilities (unobservable data)

3. BUSINESS COMBINATIONS

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 combination 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 at 31.12.2017.

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

Company Title	Acquisition Cost	Acquired Equity Share Value	Effect of Mergers Involving Enterprises or Businesses Under Joint Control
Yel Enerji	100.000	(1.299.068)	(1.399.068)
Total	100.000	(1.299.068)	(1.399.068)

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

4. JOINT VENTURES

None. (31.12.2020: None)

5. SEGMENT REPORTING

01.01.2021 - 30.06.2021					
Profit or Loss	Mine	Energy Product	Total	Elimination Effect	Consolidated Total
Revenue	13.958.126	500.536.718	514.494.845	(13.712.208)	500.782.637
Cost of Sales (-)	(18.087.027)	(371.743.766)	(389.830.794)	13.712.208	(376.118.586)
Gross Profit/Loss	(4.128.901)	128.792.952	124.664.051	--	124.664.051
General Administrative Expenses (-)	(1.025.869)	(12.669.953)	(13.695.822)	--	(13.695.822)
Other Real Operating Income	12.224	15.998.702	16.010.927	--	16.010.927
Other Real Operating Expenses (-)	(1.286.324)	(11.420.012)	(12.706.337)	--	(12.706.337)
OPERATING PROFIT/LOSS	(6.428.870)	120.701.689	114.272.819	--	114.272.819
Revenues From Investment Activities	150.071	(25.424)	124.647	--	124.647
PROFIT/LOSS BEFORE FINANCE EXPENSES	(6.278.799)	120.676.265	114.397.466	--	114.397.466
Financing Income	3.790.633	45.918.808	49.709.441	(1.624.369)	48.085.072
Financing Expenses (-)	(1.903.319)	(339.984.694)	(341.888.013)	1.624.369	(340.263.644)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(4.391.486)	(173.389.621)	(177.781.106)	--	(177.781.106)
Continuing Activity Profit/Loss	(482.224)	1.272.294	790.069	--	790.069
Term Tax Expense/Revenue	--	--	--	--	--
Deferred Tax Expense/Revenue	(482.224)	1.272.294	790.069	--	790.069
CONTINUING ACTIVITY PROFIT/LOSS	(4.873.710)	(172.117.327)	(176.991.037)	--	(176.991.037)
DISCONTINUING ACTIVITY PROFIT/LOSS	--	--	--	--	--
CURRENT YEAR PROFIT/LOSS	(4.873.710)	(172.117.327)	(176.991.037)	--	(176.991.037)
30.06.2021					
	Mine	Energy Product	Total	Elimination Effect	Consolidated Total
Current Assets	29.537.657	417.270.479	446.808.137	(63.408.156)	383.399.981
Fixed Assets	34.268.340	2.398.092.281	2.432.360.620	(1.150.000)	2.431.210.620
Total Assets	63.805.997	2.815.362.760	2.879.168.757	(64.558.156)	2.814.610.601
Short Term Liabilities	74.523.549	570.662.594	645.186.143	(63.408.156)	581.777.987
Long Term Liabilities	2.692.226	1.360.465.894	1.363.158.120	--	1.363.158.120
Total Liabilities	77.215.775	1.931.128.488	2.008.344.263	(63.408.156)	1.944.936.107
Equity	(13.409.778)	884.234.272	870.824.494	(1.150.000)	869.674.494

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

5. SEGMENT REPORTING (CONTINUED)

PROFIT OR LOSS	01.01.2020 - 30.06.2020				
	Mine	Energy Product	Total	Elimination Effect	Consolidated Total
Revenue	8.049.242	365.879.977	373.929.219	(7.547.982)	366.381.237
Cost of Sales (-)	(5.926.804)	(250.649.163)	(256.575.967)	7.547.982	(249.027.985)
Gross Profit/Loss	2.122.438	115.230.814	117.353.252	--	117.353.252
General Administrative Expenses (-)	(531.205)	(10.659.787)	(11.190.992)	1.800	(11.189.193)
Marketing Expenses (-)	--	(219.547)	(219.547)	--	(219.547)
Other Real Operating Income	379.021	22.850.478	23.229.499	(1.800)	23.227.699
Other Real Operating Expenses (-)	(2.853.496)	(35.246.122)	(38.099.618)	2.203.441	(35.896.177)
OPERATING PROFIT/LOSS	(883.242)	91.955.836	91.072.594	2.203.441	93.276.034
Income from Investment Activities	--	51.695	51.695	--	51.695
PROFIT/LOSS BEFORE FINANCE EXPENSES	(883.242)	92.007.531	91.124.289	2.203.441	93.327.729
Financing Income	8.557.718	50.628.642	59.186.360	(6.459.832)	52.726.528
Financing Expenses (-)	(8.749.078)	(300.179.424)	(308.928.502)	4.256.391	(304.672.112)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	(1.074.602)	(157.543.251)	(158.617.853)	--	(158.617.855)
Continuing Activity Profit/Loss	49.728	(488.729)	(439.001)	--	(439.001)
Term Tax Expense/Revenue	--	--	--	--	--
Deferred Tax Expense/Revenue	49.728	(488.729)	(439.001)	--	(439.001)
CONTINUING ACTIVITY PROFIT/LOSS	(1.024.874)	(158.031.980)	(159.056.854)	--	(159.056.856)
CURRENT YEAR PROFIT/LOSS	(1.024.874)	(158.031.980)	(159.056.854)	--	(159.056.856)
31.12.2020					
	Mine	Energy Product	Total	Elimination Effect	Consolidated Total
Current Assets	37.007.268	349.698.784	386.706.052	(65.713.781)	320.992.272
Fixed Assets	38.015.659	2.398.162.311	2.436.177.970	(1.150.000)	2.435.027.967
Total Assets	75.022.927	2.747.861.093	2.822.884.022	(66.863.781)	2.756.020.239
Short Term Liabilities	81.418.437	642.191.457	723.609.894	(65.713.781)	657.896.112
Long Term Liabilities	2.128.907	1.303.538.971	1.305.667.878	--	1.305.667.875
Total Liabilities	83.547.344	1.945.730.428	2.029.277.772	(65.713.781)	1.963.563.987
Equity	(8.524.417)	802.130.669	793.606.251	(1.150.000)	792.456.252

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

6. EXPLANATIONS OF RELATED PARTIES

i) Balances of the Company with its' related parties as of June 30, 2021 and December 31, 2020:

a) Other receivables from related parties:

	30.06.2021	31.12.2020
Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	9.465.814	8.578.612
Hidro Kontrol Elektrik Üretim A.Ş	5.540.177	5.017.372
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	3.433.683	3.227.446
Öztaş Enerji Elektrik Üretim Sanayi A.Ş	2.129.017	1.924.022
Voytron Enerji Elektrik Perakende Satış A.Ş.	793.461	--
Batı Trakya Madencilik A.Ş.	181.167	85.043
Suda Maden A.Ş.	152.106	1.152.024
TOTAL	21.695.424	19.984.520
<i>Deduction: Unaccrued financial incomes</i>	<i>(2.730.710)</i>	<i>(2.624.645)</i>
TOTAL	18.964.714	17.359.875

b) Other payables to related parties:

	30.06.2021	31.12.2020
Süleyman Sarı	160.750	160.750
Tahsin Yazan	100.000	100.000
Kerem Emir Yazan	79.425	64.509
Ys Madencilik Sanayi ve Tic. Ltd. Şti	24.347	18.193.021
Burak Altay	7.500	7.500
Odaş Elektrik Üretim San. ve Tic. A.Ş.	--	2.558.267
Anadolu Export Maden San. Ve Tic. A.Ş.	--	2.820.475
Kısrakdere Maden A.Ş.	--	474.707
Batı Trakya Madencilik A.Ş.	--	432
TOTAL	372.023	24.379.661
<i>Deduction: Unaccrued financial expenses</i>	<i>(3.555)</i>	<i>(2.581.593)</i>
TOTAL	368.468	21.798.068

c) Trade payables to related parties:

	30.06.2021	31.12.2020
Kısrakdere Maden A.Ş.	1.350.863	--
Batı Trakya Madencilik A.Ş.	544.758	753.605
TOTAL	1.895.621	753.605
<i>Deduction: Unaccrued financial incomes</i>	<i>(276.774)</i>	<i>(101.388)</i>
TOTAL	1.618.847	652.217

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

6. EXPLANATIONS OF RELATED PARTIES (CONTINUED)

i) Balances with related parties as of 30 June 2021 and 31 December 2020:

d) Notes receivable from related parties:

	30.06.2021	31.12.2020
Arsin Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	12.144.842	10.270.291
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	6.206.269	6.206.270
Hidro Kontrol Elektrik Üretim A.Ş.	14.182.355	11.993.316
TOTAL	32.533.466	28.469.877

e) Other payables to related parties:

	30.06.2021	31.12.2020
Odaş Elektrik Üretim San. ve Tic. A.Ş.	82.382.525	76.252.856
Suda Maden A.Ş.	3.366.727	4.571.253
Ys Madencilik Sanayi ve Tic. Ltd. Şti	1.406.192	1.181.604
Voytron Enerji Elektrik Perakende Satış A.Ş.	1.243.163	7.287.385
Abdulkadir Bahattin Özal	12.500	12.500
Kısrakdere Maden A.Ş.	3.028	--
Batı Trakya Madencilik A.Ş.	2.221	--
Burak Altay	--	10.307.900
TOTAL	88.416.356	99.613.498
<i>Deduction: Unaccrued financial incomes</i>	<i>(10.665.386)</i>	<i>(9.167.159)</i>
TOTAL	77.750.970	90.446.339

ii) Significant sales to and purchases from related parties:

a) Product sales to related parties

	01 January - 30 June 2021	01 January -30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Suda Maden A.Ş.	4.680.000	336.343	2.025.000	336.343
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	281.098	--	281.098	--
Batı Trakya Madencilik A.Ş.	258.450	--	96.906	--
Voytron Enerji Elektrik Perakende Satış A.Ş.	163.026	7.683.764	--	7.568.762
Ys Madencilik Sanayi ve Tic. Ltd. Şti.	--	96.250	--	96.250
Odaş Elektrik Üretim San. ve Tic. A.Ş.	--	14.061.844	--	2.281.449
Suda Stratejik Metal Dış Ticaret A.Ş.	--	5.362.220	--	5.250.273
Hidro Kontrol Elektrik Üretim A.Ş.	--	115.002	--	115.002
Kısrakdere Maden A.Ş.	--	59.322	--	59.322
TOTAL	5.382.574	27.714.745	2.403.004	15.707.401

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

6. EXPLANATIONS OF RELATED PARTIES (CONTINUED)

b) Service sales to related parties

	01 January - 30 June 2021	01 January - 30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Voytron Enerji Elektrik Perakende Satış A.Ş.	--	7.200	--	3.600
Odaş Elektrik Üretim San. ve Tic. A.Ş.	--	108.000	--	54.000
Suda Maden A.Ş.	--	43.200	--	21.600
Hidro Enerji Elektrik Üretim San. A.Ş.	--	1.800	--	900
Ys Madencilik Sanayi ve Tic. Ltd. Şti.	--	1.800	--	900
Suda Stratejik Metal Dış Ticaret A.Ş.	--	1.800	--	900
Cr Proje Geliştirme Yatırım San. Ve Tic. A.Ş.	--	1.800	--	900
Odaş Doğalgaz Toptan Satış San. Ve Tic. A.Ş.	--	1.800	--	900
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	1.800	--	900
Anadolu Export Maden San. Ve Tic. A.Ş.	--	1.800	--	900
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	--	61.200	--	30.600
TOTAL	--	232.200	--	116.100

c) Service purchases from related parties

	01 January - 30 June 2021	01 January -30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	--	5.383	--	4.483
TOTAL	--	5.383	--	4.483

d) Financial expenses to related parties

	01 January -30 June 2021	01 January - 30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Odaş Elektrik Üretim San. ve Tic. A.Ş.	4.378.346	12.907.915	2.585.816	12.907.915
Voytron Enerji Elektrik Perakende Satış A.Ş.	70.659	40.288	38.433	40.288
TOTAL	4.449.006	12.948.203	2.624.250	12.948.203

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

6. EXPLANATIONS OF RELATED PARTIES (CONTINUED)

e) Financial income from related parties

	01 January - 30 June 2021	01 January - 30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	887.202	374.550	--	359.755
Hidro Kontrol Elektrik Üretim A.Ş	520.167	192.926	282.952	168.292
Öztay Enerji Elektrik Üretim Sanayi A.Ş.	201.242	52.776	109.501	52.776
Anadolu Export Maden San. Ve Tic. A.Ş.	--	100.807	482.566	100.807
Odaş Elektrik Üretim San. ve Tic. A.Ş. (*)	--	625.524	--	529.998
Voytron Enerji Elektrik Perakende Satış A.Ş.	--	6.183.479	--	6.183.479
Suda Maden A.Ş.	--	140.046	--	140.046
Odaş Doğalgaz Toptan Satış San. Ve Tic. A.Ş.	--	90.106	--	90.106
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	143.858	--	143.858
Kısrakdere Maden A.Ş.	--	33.106	--	33.106
Batı Trakya Madencilik A.Ş	--	14.796	--	14.796
Suda Stratejik Metal Dış Ticaret A.Ş.	--	68.997	--	68.997
TOTAL	1.608.611	8.020.971	875.019	7.886.016

f) Product purchases made to related parties

	01 January - 30 June 2021	01 January - 30 June 2020	01 April -30 June 2021	01 April -30 June 2020
Kısrakdere Maden A.Ş.	19.323.650	2.320.785	901.290	--
Suda Maden A.Ş.	4.680.000	--	2.025.000	--
Voytron Enerji Elektrik Perakende Satış A.Ş.	514.996	1.094.179	248.218	1.094.179
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	70.679	90.661	7.390	90.661
Öztay Enerji Elektrik Üretim Sanayi A.Ş	--	23.104	--	23.104
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	--	9.140	--	9.140
TOTAL	24.589.325	3.537.869	3.181.897	1.217.084

Fees and similar benefits provided to the top management for the accounting period ending on 30.06.2021 are as follows:

- a) Short-term benefits provided to employees:** The total amount of wages and similar benefits provided to the members of the Board of Directors and senior managers in the first six months of the 2021 accounting period is TRY 4,805,352. (For the first six months of 2020, it is TRY 4,587,645,30 .)
- b) Post-employment benefits:** Severance pay is paid to the personnel who deserve the rights granted by law. No payment is made other than the rights arising from the Labor Law.
- c) Other long-term benefits:** None.
- d) Benefits due to Dismissal:** None.
- e) Share-based payments:** None.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

The details of the Group's trade receivables as of 30.06.2021 and 31.12.2020 are as follows:

Trade receivables	June 30, 2021	December 31, 2020
Customer Current Accounts	94.368.850	94.445.170
- Receivables from related parties	21.695.424	19.984.520
- Other receivables	72.673.426	74.460.650
- Notes Receivables (*)	32.533.466	28.469.877
Doubtful Receivables	1.500.000	1.500.000
Provision of Doubtful Receivables (-)	(1.500.000)	(1.500.000)
	126.902.317	122.915.047
<i>Deduction: Unaccrued financial expenses</i>	<i>(4.520.822)</i>	<i>(4.783.975)</i>
- Receivables from related parties	<i>(2.730.710)</i>	<i>(2.624.645)</i>
- Other receivables	<i>(1.790.112)</i>	<i>(2.159.330)</i>
TOTAL	122.381.495	118.131.072

(*) As of 30.06.2021, all bills receivable amounting to TRY 32.533.466 are from related parties and the maturity date is 10.04.2022.

Provision for doubtful receivables as of June 30, 2021 and as of December 31, 2020. The movement is as follows:

	30.06.2021	31.12.2020
Opening Balance	1.500.000	1.500.000
Additional provisions	--	--
Payments (-)	--	--
TOTAL	1.500.000	1.500.000

Trade Payables

	June 30, 2021	December 31, 2020
Supplier Current Accounts	161.984.291	142.655.373
- Due to related parties	1.895.621	753.605
- Other supplier payables	160.088.670	141.901.768
Notes Payables	33.900.577	59.637.404
	195.884.867	202.292.777
<i>Deduction: Unaccrued financial incomes</i>	<i>(21.529.713)</i>	<i>(17.669.731)</i>
- Trade Payables to Related Parties	<i>(276.774)</i>	<i>(101.388)</i>
- Trade Payables to Third Parties	<i>(21.252.939)</i>	<i>(17.568.343)</i>
TOTAL	174.355.153	184.623.046

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

8. OTHER RECEIVABLES AND PAYABLES

Short-term Other Receivables

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

	June 30, 2021	December 31, 2020
Other receivables from related parties	372.023	24.379.661
Other receivables	2.805.628	2.805.679
Deposits and guarantees given	20.246	20.246
Receivables from personnel	33.461	33.460
TOTAL	3.231.358	27.239.046
Deduction: Unaccrued finance expenses	(6.047)	(2.581.955)
-Other receivables from related parties	(3.555)	(2.581.593)
-Other receivables	(2.492)	(362)
TOTAL	3.225.311	24.657.091

Long-term Other Receivables

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

	30.06.2021	31.12.2020
Deposits and guarantees given	209.742	209.739
TOTAL	209.742	209.739

Short-term Other Payables

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

	June 30, 2021	December 31, 2020
<i>Due to related parties</i>	88.416.356	99.613.498
Other payables	461.035	259.916
Taxes and funds payables	20.387.949	7.486.785
Received advances	8.422	8.422
Publicly Deferred or Installment Debts	5.703.554	2.749.459
Other Obligations Payable	6.619	1.653
	114.983.934	110.119.733
Deduction: Unaccrued finance expenses	(10.698.192)	(9.203.506)
- Due to related parties	(10.665.386)	(9.167.159)
- Other payables	(32.806)	(36.347)
TOTAL	104.285.742	100.916.227

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

8. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Details of taxes and funds payables are as follows:

	30.06.2021	31.12.2020
Wage Earners Income Tax Deduction	3.190.631	5.755.161
Value Added Tax	15.124.948	1.240.400
Other Tax Liabilities	2.072.370	491.224
TOTAL	20.387.949	7.486.785

Long-term Other Payables

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

	30.06.2021	31.12.2020
Publicly Deferred or Installment Debts	4.673.876	5.550.965
TOTAL	4.673.876	5.550.965

9. INVENTORIES

	June 30, 2021	December 31, 2020
Raw materials and supplies	6.519.744	5.267.735
Semi-finished	84.573.449	60.660.613
Finished goods	73.167.149	53.128.048
Other inventories	10.795.441	8.807.923
TOTAL	175.055.784	127.864.319

The balance of the initial material and material amount consists of fuel oil purchases, semi-finished product stocks consist of raw coal purchases, product stocks consist of powdered coal and limestone purchases, and other stocks consist of auxiliary production materials and other operating materials and spare parts.

10. PRE-PAID EXPENSES AND DEFERRED INCOME

Short-term Pre-paid Expenses

The details of short-term prepaid expenses are as follows:

	June 30, 2021	December 31, 2020
Advances given to suppliers (*)	11.399.040	10.624.213
Expenses related to the coming months	6.393.443	3.346.533
TOTAL	17.792.483	13.970.747

* Order advances given consist of advances given by Çan 2 Termik A.Ş. regarding production activities.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

10. PRE-PAID EXPENSES AND DEFERRED INCOME (CONTINUED)

Long-term Pre-paid Expenses

The details of long-term prepaid expenses are as follows:

	June 30, 2021	December 31, 2020
Expenses related to the coming years	1.842.216	2.210.821
TOTAL	1.842.216	2.210.821

Short-term Deferred Incomes

	30.06.2021	31.12.2020
Advances Received (*)	18.677.054	7.346.258
TOTAL	18.677.054	7.346.258

(*) These are the amounts related to the advances received from EPIAŞ. In the following period, it was closed by offsetting the trade receivables.

11. TANGIBLE FIXED ASSETS

The movement of tangible fixed assets within the accounting period of 01.01.-30.06.2021 is as follows:

	01.01.2021	Addition	Disposals	Transfer	30.06.2021
Cost					
Lands	54.755.175	125.000	--	--	54.880.175
Buildings	320.000	--	--	--	320.000
Plant, machinery and equipment	2.262.393.996	8.512.444	(635.593)	--	2.270.270.847
Vehicles	4.011.077	186.416	(65.869)	--	4.131.624
Furniture and fixtures	6.020.196	538.277	--	--	6.558.473
Construction in progress	13.746.851	7.395.696	--	--	21.142.547
Research expenses	-	167.381	--	--	167.381
Total	2.341.247.295	16.925.214	(701.462)	--	2.357.471.047
Accumulated Depreciation					
Buildings	(48.881)	(7.092)	--	--	(55.973)
Plant, machinery and equipment	(164.076.858)	(37.988.587)	150.071	--	(201.915.374)
Vehicles	(1.405.255)	(398.288)	65.869	--	(1.737.674)
Furniture and fixtures	(2.153.362)	(446.313)	--	--	(2.599.675)
Total	(167.684.356)	(38.840.281)	215.940	--	(206.308.693)
Net Book Value	2.173.562.940	(21.915.067)	(485.522)	--	2.151.162.353

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

11. TANGIBLE FIXED ASSETS (CONTINUED)

The movement of tangible fixed assets within the 01.01.-31.12.2020 accounting period is as follows:

	01.01.2020	Addition	Disposals	Transfer	31.12.2020
Cost					
Lands	54.087.750	667.425	--	--	54.755.175
Buildings	320.000	--	--	--	320.000
Plant, machinery and equipment	2.179.557.060	82.836.936	--	--	2.262.393.996
Vehicles	2.865.525	1.478.860	(333.308)	--	4.011.077
Furniture and fixtures	3.809.994	2.211.158	(956)	--	6.020.196
Construction in progress	--	13.746.851	--	--	13.746.851
Total	2.240.640.329	100.941.229	(334.264)	--	2.341.247.295
Accumulated Depreciation					
Buildings	(34.696)	(14.185)	--	--	(48.881)
Plant, machinery, and equipment	(90.255.975)	(73.820.883)	--	--	(164.076.858)
Vehicles	(972.250)	(633.395)	200.390	--	(1.405.255)
Furniture and fixtures	(1.531.693)	(622.625)	956	--	(2.153.362)
Total	(92.794.613)	(75.091.088)	201.346	--	(167.684.355)
Net Book Value	2.147.845.716	25.850.141	(132.917)	--	2.173.562.940

In accordance with the standard TAS 16 “Tangible Fixed Assets”, group adopted “revaluation model” starting September 30, 2018 by basing on reasonable values detected in revaluation studies by CMB licensed independent valuation company, Lal Gayrimenkul Değerleme ve Müşavirlik A.Ş., for land, underground and aboveground layouts, buildings, machinery, plants and equipment.

In the valuation report dated 11.10.2018 prepared as of 30.09.2018, the value of the investment was determined as TRY 1.961.836.045 according to the income management (DNA). In the valuation report dated 10.02.2020 prepared by an authorized valuation institution as of 31.12.2019, the value of the investment was determined as TRY 2.085.175.474 according to the income management (DNA). As there is no change in the fair values of tangible fixed assets as of the interim report date, no new valuation study has been carried out.

“Capitalization of Revenues INA analysis” and “Cost Method” were used to determine the fair values of the facility. These valuations were made according to International Valuation Standards (IVSC) by the valuation company authorized by the CMB.

Revaluation fund movements are as follows:

30.06.2021	Plant	Building	Land	Total
January 01,2021 Balance	615.948.227	109.449	38.633.980	654.691.656
Revaluation Value Increase (Gross)	--	--	--	--
Revaluation Impairment	--	--	--	--
Deferred Tax	--	--	--	--
Revaluation Amount	615.948.227	109.449	38.633.980	654.691.656

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

11. TANGIBLE FIXED ASSETS (CONTINUED)

31.12.2020	Plant	Building	Land	Total
January 01,2020 Balance	615.948.227	109.449	38.633.980	654.691.656
Revaluation Value Increase (Gross)	--	--	--	--
Revaluation Impairment	--	--	--	--
Deferred Tax	--	--	--	--
Revaluation Amount	615.948.227	109.449	38.633.980	654.691.656

12. INTANGIBLE FIXED ASSETS

As of 30.06.2021, the details of the Group's intangible assets are as follows:

	01.01.2021	Addition	Disposals	Transfer	30.06.2021
Cost					
Rights	3.643.454	--	--	--	3.643.454
Other Intangible Assets	288.355	11.525	--	--	299.880
Preparation and Development Expenses	35.538.973	--	(39.257)	--	35.499.716
Total	39.470.782	11.525	(39.257)	--	39.443.050
Accumulated Amortization					
Rights	(1.557.571)	(164.667)	--	--	(1.722.238)
Other Intangible Assets	(278.142)	(1.042)	--	--	(279.184)
Preparation and Development Expenses	(4.059.465)	(2.626.099)	--	--	(6.685.564)
Total	(5.895.178)	(2.791.808)	--	--	(8.686.986)
Net Book Value	33.575.604	(2.780.283)	(39.257)	--	30.756.064

As of 31.12.2020, the details of the Group's intangible assets are as follows:

	01.01.2020	Addition	Disposals	Transfer	31.12.2020
Cost					
Rights	3.643.454	--	--	--	3.643.454
Other Intangible Assets	288.355	--	--	--	288.355
Preparation and Development Expenses	14.966.325	20.572.648	--	--	35.538.973
Total	18.898.134	20.572.648	--	--	39.470.782
Accumulated Amortization					
Rights	(1.226.180)	(331.391)	--	--	(1.557.571)
Other Intangible Assets	(276.428)	(1.714)	--	--	(278.142)
Preparation and Development Expenses	(2.033.674)	(2.025.791)	--	--	(4.059.465)
Total	(3.536.282)	(2.358.896)	--	--	(5.895.178)
Net Book Value	15.361.852	18.213.752	--	--	33.575.604

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

12. INTANGIBLE FIXED ASSETS (CONTINUED)

The details of the Group's intangible assets are as follows;

Company/Subsidiary	Intangible Assets/ Preparation and Development Expenses	Amount
Çan 2 Trakya	Preparation and Development Expenses	29.992.308
Çan2 Termik	Çan 2 Thermal Power Plant License Cost	122.014
Çan2 Termik	Preparation and Development Expenses	3.025.247
Çan2 Termik	Computer Software	451.557
Yel Enerji	Mine License Cost	3.247.813
Yel Enerji	Preparation and Development Expenses	2.600.110
Yel Enerji	Computer Software	4.000
Total		39.443.050

13. EVALUATING AND RESEARCHING OF MINE RESOURCES

As of December 31, 2020, the total development expenditure capitalized amount are as follows:

Subsidiaries	The Amount of Preparation and Development Expenditures
Yel Enerji	2.482.161
Çan2 Termik A.Ş.	3.025.247
Çan2 Trakya	29.992.308
Total	35.499.716

At Yel Enerji, the capitalized amount of TRY 2.482.161 as development expenditures is regarding the amount of drilling activities for coal mine license which is IR:17517 number and 1.205,11 hectares located in Bayramic district in Çanakkale.

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.

The amount of preparation and development expenses recorded to assets of Çan2 Termik A.Ş. consist of land measure, test and drilling, engineering and architectural works, property damage fees, construction equipment rental fees in July 09, 2013. Development costs belong to coal mining area located in Çanakkale, Çan District, Yaylaköy Village with license number IR 17448. The operating rights of coal mining (existed before) obtained by operating agreement called 'royalty agreement'. Total expenditures for coal mining activities are amount of TRY 3.025.247 as of June 30, 2021.

Preparation and Development Expenses of TRY 29.992.308, which are activated in Çan 2 Trakya, are amounts related to coal mine drilling, analysis and geophysical costs in Tekirdag Malkara. Drilling is ongoing and the amortization will begin when the intangible asset is in the position and condition necessary for management to operate as intended.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

14. RIGHT OF USE ASSETS

	01.01.2021	Additions	Disposals	Transfer	31.03.2021
Cost – Vehicles					
Right of Use Asset	5.900.470	73.902	--	--	5.974.372
Total	5.900.470	10.329	--	--	5.974.372
Accumulated Depreciation - Vehicles					
Right of Use Asset	(1.409.337)	(797.341)	--	--	(2.206.677)
Total	(1.409.337)	(797.341)	--	--	(2.206.677)
Net Book Value	4.491.134				3.767.694

	01.01.2020	Addition	Disposals	Transfer	31.12.2020
Cost – Vehicles					
Right of Use Asset	2.044.902	3.855.568	--	--	5.900.470
Total	2.044.902	3.855.568	--	--	5.900.470
Accumulated Depreciation - Vehicle					
Right of Use Asset	(163.871)	(1.245.466)	--	--	(1.409.337)
Total	(163.871)	--	--	--	(1.409.337)
Net Book Value	1.881.031				4.491.134

The Group has consolidated its leasing debts, which represent the operational lease payments which are obliged to pay rent. Details of the group's accounting in accordance with the TFRS 16 Leases standard are described in Note 2.

15. IMPAIRMENT OF ASSETS

As of 30.06.2021 and 31.12.2020, the Group has a decrease in its trade receivables and the impairment amounts are shown in the relevant financial statement items (Note 7).

As of 30.06.2021 and 31.12.2020, there is no impairment in the tangible and intangible assets of the Group.

16. GOVERNMENT INCENTIVES

Çan2 Termik A.Ş. has Investment Incentive Certificate is 06.02.2015 dated and 117824 numbered, prepared by Ministry of Economy of the Republic of Turkey and General Directorate of Foreign Capital and Incentives Implementation. Mentioned certificate was revised by new numbered 18.09.2017 and C117824 dated. Aforesaid investment is power plant based on domestic coal (Çan 2 Thermic Plant) with 340 MW installed capacity and incentive certificate is arranged according to EMRA's ÖN/5117-5/03070 associate license number and dated 10.07.2014.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

16. GOVERNMENT INCENTIVES (CONTINUED)

Investment Incentive Certificate is given for the full new investment carried out in Çanakkale (Çan 2nd region) and covers the period between 13.08.2014-12.02.2019. With the certificate, employer's share of insurance premiums support, interest support, tax discount rate support, VAT exception and exemption from customs duty incentives are benefited. Total amount of the investment is TRY 801.789.866 based on incentive certificate. An Incentive Closing Visa application was made to the Ministry of Industry and Technology on 02.10.2019 and a completion visa was made within the framework of the provisions of the 24th article of the decision dated 15.06.2012 and numbered 2012/3305 and the 23rd article of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was notified to us with the letter dated 05.08.2020 and numbered 1777914. The investment contribution rate is calculated at the rate of 40% over the total investment amount before closing the subject of the investment incentive certificate, and a tax reduction of 80% is provided up to the tax to be reached up to TRY 320.715.946 . This amount is subject to deferred tax (Note 30).

In addition, an investment incentive certificate with document number 510216 and ID 1013731, dated 08.04.2020, issued by the Ministry of Industry and Technology of the Republic of Turkey. The support class is Regional-Priority Investment and the support elements are VAT Exemption, Interest Support, Tax Reduction, Employer's Insurance Premium Share and Investment Place Allocation. The investment subject to the certificate is a domestic coal-based electricity generation power plant (Çan 2 Thermal Power Plant) with an installed capacity of 340 MW, and the incentive certificate was issued in accordance with EMRA's Generation License dated 28.01.2016 and numbered UE/6083-2/03428.

17. BORROWING COSTS

None. (None: December 31, 2020).

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other Short Term Provisions

	30.06.2021	31.12.2020
Lawsuit Provisions	1.478.905	1.480.086
Total	1.478.905	1.480.086

Other Long-Term Provisions

	30.06.2021	31.12.2020
Other payable and expense provisions	185.044	185.044
TOTAL	185.044	185.044

At 11th paragraph of TFRS 6 stated: When a company assume the investigation and evaluation of mine resources, it reflects removal and restoration liabilities resulting in given period at financial statement according to TAS 37 - Provisions , Contingent Liabilities and Contingent Assets standard. Accordingly, in the evaluation made by the project manager and the technical team; Mining activities in Çanakkale Province Çan District Yayaköy License No:17448 field will be operated as closed operation and open operation. Extension projects covering this scope have been submitted to the General Directorate of Mining Affairs (“Migem”) for approval. After the open operation, it will be switched to closed operation. There will be no stripping work on the surface during the closed operation periods.

Within the scope of the Çan 2 thermal power plant, the area to be picked up in the open operation will be used as an ash storage area as stated in the EIA report. After completing the economic life of the site, it will be arranged with a subsequent location study and afforestation will be abandoned. The estimated cost for terraces and trees will be around TRY 300.000.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Stripping work will be carried out on an area of approximately 150 declares. Due to the extension project, there are 100 trees per acre. Due to the soil structure of the region, the cost of relocation of about an acre is calculated around TRY 2,000 in this way. the total cost for 150 acres was calculated as $150 \times \text{TRY } 2.000 = \text{TRY } 300.000$. This study will be carried out after the open pit mine has completed its economic life and will be realized at the end of 20 years.

Provision for Mine Restoration

	30.06.2021	31.12.2020
Balance at the Beginning of the Period	185.044	185.044
Additional Provision/ Payment (-)	--	--
End-of-Term Balance	185.044	185.044

As of 30.06.2021, the total cost of TRY 300.000 discounted to present value is TRY 185.044. No additional provision has been calculated in the current period.

Profit for the Period Tax Provisions, Net

Since there is no taxable base for the accounting periods ending on 30.06.2021 and 31.12.2020, no tax provision has been calculated.

Pledges and Mortgages

In accordance with General Loan Agreement between commercial Esenyurt Branch of Yapı Kredi Bankası A.Ş. & commercial branch of Kozyatağı of Halk Bankası A.Ş. Consortium and Çan2 Termik A.Ş., a share pledge has been panned between the mentioned parties in order to issue a guarantee in favor of commercial branch of Esenyurt of Yapı Kredi Bankası A.Ş. & commercial branch of Kozyatağı of Halk Bankası A.Ş., as in the shares that are issued will be unhesitant pledged to them correspondingly to the spirit of the agreement.

The total value of the pledge amount is 2,524,100 shares with a nominal value of TRY 100. The agreements will be valid until the obligations secured under the share pledge agreement are fully paid. In addition, Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan2 Termik A.Ş. in return for the loan debt in the General Loan Agreement signed between Çan2 Termik A.Ş. and the Assignment of Receivables and the Movable Pledge Agreement without surrendering the possession. The total amount included in the contract for the Movable Pledge is 244.8 million Euros.

Within the scope of the loan agreement, mortgages from 1st degree to 8th degree have been established in favor of Yapı Kredi Bankası A.Ş. and Türkiye Halkbankası A.Ş. The total amount of the mortgages is TRY 2.374.500.000 and 546.900.000 Euro.

Assignment

Yapı Kredi Bank A.Ş. EPİAS Transfer of Receivables Agreement with Esenyurt Commercial Branch:

Yapı Kredi Bank A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Kozyatağı Commercial Branch Consortium and Çan2 Termik A.Ş. with the Consortium of Kozyatağı Commercial Branch.Sh. as a guarantee of the loan issued in accordance with the General Loan Agreement signed between Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası A.Ş. EPİAŞ Receivables Assignment Agreement was signed in favor of Kozyatağı Commercial Branch. The amount of the assignment is TRY 13.000.000.000, and the period is 2029.

ÇAN2 TERMİK A.Ş.**Limited Audited 01 January 2021- 30 June 2021 Period****Explanatory Notes to the Consolidated Financial Statements**

(Currency is TRY unless otherwise is indicated.)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)**Guarantees**

The guarantees given by the Group are as follows:

COLLATERAL PLEDGE MORTGAGES	30.06.2021	31.12.2020
A) The total amount of the collateral pledged mortgages given on behalf of the legal entity	10.808.109.339	9.667.409.339
B) Partnerships included in full consolidation	--	--
C) Total amount of collateral pledged mortgages given by other 3rd parties for the purpose of carrying out ordinary commercial activities	--	--
D) Total Amount of Other Total Pledged Mortgages Given	--	--
i) <i>The total amount of collateral pledged mortgages issued in favor of the main partner</i>	--	--
ii) <i>Other Corporate companies that are not covered by articles B and C the total amount of collateral pledged mortgages issued in favor of</i>	--	--
iii) <i>3, which is not covered by Article C. the total amount of collateral pledged mortgages issued in favor of persons</i>	--	--
TOTAL	10.808.109.339	9.667.409.339

The guarantees and promissory notes received by the Group are as follows.

	30.06.2021	31.12.2020
Letters of guarantee received	722.743	3.430.349
Collateral checks received	2.046.353	230.000
Collateral securities received	3.257.821	4.061.775
	6.026.917	7.722.124

Lawsuits Against

As of 30.06.2021, there are various commercial debt lawsuits and personnel lawsuits filed against the Group. As of 30.06.2021, there are 31 personnel lawsuits amounting to TRY 367.701 filed against the Group, 11 commercial lawsuits amounting to TRY 1.111.204.

All of the trade receivable lawsuits filed against the Group and the objections made by the Group in the enforcement proceedings initiated against the Group are requested to be canceled in accordance with Article 67 of the Enforcement and Bankruptcy Law (EBL). These lawsuits are counter debt lawsuits filed against suppliers and TRY 1.111.204 is reserved for litigation expenses related to commercial debt lawsuits.

ÇAN2 TERMİK A.Ş.**Limited Audited 01 January 2021- 30 June 2021 Period****Explanatory Notes to the Consolidated Financial Statements**

(Currency is TRY unless otherwise is indicated.)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

As of 30.06.2021, the Group has set aside a provision for litigation expenses of TRY 367.701 considering the high probability of losing the cases related to reemployment lawsuits.

	01.01.- 30.06.2021	01.01.- 31.12.2020
Balance at the Beginning of the Period	1.480.086	272.949
Additional Provisions	4.585	1.207.137
Cancellations	(5.766)	--
TOTAL	1.478.905	1.480.086

Favorable Lawsuits

As of the report date, there are various lawsuits initiated by the Group, of which TRY 6.751.018 is tax lawsuits.

With the letter dated 28.06.2019, the tax office was informed that the tax refund amounting to TRY 3.857.725 and the tax loss penalty amounting to TRY 2.893.294 , which was accounted by Çan2 Termik A.Ş. sent a tax/penalty notice. The cancellation of the deduction was made on the grounds that the power plants were not within the scope of the manufacturing industry. (Note 8). Çan2 Termik A.Ş. has filed a lawsuit against the tax office in the tax court for the cancellation of these notices. The case was concluded in favor of the group in June 2021, and the relevant Tax Office went to the appeal. It was used within the scope of the Law on Restructuring of Certain Receivables and Amending Some Laws published in the Official Gazette dated 9 June 2021 and numbered 31506.

19. EMPLOYEE BENEFITS**a. Short-Term*****Liabilities within the Scope of Employee Benefits***

	30 Jun 2021	31 December 2020
Debts to Personnel	2.793.174	2.711.237
Social Security Deductions Payable	1.285.859	1.640.208
TOTAL	4.079.033	4.351.445

The balance of the payables to the personnel is accrued on the payroll as of the relevant dates and the social security of the employer and the employee to be paid until the end of the month, declared on the twenty-third of the following month. consists of premium debts.

Permit Provision

The movement of the allowance account between 30.06.2021 and 31.12.2020 is presented below:

	30.06.2021	31.12.2020
Turnover	3.031.076	1.449.426
Provision During the Period	1.188.078	1.581.650
TOTAL	4.219.154	3.031.076

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)
19. EMPLOYEE BENEFITS (CONTINUED)

b. Long-Term

Provisions for Severance Pay

In accordance with the current labor law, companies are obliged to pay a certain amount of severance pay to personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior. The compensation to be paid is equal to one month's salary for each year of service and this amount has been limited to TRY 7.638,96 (31.12.2020:TRY 7.117,17) as of 30.06.2021.

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

Severance pay provision is set aside by calculating the present value of the probable obligation to be paid in case of retirement of the employees. Accordingly, the actuarial assumptions used to calculate the liability as of 30.06.2021 and 31.12.2020 are as follows:

	30.06.2021	31.12.2020
Discount Rate	12,31%	12,31%
The Estimated Rate of Increase	9,00%	9,00%

The movement of the severance pay provision account between 30.06.2021 and 31.12.2020 is presented below:

	30 Jun 2021	31 December 2020
Turnover	818.428	404.978
Payment	(321.887)	(374.363)
Cost of Interest	50.532	51.569
Current Service Cost	497.792	415.298
Actuarial Gains/(Losses)	(64.369)	320.946
Balance	980.496	818.428

20. OTHER ASSETS AND LIABILITIES

Other Current Assets

As of 30.06.2021 and 31.12.2020, Other Current Assets are as follows:

	30 Jun 2021	31 December 2020
Income accruals (*)	44.065.334	20.909.467
Transfer VAT	5.429.141	9.558.645
Job Advances	3.016.250	3.242.062
Staff Advances	15.643	70.751
Ordered Advances	1.255.019	1.384.447
Various Other Current Assets	13.452	499
TOTAL	53.794.839	35.165.872

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

20. OTHER ASSETS AND LIABILITIES (CONTINUED)

(*) The details of income accruals are as follows:

	30 Jun 2021	31 Aralık 2020
Electricity sales revenue accruals	44.065.334	20.909.467
TOTAL	44.065.334	20.909.467

Other Short-Term Liabilities

	30.06.2021	31.12.2020
Expense Accruals	23.954.523	25.363.408
TOTAL	23.954.523	25.363.408

The details of Expense Accruals are as follows:

	30.06.2021	31.12.2020
Electricity purchase expense accruals	21.909.430	24.080.550
Other expense accruals	2.045.092	1.282.858
TOTAL	23.954.523	25.363.408

As of 30.06.2021 and 31.12.2020, the details of Other Fixed Assets are as follows:

Other Fixed Assets

	30 Jun 2021	31 December 2020
Loans advances (*)	99.479.102	78.238.288
TOTAL	99.479.102	78.238.288

(*) Advances given consist of advances given to contractors and suppliers for investment materials and service procurement for Çan-2 Thermal Power Plant in previous periods.

Other Long-Term Liabilities

	30.06.2021	31.12.2020
Accruals of Expenses (*)	1.001.849	920.645
TOTAL	1.001.849	920.645

(*) The Insurance and Tax liabilities of the Group consist of the interest of the monthly configuration installments.

(*) Insurance and Tax liabilities of the Group consist of monthly restructuring installments.

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

The Group's paid-in capital structure as of 30.06.2021 and 31.12.2020 is as follows:

	30.06.2021		31.12.2020	
	Amount	Rate	Amount	Rate
Shareholders				
Odaş Elektrik Üretim San. Tic. A.Ş.	245.651.000	76,77%	252.410.000	100%
The Public Part	74.349.000	23,23	--	--
TOTAL	320.000.000	100%	252.410.000	100%

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

The paid-in capital of Çan2 Termik A.Ş. is 320,000,000 Turkish Liras and it is divided into 320,000,000 (Three Hundred and Twenty Million) shares, each with a nominal value of 1 (One) TRY.

Premiums/Discounts Related to Shares

After the capital increase (public offering) on 21-22 April 2021, 67.590.000 shares were transferred to Borsa İstanbul A.Ş. TRY 186.569.716 remaining after netting out the portion of TRY 9.441.284 of public offering expenses, which occurred since it was sold at a price higher than TRY 1 nominal value, was accounted for as share issue premiums.

	30 Jun 2021	31 December 2020
Share Issue Premiums	186.569.716	--
TOTAL	186.569.716	--

Actuarial Loss/Gain Fund

The movements of the actuarial loss/gain fund are as follows:

	30.06.2021	31.12.2020
Balance at the Beginning of the Period	(457.852)	(207.514)
Actuarial Gains/(Losses)	64.369	(320.946)
Deferred Tax Effect	(14.805)	70.608
End-of-Term Balance	(408.288)	(457.852)

Effect of Mergers Including Joint Controlled Enterprises or Businesses

Amounts resulting from the merger of enterprises under joint control in the “Effect of Mergers Including Joint Controlled Enterprises or Businesses” are shown below;

Company Title	Acquisition Cost	Acquired Equity Share Value	The Effect of Mergers Involving Enterprises or Enterprises Subject to Joint Control
Wind Energy	100.000	(1.299.068)	(1.399.068)

A business combination involving undertakings or businesses under common control is a business combination in which all the combining undertakings or businesses are controlled by the same person or persons before and after the business combination and this control is not temporary.

Goodwill amounting to TRY 1,399,068 arising from the acquisition of jointly controlled enterprises, as an account offsetting under equity on 31.12.2017, as goodwill cannot be included in the financial statements since business combinations under common control are accounted for using the combination of rights method, “Effect of Mergers Containing Joint Controlled Enterprises or Businesses”. ” is shown in the account.

Capital Advances

None (31.12.2020: None).

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

21. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Shares of the Parent Company

In the six-month period ending on 30.06.2021, the Group has earned a period loss of TRY 176.991.037 (31.12.2020: TRY 37.352.705). All of these amounts belong to the parent company shares and there is no minority share.

Previous Year Profit/Loss

The accumulated profit/losses other than the net profit for the period have been netted off and shown in this item.

Previous Years Profit / Losses	30 Jun 2021	31 December 2020
Profit/Loss for the Past Year	(150.141.189)	(2.252.619)
Share Ratio in Subsidiaries Not Resulting in Loss of Control Val. Related Increase/Decrease	--	--
Profit/Loss for the Period	37.352.704	(147.888.570)
TOTAL	(112.788.485)	(150.141.189)

22. REVENUE AND COST GOOD SOLD

The detail of sales is as follows;

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April - 30 Jun 2020
Domestic Sales	500.789.016	368.045.868	263.059.361	214.730.551
TEIAS/Epias/EUAS Electricity Sales Revenue	224.135.822	194.534.381	110.111.668	77.781.560
Bilateral Agreements on the Sale of Electricity	268.969.286	167.412.551	148.166.779	134.051.048
Mineral Sales Revenues	2.680.886	404.946	2.515.831	404.946
Sales of Products from Production	4.629.394	5.434.103	2.003.103	2.414.104
Other Revenues	373.628	259.887	261.980	78.893
Refunds from Sale	(6.379)	(1.664.631)	(6.379)	7.180
Sales Discounts	--	--	--	--
TOTAL	500.782.637	366.381.237	263.052.982	214.737.731

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

22. REVENUE AND COST OF SALES (CONTINUED)

The cost detail of sales is as follows.

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April - 30 Jun 2020
The cost of finished products sold	376.118.586	247.576.882	190.021.580	129.552.710
The cost of commercial goods sold	--	1.354.853	--	(144.547)
Other Costs	--	96.250	--	--
TOTAL	376.118.586	249.027.985	190.021.580	129.408.163

23. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

The details of the cost of sales for the periods 01.01.-30.06.2021 and 01.01.-30.06.2020 are as follows:

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April - 30 Jun 2020
The Cost of Using Coal	145.128.622	93.562.826	75.662.743	52.530.288
The amount of energy imbalance	45.201.870	37.143.155	22.251.122	13.550.159
Amount of Debt of the Ministry of Revenue Administration	42.727.435	13.943.528	20.471.974	8.817.554
Depreciation and amortization expense share	39.998.741	35.296.147	21.065.875	17.944.803
Personnel expense share	25.282.543	21.826.241	13.515.951	10.439.663
The Cost of Selling Coal	16.069.841	1.354.569	8.991.176	(144.831)
Market operating fee	10.379.896	3.002.212	5.222.161	1.749.221
System usage fee	8.646.172	8.914.471	4.379.942	4.879.394
The Cost of Selling Finished Products Obtained from Production	6.754.005	5.691.291	3.579.761	5.691.291
The Cost of Using the Motor	5.208.678	1.808.964	2.497.026	655.562
DGP Amount of Debt	4.731.475	1.079.185	1.618.741	515.163
The Cost of Using Fuel Oil	4.382.140	3.180.397	1.661.840	1.601.849
Bilateral agreements the cost of energy commercial goods	4.343.289	--	1.265.077	--
Insurance expenses	4.292.850	2.460.476	1.998.869	1.206.386
Purchase amount of the Gop system	4.222.286	6.859.928	2.324.606	1.753.446
Other Expenses	3.451.765	5.711.181	909.519	2.473.748
The Cost of Using Limestone	2.317.150	1.786.576	773.975	989.685
Maintenance and repair expenses	1.976.921	663.065	1.406.148	246.154
Imbalance of Group Companies	585.675	131.279	255.607	11.520
TEIAS/Epias Other expenses	373.560	4.477.818	165.292	4.432.459
The Amount of Retrospective Correction	43.670	38.426	4.173	9
Other Cost Costs	--	96.250	--	64.640
TOTAL	376.118.586	249.027.985	190.021.580	129.408.163

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

24. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April - 30 Jun 2020
Marketing, Sales and Distribution Expenses	--	219.547	--	149.512
General Administrative Expenses	13.695.822	11.189.193	9.102.321	6.085.591
TOTAL	13.695.822	11.408.740	9.102.321	6.235.103

Marketing, Sales and Distribution Expenses

The details of marketing, sales and distribution expenses for the periods 01.01.-30.06.2021 and 01.01.-30.06.2020 are as follows:

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April - 30 Jun 2020
Transportation Expenses	--	149.512	--	149.512
Personnel expenses	--	70.035	--	--
TOTAL	--	219.547	--	149.512

General Administrative Expenses

The details of general administrative expenses for the periods 01.01.-30.06.2021 and 01.01.-30.06.2020 according to their qualifications are as follows:

	01 January - 30 Jun 2021	01 January - 30 Jun 2020	01 April - 30 Jun 2021	01 April Nisan - 30 Jun 2020
Personnel expenses	7.193.199	6.248.319	4.374.541	2.841.778
Depreciation Expense	1.821.774	1.275.917	920.818	634.304
Declaration and Contract Stamp Duty	1.519.397	1.329.448	1.515.280	1.325.559
IPO Expenses	1.230.227	--	1.230.227	--
Litigation Provision Expenses	526.028	79.844	111.197	79.844
Consultancy expenses	504.734	571.168	272.792	418.065
Tax expenses	369.979	198.904	363.284	116.798
Other expenses	276.662	405.274	181.663	103.420
Travel expenses	103.743	25.029	72.584	1.915
Fuel expenses	49.437	38.512	25.980	14.144
Representative Hospitality Expenses	38.793	8.690	5.339	4.275
Due's expense	27.882	87.079	15.852	33.838
Notarial expenses	26.254	8.884	8.134	5.006
Cargo Expenses	7.712	1.543	4.630	1.181
Rental expenses	--	900.318	--	500.560
Insurance expenses	--	10.263	--	4.903
TOTAL	13.695.822	11.189.193	9.102.321	6.085.591

ÇAN2 TERMİK A.Ş.**Limited Audited 01 January 2021- 30 June 2021 Period****Explanatory Notes to the Consolidated Financial Statements**

(Currency is TRY unless otherwise is indicated.)

25. OTHER OPERATING INCOME AND EXPENSES**Other Operational Income**

	January 01 - June 30 , 2021	January 01 - June 30 , 2021	April 01 - June 30 , 2021	April 01 - June 30 , 2021
Prior Year Revenues and Profits	7.634.868	156.961	5.992	14.000
Discounted Interest Income	4.940.504	11.930.325	2.782.857	(537.067)
Exchange rate income	2.716.988	5.644.095	2.420.193	317.439
Other Extraordinary Income	709.201	5.238.851	532.306	5.172.027
Provisions no longer required	5.766	--	5.766	--
Other Income and Profits related to operations	3.600	257.467	--	141.367
TOTAL	16.010.927	23.227.699	5.747.115	5.107.766

Other Operational Expense

	January 01 - June 30 , 2021	January 01 - June 30 , 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Other Extraordinary Expenses and Losses	7.194.820	1.758.704	4.123.711	613.959
Exchange rate expense	2.232.264	9.439.456	769.436	1.850.044
Previous Year Expenses and Losses	1.485.380	11.456.378	213.131	7.903
Other	961.895	685.166	191.569	66.782
Idle Capacity Expenses and Losses	441.819	281.824	224.357	146.040
Rediscount interest expense	390.159	12.274.649	(299.680)	343.136
TOTAL	12.706.337	35.896.177	5.222.525	3.027.865

26. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from investment activities for the periods 1 January - 30 June 2021 and 1 January - 30 June 2020 are as follows;

	January 01 - June 30 2021	January 01 - June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 20210
Investing Activity Revenue	124.647	51.695	(25.424)	--
Investment Activity Expenses	--	--	--	--
TOTAL	124.647	51.695	(25.424)	--

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

27. EXPENSES CLASSIFIED BY PRINCIPAL TYPES

It is within the scope of the Group's January 01 - June 30, 2021, and January 01 - June 30 2020 periods;

Amortization Expenses	January 01 - June 30 2021	January 01 - June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Cost of sales	39.998.741	36.918.992	21.065.875	19.370.746
General administration expenses	1.821.774	524.161	920.818	79.210
Idle Capacity Expenses and Losses	441.818	228.818	224.356	93.275
Remaining in Cost of Sales	125.122	--	(820.113)	--
Prior Period Expense Loss	41.975	--	41.973	--
TOTAL	42.429.430	37.671.971	21.432.909	19.543.231

Personnel expenses	January 01 - June 30 2021	January 01 - June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Cost of sales	25.282.543	21.826.241	13.515.951	10.439.663
General operating expenses	7.193.199	5.416.426	4.374.541	1.816.224
Marketing, sales, and distribution expenses	--	70.035	--	--
TOTAL	32.475.742	27.312.701	17.890.492	12.255.886

Insurance expenses	January 01 - June 30 2021	January 01 - June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Cost of sales	4.292.850	2.460.476	1.998.869	1.206.386
General administration expenses	--	10.263	--	4.903
TOTAL	4.292.850	2.470.739	1.998.869	1.211.289

Consultancy expenses	January 01 - June 30 2021	January 01 - June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
General administration expenses	504.734	571.168	272.791	418.065
TOTAL	504.734	571.168	272.791	418.065

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

28. FINANCIAL EXPENSE AND INCOME

Financial Income

	January 01 - June 30 2021	January 01 – June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Interest income	5.324.271	9.830.527	3.058.118	4.573.856
Rediscount interest income	4.633.634	27.723.033	1.344.802	(2.543.538)
Foreign exchange profits	38.127.167	15.172.968	13.478.006	758.977
TOTAL	48.085.072	52.726.528	17.880.926	2.789.295

Financial Expenses

	January 01 – June 30 2021	January 01 – June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Foreign exchange losses	241.479.174	198.779.028	95.961.876	87.071.338
Interest and commission expense	97.794.221	83.894.550	(7.309.554)	44.622.534
Rediscount Interest Expense	990.250	21.998.534	(627.841)	(1.984.964)
TOTAL	340.263.644	304.672.112	88.024.480	129.708.908

29. ANALYSIS OF OTHER COMPREHENSIVE INCOME

The Group's other comprehensive income / (expense) breakdown as of January 01 – June 30 2021 and January 01 – June 30 2020 is as follows:

Not reclassified on gain/(loss)	January 01 – June 30 2021	January 01 – June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Actuarial gains/(loss)	64.369	(357.634)	34.200	(320.433)
Deferred tax revenue/(expense)	(14.805)	78.679	(8.168)	70.495
TOTAL	49.564	(278.955)	26.032	(249.938)

30. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax income / expenses in the income statement for the period between January 01 - June 30 2021 and January 01- June 30 2020 are summarized below:

	January 01 – June 30 2021	January 01 – June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Deferred tax income/ expense	790.069	(439.001)	(10.667.601)	892.811
Deferred tax reflected in equity	(14.805)	78.679	(8.168)	70.495
TOTAL	775.265	(360.322)	(10.675.768)	963.306

Current Tax

According to the Corporate Tax Law No. 5520, the tax rate in Turkey is 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods, and 25% for the 2021 taxation period.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

**30. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES
(CONTINUED))**

Current period tax expense

As of 30 June 2021, and 31 December 2020, the details of current period tax assets are as follows;

	June 30 2021	December 31 2020
Prepaid Taxes and Funds	12.333	--
TOTAL	12.333	--

Deferred Tax

Company calculates deferred tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

These temporary differences are usually caused by the recognition of income and expenses in different reporting periods in accordance with the CMB communiqué and tax laws. Deferred tax assets and liabilities calculated according to the liability method are applied as 20% over temporary differences after 31 December 2008. However, according to the Law No. 7061, which was adopted on 28 November 2017, “some tax laws and some other laws have been amended”, Law No. 5520, corporate tax law No. 32. 20% tax rate specified in the first paragraph of the article 2018, 2019 and 2020 tax periods for corporate earnings as 22% for the provision of temporary article is added. In accordance with the temporary article 13 of the Corporate Tax Law No. 5520, it will be applied at the rate of 25% for corporate earnings for 2021 and 23% for corporate earnings for 2022.

Turkish tax legislation makes 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 off their tax position. It is stated separately.

The deferred assets and deferred tax liabilities in the consolidated financial statements are reflected as of June 30, 2021 - December 31, 2020 in the following manner:

	June 30 2021	December 31 2020
Deferred Tax Assets	143.993.449	142.739.441
Deferred Tax Liabilities	(2.479.885)	(1.996.500)
TOTAL	141.513.564	140.742.941

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

30. TAXATION ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED))

The breakdown of cumulative temporary differences and the resulting deferred tax assets / (liabilities) provided at 30 June 2021 and 31 December 2020 using the enacted tax rates is as follows:

Deferred Tax Assets / Liabilities	Accumulated Temporary Differences		Deferred Tax Assets / (Liabilities)	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Tax Deduction from Cash Capital Increase (*)	--	45.957.918	10.110.742	10.110.742
Fixed Assets	(15.671.710)	(22.305.945)	(3.604.493)	(4.907.308)
Severance Indemnities and Provisions	4.134.613	3.352.027	950.961	737.446
Rediscount	(27.701.032)	(19.507.305)	(6.371.237)	(4.291.607)
Reduced Corporate Tax from Investment (**)	--	--	320.715.946	320.715.946
TAS-21 Currency Change Effects	(2.830.800)	--	(622.776)	--
Provisions for Other Payables and Expenses	(4.991.640)	(14.112.623)	(1.148.077)	(3.104.777)
Revaluation	654.691.656	654.691.656	(178.517.501)	(178.517.501)
TOTAL	607.631.087	648.075.729	141.513.564	140.742.941

(*) A tax advantage of TRY 10.110.742 has been provided within the scope of the incentives related to the capital increases realized by the Group in the previous periods.

(**) Group's investment in thermal power plant II. It is located in the region, but it is stated in the Special Conditions section of the Special Conditions of the YTB that the investment subject to the document is among the priority investments and will benefit from the 5th region supports. Accordingly, the Investment Contribution Rate is 40% and the Reduced Corporate Tax Rate is 80%. Accordingly, it will be possible to benefit from the reduced corporate tax application regarding the income obtained from the investment of TRY 320,715,946, which is 40% of the total investment of TRY 801,789,865.

31. EARNING PER SHARE

	January 01 – June 30 2021	January 01 – June 30 2020	April 01 - June 30 , 2021	April 01 - June 30 , 2020
Net profit /(loss)	(176.991.037)	(159.056.856)	(16.382.908)	(44.852.436)
Weighted average number of ordinary share	275.562.376	974.100	974.100	974.100
Profit/(loss) per share with nominal value of 1 TRY	(0,642290)	(163,285962)	(16,818507)	(46,045002)

32. FINANCIAL REPORTING IN HYPERINFLATION ECONOMIES

Prepared financial tables before the period of January 01,2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under TAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

33. FINANCIAL INSTRUMENTS

Short-Term Financial Liabilities

As of 30.06.2021 and 31.12.2020, short-term financial liabilities are as follows:

Short-Term Financial Liabilities		
	June 30 2021	December 31 2020
Bank loans	60.478.449	46.216.445
Installments of principal and interest of loans	186.607.515	280.047.374
Current Installments of Bonds	3.642.459	4.520.746
Short-Term Financial Liabilities - Net	250.728.422	330.784.565
Long-Term Financial Liabilities		
	June 30 2021	December 31 2020
Bank loans	1.353.836.970	1.296.196.291
Long-Term Financial Liabilities - Net	1.353.836.970	1.296.196.291
Other Financial Liabilities		
	June 30 2021	December 31 2020
Other financial liabilities	3.642.459	4.520.746
TOTAL	3.642.459	4.520.746

The details of the maturity and interest amounts of the Group's loan payables are as follows;

Loan Repayment Table

Long-Term Loans Liabilities		
	June 30, 2021	December 31, 2020
2022	252.170.675	242.506.825
2023	220.397.431	213.691.081
2024	188.864.729	181.432.128
2025	166.171.226	151.741.583
2026	148.885.794	128.605.092
2027	133.424.016	113.456.679
2028	119.577.935	99.894.794
2029	107.210.139	87.871.912
2030	17.135.024	76.996.197
Total	1.353.836.970	1.296.196.291
Long-Term Loans Liabilities		
	June 30, 2021	December 31, 2020
1-2 Years	--	--
2-3 Years	252.170.675	242.506.824
3-4 Years	220.397.431	213.691.081
4-5 Years	188.864.729	181.432.128
5 Years and Longer	692.404.136	658.566.258
Total	1.353.836.970	1.296.196.291

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

33. FINANCIAL INSTRUMENTS (CONTINUED)

	<u>Annual interest rate %</u>		<u>Exchange Value</u>		<u>TRY</u>	
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>
TRY Loans	7,5-23%	11-21%	-	--	60.478.450	46.216.445
Short-term Loans			-	--	60.478.450	46.216.445
EURO Loans	6,5%-7,5%	5,5%-7%	13.358.207	24.411.753	138.170.615	219.898.627
USD Loans	--	--	-	--	--	--
TRY Loans	7,5-23%	11-21%	-	--	48.436.900	60.148.746
Short-term payments and interests of loans					186.607.515	280.047.374
Total short-term loans			-	--	247.085.964	326.263.819
EURO Loans	6,5%-7,5%	5,5%-7%	116.247.784	127.604.668	1.202.408.956	1.149.450.084
USD Loans	--	--	-	--	--	--
TRY Loans	7,5-23%	11-21%	-	--	151.428.014	146.746.207
Total long-term loans					1.353.836.970	1.296.196.291

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

The credit risks exposed as of 30.06.2021 by types of financial instruments are shown in the table below.

30.06.2021	Receivables				Bank Deposits	Derivatives	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
As at Reporting Date Maximum Amount of Credit Risk Exposed (A+B+C+D+E) *	18.964.714	103.416.781	368.468	3.066.587	11.136.009	--	112.133.162
- Maximum amount of risk exposed							
- Part of the risk covered by guarantees	--	--	--	229.990	--	--	--
A. Net value of financial assets neither due nor impaired	--	103.416.781	368.468	2.836.597	11.136.009	--	112.133.162
B. Conditions renegotiated, otherwise to be classified as past due or impaired	--	--	--	--	--	--	--
C. Past due but not impaired	--	--	--	--	--	--	--
D. Net book value of Impaired assets	--	1.500.000	--	--	--	--	--
-Past due (gross book value)	--	(1.500.000)	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--
- Part covered by guarantees	--	--	--	--	--	--	--
- Undue (gross book value)	--	--	--	--	--	--	--
-Impairment (-)	--	--	--	--	--	--	--
- Part covered by guarantees	--	--	--	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

In determining the amount, the increase in credit reliability such as guarantees received are not considered.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The credit risks exposed as of 31.12.2020 as of the types of financial instruments are shown in the table below.

31.12.2020	Receivables				Deposits in Banks
	Trade Receivables		Other Receivables		
	Related Party	Third Party	Related Party	Third Party	
As at reporting date maximum amount of credit risk exposed (A+B+C+D+E)	17.359.875	100.771.197	21.798.068	3.068.763	1.201.444
- Maximum amount of risk exposed	--	--	--	229.990	--
- Part of the risk covered by guarantees					
A. Net value of financial assets neither due nor impaired	17.359.875	100.771.197	21.798.068	2.838.773	1.201.444
B. Book value of financial assets whose conditions are renegotiated, otherwise, will be classified as past due or impaired	--	--	--	--	--
C. Net book value of assets past due but not impaired	--	--	--	--	--
D. Net book value of assets impaired	--	1.500.000	--	--	--
- Past due (gross book value)	--	(1.500.000)	--	--	--
- <i>Impairment amount (-)</i>	--		--	--	--
- <i>The part of net value covered with guarantees etc.</i>	--	--	--	--	--
- Not due (gross book value)	--	--	--	--	--
- <i>Impairment amount (-)</i>	--	--	--	--	--
- <i>The part of net value covered with guarantees etc.</i>	--	--	--	--	--
E. Off balance items exposed to credit risk	--	--	--	--	--

In determining the amount, the increase in credit reliability such as guarantees received are not considered.

ÇAN2 TERMİK A.Ş.

Limited Audited 01 January 2021- 30 June 2021 Period

Explanatory Notes to the Consolidated Financial Statements

(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk

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

Currency risk

FOREIGN CURRENCY POSITION				
	30.06.2021			
	TRY Equivalent (Functional money unit of labor)	USD	EUR	GBP
1. Trade Receivables	182.532	2.401		-
2a. Monetary Financial Assets (Cash, Bank accounts included)	25.582	1.360	1.288	30
2b. Non-Monetary Financial Assets	37.407.053	1.339.703	2.715.102	572
3. Other	-	-	-	-
4. Current Assets (1+2+3)	37.615.167	1.343.464	2.716.390	601
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)	37.615.167	1.343.464	2.716.390	601
10. Trade Payables	(30.322.902)	(625.182)	(2.743.399)	(0)
11. Financial Liabilities	(154.985.130)	-	(17.822.782)	-
12a. Monetary Other Liabilities	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	(185.308.032)	(625.182)	(20.566.181)	(0)
14. Trade Payables	-	-	-	-
15. Financial Liabilities	(1.010.879.105)	-	(116.247.784)	-
17. Long Term Liabilities (14+15+16)	(1.010.879.105)	-	(116.247.784)	-
18. Total Liabilities (13+17)	(1.196.187.137)	(625.182)	(136.813.965)	(0)
19. Net Off-Balance Sheet Derivative Instruments Asset/(Liability) Position (19a-19b)	-	-	-	-
19a. Total Amount of Assets Hedged	-	-	-	-
19b. Total Amount of Hedged Liabilities	-	-	-	-
20. Net Foreign Asset/ (Liability) Position (9-18+19)	(1.158.571.970)	718.282	(134.097.575)	601
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.195.979.023)	(621.421)	(136.812.677)	29
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

FOREIGN CURRENCY POSITION				
	31.12.2020			
	TRY Equivalent (Functional money unit of labor)	USD		GBP
1. Trade Receivables	24.839.499	3.383.897		--
2a. Monetary Financial Assets (Cash, Bank accounts included)	32.725	4.224	129	56
2b. Non-Monetary Financial Assets	29.530.173	950.595	2.501.409	2.000
3. Other	--	--	--	--
4. Current Assets (1+2+3)	54.402.397	4.338.717	2.501.538	2.056
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)	54.402.397	4.338.717	2.501.538	2.056
10. Trade Payables	(51.286.624)	(479.727)	(5.110.759)	(173.775)
11. Financial Liabilities	(260.115.072)	--	(28.876.328)	--
12a. Monetary Other Liabilities	--	--	--	--
12b. Non-Monetary Other Liabilities	--	--	--	--
13. Short Term Liabilities (10+11+12)	(311.401.696)	(479.727)	(33.987.087)	(173.775)
14. Trade Payables	--	--	--	--
15. Financial Liabilities	(1.149.450.087)	--	(127.604.668)	--
17. Long Term Liabilities (14+15+16)	(1.149.450.087)	--	(127.604.668)	--
18. Total Liabilities (13+17)	(1.460.851.783)	(479.727)	(161.591.755)	(173.775)
19. Net Asset/ (Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Hedged Liabilities	--	--	--	--
20. Net Foreign Asset/ (Liability) Position (9-18+19)	(1.406.449.386)	3.858.990	(159.090.217)	(171.719)
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.435.979.559)	2.908.395	(161.591.626)	173.831
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	--	--	--	--
23. Export	--	--	--	--
24. Import	--	--	--	--

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Sensitivity Analysis of Foreign Exchange Position

Sensitivity Analysis of Foreign Exchange Position				
30.06.2021				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change in 20% of the U.S. Dollar against TRY;				
1 - Net asset / liability of USD	861.938	(861.938)	--	--
2 - Amount hedged for USD risk (-)	--	--	--	--
3- Net Effect of U.S. Dollar (1+2)	861.938	(861.938)	--	--
Change in 20% of the EURO against TRY;				
4 - Net asset / liability of EUR	(160.917.090)	160.917.090	--	--
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- Net Effect of EURO (4+5)	(160.917.090)	160.917.090	--	--
Change in 20% of the GBP against TRY;				
7- Other foreign currency net asset / liability	721	(721)	--	--
8- Part of hedged protected from other currency risk (-)	--	--	--	--
9- Net Effect of GBP (7+8)	721	(721)	--	--
TOTAL (3+6+9)	(160.054.431)	160.054.431	--	--

Sensitivity Analysis of Foreign Exchange Position				
31.12.2020				
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change in 20% of the U.S. Dollar against TRY;				
1 - Net asset / liability of USD	5.665.384	(5.665.384)	--	--
2 - Amount hedged for USD risk (-)	--	--	--	--
3- Net Effect of U.S. Dollar (1+2)	5.665.384	(5.665.384)	--	--
Change in 20% of the EURO against TRY;				
4 - Net asset / liability of EUR	(286.613.753)	286.613.753	--	--
5 - Amount hedged for EUR risk (-)	--	--	--	--
6- Net Effect of EURO (4+5)	(286.613.753)	286.613.753	--	--
Change in 20% of the GBP against TRY;				
7- Other foreign currency net asset / liability	(341.508)	341.508	--	--
8- Part of hedged protected from other currency risk (-)	--	--	--	--
9 -Net Effect of GBP (7+8)	(341.508)	341.508	--	--
TOTAL (3+6+9)	(281.289.877)	281.289.877	--	--

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. The carrying values of the trade receivables net of provisions for uncollectible receivables are considered to

Financial Liabilities

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 (Futures Agreements)

The Group does not engage in derivative transactions in the foreign exchange markets.

Financial Liabilities

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.

ÇAN2 TERMİK A.Ş.

Limited Audited 01 January 2021- 30 June 2021 Period

Explanatory Notes to the Consolidated Financial Statements

(Currency is TRY unless otherwise is indicated.)

36. SUBSEQUENT EVENTS

Determination of International Credit Rating

Within the scope of the credit rating study dated 30.07.2021 of the International Credit Rating Agency, JCR Eurasia Rating, 12 Termik A.S.. The Long-Term National Rating of the company has been determined as "BBB- (Trk) (Stable Outlook)" at an investable level.

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

None.

38. EXPLANATIONS TO CASH FLOW STATEMENT

Movements in the cash flow statement that do not create cash inflows and outflows are as follows as of the years:

ÇAN2 TERMİK A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 01.01.2020-30.06.2021 (TRY)
(All amounts are shown in TRY.)

		Current Period Audited Consolidated	Prior Period Audited Consolidated
	NOTES	01.01-30.06.2021	01.01-30.06.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		677.513	16.600.989
Profit/Loss For The Period		(176.991.037)	(159.056.854)
Adjustments To Reconcile Net Profit/Loss For The Period		209.474.165	322.237.432
Adjustments related to amortization and depreciation expenses	11-12-23-24-27	42.429.430	36.853.886
Adjustments related to impairment/revocation	7	-	-
Adjustments Related to Employees Benefits Provision (Cancellation)	19	1.419.155	865.725
Provisions Related to Litigation and / or Provisions (Cancellation) Provisions Relating to Provisions (Cancellation)	18	(1.181)	79.844
Adjustments on Provisions (Cancellation) on the Sectoral Requirements Framework	18	-	0
Deferred Financial Income Arising From Sales on Credit	7-8	(21.285.745)	(10.545.151)
Adjustments Regarding Interest Expenses	20	23.954.523	185.370.934
Adjustments Related to Interest Income	20	(44.065.334)	(54.453.070)
Adjustments for Unrealized Currency Translation Differences		206.001.337	162.470.000
Adjustments Regarding Impairment Reversal of Tangible Fixed Assets		0	-
Adjustments Regarding Tax Expenses/Income	30	(770.624)	360.320
Changes In Business Capital		(31.855.179)	(146.300.635)
Adjustments Regarding Increase/Decrease in Inventories	9	(47.191.465)	(28.382.262)
Increase/Decrease in Trade Receivables from Related Parties		(1.604.839)	-
Increase/Decrease in Trade Receivables from Unrelated Parties	7	(4.435.696)	(65.712.713)
Decrease (Increase) in Other Receivables from Related Parties	6	21.427.108	(15.227.316)
Decrease (Increase) in Other Receivables from Unrelated Parties	8	2.176	(22.192)
Change in Other Assets	20	4.530.139	119.846.678
Increase (Decrease) in Trade Payables to Related Parties		966.630	-
Increase (Decrease) in Trade Payables to Non-Related Parties	7	10.018.417	10.907.970
Change in Prepaid Expenses	10	(3.800.050)	1.065.086
Change in Payables Under Employee Benefits	19	(1.691.566)	(4.240.486)
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	(12.695.369)	57.339.616
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	8	15.220.600	(4.609.318)
Provisions for Employee Benefits	19	1.350.145	1.189.527
Increase (Decrease) in Deferred Revenues	10	11.330.796	(32.982.197)
Change in Other Obligations	20	(25.282.204)	(185.473.028)
Cash Flows from Operations		627.949	16.879.943
Other Loss/Gain	21	49.564	(278.954)

ÇAN2 TERMİK A.Ş.
Limited Audited 01 January 2021- 30 June 2021 Period
Explanatory Notes to the Consolidated Financial Statements
(Currency is TRY unless otherwise is indicated.)

39. EXPLANATIONS RELATED WITH EQUITY CHANGE TABLE

The details of the Group's shareholders' equity as of 30.06.2021 and 31.12.2020 are disclosed in Note 21.

40. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

	June 30, 2021	December 31, 2020
Bank	11.136.009	1.201.444
-Demand deposit	4.438.552	1.117.416
-Time deposit	6.697.457	84.028
Other current assets	1.727	1.727
TOTAL	11.137.736	1.203.171

As of 30.06.2021 there is no blocked deposits of the Group (31.12.2020 : None). The information about the Group's term account for the periods 30.06.2021 and 31.12.2020 is as follows:

Currency Time Deposits	Maturity	Interest rate	30.06.2021	31.12.2020
			TRY	TRY
TRY	1.07.2021	% 17,00	4.000.000	--
TRY	1.07.2021	% 18,00	2.000.000	--
TRY	1.07.2021	% 19,03	303.193	--
TRY	1.07.2021	% 19,03	303.048	--
TRY	27.09.2021	% 18,50	91.216	--
TRY	15.03.2021	% 14,00	--	84.028
			6.697.457	84.028

41. INTEREST, TAX, PROFIT BEFORE DEPRECIATION (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.

Profit before interest, tax and depreciation is TRY 152,788,746 in the accounting period of 01.01.-30.06.2021. (TRY 01.01-30.06.2020: 142.516.574)