(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

ÇAN2 TERMİK A.Ş. AND IT'S SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AND SPECIAL AUDIT REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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

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A) Independent Audit of the Financial Statements

1. Opinion

We have audited the consolidated financial statements of Çan2 Termik A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2021, and the consolidated statements of income, and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2. Basis for Opinion

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

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3. Emphasis of matter

As explained in the accompanying Note 2 to the financial statements, as of December 31, 2021 the Group has sorted out the balances recorded in previous periods under the account "Other Receivables due from Related Parties" and "Other Payables due to Related Parties" according to their nature and reclassified them as "Trade Receivables from Related Parties" and "Trade Payables to Related Parties", respectively in the previous year's comparative consolidated statement of financial position.

As explained in Notes 20, as of December 31, 2021 the Group has order advances given related to he investment projects in progress amounting to TL 53.860.997 included in "Other Non-Current Assets". The Group management explained that these advances were given for the construction of thermal power plant and will be transferred to property, plant and equipment in the following periods. As of December 31, 2021, TL 5.527.014 of such advances are dormant. The management plans to take the necessary actions to ultimately close the balances of advances in question. The accompanying financial statements don not contain any adjustment or classification thereon.

4. Going Concern

As of the accounting periods ended at December 31, 2021 and December 31, 2020 the Group has losses from continuing operations amounting to TL 273.086.302 and TL 149.929.815, respectively. As of December 31, 2021, the Group's short-term liabilities exceeded its short-term assets by TL 540.466.348. (31.12.2020: TL 336.903.839). TL 543.249.068 of such liabilities consist of the short-term portion of long-term bank loans. Substantial portion of such losses from continuing operations arise from the foreign currency losses of the foreign-currency bank loans used by the Group for the power plants during the investment period. According to the income and cost projections prepared by the Group for the eight year period from 2022 to 2030, the Group foresees to generate profit from continuing operations. Moreover, based on the income budget prepared, the Group has hedged the exchange rate risks likely to arise from foreign exchange indexed sales in high volumes, which are highly probable by borrowing in the same currency. As of report date the maturities of bank loans were prolonged until 2030 based on the debt settlement agreements made with creditor banks. As of December 31, 2021, the Group's previous years losses amounted to TL 112.788.485. As of December 31, 2021, the Group's shareholders equity amounted to TL 2.615.633.233 (TL 31.12.2020: TL 792.456.252), TL 2.831.264.906 (31.12.2020: 654.691.656) of which included the revaluation gains resulting from the revaluation of tangible assets. As explained in more detail in the accompanying Note 2 to the consolidated financial statements, the explanations and plans of the Group Management with respect to the continuity of its activities are provided in Note 2. This issue does not affect our opinion on the financial statements.

In addition, we would like to draw attention to the fact that as of December 31, 2021 the Group recognized deferred tax assets of TL 75.024.487 on the Group's carry-forward unused tax losses amounting to TL 326.193.421 based on the prediction that such tax advantages may be utilized. The Group did not recognize any deferred tax assets on the carry-forward tax losses in the previous periods. In the current period the Group has revised its estimates and anticipates that taxable profits will be available to offset the unused carried forward tax losses in the future periods in line with the budget, revenue projections and assumptions prepared. The ability to use the deferred tax assets arising from unused carried forward tax losses in the future depends on the Group's ability to generate taxable income in line with the realization of its budgets and plans for the future, which will be sufficient to offset the unused tax losses.

5. Key Audit Matters

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

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

Key Audit Matter	**How our audit addressed the key audit matter**
Cash Flow Hedging Accounting	
The Group associates the electricity sales to Elektrik Üretim A.Ş.budgeted until the end of 2030 with the loans denominated in Euro obtained in reference to its investments in electricity generation. The contractual sales are indexed to USD currency and these contracts are affected by the fluctuation of the exchange rates between Turkish Lira and USD. The Company hedges this exchange rate risk with its loans borrowed in Euro. As of December 31, 2021, the amount of cash flow hedge losses classified under the shareholders equity amounting to TL 425.193.010 is considered to be significant with respect to the financial statements. Cash flow hedge accounting is structurally complex and has been considered a key audit matter since it is a matter which requires professional expertise.	The definition and documentation of the risk management target and strategy that led to the Company's cash flow hedging process has been examined within the framework of the definitions of financial hedging accounting specified in TAS 39 Financial Instruments: Recognition and Measurement. Cash flow hedging accounting model calculation prepared by a consultant service organization for the Group, risk management strategy, risk management objectives, hedging relationship, nature of protected risk, method of measurement of credit hedging effectiveness were examined and it was reviewed that the financial instrument in question was part of the hedge relationship that provides the hedge requirements in accordance with TFRS 9 Standard. The group has linked USD receivables subject to the hedge accounting process with foreign exchange sales to be made by the end of 2030. The compliance of the electricity sales prices, which are the subject of cash flow hedging, with the budget approved by the management has been checked. Repayment plans for such loans were checked from credit contracts and bank agreements. The mathematical accuracy and accounting of the accounting record carried out on the subject was checked. The adequacy of the explanations in the financial statements related to cash flow hedging accounting was evaluated.

5. Key Audit Matters (Cont'd)

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

Key Audit Matter	How our audit addressed the key audit matter
Short Term and Long-term Financial Liabilities	
As of December 31, 2021, the Group has short-term financial liabilities of TL 543.249.068, which constitutes 50% of its short-term liabilities, and long-term financial liabilities of TL 1.670.555.436, which constitute 89% of its total long-term liabilities. Details on short- and long-term financial liabilities are included in Note 33. The group shows its financial debts at rate valuations and discounted cost using the effective interest method. The calculation and reconciliation of financial liabilities has been considered by us as a key audit matter.	Our audit procedures are designed to inquiry the accuracy of financial liabilities. The accounting policies applied by the Group regarding financial liabilities and their principles of implementation were evaluated, The accuracy of financial debts has been confirmed by external confirmations set with banks and financial institutions, Rate valuations, discounts and accrual studies for financial liabilities were recalculated and tested by the Group. The explanations in the financial statement footnotes regarding financial liabilities were examined and the adequacy of the information contained in these notes was evaluated.

5. Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Accounting of inventories	
In the consolidated financial statements as of December 31, 2021, there is risk of impairment for the raw materials amounting to TL 7.475.984, for finished goods, amounting to TL 90.947.624 and other spare part inventories, amounting to TL 10.280.965 included in the total inventories, amounting to TL 222.076.764, due to damage, loss of value partially or completely which may be originated from external factors, or failure to recover in case of a decrease in sales in price and economic factors. Details on inventories are included in Note 9. Based on the estimates and assumptions of the management, no provision for impairment has been set for inventories in the current period. These estimates and assumptions include the evaluation of slow- moving inventories and of inventories that have not been sold or a certain period of time and are damaged. Due to these reasons, stocks have been considered a significant matter for our audit.	Understanding and evaluating the appropriateness of the accounting policy regarding the inventory impairment provision, Discussing with the Group management about the risk of impairment of inventories due to loss of value partially or completely due to external factors, or failure to recover in case of a decrease in the sales price, Comparison of inventory turnover with the previous year, Evaluating the fact that there is no provision for impairment in the current period as a result of the estimates and assumptions of the management. Testing sales prices after deducting discounts used in net realizable value calculations

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5. Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Accounting of revaluation of property, plant and equipment	
As detailed in Notes 2 and 11, land, buildings, cars, machinery, facilities and instruments of the Group have been revalued independent real estate valuation agency. As of December 31, 2021 land, building, machinery and vehicles respectively with a net book value of TL 166.675.000, TL 535.000, TL 4.704.431.665, TL 11.560.517 constitute 88% of the Group's total assets and are considered as key audit matter due to the fact that the valuation methods applied contain significant estimates and assumptions.	During our audit, the appropriateness of the methods used by valuation experts as stated in their appraisal report, which constitute the basis for the fair values of the relevant tangible fixed assets measured according to the revaluation model, were evaluated. We have examined the appropriateness of the assumptions used by the independent appraisers during the appraisal conducted for land, buildings, machinery and vehicles. In this context, as a result of the studies and examinations carried out by experts on the subject property valuation calculations, we have evaluated whether the estimates and assumptions used in the valuation report are within an acceptable range of the fair value appraised by the independent valuation experts of the Group. The consistency of the data and inputs used in the calculation of asset value using the income method and the conformity of assumptions were examined and compared with market conditions We have checked that the valuation company was included in the list of qualified valuers authorized to conduct valuations within the framework of the Capital Market legislation and that the experts conducting the valuation hold the required licenses for Capital Market activities. Furthermore considering the nature of the accounting requirements explained above, we have inquired the appropriateness of the information contained in the financial statements and the explanatory footnotes in accordance with TMS 16.

5. Key Audit Matters (Cont'd)

Key audit matter	**How our audit addressed the key audit matter**
Revenue recognition	
The Group's main field of activity is the sale of electricity generated by the Çan-2 Thermal Power Plant, which is owned by the Group and carry out the sales activities of coal mines. Revenue is the most important indicator in the consolidated performance evaluation of the Group. During the year ended December 31, 2021, the Group generated total revenues of TL 1.192.936.521. Revenue is significant matter for our audit since it is the most important financial statement item in the income statement for the period ending December 31, 2021, in terms of evaluating the results of the strategies applied and the follow-up of the performance of the Group. Explanations on the accounting policies and revenue amount of the Group are included in Notes 2 and 22.	The following audit procedures have been applied for the recognition of revenue: Understanding of sales processes and evaluating the design and operating effectiveness of the controls related to these processes, Evaluating the conformity of the Group's accounting policy for the recognition of the revenue, Performing analytical procedures regarding whether the revenue recorded in the consolidated financial statements is at the expected level, Performing tests with sampling method regarding the accuracy of customer invoices and matching these invoices with the delivery notes (coal sales) and collections made from customers, Examining the sales contracts made by the Group with customers and evaluating the timing of the revenue to be included in the financial statements for different delivery methods, Obtaining information that will ensure the accuracy of the estimates from the commercial units regarding the invoices issued and received in the following period and the accruals calculated in the following period, and verification of the accrual amounts, due to the special circumstances arising from the operation of the energy market.

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5. Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Accounting for litigation provisions	
As explained in detail in Note 18, the possibility of losing the relevant cases and the probable losses to be consequentially incurred in case of adverse outcomes are evaluated in line with the opinions of the Group legal advisors and the Group management records required provisions based on the best estimates made by using the available data. As the determination of litigation provision contains significant estimates, it was determined as a key audit matter.	The following audit procedures have been applied for the determination of provisions: The study prepared for the provision for litigation has been provided by group management. Signed attorney letters from the group lawyers detailing the current status of the lawsuits were obtained. The amount in the provision study and the provision figures included in the attorney letter and reflected in the accounting records have been mutually checked, The competence and impartiality of the lawyers appointed by the Group's management have been evaluated by us, The explanations in the financial statement notes regarding the litigation provisions have been examined and the adequacy of the information contained in these notes has been evaluated.

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

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

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

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

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

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

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, December 31, 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The name of the engagement partner who supervised and concluded this audit is Jale Akkaş.

Eren Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International

Jale Akkaş
Engagement Partner

Istanbul,
February 3, 2022

CONTENTS **PAGE**

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

		Current Year Audited Consolidated	Restated Prior Year Audited Consolidated
ASSETS	**Notes**	**31.12.2021**	**31.12.2020**
Current Assets			
	42	23.552.721	1.203.171
Cash and Cash Equivalents	6-7	155.198.509	118.131.072
Trade Receivables	*6*	*28.517.163*	*17.359.875*
Trade Receivables from Related Parties	*7*	*126.681.346*	*100.771.197*
Trade Receivables from Third Parties	6-8	3.333.243	24.657.091
Other Receivables	*6*	*592.695*	*21.798.068*
Other Receivables from Related Parties	*8*	*2.740.548*	*2.859.023*
Other Receivables from Third Parties	9	222.076.764	127.864.319
Inventories	10	15.182.551	13.970.747
Other current tax assets	30	--	--
Other Current Assets	20	122.166.556	35.165.872
TOTAL CURRENT ASSETS		**541.510.344**	**320.992.272**
Non-current Assets			
Other Receivables	8	209.744	209.739
Other Receivables from Related Parties	*6*	--	--
Other Receivables from Third Parties	*8*	*209.744*	*209.739*
Property, Plant, and Equipment	11	4.921.667.543	2.173.562.940
Intangible Assets	12	30.706.367	33.575.604
Other Intangible Assets	*12*	*30.706.367*	*33.575.604*
Right to Use Assets	14	3.290.763	4.491.134
Prepaid Expenses	10	1.884.776	2.210.821
Deferred Tax Assets	30	--	142.739.441
Other Non-Current assets	20	53.860.977	78.238.288
TOTAL NON-CURRENT ASSETS		**5.011.620.170**	**2.435.027.967**
TOTAL ASSETS		**5.553.130.514**	**2.756.020.239**

Consolidated financial statements for the period ended on 31.12.2021 have been approved by the Board of Directors Decision dated 03.02.2022 and numbered 2022/2.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Current Year Audited Consolidated	**Restated Prior Year Audited Consolidated**
LIABILITIES	**Notes**	**31.12.2021**	**31.12.2020**
Current Liabilities			
Short-Term Borrowings	33	81.776.258	46.216.445
Short-Term Leasing Liabilities	33	421.153	--
Current Portion of Long-Term Borrowings	33	543.249.068	280.047.374
Other Financial Liabilities	33	2.972.839	4.520.746
Trade Payables	6-7	204.267.918	184.623.046
Trade Payables to Related Parties	*6*	*516.207*	*652.217*
Trade Payables to Third Parties	*7*	*203.751.711*	*183.970.829*
Short Term Provisions for Employee Benefits	19	6.115.662	4.351.445
Other Payables	6-8	132.618.962	100.916.227
Other Payables to Related Parties	*6*	*103.398.050*	*90.446.339*
Other Payables to Third Parties	*8*	*29.220.912*	*10.469.888*
Deferred Income	10	61.096.265	7.346.258
Short Term Provisions	18-19	5.807.581	4.511.163
Short-Term Provisions for Employee Benefits	*19*	*4.867.231*	*3.031.076*
Other Short-Term Provisions	*18*	*940.350*	*1.480.086*
Other Short-Term Liabilities	20	43.650.986	25.363.407
TOTAL CURRENT LIABILITIES		**1.081.976.692**	**657.896.111**
Long-Term Borrowings	33	1.670.555.436	1.296.196.294
Long-Term Leasing Liabilities	33	1.136.908	--
Other Borrowings	6-8	5.796.327	5.550.965
Other Borrowings to Related Parties	6	--	--
Other Borrowings to Third Parties	8	5.796.327	5.550.965
Long-Term Provisions	18-19	1.509.318	1.003.472
Long-Term Provisions for Employee Benefits	*19*	*1.324.274*	*818.428*
Other Long-Term Provisions	*18*	*185.044*	*185.044*
Deferred Tax Liability	30	175.075.436	1.996.500
Other Long-Term Liabilities	20	1.447.164	920.645
TOTAL NON–CURRENT LIABILITIES		**1.855.520.589**	**1.305.667.876**

Consolidated financial statements for the period ended on 31.12.2021 have been approved by the Board of Directors Decision dated 03.02.2022 and numbered 2022/2.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Restated Current Year Audited Consolidated	**Restated Prior Year Audited Consolidated**
EQUITY	**Notes**	**31.12.2021**	**31.12.2020**
Shareholders' Equity		**2.615.633.233**	**792.456.252**
Share Capital	21	320.000.000	252.410.000
Share Premium/Discount	21	185.332.488	--
Accumulated Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss	3-11,21	2.829.865.838	653.292.588
Defined Benefit Plans Re-Measurement Losses	11,21	*2.831.264.906*	*654.691.656*
The Effect of Mergers Involving Entities Subject to Common Control	*3-21*	*(1.399.068)*	*(1.399.068)*
Other Accumulated Comprehensive Income and Expenses to be Reclassified to Profit or Loss	21	(425.813.602)	(457.852)
Hedging Gain/Loss		*(425.193.010)*	--
Other Gain/Loss	*21*	*(620.592)*	*(457.852)*
Capital Advances	21	--	--
Prior Years Profits / Losses	21	(112.788.484)	(150.141.189)
Net Profit /Loss	21	(180.963.007)	37.352.705
Non-Controlling Interests		--	--
TOTAL SHAREHOLDER'S EQUITY		**2.615.633.233**	**792.456.252**
TOTAL LIABILITIES		**5.553.130.514**	**2.756.020.239**

Consolidated financial statements for the period ended on 31.12.2021 have been approved by the Board of Directors Decision dated 03.02.2022 and numbered 2022/2.

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

Convenience translation of consolidated financial statements originally issued in Turkish)

ÇAN2 TERMİK A.Ş.
CONSOLIDATED INCOME STATEMENT AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
INCOME STATEMENT	**Notes**	**01.01 - 31.12.2021**	**01.01 - 31.12.2020**
Sales	22	1.192.936.521	739.549.313
Cost of Sales	23	(865.358.998)	(527.296.553)
GROSS PROFIT / LOSS		**327.577.523**	**212.252.760**
General Administrative Expense (-)	24	(25.637.218)	(21.305.394)
Marketing, Selling and Distribution Expense (-)	24	-	(7.404.935)
Other Operating Income	25	32.960.780	43.848.261
Other Operating Expense (-)	25	(83.984.436)	(22.533.024)
OPERATING PROFIT / LOSS		**250.916.649**	**204.857.668**
Income from Investment Activities	26	124.648	389.456
Expenses from Investment Activities (-)	26	--	--
OPERATING PROFIT / LOSS BEFORE FINANCE EXPENSE		**251.041.297**	**205.247.124**
Financial Income	28	132.480.998	346.899.862
Financial Expenses (-)	28	(656.608.597)	(702.076.801)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(273.086.302)**	**(149.929.815)**
Tax Income / (Expense) from Continuing Operations		**92.123.295**	**187.282.520**
Current Period Tax Expense / (Income)	30	--	-
Deferred Tax Expense / (Income)	30	92.123.295	187.282.520
PROFIT / LOSS FROM CONTINUING OPERATIONS		**(180.963.007)**	**37.352.705**
PROFIT / LOSS FROM DISCONTINUED OPERATIONS		--	--
NET PROFIT / LOSS FOR THE PERIOD		**(180.963.007)**	**37.352.705**
Distribution of Profit / Loss for the Period			
Non-Controlling Interests		--	--
Attributable to Equity Holders of the Parent	21	(180.963.007)	37.352.705
Earnings per Share			
Earnings per Share from Operating Activities	31	(0,607332)	35,654140
OTHER COMPREHENSIVE INCOME		**2.176.410.510**	**(250.338)**
Items not to be Reclassified to Profit or Loss		**2.176.410.510**	**(250.338)**
Increases / Decreases Related to Revaluation of Fixed Assets	29	2.693.227.136	--
Actuarial Gain / (Loss) Arising from Defined Benefit Plans	19-29	(211.349)	(320.946)
Tax Effect	19-29	(516.605.277)	70.608
Items to be Reclassified to Profit or Loss		**(425.193.010)**	**--**
Gain/Loss Of Protection from Cash Flow Risk	21	(533.861.963)	--
Gain/Loss from Deferred Tax	21	108.668.953	--
OTHER COMPREHENSIVE INCOME		**1.751.217.500**	**(250.338)**
TOTAL COMPREHENSIVE INCOME		**1.570.254.493**	**37.102.367**

Consolidated financial statements for the period ended on 31.12.2021 have been approved by the Board of Directors Decision dated 03.02.2022 and numbered 2022/2.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

				Items not to be Reclassified to Profit or Loss			Items to be Reclassified to Profit or Loss		Accumulated profit		
	Notes	Share Capital	Capital Advances	The Effect of Mergers Involving Entities Subject to Common Control	Premium/Discounts from Share Issuance	Actuarial Gain/(Loss) Arising from Defined Benefit Plans	Gain/Loss from Hedging	Revaluation and Classification Gain / Loss	Retained Earnings	Net Profit for the Year	Total Equity
Balance at 01.01.2020		**97.410.000**	**150.411.415**	**(1.399.068)**	**--**	**(207.514)**	**--**	**654.691.656**	**(2.252.619)**	**(147.888.570)**	**750.765.300**
Other Comprehensive Income/Expense	19-29	--	--	--	--	(250.338)	--	--	--	--	(250.338)
Transfers		150.410.000	(150.411.415)	--	--	--	--	--	(147.888.570)	147.888.570	(1.415)
Capital Increase	21	4.590.000	--	--	--	--	--	--	--	--	4.590.000
Net Profit / Loss for the Year	21	--	--	--	--	--	--	--	--	37.352.705	37.352.705
Balance at 31.12. 2020		**252.410.000**	**-**	**(1.399.068)**	**--**	**(457.852)**	**--**	**654.691.656**	**(150.141.189)**	**37.352.705**	**792.456.252**
Balance at 01.01.2021		**252.410.000**		**(1.399.068)**	**--**	**(457.852)**	**--**	**654.691.656**	**(150.141.189)**	**37.352.705**	**792.456.252**
Other Comprehensive Income/Expense	11-19-21-29	--	--	--	--	(162.740)	(425.193.010)	2.176.573.250	--	--	1.751.217.500
Transfers		--	--	--	--	--	--	--	37.352.705	(37.352.705)	--
Capital Increase	21	67.590.000	--	--	185.332.488	--	--	--	--	--	252.922.488
Net Profit / Loss for the Year	21	--	--	--	--	--	--	--	--	(180.963.007)	(180.963.007)
Balance at 31.12.2021		**320.000.000**	**--**	**(1.399.068)**	**185.332.488**	**(620.592)**	**(425.193.010)**	**2.831.264.906**	**(112.788.484)**	**(180.963.007)**	**2.615.633.233**

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

Convenience translation of consolidated financial statements originally issued in Turkish)

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW AS OF 31 DECEMBER 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	Current Year Audited Consolidated 01.01-31.12.2021	Prior Year Audited Consolidated 01.01-31.12.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		**2.742.220.840**	**201.655.059**
Period income / loss		**(180.963.007)**	**37.352.705**
Adjustments to Reconcile Net Profit / (Loss) for the Period		**2.906.172.438**	**247.185.091**
Adjustments Related to Depreciation and Amortization Expense	11-12-23-24-27	65.633.944	78.695.449
Adjustments Related to Provisions (Reversal) for Employee Benefits	19	2.139.786	1.674.154
Adjustments Related to Lawsuit Provision (Reversal)	18	(539.736)	1.207.138
Deferred Finance Expenses arising from Credit Purchases	7-8	1.805.544	2.159.692
Unearned Finance Income arising from Credit Sales	7-8	(5.536.775)	(17.604.689)
Adjustments for Interest Expenses	20	43.650.986	25.363.407
Adjustments for Interest Income	20	(104.435.569)	(20.909.467)
Adjustments for Unrealized Foreign Currency Translation Differences		836.255.642	363.952.535
Adjustments for Reversal of Impairment of Tangible Assets		2.176.573.250	--
Adjustments for Tax Expense / Income	30	315.818.376	(187.353.128)
Adjustments for Fair value Gain/loss		(425.193.010)	--
Changes in Working Capital		**17.174.148**	**(82.632.399)**
Stoklardaki Artış/Azalışla İlgili Düzeltmeler	9	(94.212.445)	(42.828.041)
Increase/Decrease in Trade Receivables from Related Parties	6	(11.157.288)	(17.359.875)
Increase/Decrease in Trade Receivables from Third Parties	7	(27.715.693)	(14.754.227)
Increase/Decrease in Other Receivables from Related Parties	6	21.205.373	116.158.322
Increase/Decrease in Other Receivables from Third Parties	8	118.471	(2.842.613)
Changes in Other Assets	20	41.812.197	106.402.200
Increase/Decrease in Trade Payables to Related Parties	6	(136.010)	(652.217)
Increase/Decrease in Trade Payables to Third Parties	7	25.317.656	(17.680.156)
Change in Prepaid Expenses	10	(885.760)	2.234.804
Changes in Employee Benefit Obligations	19	(375.569)	(6.266.032)
Increase/ Decrease in Other Payables to Related Parties	6	12.951.711	(136.962.776)
Increase/ Decrease in Other Payables to Third Parties	8	18.996.386	(2.471.879)
Provisions for Employee Benefits	19	2.342.001	1.995.101
Changes in Deferred Tax	10	53.750.006	(41.904.437)
Change in Other Liabilities	20	(24.836.888)	(25.700.573)
Cash Flow from Activities		**2.742.383.579**	**201.905.397**
Other Loss/ Gain	21	(162.739)	(250.338)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		**(2.809.668.939)**	**(125.236.527)**
Cash Inflows from the Sales of Property, Plant and Equipment and Intangible Assets	11	124.647	389.456
Cash Outflows from the Purchases of Property, Plant, and Equipment	11	(2.806.574.151)	(101.197.768)
Cash Outflows from the Purchases of Intangible Assets	12	(2.803.626)	(20.572.648)
Cash Inflows from the Right of Use Assets	14	--	--
Cash Outflows from the Right of Use Assets	14	(415.809)	(3.855.567)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		**89.797.649**	**(78.183.696)**
Cash Inflows from the Issuance of Equity and Other Equity-Based Instruments	21	252.922.488	4.588.585
Cash Inflows from Financial Borrowings	33	1.558.061	--
Cash Inflows from Bank Loans	33	150.348.964	202.591.219
Cash Inflows from Operational Borrowings	14	704.375	--
Cash Outflows from the Payments of Bank Loans	33	(313.483.957)	(287.964.864)
Cash Outflows from Operational Borrowings	14	(2.233.275)	--
Cash Outflows from Other Borrowings	33	(19.007)	2.601.364
NET CHANGES IN CASH AND CASH EQUIVALENTS		**22.349.550**	**(1.765.164)**
CASH AND CASH EQUIVALENTS AS OF JANUARY 1		**1.203.171**	**2.968.335**
CASH AND CASH EQUIVALENTS AS OF DECEMBER 31		**23.552.721**	**1.203.171**

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

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Çan2 Termik A.Ş.

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

The license of the Çan-2 Thermal Power Production Facility, located in Çan / Çanakkale, with the installed power of 340 MW/330 MWe, was activated by the decision, numbered by 6083-2, taken by Energy Market Regulatory Authority on January 28, 2016. Ministerial acceptance of the Çan-2 Thermal Power Production Facility was made on August 1, 2018. In addition, the Industrial Registration Certificate, dated August 10, 2020, numbered by 720480, and the Capacity Report, valid until July, 29 2022, numbered by 79, have been obtained with regard to the Thermal Power Production Facility. As of December 31, 2020, the average number of employees of the Group is 551.

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

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

As of 31 December 2021, the total amount of share capital of the Company is TL 320.000.000. The breakdown of the shareholders is as follows:

	31.12.2021	31.12.2020
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	76,77%	100%
Publicly owned 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 founded in order to establish and rent electricity power generation facility, selling electricity produced by the Company to the customers. As of December 31, 2021, Yel Enerji is still under investment stage, according to which the entity has not been operational yet and has not generated any revenues as of balance sheet date. As of December 31, 2020, the average number of employees of Yel Enerji is 2.

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Subsidiaries (Cont'd)

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

As of 31 December 2021, the share capital of the Company amounted to TL 600.000. The shareholder structure is as follows:

	31.12.2021	31.12.2020
Çan2 Termik A.Ş.	100%	100%

Çan 2 Trakya Kömür Maden A.Ş.

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

Çan 2 Trakya was established to engage in the purchase, sale, manufacture, assembly and import of all-natural stones, mineral ores in the form of finish and semi finish goods. The Company's registered office address is Barbaros Mahallesi Karanfil Sokak Varyap Meridian Sitesi No:1D Ataşehir / Istanbul. As of December 31, 2020, the average number of employees of Çan2 Trakya is 2.

As of 31December 2021, the total amount of share capital of the Company is TL 550.000. The shareholder structure is as follows:

	31.12.2021	31.12.2020
Çan2 Termik A.Ş.	100%	100%

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Basis of presentation

Accounting policies

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

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

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published by POA in the Official Gazette dated on June 7, 2019 and numbered as 30794.

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

Functional and presentation currency

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

Application of Financial Reporting in High Inflation Economies

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met.

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

Basis of Consolidation

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

Consolidated financial statements include all subsidiaries of the Parent company.

- The amount of investment in each subsidiary of parent company and the amount that relates to the share of the parent company from the equity of the subsidiaries are eliminated.

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

- Intra-group balances, transactions, income and expenses are completely eliminated.

- Intra-group balances and transactions, including income, expenses and dividends, are completely eliminated. Profit and losses resulting from intra-group transactions and included in the assets such as inventories and tangible assets are completely eliminated. Intra-group losses may indicate a impairment in assets that should be reflected in the consolidated financial statements. TAS 12 "Income Taxes" Standard is applied for the determination of temporary differences arises during the elimination of profit and loss originated from intra-group transactions.

- If the financial statements of any of the companies included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events of similar circumstances, the necessary corrections are made to the financial statements of the company concerned during the preparation of the consolidated financial statements.

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

Consolidation Principles (Cont'd)

- The parent company and the subsidiaries financial statements used in the preparation of the consolidated financial statements were prepared as of the same date. Similar accounting policies have been adopted for consolidated financial statements, similar transactions and other events of similar circumstances.

- The income and expense of subsidiaries are included in the consolidated financial statements from the date of acquisition set forth in TFRS 3, which continues until the date when the parent company loses control over the subsidiary. When the subsidiary is disposed of; the difference between the revenue obtained and the book value of the subsidiary is reflected in the consolidated income statement as earning or loss. With regard to this transaction, the accumulated currency differences directly associated with equity, if any, in accordance with the "Effects of TAS 21 Exchange Rate Change" Standard are taken into account in the calculation of gain or losses.

Non - controlling interests are shown in the consolidated balance sheet within the equity, separate from the share of parent company in the equity. The amount that relates non – controlling interest of the Group's profit or losses, should also be shown separately.

Comparative Information and Correction of Prior Financial Statements

The Group has prepared the comparative consolidated statement of financial position as of December 31, 2021 with December 31, 2020, the comparative consolidated comprehensive income statement and cash flow statement for the accounting period 1 January 1- 31 December 2021, with 1 January 1- 31 December 2020, comparative consolidated shareholder's equity movement for the accounting period 1 January 1- 31 December 2021, with 1 January 1- 31 December 2020.

In order to achieve comparability with the financial statements as of 31 December 2021, the Group has reclassified the related party receivables of TL 17.359.875 under "Other Receivables from Related Parties" in the financial statements of 31 December 2020 as "Trade Receivables From Related Parties" in the current period, after determining them to be of trade nature.

In order to achieve comparability with the financial statements as of 31 December 2021, the Group has reclassified the related party payables of TL 652.717 classified under "Other Payables to Related Parties" in the financial statements of 31 December 2020 as "Trade Payables to Related Parties" in the current period, after determining them to be of trade nature

Effect of Covid 19 Pandemic

Covid 19 declared as pandemic by World Health Organization on March 2020 and spread to Turkey and to the global world, led to disruptions in businesses and operations and adversely affected the economic situations. The Group did not experience any production shortage caused by the pandemic at its plants. The effect was reflected to electricity sales prices. Yel Enerji, one of the group companies, has not experienced any adverse impact in this process due not being operational yet. The Group did not experience any breakdown in electricity generation due to Covid-19 pandemic in Çan2 Thermal Power and it was mainly impacted by the aftermath effects on the general electricity prices in the electricity market. The Group has obtained the Covid-19 safe production certificate. Since Çan2 Trakya is engaged in coal extraction and is an open business, there was no serious effect on the production part and the main effect was the increase in production costs. As of the report date, the Group management believes that it will not be exposed to any further significant negative impact that might arise from Covid-19, considering the economic impact of the pandemic.

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

Changes in accounting policies

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

a. Changes and misstatements in accounting estimates

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

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

Important Accounting Assessments, Estimates and Assumptions

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

a. Changes and Errors in Accounting Estimates

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

Inventories: Inventories are examined physically and provisions set for the items that are determined as damaged.

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

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

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

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

b. Changes and Errors in Accounting Estimates (Cont'd)

Facilities, machinery, and equipment are carried at fair values determined in the valuation studies carried out by an independent professional valuation company licensed by Capital Market Board ("CMB") as of 31.12.2019. The frequency of revaluation studies is determined to ensure that the book values of the revalued tangible assets are not significantly different from their fair value as of the end of the relevant reporting period. The frequency with which revaluation works are carried out depends on the change in the fair value of tangible asset items.

In cases where the current value of a revalued asset is considered to be significantly different from the book value, the revaluation work must be renewed, and this work is carried out for the entire asset class where the revalued asset is located as of the same date. On the other hand, it is not necessary to renew the revaluation studies for tangible assets whose real value changes are insignificant. As of the current period, there is no need for revaluation estimations.

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

Deferred tax assets and liabilities: Deferred tax assets are booked when it is highly likely to benefit from temporary differences and unused previous year financial losses by generating taxable profit in the future.
A deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The determination of the deferred tax asset to be recognized requires important estimations and judgments regarding the availability of future taxable profits.

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

Netting/Offsetting

Financial assets and liabilities can only be offset in the statement of financial statement if the entity has the intention to settle on a net basis.

Comparative Information and Correction of Prior Period Financial Statements

The consolidated financial statements of the Group are prepared in comparison with the previous period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are explained.

c. New and Revised Standards and Comments

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending on 31 December 2021 have been applied consistently with those used in the previous year, except for the new and amended TAS / TFRS interpretations valid as of 1 January 2021, which are summarized below.

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

c. Changes in International Financial Reporting Standarts (Cont'd)

Explanations on the effects of the new TMS/TFRS on financial statements:

a) Name of TAS and TFRS
b) Accounting policy change, if any, is made in accordance with the relevant adoption principles,
c) Explanations of change in accounting policy
d) Explanations of adoptions of accounting policy
e) Explanations of effects of adoptions
f) Effects of adjustments for the current and prior period

    i. Each financial statement item effected should be presented
    ii. If the "TAS 33, Earnings Per Share" standard applies to the company, earnings per share must be recalculated.

g) Adjustment amounts of prior periods not presented
h) If retrospective application is not possible for any period or periods, the events leading up to this situation should be disclosed and the date and manner in which the change in accounting policy has been applied should be explained.

Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to TFRS 7 and TFRS 16 - Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

IFRS 17, "Insurance Contracts"; Effective for annual reporting periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently allows for a wide variety of applications. TFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to TAS 1, Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations

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

c. Changes in International Financial Reporting Standards (Cont'd)

of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16; effective from Annual periods beginning on or after 1 January 2022.

Amendments to TFRS 3, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to TAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

Narrow-scope changes in TAS 1, Statement of Implementation 2 and TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

The Group will evaluate the effects of the above-mentioned changes on its operations and implement them as of effective date. It is expected that the application of the above standards and interpretations will not have a significant impact on the consolidated financial statements of the Group in the future periods. As of 31 December 2021, the standards and amendments that have been published but not yet effective and not related to the Group's activities are not given above.

c. Summary of Significant Accounting Policies

Related Parties

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

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

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

Summary of Significant Accounting Policies (Cont'd)

Related Parties (Cont'd)

e) If the party is a close family member of any individual mentioned in a) or d);
The party; is a business that is controlled, jointly controlled or under significant influence or any individual mentioned in d) or e) has significant voting rights directly or indirectly; or,

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

Financial assets

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

Financial assets at fair value through profit or loss

Financial assets at fair value differences booked through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at FVTPL unless they are designated for hedging purposes.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flow that include principal and interest on the principal amount outstanding at specific date. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, net of any provision for impairment. Interest income from financial assets measured at amortized cost are recognized in the income statement as an interest income.

Financial assets at fair value through other comprehensive income

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

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

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

Recognition and derecognition of financial assets

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

Impairment of financial assets / expected credit loss

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

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

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

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Trade Receivables

Trade receivables that are occurred as a result of providing products or services to the buyer, are recognized at amortized cost calculated by using the effective interest method, at the original invoice amount that will be collected in subsequent period. Short-term receivables with no determined interest rate, are measured at the original invoice amount unless the effect of the original effective interest rate is significant.

As for the calculation of impairment of trade receivables that are measured at amortized cost and has no important financial component (a maturity with less than one year), "Simplified approach" is used. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses related to trade receivables are measured by an amount equal to the "lifetime expected credit loss"

After recognizing allowances of receivables, if the total amount or a portion of the total amount is collected, the amount deducted from the provision for receivables and the amount is recognized in other operating income.

Cash and cash equivalents

Cash and cash equivalent values are the short-term investments made up of cash, demand deposits and other short term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of value changes and have high liquidity.

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

Financial Liabilities

A financial liability is measured at fair value at initial recognition. During initial recognition of financial liabilities that are not accounted for fair value through profit or loss, transaction costs directly attributable to the financial liability are added to the fair value. Financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

Inventories

Inventories are calculated with the lower one of the cost or net realizable value. Net realizable value is calculated by deducting the completion cost and assumed costs for sale from the assumed sale price fixed under normal commercial conditions. When the net realizable value of inventories falls below its cost, the inventory value is reduced to net realizable value and reflected to the income statement as an expense on the year when the value decrease happened. If the conditions causing the inventories to reduce to the net realizable value are not effective or if the net realizable value increase due to changing economic conditions; the provision for decrease in value of the stocks is reversed. The reversed amount is limited with the earlier determined amount of decrease in value of the inventories. (Note 9)

Property, Plant and Equipment

The Group, in accordance with TAS 16 "Property, Plant and Equipment " adopted the "revaluation model" in order to state the thermal power plant based on the fair values determined by the valuation studies conducted by the independent qualified valuers certified by the CMB as of 31.12.2021

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

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

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

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

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

Property, Plant and Equipment Assets (Cont'd)

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

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

Intangible assets

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

	Years
Rights	3-15
Software	3
Preparation and development activities	Contract Duration

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

Leases – TFRS 16 (As tenant)

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

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

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

a) The Group has right to manage and change how and for what purpose the asset is used throughout the period of use, or

b) The following decisions regarding how and for what purpose the asset will be used are pre-determined:

i. The Group has right to operate the asset (or direct others to operate the entity as it determines) throughout the period of use and the supplier does not have the right to change these operating instructions, or

ii. The Group has designed the asset (or certain properties of the asset) in a way to predetermine how and for what purpose the asset will be used throughout the period of use.

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

Leases – TFRS 16 (As tenant) (Cont'd)

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

Right to use assets

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

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Group, and
d) an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, the Group measures the right-of-use asset at cost:
a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.
The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

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

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

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

Cash Flow Hedge

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

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

Cash Flow Hedge (Cont'd)

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

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

Practical expedients

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

Investment properties

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both rather than held for use in the production or supply of goods or services or for administrative purposes or property held for sale in the ordinary course of Business. After initial recognition, investment property is accounted as cost less accumulated depreciation (except land) and less accumulated impairment losses. Investment property is initially measured at cost, including transaction costs. investment property under construction are measured at cost, until the date the construction or renovation is completed, at which date it is transferred to investment property.

Borrowing costs

Borrowing costs are expensed as financing costs during the loan utilization period. Financing costs arising from borrowings are taken to the statement of income in the period incurred.

Energy production plants and facilities are considered as qualifying assets, provided the related conditions are met. Borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the qualifying asset. Other borrowing costs incurred are expensed in the period incurred.

The amount of borrowing costs to be activated in this case, if a business is specifically indebted to acquire a qualifying asset; the borrowing costs incurring such borrowing during the relevant period are determined by deducting the income provided by the temporary benefit of such funds.

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

Borrowing costs (Cont'd)

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset are capitalized in the event it is probable that they will provide future economic benefits. Other borrowing costs are recognized as an expense.

Where funds are borrowed specifically for the acquisition of a qualifying asset, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds are part of a general pool, the eligible amount is determined by applying a capitalization rate to the expenditure on that asset. This capitalization rate will be the weighted average of borrowing costs for all borrowing liabilities of the enterprise during the relevant period, excluding borrowings for the purchase of qualifying assets. The amount of borrowing costs capitalized for a period cannot exceed the amount of borrowing costs incurred during that period.

Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. Where construction of a qualifying asset is completed in stages, which can be used while construction of the other parts continues, capitalization of attributable borrowing costs should cease when substantially all of the activities necessary to prepare that part for its intended use or sale are complete.

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

Provisions, Contingent, assets and liabilities

Provisions

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

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

Provisions, Contingent, assets and liabilities (Cont'd)

Contingent Assets and Liabilities

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

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

Benefits for Employees

Defined Benefit Plan

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

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

The Group calculates employment termination provision based on information arising from the Group's own experience regarding the dismissal or termination of personnel and stipulates that the entitled benefits are booked at the discounted value in the financial statements.

Defined Contribution Plans

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

Revenue

The Group has started to use the five-step model below in recognizing revenues in accordance with TFRS 15 "Revenue from Contracts with Customers", which is applicable as of January 1, 2018.

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

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

Revenue (Cont’d)

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

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

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

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

TEİAŞ Electricity Sales Revenue

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

Eligible Consumer Electricity Sales

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

Bilateral Agreements Electricity Sales

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

Energy Imbalance

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

Effects of Changes in Exchange Rates

Transactions in foreign currency within the period were converted into Turkish Lira over the exchange rates valid on the date of the transaction. Monetary assets and liabilities based on foreign currency were valued over the

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

Effects of Changes in Exchange Rates (Cont’d)

exchange rates valid at the end of the period. Foreign currency gains or losses arising from the valuation of monetary assets and liabilities based on foreign currency are booked in profit and loss statement.

Deferred Tax

Deferred tax is recognized in the statement of financial position based on the liability method. Deferred tax is booked by considering the tax effect of temporary differences between the carrying amounts of assets and liabilities stated in the statement of financial position and their legal tax base. While the deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by obtaining taxable profit in the future. Deferred tax receivables and liabilities consist of the tax arising from the differences between the tax and book values of active and passive items (temporary differences that can be deducted or taxed in the future). Deferred tax receivables and liabilities are recorded regardless of the time when timing differences can be used.

Current Tax

The corporate tax rate in Turkey for 2021 is 25%. This rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the corporations, deducting the exemptions (such as participation earnings exemption) and deductions (such as investment allowance) stated in the tax laws. No further tax is paid if the profit is not distributed.

Current Tax (Cont’d)

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

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

Earnings/Loss per share

Earnings / Loss per share stated in the income statement is calculated by dividing the net profit / loss by the weighted average number of shares in the market during the reporting periods. In case of capital increase from internal sources during the period, it is accepted that the newly found value is valid as of the beginning of the period while calculating the weighted average number of shares. TAS 33 mentions this issue as follows; Ordinary stocks may be issued or the number of common stocks available may be reduced without causing any change in resources. For example:

a. Capitalization or issuance of bonus shares (sometimes called dividends given in shares);
b. The presence of a free item in another issue; for example, the bonus element in an issue involving new rights to existing shareholders
c. Stock split and
d. Merging shares by increasing nominal value (consolidation of shares).

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

Earnings/Loss per share (Cont'd)

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

Subsequent events

Events that occur after the balance sheet date as a subsequent announcement made about profit or any selected financial information publicly announced, cover all events that occurred between balance sheet date and date of authorization of the financial statements for publication.

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

Statement of cash flow

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

Determination of fair value

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

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

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

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

3. BUSINESS COMBINATION

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

Since goodwill cannot be included in the financial statements due to the fact that business combinations subject to joint control are accounted by the combination of rights method, as an account that offsets the goodwill amount of TL 1.399.068 arising from the acquisition of the enterprises subject to joint control on 31.12.2017, under of account item of " The Effect of Mergers Involving Entities Subject to Common Control".

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

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

4. INTEREST IN OTHER ENTITIES

None. (31.12.2020: None

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

5. SEGMENT REPORTING

01.01.2021 - 31.12.2021					
PROFIT OR LOSS	**Mining**	**Energy Generation**	**Total**	**Elimination Effect**	**Total Consolidated**
Sales	29.640.488	1.190.266.747	1.219.907.234	(26.970.713)	1.192.936.521
Cost of sales (-)	(41.602.514)	(850.727.196)	(892.329.710)	26.970.713	(865.358.997)
GROSS PROFIT/LOSS	**(11.962.026)**	**339.539.550**	**327.577.524**	**--**	**327.577.523**
General Administrative expense (-)	(1.435.249)	(24.201.969)	(25.637.218)	--	(25.637.218)
Other Operating Income	21.869	32.938.911	32.960.780	--	32.960.780
Other Operating Expense (-)	(3.690.988)	(80.293.447)	(83.984.435)	--	(83.984.435)
OPERATING PROFIT/LOSS	**(17.066.395)**	**267.983.046**	**250.916.651**	**--**	**250.916.649**
Income from Investment Activities	150.071	(25.424)	124.647	--	124.647
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSE	**(16.916.324)**	**267.957.622**	**251.041.298**	**--**	**251.041.297**
Financial Income	5.428.638	128.663.022	134.091.659	(1.610.661)	132.480.998
Financial Expenses (-)	(3.854.428)	(654.364.829)	(658.219.258)	1.610.661	(656.608.597)
OPERATING PROFIT/LOSS BEFORE TAX	**(15.342.115)**	**(257.744.186)**	**(273.086.301)**	**--**	**(273.086.302)**
Tax Income/Loss From Continuing Operations	**(350.734)**	**92.474.029**	**92.123.295**	**--**	**92.123.295**
Current Tax Expense / (Income)	--	--	--	--	--
Deferred Tax Expense / (Income)	(350.734)	92.474.029	92.123.295	--	92.123.295
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**(15.692.849)**	**(165.270.157)**	**(180.963.006)**	**--**	**(180.963.006)**
PROFIT/LOSS FOR THE PERİOD FROM HALTED OPERATIONS	**--**	**--**	**--**	**--**	**--**
NET PROFIT/LOSS	**(15.692.849)**	**(165.270.157)**	**(180.963.006)**	**--**	**(180.963.006)**

31.12.2021					
	Mining	**Energy Generation**	**Total**	**Elimination Effect**	**Total Consolidated**
Current Assets	30.099.370	579.288.800	609.388.170	(67.877.826)	541.510.344
Non-Current Assets	40.477.368	4.972.292.802	5.012.770.170	(1.150.000)	5.011.620.170
Total Assets	**70.576.738**	**5.551.581.602**	**5.622.158.340**	**(69.027.826)**	**5.553.130.514**
Short-Term Liabilities	86.168.674	1.063.685.844	1.149.854.518	(67.877.826)	1.081.976.692
Long-Term Liabilities	3.781.404	1.851.739.181	1.855.520.586	--	1.855.520.586
Total Liabilities	**89.950.078**	**2.915.425.025**	**3.005.375.104**	**(67.877.826)**	**2.937.497.278**
Equity	**(19.373.340)**	**2.636.156.579**	**2.616.783.234**	**(1.150.000)**	**2.615.633.234**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

5. SEGMENT REPORTING (Cont'd)

	01.01.2020 - 31.12.2020				
PROFIT OR LOSS	**Mining**	**Energy Generation**	**Total**	**Elimination Effect**	**Total Consolidated**
Sales	23.716.049	733.546.984	757.263.033	(17.713.719)	739.549.313
Cost of sales (-)	(23.303.805)	(521.706.467)	(545.010.272)	17.713.719	(527.296.553)
GROSS PROFIT/LOSS	**412.244**	**211.840.517**	**212.252.761**	- ---	**212.252.760**
General Administrative expense (-)	(1.098.972)	(20.208.822)	(21.307.794)	2.400	(21.305.394)
Other Operating Income	--	(7.404.935)	(7.404.935)	- -	(7.404.935)
Other Operating Expense (-)	1.377.195	42.473.466	43.850.661	(2.400)	43.848.261
OPERATING PROFIT/LOSS	(5.565.828)	(21.525.867)	(27.091.695)	4.558.671	(22.533.024)
Income from Investment Activities	**(4.875.361)**	**205.174.359**	**200.298.998**	**4.558.671**	**204.857.668**
OPERATING PROFIT/LOSS BEFORE FINANCIAL EXPENSE	--	389.456	389.456	- -	389.456
Financial Income	**(4.875.361)**	**205.563.815**	**200.688.454**	**4.558.671**	**205.247.124**
Financial Expenses (-)	9.842.133	345.687.071	355.529.204	(8.629.342)	346.899.862
OPERATING PROFIT/LOSS BEFORE TAX	(2.872.770)	(703.274.703)	(706.147.473)	4.070.671	(702.076.803)
	2.094.002	**(152.023.817)**	**(149.929.815)**	- -	**(149.929.817)**
Tax Income/Loss From Contunuing Operations	**(1.406.336)**	**188.688.856**	**187.282.520**	- -	**187.282.520**
Deferred Tax Expense / (Income)	(1.406.336)	188.688.856	187.282.520	- -	187.282.520
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	**687.667**	**36.665.040**	**37.352.703**	- -	**37.352.703**
NET PROFIT/LOSS	**687.667**	**36.665.040**	**37.352.703**	- -	**37.352.703**

	31.12.2020				
	Mining	**Energy Generation**	**Total**	**Elimination Effect**	**Total Consolidated**
Current Assets	37.007.269	349.698.784	386.706.050	(65.713.781)	320.992.272
Non-Current Assets	38.015.656	2.398.162.311	2.436.177.970	(1.150.000)	2.435.027.967
Total Assets	**75.022.925**	**2.747.861.095**	**2.822.884.020**	**(66.863.781)**	**2.756.020.239**
Short-Term Liabilities	81.418.435	642.191.457	723.609.892	(65.713.781)	657.896.111
Long-Term Liabilities	2.128.905	1.303.538.971	1.305.667.876	--	1.305.667.876
Total Liabilities	**83.547.340**	**1.945.730.428**	**2.029.277.768**	**(65.713.781)**	**1.963.563.987**
Equity	**(8.524.415)**	**802.130.667**	**793.606.252**	**(1.150.000)**	**792.456.252**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6. RELATED PARTIES TRANSACTIONS

i) Balances with related parties as of December 31, 2021 and December 31,2020 are as follows :

a) Trade receivables from related parties:

	31.12.2021	31.12.2020
Batı Trakya Madencilik A.Ş.	12.406.844	85.043
Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	10.314.282	8.578.612
Hidro Kontrol Elektrik Üretim A.Ş	6.037.674	5.017.372
Öztay Enerji Elektrik Üretim Sanayi A.Ş	2.321.547	1.924.022
Voytron Enerji Elektrik Perakende Satış A.Ş.	746.106	--
Suda Maden A.Ş.	601.708	1.152.025
Ys Madencilik Sanayi ve Tic. Ltd. Şti	25.195	--
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	3.227.446
TOTAL	**32.453.356**	**19.984.520**
Deduct: Unaccrued financial expenses	*(3.936.193)*	*(2.624.645)*
TOTAL	**28.517.163**	**17.359.875**

b) Other receivables from related parties:

	31.12.2021	31.12.2020
Odaş Elektrik Üretim San. ve Tic. A.Ş.	234.917	2.558.267
Süleyman Sarı	160.750	160.750
Tahsin Yazan	100.000	100.000
Kerem Emir Yazan	93.951	64.509
Burak Altay	7.500	7.500
Rey Bilişim Hizmetleri Tic. Ltd. Şti.	936	--
Ys Madencilik Sanayi ve Tic. Ltd. Şti	254	18.193.021
Anadolu Export Maden San. Ve Tic. A.Ş.	--	2.820.475
Kısrakdere Maden A.Ş.	--	474.707
Batı Trakya Madencilik A.Ş.	--	432
TOTAL	**598.308**	**24.379.661**
Deduct: Unaccrued financial expenses	*(5.613)*	*(2.581.593)*
TOTAL	**592.695**	**21.798.068**

c) Trade payables to related parties:

	31.12.2021	31.12.2020
Batı Trakya Madencilik A.Ş.	544.758	753.605
Kısrakdere Maden A.Ş.	55.680	--
TOTAL	**600.438**	**753.605**
Deduct: Unaccrued financial income	*(84.231)*	***(101.388)***
TOTAL	**516.207**	**652.217**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6. RELATED PARTIES TRANSACTIONS (Cont'd)

d) Other Payables to related parties:

	31.12.2021	31.12.2020
Odaş Elektrik Üretim San. ve Tic. A.Ş.	94.971.030	76.252.856
Voytron Enerji Elektrik Perakende Satış A.Ş.	12.067.920	4.571.253
Suda Maden A.Ş.	6.697.536	1.181.604
Ys Madencilik Sanayi ve Tic. Ltd. Şti	1.406.192	7.287.385
Bahattin Özal	12.500	10.307.900
Batı Trakya Madencilik A.Ş.	2.222	--
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	12.500
Total	**115.157.400**	**99.613.498**
Deduct: Unaccrued financial income	*(11.759.350)*	*(9.167.159)*
Total	**103.398.050**	**90.446.339**

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

a) Sales of product to related parties

	01 January - 31 December 2021	01 January - 31 December 2021
Voytron Enerji Elektrik Perakende Satış A.Ş.	42.012.653	10.034.794
Suda Maden A.Ş	9.704.195	5.120.667
Batı Trakya Madencilik A.Ş	1.932.753	--
Odaş Elektrik Üretim San. ve Tic. A.Ş.	577.149	15.945.010
Suda Stratejik Metal Dış Ticaret A.Ş.	--	7.782.331
Ys Madencilik Sanayi ve Tic. Ltd. Şti.	--	3.429.401
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	368.220
Hidro Kontrol Elektrik Üretim A.Ş	--	117.402
Öztay Enerji Elektrik Üretim Sanayi A.Ş	--	81.600
Cr Proje Geliştirme Yatırım San. Ve Tic. A.Ş.	--	2.400
Odaş Doğalgaz Toptan Satış San. Ve Tic. A.Ş.	--	2.400
Anadolu Export Maden San. Ve Tic. A.Ş.	--	2.400
Total	**54.226.750**	**42.886.624**

b) Purchases from related parties

	01 January - 31 December 2021	01 January - 31 December 2021
Kısrakdere Maden A.Ş.	25.672.990	--
Suda Maden A.Ş.	9.700.596	--
Voytron Enerji Elektrik Perakende Satış A.Ş.	4.889.228	--
Batı Trakya Madencilik A.Ş	--	2.335.956
Küçük Enerji Üretim ve Ticaret Ltd. Şti.	--	136.366
Öztay Enerji Elektrik Üretim Sanayi A.Ş	--	25.504
Arsin Enerji Elektrik Üretim San. Tic. A.Ş	--	9.140
Total	**40.262.814**	**2.506.966**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

6. RELATED PARTIES TRANSACTIONS (Cont'd)

As of 31.12.2021, remuneration and benefits provided to executive are as follows:

a) **Shor-term employee benefits:** The total amounts of wages and similar benefits provided to the members of the Board of Directors and Senior Managers in the first six months of 2021 are TL 11.205.385 (31.12.2020: TL 9.049.720)

b) **Post-employment benefits:** Employment termination benefits are paid to the personnel who are entitled to received such benefits by Law. No other payment is made to personnel other than those arising from the Labor Law.

c) **Other long-term benefits:** None.

d) **Benefits due to dismissal:** None.

e) **Share based payments:** None.

7. TRADE RECEIVABLES

The details of the Group's trade receivables as of December 31, 2020 and of 2021 are as follows:

Trade receivables

Trade receivables	**31.12.2021**	**31.12.2020**
Customer current accounts	114.307.354	94.445.170
-Receivables from related parties	32.453.356	19.984.520
-Other receivables	81.853.998	74.460.650
Notes receivable (*)	46.632.892	28.469.877
Doubtful trade receivables	1.500.000	1.500.000
Provisions for doubtful trade receivables (-)	(1.500.000)	(1.500.000)
	160.940.246	**122.915.047**
Deduct: Unaccrued financial expense	*(5.741.737)*	*(4.783.975)*
-Receivables from related parties	*(3.936.193)*	*(2.624.645)*
-Other receivables	*(1.805.544)*	*(2.159.330)*
Total	**155.198.509**	**118.131.072**

(*) As of 31.12.2021, the maturity of the notes receivable from related parties amounting to TL 46.632.981 is 10.04.2022.

The movement of the provision for doubtful trade receivables as of 31.12.2020 and 31.12.2021 are as follows:

	31.12.2021	**31.12.2020**
Balance at the beginning of period	1.500.000	1.500.000
Additional provisions	--	--
Payments (-)	--	--
Total	**1.500.000**	**1.500.000**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

7. TRADE RECEIVABLES (Cont'd)

Trade payables

	31.12.2021	31.12.2020
Vendor accounts	176.094.129	142.655.373
- Payables to related parties	*600.438*	753.605
- Other vendor payables	*175.493.691*	141.901.768
Notes payable	33.794.795	59.637.404
	209.888.924	**202.292.777**
Deduct: Unaccrued financial income	*(5.621.006)*	*(17.669.731)*
-Trade payables to related parties	*(84.231)*	*(101.388)*
-Trade payables to third parties	*(5.536.775)*	*(17.568.343)*
TOTAL	**204.267.918**	**184.623.046**

8. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

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

	31.12.2021	31.12.2020
Receivables from related parties	598.309	24.379.661
Other receivables	464.764	2.805.679
Deposits and guarantees given	2.242.323	20.246
Receivables from personnel	33.460	33.460
Total	**3.338.856**	**27.239.046**
Deduction: Unaccrued financial expense	(5.613)	(2.581.955)
-Receivables from related parties	(5.613)	(2.581.593)
-Other receivables	--	(362)
Total	**3.333.243**	**24.657.091**

Other long-term receivables

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

	31.12.2021	31.12.2020
Deposits and guarantees given	209.744	209.739
Total	**209.744**	**209.739**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

8. OTHER RECEIVABLES AND PAYABLES (Cont'd)

Other short-term debts

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

	31.12.2021	31.12.2020
Payables to related parties	115.157.400	99.613.498
Other payables	666.112	259.916
Taxes and funds payable	14.279.187	7.486.785
Advances received	8.422	8.422
Delayed or deferred tax and other payables	14.257.943	2.749.459
Other payables	9.248	1.653
	144.378.312	**110.119.733**
Deduct: Unaccrued financial expense	(11.759.350)	(9.203.506)
-Related party payables	(11.759.350)	(9.167.159)
-Other payables	--	(36.347)
Total	**132.618.962**	**100.916.227**

Details of tax payables are as follows:

	31.12.2021	31.12.2020
Income tax deduction	4.660.215	5.755.161
VAT	9.512.160	1.240.400
Other tax liabilities	106.812	491.224
Total	**14.279.187**	**7.486.785**

Other Long-term debts

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

	31.12.2021	31.12.2020
Delayed or deferred public debts	5.796.327	5.550.965
Total	**5.796.327**	**5.550.965**

9. INVENTORIES

	31.12.2021	31.12.2020
Raw materials and supplies	7.475.984	5.267.734
Semi-finished goods	113.372.191	60.660.613
Finished goods	90.947.624	53.128.048
Other inventories	10.280.965	8.807.924
Total	**222.076.764**	**127.864.319**

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

10. PREPAID EXPENSES VE DEFERRED INCOME

Short-term prepaid expenses

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

	31.12.2021	31.12.2020
Advances given (*)	5.640.820	10.624.214
Prepaid expenses	9.541.731	3.346.533
Total	**15.182.551**	**13.970.747**

* Advances given is related to production activities of ÇAN2 Termik AŞ.

Long-term prepaid expenses

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

	31.12.2021	31.12.2020
Prepaid expenses	1.884.776	2.210.821
Total	**1.884.776**	**2.210.821**

Short-term deferred income

	31.12.2021	31.12.2020
Advances received (*)	61.096.265	7.346.258
Total	**61.096.265**	**7.346.258**

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMNET

Movement of property, plant and equipment for the period 31.12.2021.-31.12.2020 is as follows:

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

Movement of property, plant and equipment for the period 01.01.-31.12.2020 is as follows

	01.01.2020	Addition	Disposal	Transfer	31.12.2020
Cost					
Land	54.087.750	667.425	--	--	54.755.175
Buildings	320.000	--	--	--	320.000
Plants 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 fixture	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 amortization					
Buildings	(34.696)	(14.185)	--	--	(48.881)
Plants machinery and equipment	(90.255.975)	(73.820.883)	--	--	(164.076.858)
Vehicles	(972.250)	(633.395)	200.390	--	(1.405.255)
Furniture and fixture	(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**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

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

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

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

Revaluation value increase fund movements are as follows:

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

31.12.2020	**Facility**	**Building**	**Land**	**Total**
01.01.2020 Balance	**615.948.227**	**109.449**	**38.633.980**	**654.691.656**
Gain on revaluation (Gross)	--	--	--	**--**
Loss on revaluation	--	--	--	**--**
Deferred Tax	--	--	--	**--**
Revalued Amount	**615.948.227**	**109.449**	**38.633.980**	**654.691.656**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

12. INTANGIBLE ASSETS

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

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

The details of the Group's intangible assets for the year ended 31.12.2020 are as follows:

	01.01.2020	Addition	Disposal	Transfer	31.12.2020
Cost Value					
Rights	3.643.454	--	--	--	3.643.454
Other intangible assets	288.355	--	--	--	288.355
Preparation and development cost	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 cost	(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**

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

Company / Subsidiary	Intangible Asset / Preparation and Development Cost	31.12.2021	31.12.2020
Çan 2 Trakya	Preparation and Development Cost	29.992.308	29.992.308
Çan2 Termik A.Ş.	Çan 2 Termik Santrali License Fee	2.510.734	122.014
Çan2 Termik A.Ş.	Preparation and Development Cost	3.025.247	3.025.247
Çan2 Termik A.Ş.	Software	295.879	557.982
Yel Enerji	Mining License Fee	3.247.813	3.247.813
Yel Enerji	Preparation and Development Cost	3.198.426	2.521.418
Yel Enerji	Software	4.002	4.001
Total		**42.274.409**	**39.470.783**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

13. EXPLORATION AND EVALUATION OF MINERAL RESOURCES

The total amount of preparation and development cost capitalized as of December 31, 2021 and 2020 is as follows;

Subsidiary	31.12.2021	31.12.2020
Yel Enerji	3.198.426	2.521.418
Çan2 Termik A.Ş.	3.025.247	3.025.247
Çan2 Trakya	29.992.308	29.992.308
Total	**36.215.981**	**35.538.973**

The amount of TL 3.198.426 capitalized as preparation and development costs in Yel Enerji is related to project study, analysis, land permit applications and drilling works carried out for the coal mine operation license of 1.205.11 hectares in Bayramiç district of Çanakkale province with the number IR: 17517.

The transfer of the mining license took place on 15.07.2015 and the related research and development costs were capitalized in accordance with the Exploration and Evaluation Standard of Mineral Resources and the accounting policy applied by the Group. Such research and development costs were amortized upon bringing the intangible asset ready for use (transfer of the license) and taken to operations in the manner depicted and intended by the management.

Preparation and development costs capitalized in in Çan2 Termik A.Ş. on 09.07.2013 are related to the mining coal field in Yayaköy Village, Çan district of Çanakkale province with the license number İR.17448, the operating rights of which have been obtained in accordance with the operating agreement in return for royalty and pertain to the expenditures capitalized as development expenses such as land measurement, testing and drilling, architectural engineering, land damage costs, construction equipment rental service in the mine sites previously operated. These costs were amortized within the term of the royalty contract. As of June 30, 2021, total costs incurred on the mining coal amounted to TL 3.025.247.

Preparation and Development cost capitalized in the amount of TL 29.992.308 in Çan 2 Trakya is related with the coal mine drilling, analysis and geophysical costs in Tekirdağ Malkara. Drilling works are continuing and amortization will start when the intangible asset is brought into the position and condition required to operate as intended by the management.

14. RIGHT USE OF ASSETS

	01.01.2021	Addition	Disposal	Transfer	31.12.2021
Cost – Vehicles					
Right use of assets	5.900.470	415.810	--	--	6.316.280
Total	**5.900.470**	**415.810**	**--**	**--**	**6.316.280**
Accumulative amortization – Vehicles					
Right use of assets	(1.409.337)	(1.616.181)	--	--	(3.025.517)
Total	**(1.409.337)**	**(1.616.181)**	**--**	**--**	**(3.025.517)**
Net Book Value	**4.491.134**				**3.290.763**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

14. RIGHT USE OF ASSETS (Cont'd)

	01.01.2020	Addition	Disposal	Transfer	31.12.2020
Cost – Vehicles					
Right use of assets	2.044.902	3.855.568	--	--	5.900.470
Total	**2.044.902**	**3.855.568**	**--**	**--**	**5.900.470**
Accumulative amortization – Vehicles					
Right use of assets	(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 included the lease obligations representing the operational lease payments for which it is liable in its consolidated financial statements. The details of the accounting made by the Group in accordance with TFRS 16 Leases standard are explained in Note 2.

15. IMPAIRMENT OF ASSETS

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

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

16. GOVERNMENT GRANTS

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

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

The investment incentive certificate has been granted for the new investment made in Çanakkale Çan 2nd region and covers the period between 13.08.2014 and 12.02.2019. With the certificate, Employer's Share Support for Insurance Premium, Interest Support, Tax Reduction Rate Support, VAT exemption and Customs Tax exemption incentives are used. The total amount of the investment is TL 801.789.866. An Incentive Closing Visa application was made to the Ministry of Industry and Technology on October 2, 2019, and a completion visa was effected within the framework of Article 24 of the decision dated June 15, 2012 and numbered as 2012/3305 and Article 23 of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was notified to the Company in accordance with the letter dated August 5, 2020 and numbered 1777914. The contribution rate to the investment is calculated at the rate of 40% over the total investment amount before the closing of the investment incentive certificate, and a tax reduction of 80% is provided up to the tax reaching up to TL 320.715.946. Deferred tax has been computed on this amount (Note 30).

In addition, an investment incentive certificate organized by the Republic of Turkey Ministry of Industry and Technology, dated April 8, 2020, No. 510216 and ID number 1013731 was issued. The support class is classified as Regional-Priority Investment and the support elements consist of VAT Exemption, Interest Support, Tax Reduction,

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

16. GOVERNMENT GRANTS (Cont'd)

Insurance Premium Employer's Share and Land Allocation. The investment subject to the certificate is a power generation plant based on domestic coal with an installed power of 340 MW (Çan 2 Thermal Power Plant), and the incentive certificate was issued in accordance with the Energy Market Regulatory Authority's Production License dated January 28, 2016, numbered ÜE / 6083-2 / 03428.

17. BORROWING COSTS

There is no borrowing costs for the period under investigation.

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

	31.12.2021	31.12.2020
Lawsuit provisions	940.350	1.480.086
Total	**940.350**	**1.480.086**

Other long-term provisions

	31.12.2021	31.12.2020
Mine restoration provisions	185.044	185.044
Total	**185.044**	**185.044**

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

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Provision for mine restoration

	31.12.2021	31.12.2020
Balance at the beginning of period	185.044	185.044
Additional provision / payment (-)	--	--
Balance at the end of the period	**185.044**	**185.044**

As of December 31, 2021, the net present value of total cost amounting to TL 300.000, is TL 185.044. No additional provision has been calculated in the current period.

Profit tax provisions, Net

No tax provision has been calculated since there is no taxable base in the period.

Share pledge agreement

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

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

Assignments

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

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

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Guarantees given

The guarantees given by the group are as follows:

	Guarantees / Pledge / Mortgage (GPM)	31.12.2021	31.12.2020
A)	GPM given for companies own legal personality	15.969.233.599	9.667.409.339
B)	GPM given in behalf of fully consolidated companies	--	--
C)	GPM given for continuation of its economic activities on behalf of third parties	--	--
D)	Total amount of other GPM's	--	--
i)	Total amount of GPM's given on behalf of the majority shareholder	--	--
ii)	Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C	--	--
	Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	--	--
iii)	Total amount of GPM's given on behalf of third parties which are not in scope of C	--	--
	Total GPM	**15.969.233.599**	**9.667.409.339**

Guarantees and notes received by the Group are as follows;

	31.12.2021	31.12.2020
Letters of guarantee received	3.277.211	3.430.349
Guarantee checks received	--	230.000
Guarantee notes received	--	4.061.775
Total	**3.277.211**	**7.722.124**

Cases Against the Group

As of December 31, 2021, according to the representation letter obtained from the Group legal counselor there are 11 commercial lawsuits filed against the Group, amounting to TL 1.795.028 TL, for which a provision is set aside in the amount of TL 494.382. Furthermore, there are 41 personnel cases amounting to TL 445.968 filed against the Group.

All lawsuits filed against the Group for commercial claims represent cancellation requests made in accordance with Article 67 of the Executive and Bankruptcy Law of the objections made by the Group in the enforcement proceedings initiated against the Group. These lawsuits are counter-debt lawsuits filed against suppliers. Provision amounting to TL 1.111.204 has been set for related ongoing cases concerning commercial debts in the previous years and TL 616.281 of provision was reverse related to the cases that were resolved.

As of December 31, 2021, the Group, in considering the high probability of losing the reemployment lawsuits has recognized a lawsuit loss provision amounting to TL 445.968 thereon.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Cases Against the Group (Cont'd)

	01.01.- 31.12.2021	01.01.- 31.12.2020
Balance at the beginning of period	1.480.086	272.949
Additional provisions	183.850	1.207.137
Released provisions	(723.586)	--
Total	**940.350**	**1.480.086**

Favorable Cases

As of the report date, there are 15 cases filed by the Group amounting up to TL 10.584.487, TL 887.798 of which concerns the case filed for the cancellation of the refund of payments notified regarding the government grants announced by Turkish Employment Agency.

As of report date, a tax case amounting up to TL 6.751.018 filed in favor of the Group is under legal proceeding. With a tax notice dated on June 28, 2019, the tax office sent a petition for tax penalties amounting to TL 2.893.294 to require its payment and the refund of the VAT amounting to TL 3.857.725 which was netted off within the framework of the Provisional article 37 of the Value Added Tax Law,, that were accounted for based on the incentive certificate obtained by Çan2 Termik A.Ş. The net off was canceled on the grounds that power plants are not included within the scope of the manufacturing industry. The principal amount of payable regarding the canceled offset is included in Taxes and Funds Payable in the Other Payables account (Note 8). Çan2 Termik A.Ş. has filed a lawsuit against the tax office for the cancellation of these payment notices at the tax court. The lawsuit was concluded in June 2021 in favor of the Group, which was appealed by the Tax Office. The Group benefited under the scope of the Law No. 7326 on Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette dated 9 June 2021 and numbered 31506. The lawsuit was waived within the scope of the restructuring application, and it was decided to overrule by the Regional Administrative Court due to the waiver by the Regional Administrative Court. Following the regulation put in motion in the field of public debt restructuring, parties waived their claims.

As of report date, a lawsuit filed in favor of the Group for the collection of receivables in the amount of TL 2.735.655 is in progress. The nature of the case concerns the refund of the amounts on the grounds that the parties did not fulfill the conditions stipulated in the protocol.

19. EMPLOYEE BENEFITS

a. Short term

Payables due to employee benefits

	31 December 2021	31 December 2020
Payables to personnel	1.964.029	2.711.237
Social security premium payables	4.151.633	1.640.208
Total	**6.115.662**	**4.351.445**

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

19. EMPLOYEE BENEFITS (Cont'd)

Annual Leave Provision

The movement of the leave provision account between December 31, 2020 and 2021 are as follows:

	31.12.2021	31.12.2020
Balance at beginning of the period	3.031.076	1.449.426
Provision for the period	1.836.155	1.581.650
Total	**4.867.231**	**3.031.076**

b. Long term

Severance pay provision

Under the Turkish Labor Law, companies are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires. The maximum amount payable equals to one month of salary is TL 10.596,74 as of 31 December 2021 (31 December 2020: TL 7.117,17) for each year of service.

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

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. Accordingly, the actuarial assumptions used to calculate the liability as of December 31, 2020 and 2021 are as follows:

	31.12.2021	31.12.2020
Discount rate	18,90%	12,31%
Estimated rate of increase	15,00%	9,00%
Net Discount rate	3,39%	3,04%

The movement of the employment termination benefits provision during the years ended December 31, 2020 and 2021 are as follows:

	31 December 2021	31 December 2020
Balance at beginning of the period	818.428	404.978
Payment	891.014	374.363
Interest cost	152.865	51.569
Current service cost	(749.382)	(415.298)
Actuarial Gain/Loss	211.349	320.946
Balance at end of the period	**1.324.274**	**818.428**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

20. OTHER ASSETS AND LIABILITIES

Other current assets

Other Current Assets as of December 31, 2020, and 2021 are as follows:

	31.12.2021	31.12.2020
Income accruals	104.435.569	20.909.467
Deferred VAT	7.829.602	9.558.646
Job advances	3.447.047	3.242.062
Personnel advances	3.653	70.751
Order advances given	6.450.685	1.384.447
Other various current assets	--	499
Total	**122.166.556**	**35.165.872**

(*) Income accruals are as follows:

	31.12.2021	31.12.2020
Income accruals from sales of electricity	104.435.569	20.909.467
TOTAL	**104.435.569**	**20.909.467**

Other short-term liabilities

	31.12.2021	31.12.2020
Expense accruals	43.650.986	25.363.407
Total	**43.650.986**	**25.363.407**

The details of Expense Accruals are as follows:

	31.12.2021	31.12.2020
Expense accruals from electricity purchases	41.063.525	24.080.550
Other expenses accruals	2.587.461	1.282.857
Total	**43.650.986**	**25.363.407**

The details of Other Non - Current Assets as of December 31, 2020, and June 2021 are as follows.

Other non-current assets

	31.12.2021	31.12.2020
Advances given (*)	53.860.977	78.238.288
Total	**53.860.977**	**78.238.288**

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

Other long-term liabilities

	31.12.2021	31.12.2020
Expense accruals (*)	1.447.164	920.645
Total	**1.447.164**	**920.645**

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid Capital

The paid capital structure of the Group as of 31.12.2020, and 2021 is as follows:

	31.12.2021		31.12.2020	
Shareholders	**Shares Amounts**	**Percentage**	**Shares Amounts**	**Percentage**
Odaş Elektrik Üretim San. Tic. A.Ş.	245.651.000	76,77%	252.410.000	100%
Halka Açık Kısım	74.349.000	23,23	--	--
Total	**320.000.000**	**100%**	**252.410.000**	**100%**

As of 31.12.2021, the paid-in capital of Çan2 Termik A.Ş. was TL 320.000.000, divided into 320.000.000 (Three hundred and twenty million shares, each with a nominal value of TL 1.

Share premiums/discounts

In the aftermath of the share capital increased realized between April 21-22 through a share offering, the sale of 67.590.000 shares during the IPO process at Borsa İstanbul AŞ over the nominal value of TL 1 gave rise to Share Premiums amounting to TL 186.569.716 included under shareholders equity after the net-off of the public issue costs of TL 9.441.284.

	31.12.2021	31.12.2020
Share Premiums	185.332.488	--
TOTAL	**185.332.488**	**--**

Gain/Loss From Revaluation

	31.12.2021	31.12.2020
Land,Building,Vehicles.Machinery and Plant	2.831.264.906	654.691.656
Total	**2.831.264.906**	**654.691.656**

Gain/Loss From Cash Risk Protection

	31.12.2021	31.12.2020
Cash Flow Hedge Gains/Losses	425.193.010	--
Total	**425.193.010**	**--**

Actuarial Loss / Gain Fund

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

	31.12.2021	31.12.2020
Balance at beginning of the period	**(457.852)**	**(207.514)**
Actuarial gain/loss	(211.349)	(320.946)
Deferred tax effect	48.610	70.608
Balance at the end of the period	**(620.591)**	**(457.852)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

The Effect of Mergers Involving Entities Subject to Common Control

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

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

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

Since goodwill cannot be included in the financial statements due to the fact that business combinations subject to joint control are accounted by the combination of rights method, as of December 31, 2017 the goodwill amount of TL 1.399.068 arising from the acquisition of the enterprises was shown as an offset in the account "The Effect of Mergers Involving Entities Subject to Common Control" under shareholders equity.

Capital Advances

There are no capital advances (31.12.2020: None).

Parent Company Shares

During the year ended December 31, 2021, the Group incurred a period loss of TL 180.963.007. (31.12.2020: TL 37.352.705 of net income), all of which pertain to the Parent Company shares and there are no non - controlling interests.

Prior Years Profit/Loss

Prior Years Profit/Loss	**31.12.2021**	**31.12.2020**
Prior Years Profit/Loss	(150.141.189)	(2.252.619)
Share Not Resulting in Loss of Control in Subsidiaries Rate Not. Depending On Increase/Decrease	--	--
Profit/Loss for the Period	37.352.704	(147.888.570)
Total	**(112.788.485)**	**(150.141.189)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

22. REVENUE AND COST OF SALES

The details of sales are as follows

	01 January - 31 December 2021	01 January - 31 December 2020
Domestic Sales	**1.192.954.380**	**752.574.783**
Electricity Sales	579.499.364	324.130.413
Electricity Sales from Common Agreements	556.628.885	385.246.673
Electricity Sales among the Group	43.562.725	26.157.674
Sales Through Production	9.700.596	10.390.168
Mining Sales	2.666.746	5.982.756
Other Income	896.064	667.099
Sales Returns	**(17.859)**	**(13.025.470)**
Total	**1.192.936.521**	**739.549.313**

The details of the cost of sales are as follows,

	01 January - 31 December 2021	01 January - 31 December 2020
Cost of goods sold	865.358.998	521.665.889
Cost of merchandises sold	--	5.534.414
Other Costs	--	96.250
Total	**865.358.998**	**527.296.553**

23. EXPENSES BY NATURE

During the periods the details of the cost of sales are as follows:

	01 Ocak - 31 Aralık 2021	01 Ocak - 31 Aralık 2020
Coal usage cost	294.779.488	174.492.239
Energy imbalance amount	146.302.756	77.461.020
GİB Fee	124.259.259	32.854.081
Amortization and depreciation expenses	61.069.542	74.945.216
Personnel expenses	53.888.803	44.878.614
Purchases from GÖP	32.410.381	11.032.329
System usage fee	16.931.359	17.184.446
Market operating fee	16.653.696	3.733.521
Cost of the goods sold obtained from production	14.322.380	9.819.224
Fuel Oil usage cost	12.567.173	8.730.275
DGP amount	10.847.487	3.787.016
Diesel consumption cost	10.602.714	3.876.605
Cost of coal sold	10.316.531	21.962.210
Maintenance cost	19.812.223	5.262.211
Insurance cost	8.387.410	4.284.277
Bilateral agreements cost of energy goods	6.619.759	10.769.896
Limestone usage cost	3.736.621	4.061.062
Other costs TEIAS/EPIAS	1.092.194	348.835
Retrospective adjustment amount	55.703	38.417
Other purchase cost	20.703.519	17.775.059
TOTAL	**865.358.998**	**527.296.553**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING

	01 January - 31 December 2021	01 January - 31 December 2020
General administrative expenses	25.637.218	21.305.394
Marketing, selling and distribution expenses	-	7.404.935
Total	**25.637.218**	**28.710.329**

Marketing, selling and distribution expenses

The details of marketing, selling and distribution expenses for the periods 01.01.-31.12.2020 and 2021 are as follows:

	01 January - 31 December 2021	01 January - 31 December 2020
Transportation expenses	--	7.334.900
Personnel Expenses	--	70.035
Total	**--**	**7.404.935**

General Administrative Expenses

The details of the general administrative expenses for the periods 01.01.-31.12.2020, and 2021 are as follows:

	01 January - 31 December 2021	01 January - 31 December 2020
Personnel expenses	16.592.763	12.597.399
Amortization expenses	3.595.334	2.969.145
Stamp tax expense	1.629.333	1.344.081
Legal provision expenses	1.035.568	95.934
Consultation expense	992.862	1.296.885
Rent expenses	573.792	955.581
Subscription fee	162.448	132.470
Travel expenses	159.985	52.754
Fuel expenses	114.782	99.743
Representation and hospitality expenses	94.039	21.686
Tax expenses	43.179	435.294
Notary expenses	42.967	47.888
Freight expenses	13.994	19.507
Insurance expenses	--	12.954
Other expenses	586.172	1.224.073
Total	**25.637.218**	**21.305.394**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

25 OTHER OPERATING INCOME AND EXPENSES

Other income from operating activities

	01 January - 31 December 2021	01 January - 31 December 2020
Exchange rate gain	10.187.642	7.498.810
Previous year's profit and income	9.571.782	1.849.762
Other operating profit and income	8.902.356	1.119.572
Other extraordinary income	3.548.773	28.342.579
Provision no longer required	723.587	--
Rediscount income	26.640	5.037.538
Total	**32.960.780**	**43.848.261**

Other expenses from operating activities

	01 January - 31 December 2021	01 January - 31 December 2020
Previous years losses and expenses	30.714.530	1.317.144
Other extra ordinary losses and expenses	18.036.780	3.478.586
Rediscount expenses	10.543.866	7.893
Exchange rate expenses	18.109.837	14.140.640
Idle capacity losses and expenses	4.153.798	886.083
Provision expenses	--	1.111.204
Other	2.425.625	1.591.474
Total	**83.984.436**	**22.533.024**

26. INVESTMENT INCOME AND EXPENSES

Income and expenses from investment activities for the relevant periods are as follows:

	01 January - 31 December 2021	01 January - 31 December 2020
Income from investment activities	124.648	389.456
Expenses from investment activities	--	--
Total	**124.648**	**389.456**

27. EXPENSES BY NATURE

The expenses of the Group classified based on variety during the accounting periods under investigation are as follows

Amortization Expense	01 January - 31 December 2021	01 January - 31 December 2020
Cost of sales	61.069.542	74.945.216
General administrative expense	3.595.334	2.969.145
Idle capacity expenses and loses	927.096	765.476
Remaining amount at the cost of sales	--	15.612
Previous years profit/loss	41.972	--
Total	**65.633.944**	**78.695.449**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

27. EXPENSES BY NATURE (Cont'd)

Personnel Expenses	**01 January - 31 December 2021**	**01 January - 31 December 2020**
Cost of sales	53.888.803	44.878.614
General administrative expense	16.592.763	12.597.399
Marketing, sales and distribution expenses	-	70.035
Total	**70.481.566**	**57.546.048**

Insurance Expenses	**01 January - 31 December 2021**	**01 January - 31 December 2020**
Cost of sales	8.387.410	4.284.277
General administrative expense	-	12.954
Total	**8.387.410**	**4.297.231**

Consultancy Expenses	**01 January - 31 December 2021**	**01 January - 31 December 2020**
General administrative expense	992.862	1.296.885
Total	**992.862**	**1.296.885**

28. FINANCIAL INCOME AND EXPENSES

Financial Income

	01 January - 31 December 2021	**01 January - 31 December 2020**
Exchange gain	117.563.958	137.858.435
Interest Income	9.537.101	195.517.958
Rediscount expenses	5.333.391	13.523.469
Gain from the sales of stocks	46.548	-
Total	**132.480.998**	**346.899.862**

Financial Expenses

	01 January - 31 December 2021	**01 January - 31 December 2020**
Exchange loses	418.551.979	538.441.922
Interest and commission expenses	235.366.152	162.382.220
Rediscount expenses	2.690.466	1.252.659
Total	**656.608.597**	**702.076.801**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

29. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

The Group's other comprehensive income/(expense) during the years ended 31.12.2021 and 31.12.2020 comprised:

Other comprehensive income (expense) that will not be reclassified to profit and loss	01 January - 31 December 2021	01 January - 31 December 2020
Revaluation Gain/Loss	2.693.227.136	-
Actuarial Gain / Loss	(211.349)	(320.946)
Deferred tax income / expenses	(516.605.277)	70.608
Total	**2.176.410.510**	**(250.338)**

30. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

Tax income /expenses in the statement of income during the years ended 31.12.2021 and 31.12.2020 comprised:

	01 January - 31 December 2021	01 January - 31 December 2020
Deferred tax income / expense	92.123.295	187.282.520
Tax income / expense recognized in Other comprehensive income	(516.605.277)	70.608
Total	**(424.481.982)**	**187.353.128**

Current Tax

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

Receivables Related to Current Taxes

None.

Deferred Tax

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Turkish tax legislation does not allow the parent company to issue tax returns over the consolidated financial statements. Therefore, the deferred tax positions of companies with deferred tax assets and companies with deferred tax assets have not been clarified and disclosed separately.

The deferred tax assets and liabilities as of December 31, 2020, and 2021 are given in the financial statements as follows,

	31.12.2021	**31.12.2020**
Deferred Tax Assets	--	142.739.441
Deferred Tax Liabilities	(175.075.436)	(1.996.500)
Deferred Tax Assets / Liabilities, Net	**(175.075.436)**	**140.742.941**

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of December 31, 2020, and 2021 are as follows:

	Temporary Differences		**Deferred tax assets / (Liabilities)**	
Deferred tax assets / Liabilities	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
Reduced corporate tax advantage arising from capital increase in cash(*)	218.291.299	45.957.918	50.206.999	10.110.742
Tangible and intangible fixed assets depreciation differences	(34.587.391)	(22.305.945)	(7.955.100)	(4.907.308)
Employment termination benefits and annual leave provision	5.055.347	3.352.027	1.162.730	737.446
Rediscounts	(11.633.005)	(19.507.305)	(2.675.591)	(4.291.607)
Reduced corporate tax advantage arising from investment incentives (**)	----	--	320.715.946	320.715.946
IAS 21	61.757.204	--	13.586.585	- -
Other liabilities and accrued expenses (***)	(167.995.883)	(14.112.623)	(38.639.053)	(3.104.777)
Revaluation	3.526.436.295	833.209.157	(695.171.391)	(178.517.501)
Effect of cash flow hedge accounting	533.861.963	--	108.668.953	--
Carried-forward tax losses (****)	326.193.421	--	75.024.487	--
Total	**4.457.379.250**	**826.593.229**	**(175.075.435)**	**140.742.941**

(*) The Group earned tax advantages amounting to TL 50.206.999 within the scope of incentive related to capital increases realized in the previous periods.

(**) Even though the related investment of the Group is in Region II, the Special Terms of Investment Incentive, Article 5 state that the investment subject to the incentive is listed among prioritized investments, which will benefit from regional supports granted to Region 5. Accordingly, the Investment Contribution Rate is 40% and the Discounted Corporate Tax Rate is 80%. Accordingly, the Group will benefit from reduced corporate tax application in the amount of TL 320.715.946 in relation to the profit from the investment, which is calculated as 40% of the total investment amount of TL 801.789.865.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

(***) Other liabilities and expense accruals involve the effects of recording the net book value of bank loans with the effective interest rate method, provisions set aside for the cases in legal proceeding, impairment provision for trade receivables and provisions for decapage.

(****) As of 31.12.2021, the Group recognized deferred tax asset of TL 75.024.487 on the carried-forward unused tax losses in the amount of TL 326.193.421. The Group belives the related deferred tax asset will be recovered. However the recoverability of this deferred tax asset is dependent on the ability of the Group to realize the taxable cash flow projections.

31. EARNINGS PER SHARE

	01 January - 31 December 2021	01 January - 31 December 2020
Net profit / (Loss)	(180.963.007)	37.352.703
Weighted average number of common share	297.963.808	1.047.640
Profit / (Loss) per share with a nominal value of TL 1	**(0,607332)**	**35,654140**

32. REPORTING IN HIGHLY INFLATED COUNTRIES

In order to show the changes in the purchasing power of Turkish Lira in the financial statements prepared before 01.01.2005, inflation adjustments have been made by using wholesale price indices within the scope of TAS 29. In this standard, it is stipulated that the financial statements prepared in currency in high inflation periods are expressed in terms of the current purchasing power of money by eliminating the effects of changes in the purchasing power of money on financial statement items by using the adjustment coefficient.

33. FINANCIAL INSTRUMENTS

Short term financial liabilities

As of December 31, 2020 and 2021 short-term financial debts are as follows:

Short term financial liabilities

	31.12.2021	31.12.2020
Bank loan	81.776.258	46.216.445
Liabilities from leasing	804.476	--
Deferred leasing costs (-)	(383.323)	--
Loan principal instalments and interest	543.249.068	280.047.374
Other financial liabilities	2.972.839	4.520.746
Short term financial liabilities – Net	**628.419.318**	**330.784.565**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

33. FINANCIAL INSTRUMENTS (Cont'd)

Long term financial liabilities

	31.12.2021	31.12.2020
Bank loan	1.670.555.436	1.296.196.294
Liabilities from leasing	1.475.372	--
Deferred leasing costs (-)	(338.464)	--
Long term financial liabilities – Net	**1.671.692.344**	**1.296.196.294**

	31.12.2021	31.12.2020
Other financial liabilities	2.972.839	4.520.746
Total	**2.972.839**	**4.520.746**

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

Loan repayment schedule:

Long term loans	31.12.2021	31.12.2020
2022	--	242.506.824
2023	340.316.800	213.691.081
2024	293.026.883	181.432.128
2025	256.153.049	476.433.218
2026	226.669.511	48.373.129
2027	200.187.875	41.537.217
2028	176.350.730	35.615.994
2029	155.018.633	30.531.776
2030	22.831.955	26.074.928
Total	**1.670.555.436**	**1.296.196.295**

Long term loans	31.12.2021	31.12.2020
1-2 Years	--	--
2-3 Years	--	242.506.824
3-4 Years	340.316.800	213.691.081
4-5 Years	293.026.883	181.432.128
5 Years and above	1.037.211.753	658.566.262
Total	**1.670.555.436**	**1.296.196.295**

Date of payment	Liabilities from leasing	Deferred leasing costs (-)
2023	804.476	(257.699)
2024	670.896	(80.765)
Total	**1.475.372**	**(338.464)**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

33. FINANCIAL INSTRUMENTS (Cont'd)

	Annual interest rate %		Value in foreign curreny		TL	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
TL Loans	7,5-24%	7,5-29%	--	--	14.299.118	6.000.000
EURO Loans	6%-7%	5,5%-7%	4.464.575	4.464.575	67.477.140	40.216.445
Short term Loans			**--**	**--**	**81.776.258**	**46.216.445**
EURO Loans	6%-7%	5,5%-7%	31.191.030	24.411.753	471.418.101	219.898.627
TL Loans	7,5-24%	7,5-29%	--	--	71.830.967	60.148.746
Loan principal instalments and interest					**543.249.068**	**280.047.374**
Short term Loans in total			**--**	**--**	**625.025.326**	**326.263.819**
EURO Loans	6%-7%	5,5%-7%	102.531.484	127.604.668	1.549.650.601	1.149.450.084
TL Loans	7,5-24%	7,5-29%	--	--	120.904.835	146.746.210
Long term Loans in total					**1.670.555.436**	**1.296.196.294**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

34. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

Credit risk management

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

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

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

The credit risks exposed by the financial instrument types as of December 31, 2020, as follows:

31.12.2020	Receivables				Deposits at banks	Other
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Minimum credit risk exposed as of reporting date (A+B+C+D+E)	**17.359.875**	**100.771.197**	**21.798.068**	**3.068.763**	**1.201.444**	**1.727**
- The section of the minimum risk taken under assurance	--	--	--	229.990	--	--
A. Carrying amount of financial assets not overdue or not impaired	17.359.875	100.771.197	21.798.068	2.838.773	1.201.444	1.727
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired	--	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--	--
D. Carrying amount of assets impaired	--	1.500.000	--	--	--	--
-Overdue (gross book value)	--	(1.500.000)	--	--	--	--
- Impairment (-)	--		--	--	--	--
- Net value guaranteed	--	--	--	--	--	--
-Undue (gross book value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--
E. Off-balance sheet items carrying credit risk	--	--	--	--	--	--

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

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

Liquidity risk

The Group Management has primary responsibility for the management of the liquidity risk. Accordingly, the Group Management ensures that appropriate liquidity risk management targets are established and set for monitoring the short-, medium- and long-term funding and liquidity needs of the Group Management. The Group manages liquidity risk by maintaining adequate funds and available borrowing by regularly monitoring forecast and actual cash flows and matching the maturities of financial assets and liabilities.

In order to achieve this, appropriate levels of supervision and monitoring is exercised in order to match the maturity of receivables and payables; net working capital management targets are set in order to maintain short-term liquidity and to preserve the balance sheet ratios at certain levels.

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Market Risk

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

Foreign Currency Risk

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

FOREIGN EXCHANGE POSITION				
	31.12.2020			
	TL (Functional Currency)	**USD**	**EUR**	**GBP**
1. Trade Receivables	24.839.499	3.383.897		--
2a. Monetary Financial Assets (Cash, Banks 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. Other Monetary Financial Liabilities	--	--	--	--
12b. Other Non-Monetary Financial Liabilities	--	--	--	--
13. . Current 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. Non-Current 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 derivatives (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Liabilities Hedged	--	--	--	--
20. Net foreign currency asset liability position (9-18+19)	**(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. Net asset / liability position of off-balance sheet derivatives	--	--	--	--
23. Export	**--**	**--**	**--**	**--**
24. Import	**--**	**--**	**--**	**--**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Foreign Exchange Position Analysis Chart

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

Exchange Rate Sensitivity Analysis Chart				
31.12.2020				
	Profit/(Loss)		**Equity**	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TRY;				
1- USD net (liabilities)/assets	4.630.788	(4.630.788)	--	--
2- Hedging amount of USD (-)	--	--	--	--
3- USD Net Effect (1+2)	**4.630.788**	**(4.630.788)**	**--**	**--**
If the EUR had changed by 20% against the TRY;				
4- EUR net (liabilities)/assets	(190.908.260)	190.908.260	--	--
5- Hedging amount of EUR (-)	--	--	--	--
6- EUR Net Effect (4+5)	**(190.908.260)**	190.908.260	**--**	**--**
If the GBP had changed by 20% against the TRY;				
7- Other Currencies net (liabilities)/assets	(206.063)	206.063	--	--
8- Hedging amount of other currencies (-)	--	--	--	--
9- GBP Net Effect (7+8)	**(206.063)**	**206.063**	**--**	**--**

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

Financial assets

The carrying values of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values since they are short term.

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations.

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

- First level: Financial assets and liabilities are valued over stock exchange prices used in active market for assets and liabilities which are similar.
- Second level: Financial assets and liabilities are valued over the inputs used to find out observable price of relevant asset or liability directly or indirectly in the market other than its stock exchange price specified in first level.
- Third level: Financial assets and liabilities are valued over the inputs not based on an observable data in the market, which is used to find out fair value of asset and liability.

Group management considers that the registered values of financial instruments reflect their reasonable value.

Derivative Financial Instruments (Forward Contracts)

The group does not make futures agreements in the foreign currency market.

Financial Liabilities

Due to the short-term maturities of trade payables and other monetary obligations, it is thought that their fair values approximate their carrying values. Bank loans are stated amortized cost values and transaction costs are added to the initial cost of the loans. Since the interest rates on loans are updated taking into account the changing market conditions, it is thought that the fair value of loans approximate their carrying values. Due to their short-term, it is predicted that the fait values of trade payables approximate their carrying values.

36. SUBSEQUENT EVENTS

Within the context of Section 27 of the Capital Market Board's Share Communiqué NO. VII-128.1 titled "Obligation to Issue Information Forms for Shareholders of Partnerships Whose Shares Are Traded on the Stock Exchange", as of 12.01.2022, an application has been submitted to the Capital Market Board for approval of the share sales information form prepared for the conversion of nominal value shares of TL 165.651.000 owned by Odaş Elektrik Üretim Sanayi Tic. A.Ş. in the issued share capital of TL nominal 245.651.000 of Çan2 Termik A.Ş., representing 76.77% of the share capital to become tradeable on the stock exchange and to sell them on the stock exchange. The related process is still continuing.

37. FEES PAID FOR THE AUDIT SERVICES.

For the year ended at 31.12.2021 fees paid for the audit services were TL 175.000 (31 December 2020: 102.500 TL).

38. DERIVATIVE FINANCIAL INSTRUMENTS

CASH FLOW HEDGE OF A HIGHLY PROBABLE FORECASTED TRANSACTION

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

In this context, repayments of foreign currency borrowings, which are subject to hedging accounting and designated as a hedging tool, are made with foreign currency sales cash flows, which will be carried out closely together and determined as a risk-protected item within the scope of hedging accounting. Accordingly, the estimated transaction that is likely to occur is for foreign currency exchange rate risk arising from future indexed sales.

As part of its exchange risk management strategy, the Group implements hedging accounting for the purpose of protecting the potentially occurring transaction cash flow risk currency risk component and incorporates the effectiveness of the exchange rate fluctuations, which have been mathematically proven and not yet realized in accordance with TFRS 9, from the income statement and include them in its comprehensive income statement.

The effectively determined exchange rate differences of foreign currency loans in Euros designated as a hedging tool are withdrawn from the income statement and recorded under cash flow hedging accounting in the other comprehensive income statement.

As of December 31, 2021, the Group takes care to maintain a 100% hedging ratio and 70% to 130% hedging activity within the scope of the hedging accounting it has established, and as of December 31, 2021, the hedging ratio was calculated as 88% and the hedging effectiveness was 112%.

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

38. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

TRY	**31.12. 2021**
Accumulated exchange rate difference on hedging item (current part)	63.218.686
Accumulated exchange rate difference on hedging item (non-current part)	470.643.276
Exchange rate difference on hedging item (current part)	(105.695.832)
Exchange rate difference on hedging item (non-current part)	(493.129.794)
Rate of hedging effectiveness	**112%**
Excluded part on the income statement	(64.963.664)

TL	**31.12.2021**
Total amount of future cash flows of the hedging item	2.094.113.250
Total future cash flow of the instruments used for hedging purposes	2.390.048.556
Hedging ratio	**88%**

39. OTHER MATTERS THAT SHOULD BE EXPLAINED

None.

40. EXPLANATION ON CASH FLOW STATEMENTS

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

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW AS OF DECEMBER 31, 2021

	Notes	Current Period Audited Consolidated 01.01-31.12.2021	Prior Period Audited Consolidated 01.01-31.12.2020
A. CASH FLOW FROM OPERATING ACTIVITIES		**2.742.220.840**	**201.655.059**
Period Income/Loss		**(180.963.007)**	**37.352.705**
Adjustments to Reconcile Net Profit / (Loss) for the Period		**2.906.172.438**	**247.185.091**
Adjustments Related to Depreciation and Amortization Expense	11-12-14-23-24-27	65.633.944	78.695.449
Adjustments Related to Impairment (Reversal) of Receivables	7	-	-
Adjustments Related to Provisions (Reversal) for Employee Benefits	19	2.139.786	1.674.154
Adjustments Related to Lawsuit Provision (Reversal)	18	(539.736)	1.207.138
Adjustments Regarding Provisions Allocated (Reversal) within Framework for Sectoral Requirements	18	-	-
Deferred Finance Expenses arising from Credi Purchases	7-8	1.805.544	2.159.692
Unearned Dinance Income arising from Credit Sales	7-8	(5.536.774)	(17.604.689)
Adjustments for Interest Expense	20	43.650.986	25.363.407
Adjustments for Interest Income	20	(104.435.569)	(20.909.467)
Adjustments for Unrealized Fx Gain Loss		836.255.642	363.952.535
Adjustments for Reversal of Impairment of Tangible Assets	11	2.176.573.250	-
Adjustments for Tax Incoıme/Expense	30	315.818.376	(187.353.128)
Fair Value Adjustments	37	(425.193.010)	-
Changes in Working Capital		**17.174.148**	**(82.632.399)**
Changes in Inventories	9	(94.212.445)	(42.828.041)
Increase / Decrease in Trade Receivables from Third Parties	6	(11.157.288)	(17.359.875)
Increase / Decrease in Trade Receivables from Related Parties	7	(27.715.693)	(14.754.227)
Increase / Decrease in Other Receivables from Related Parties	6	21.205.373	116.158.322
Increase / Decrease in Other Receivables from Third Parties	8	118.471	(2.842.613)
Changes in Other Assets	20	41.812.197	106.402.200
Increase / Decrease in Trade Payables to Related Parties	6	(136.010)	(652.217)
Increase / Decrease in Trade Payables to Third Parties	7	25.317.656	(17.680.156)
Increase / Decrease in Prepaid Expenses	10	(885.760)	2.234.804
Changes in Employee Benefits	19	(375.569)	(6.266.032)
Increase / Decrease in Other Payables to Related Parties	6	12.951.711	(136.962.776)
Increase / Decrease in Other Payables to Third Parties	8	18.996.386	(2.471.879)
Provisions for Employee Benefits	19	2.342.001	1.995.101
Changes in Deferred Tax	10	53.750.006	(41.904.437)
Changes in Other Liabilities	20	(24.836.890)	(25.700.573)
Cash Flow from Activities		**2.742.383.579**	**201.905.397**
Other Loss / Gain	21	(162.739)	(250.338)

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

The details of the Group's equity are explained in Note 21.

42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

	31.12.2021	31.12.2020
Bank	15.643.115	1.201.444
-Demand deposit	*10.862.281*	*1.117.416*
-Time deposit	*4.780.834*	*84.028*
Other liquid assets	7.909.606	1.727
Total	**23.552.721**	**1.203.171**

As of 31.12.2021 TL 7.904.998 of other liquid assets is a term repo with the interest rate of 15,071% and will come to maturity at January 3, 2022

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

42. CASH AND CASH EQUIVALENTS (Cont'd)

As of December 31, 2021, the Group has no blocked deposits (31.12.2020: None). Details of time deposit are as follows.

Currency	Maturity	Interest Rate	31.12.2021 TL	31.12.2020 TL
TL	03.01.2022	19,00%	3.000.000	--
TL	03.01.2022	15,42%	328.675	--
TL	03.01.2022	15,42%	452.160	--
TL	03.01.2022	19,00%	1.000.000	--
TL	15.03.2021	14,00%	--	84.028
			4.780.834	**84.028**

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

This financial data, which is calculated as financing, tax, pre-depreciation income, is indicative of a business's income measured without taking into account financing, taxes, expenses that do not require cash outflows and depreciation and amort share expenses. This financial data is also indicated in the financial statements by some investors due to the use of the business's ability to repay and/or borrow additional loans. However, EBITDA should not be considered independently of other financial data, as an alternative to other data from financial indicators such as net profit (loss), net cash flow from business, investment and financing activities, financial data from investment and financial activities or prepared in line with TAS/TFRS, or operating performance of the business. This financial information should be evaluated together with other financial data contained in the cash flow statement.

The profit amount before interest, tax, and depreciation in the period 01.01.-31.12.2021 is TL 366.647.153 (01.01-31.12.2020: TL 261.472.404).