



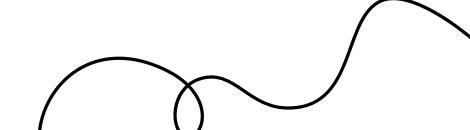


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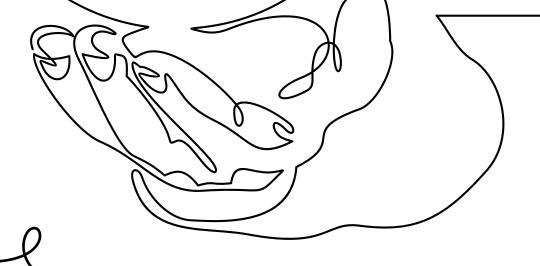
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GENERAL INFORMATION ABOUT THE COMPANY

Trade Name: Çan2 Termik A.Ş.

Company's Registered Address: Barbaros Mah. Başak Cengiz Sk. Varyap Meridian Sitesi No1/D Villa 4

Batı Ataşehir, İstanbul

Affiliated Trade Registry Office: İstanbul Ticaret Sicili Memurluğu

Trade Registry Number: 886148

Trade Registry Registration Date: 27.05.2003

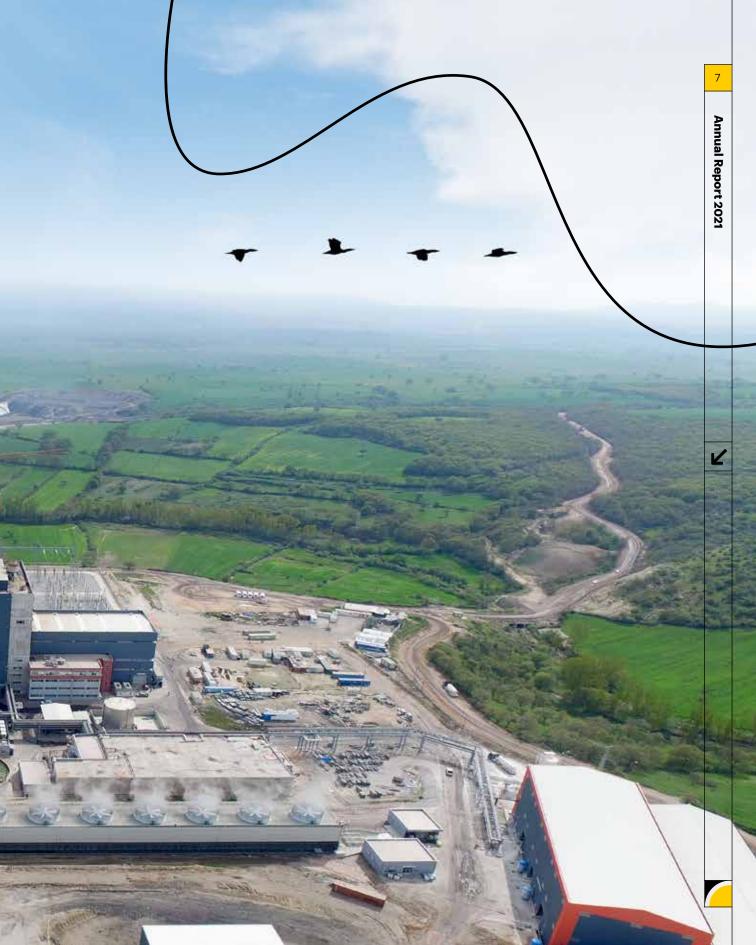
Tax Office: Kozyatağı Vergi Dairesi

Tax Number: 2280761419

Registered Capital Ceiling: 1.262.050.000 TL

Paid-in Capital: 320.000.000 TL





SHAREHOLDING STRUCTURE

As of 31.12.2021, the shareholder structure of Çan2 Termik A.Ş., which has a total paid-up capital of 320,000,000 TL within the share capital limit of 1,262,050,000 TL, is as follows.

Shareholder's Full Name/Title	Share in Capital	Share Percentage
Odaş Elektrik Üretim Sanayi Tic. A.Ş.	245,651,000	76.77%
Public Portion	74,349,000	23.23%
Total	320,000,000	100.00%

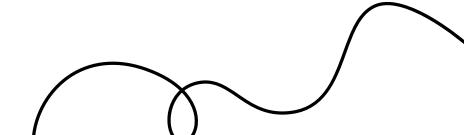
BOARD OF DIRECTORS AND THE COMMITTEES

he General Assembly oversees the operations and management of the corporation in accordance with the rules of the Turkish Commercial Code and capital markets law through a Board of Directors that consists of at least 5 members and serves terms of no more than 3 years.

The members of the Board of Directors of our Company were elected as follows to serve until 31.12.2022.

Full Name	Title	Term of Office
Burak ALTAY	Chairman of the Board of Directors	Until 31.12.2022
Ali Kemal KAZANCI	Vice Chairman of the Board of Directors	Until 31.12.2022
Mustafa Ali ÖZAL	Member of the Board of Directors	Until 31.12.2022
Necdet AKŞAY	Independent Member of the Board of Directors	Until 31.12.2022
Umut APAYDIN	Independent Member of the Board of Directors	Until 31.12.2022





COMMITTEES UNDER THE BOARD

Audit Committee	
Full Name	Role
Umut APAYDIN	Committee President
Necdet AKŞAY	Committee Member

Corporate Governance Committee					
Full Name	Role				
Umut APAYDIN	Committee President				
Necdet AKŞAY	Committee Member				
Melih YÜCEYURT	Committee Member				

Early Detection of Risk Committee			
Full Name	Role		
Necdet AKŞAY	Committee President		
Umut APAYDIN	Committee Member		

MANAGEMENT TEAM

Full Name	Title			
Melih YÜCEYURT	Finance and Investor Relations Director			
Adeviye DEMİR PEKMEZCİ	Accounting and Reporting Director			
İlknur YILMAZ COŞKUN	Legal Director			
Caner DEMİRAYAK	Strategic Planning Commercial Director			
İnci UĞURLU ARIKAN	Human Resources Director			
Bülent BARUT	Power Plant Manager - Coal			





AFFILIATED COMPANIES

Title	Çan2 Termik A.Ş.'s share in total capital (TL)	Rate (%)
Çan-2 Trakya Kömür Maden A.Ş.	550.000	100%
Yel Enerji Elektrik Üretim Sanayi Tic. A.Ş.	600,000	100%

Çan-2 Trakya Kömür Maden A.Ş.

Çan 2 Trakya operates in the coal mining industry. On 18.06.2019, Çan2 Termik A.Ş. was established as a 100% founding partner to be included in the consolidation.

Yel Enerji Elektrik Üretim Sanayi Tic. A.Ş.

The company operates in the mining sector and as of 31 December 2021, its capital is 600,000 TL and 100% of the shares belongs to Çan2 Termik A.Ş.

INDEPENDENT AUDIT

s part of the company's financial table and report auditing for 2021 and as per the Board of Directors' decision dated 30.06.2021 and numbered 2021/18 and the decision made at the company ordinary general assembly meeting on 09.12.2021, Eren Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. was chosen to do the independent external audit for the 2022 fiscal year.

OPERATIONAL STATUS DURING THE PERIOD

• | ÇAN-2 THERMAL POWER PLANT (340 MWM/330 MWE)

he Çan-2 thermal power plant increased its gross electricity generation by 7% to 1,998 GWh year-on-year in the period from January to December 2021. Between 01.01.2021-31.12.2021 - the gross capacity utilization rate was 69%. (Between 01.01.2020-31.12.2020 - the gross capacity utilization rate was 65%.)







• | ELECTRIC SALES AT DOLLAR-INDEXED GUARANTEED PRICE

an-2 Thermal Power Plant sells electricity for a price that is predicted in the regulation in relation to the bilateral agreement it signed with EÜAŞ within the scope of a regulation for the supply of electricity from domestic coal plants. Within the context of the letter of agreement prepared for purchasing electric power from private companies who operate Domestic Coal Power Plants, these predicted prices are indexed to US dollar. Among the incentives from which Çan-2 Thermal has benefited is the additional 3% price incentive granted to power plants that have obtained the necessary environmental permits and completed their investments.

In this context, the guaranteed off-take prices in 2021 increased by 25% compared to the previous year, averaging 438.5 TL/MWh. This price increase is due to annual inflation and the increase in the US dollar exchange rate.

• | CAPACITY MECHANISM

n 2018 TEİAŞ established a capacity mechanism under the Electricity Market Capacity Regulation, which is operated by TEİAŞ to provide sufficient installed electricity capacity, including reserve capacity, required to ensure security of supply in the electricity market and/or maintain reliable installed electricity capacity to ensure long-term system security. This support mechanism is managed under an annually set budget and the capacity payments to the generating plants included in the capacity mechanism are determined on the basis of the fixed cost components of the power plants in the capacity mechanism and their total installed capacity on a resource basis. The Çan-2 thermal power plant benefits from the capacity mechanism. In 2021, a total of 80.1 Million TL was obtained from the capacity mechanism.

The removal of the restriction that plants older than 13 years are ineligible for participation as well as the addition of any applying plants within 15 days of this article's removal to the mechanism in the middle of the year in 2021 were the two most significant changes in 2021. In total 5 plants were included in the capacity mechanism in May 2021 and a payment of 159.7 M TL was made for these plants.

SECTOR OVERVIEW

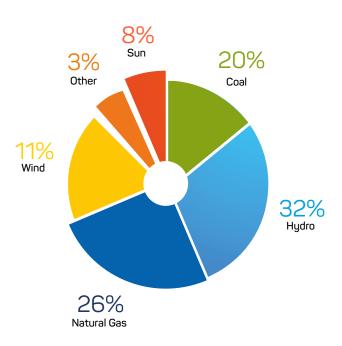
GENERATION, CONSUMPTION AND INSTALLED POWER COMPARISON

ccording to TEİAŞ data, the total installed capacity in the sector was 99,819.60 MW as of the end of 31.12.2021, with an increase of 3,929 MW compared to 31.12.2020 (after taking into account the plants whose capacity was reduced and closed down). The rate of increase was 4%. Looking at the installed capacity of thermal power plants, as of the end of 31.12.2021, the capacity of domestic coal power plants increased by 30 MW, the capacity of imported coal power plants increased by 6 MW, while the capacity of, natural gas power plants decreased by 99 MW compared to 31.12.2020.

The renewable energy portfolio, on the other hand, maintained its upward trend as of the end of December 2021, as in previous years, with a 9% increase in installed capacity compared to the same period of the previous year. As of end-December 2021, the highest installed capacity increase in renewable energy was in wind power plants with 1,774 MW, followed by solar power plants with 1,148 MW. In the same period, capacity increases in hydroelectric, biomass, geothermal and waste heat power plants were 508 MW, 528 MW, 63 MW and 21 MW, respectively.

As of 31.12.2021, 32% of the total installed capacity consisted of hydraulic power, 26% natural gas, 11% domestic coal, 9% imported coal, 11% wind, 8% solar, 2% geothermal and 2% other energy sources. When the distribution of installed capacity by establishment type is examined, 21% of the installed capacity belongs to EÜAŞ and its subsidiaries, 3% to Build-Operate-Transfer and plants with transferred operating rights, 68% to independent generation companies and 8% to unlicensed plants.

Breakdown of Installed Capacity in Turkey According to Power Facilities as of 31.12.2021





POWER GENERATION AND CONSUMPTION

ccording to data from EPİAŞ transparency platform for settlement withdrawals (UEÇM), consumption in 2021 increased by 8.3% compared to the previous year and reached 306,066 GWh. Peak consumption increased by 13.8% in 2021 compared to the previous year, reaching 52,969 Mwh. On a quarterly basis, consumption increased by 2% year-on-year in Q1, 19% in Q2, 14% in Q3 and 8% in Q4.

In addition, according to data from EPİAŞ transparency platform for settlement supplies (UEVM), the resource-based distribution of generation in 2021 was 32% natural gas, 18% hydroelectricity, 16% imported coal, 14% domestic coal, 10% wind and 10% other resources. The largest change in the distribution of electricity generation compared to the same period last year was in wind power, with an increase of 27% due to an increase in installed capacity, while hydro power generation decreased by 28%. There was a 12% increase in domestic coal-fired power plants and a 13% decrease in imported coal-fired power plants.

The average MCP (Electricity Market Clearing Price) in 2021 was 506.41 TL/Mwh, an increase of 82% from the previous year. In dollar terms, it was \$55.6/Mwh, an increase of 39%. Due to the price increases of natural gas and imported coal and the fluctuation of the USD exchange rate in Q4-2021, the average MCP was 837 TL/Mwh, an increase of 110.5% compared to the average of 397.41 TL/Mwh in the first 9 months.

Sudden changes in fiscal policy, economic reforms and exchange rate fluctuations combined with interest rate decisions increase uncertainties in natural gas and electricity prices. On the other hand, the dollar price of Brent oil increased by 50% on 31/12/2021 compared to 31/12/2020, reaching \$77 per barrel, due to increasing demand and rising exchange rates as the impact of the Covid-19 pandemic faded. Accordingly, the Botaş tariff for power generation for December 2021 increased by 243% compared to December 2020, reaching 4,800.00TL/1000Sm3. At the same time, the API2 coal index, an indicator of the cost of imported coal, increased by 97% in dollar terms on 31.12.2021 compared to the same period last year, reaching \$136.85/metric tons on 31.12.2021. Electricity prices also increased due to the rising production costs of imported power plants and increasing demand for electricity.

The electricity futures market, which became operational on 1 June 2021, and the natural gas futures market, which became operational on 1 October 2021, aim to reduce future price uncertainties.



• CAPACITY MECHANISM

n 2018 TEİAŞ established a capacity mechanism under the Electricity Market Capacity Regulation, which is operated by TEİAŞ to provide sufficient installed electricity capacity, including reserve capacity, required to ensure security of supply in the electricity market and/or maintain reliable installed electricity capacity to ensure long-term system security. This support mechanism shall be managed within an annually determined budget and the capacity payments to the generating plants included in the capacity mechanism shall be determined on the basis of the fixed cost components of the generating plants in the capacity mechanism and their total installed capacity on a resource basis within the annually determined budget. The Çan-2 thermal power plant benefits from the capacity mechanism.

As of 30.11.2021, approximately 2.5 Billion TL was paid to the power plants within the scope of the capacity mechanism regulation in 2021 and 54% of these payments were made to domestic coal-fired thermal power plants. Çan-2 Thermal Power Plant received 5% of the approximately 1.3 Billion TL capacity payment made to domestic coal-fired power plants.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

n respect to risk management, an early risk detection committee was created, and its operating principles were outlined and made public on the corporate website, can2termik.com.tr. Independent directors Necdet Akşay (Committee Chairman) and Umut Apaydın (Committee Member) were elected as members of the Early Risk Detection Committee

DIVIDEND PAYMENT POLICY

he company's dividend principles are regulated under Article 15 of the Articles of Association:
"Determination of Profit and its Distribution". Accordingly, the company will act in line with the Turkish
Commercial Code and the Capital Markets Legislation provisions and, as per the capitals market legislation
publicly traded shareholders have no obligation to distribute profits and the profit distribution principles are
determined under the profit distribution policy.

The Profit Distribution Policy recommended by the Board of Directors and indicated in the decision dated 09.10.2020 and numbered 2020/25 was accepted in the general assembly on 19.01.2021, in accordance with the aforementioned Article 15 of the Articles of Association.





The rate of dividend to be distributed in line with the Articles of Association, Turkish commercial code, Capital Markets Board regulations shall be determined taking into account the Company's investment and financing strategies and needs, market expectations, changes and developments in relevant legislation, the Company's medium and long-term strategies, capital and investment requirements, profitability, financial position, indebtedness and liquidity position of the Company and national and global economic conditions; in principle, the Company aims to distribute to shareholders in cash and/or as bonus shares at least 50% of the free cash flow after the distributable profit amount calculated on the basis of the Company's net profit for the period (after the reserves required to be set aside in accordance with the current legal regulations, taxes, funds, financial payments and prior year losses, if any, are set aside) meets the Company's debt service ratio.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION FOR THE PERIOD

he company switched to a registered capital system at its extraordinary general assembly meeting dated 19.01.2021 as per the CMB permit dated 29.12.2020 and numbered E-29833736-110.03.03-13446, the EPDK approval dated 11.10.2020 and numbered 85780303-110.01.01.01 and the Turkish Ministry of Commerce, Domestic Commerce Directorate's permit dated 12.01.2021 and numbered E-50035491-431.02-00060569050 and amended the Articles of Association to make the provisions of the Articles of Association comply with the Capital Markets Board regulation and Capital Markets Act goals and principles. In the registered capital system,the company's registered capital upper limit is 1,262,050,000 TL, and its issued capital is 320,000,000 TL.

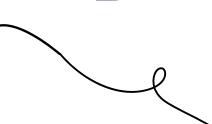
PERSONNEL INFORMATION

he number of employees of the Company is 556 as at 31/12/2021. There is no collective bargaining scheme in our company and all rights and benefits are provided to our personnel and workers within the framework of the Labor Law.

DONATIONS MADE DURING THE PERIOD

uring the period of 01.01.2021 - 31.12.2021, a total of 777,804 TL was donated by Çan2 Termik A.Ş. and its Subsidiaries.





COMPANY HISTORY AND DEVELOPMENT

FOUNDATION

he company was founded to operate in construction and mining in Çankaya, Ankara with a capital of 250,000 TL on 27.05.2003 under the title Çan Kömür ve İnşaat Limited Şirketi and started producing for coal mining.

Under the issues registered with the trade registry directorate on 04.09.2013 before its announcement in the Turkish Trade Registry Gazette dated 09.09.2013 and numbered 8400, the company changed its type and restructured itself in Çankaya, Ankara as a joint stock company. With the announcement in the Turkish Trade Registry Gazette, the company changed its title to be "Çan Kömür ve İnşaat Anonim Şirketi" and announced it via an amendment in the articles of association.

The company's main partner Odaş Elektrik Üretim Sanayi Tic. A.Ş. acquired 92% of Çan Kömür ve İnşaat A.Ş., which holds a paid royalty in the Çan district of Çanakkale province in September 2013, with a view to focusing on domestic coal resources with high calorific value in order to employ the most advantageous methods of power generation currently available in the sector. Through the share transfer on 22.09.2020, Odaş Elektrik Üretim San. Tic. A.Ş. now owns 100% of the company. Odaş Elektrik holds a 76.77% stake in the company as of 30.04.2021, following Çan2 Thermal Plant's public offering.

ÇAN2 THERMAL POWER PLANT INVESTMENT

xploration works were undertaken in accordance with the standards of the Joint Ore Reserves Committee ("JORC") on the existing license site. The Joint Ore Reserves Committee ("JORC") drilling work in 2013 resulted in the identification of reserves with an average calorie density of 3.481 kcal/kg. This number is actually the highest ever recorded in a Turkish lignite-based power plant. This translates to a competitive advantage also in terms of production costs compared to their peers.

Efforts to put these advantages to good use led to the commencement of an investment into a 340 MWm/330 Mwe power plant in 2014. Some of the plant's equipment (Turbine, Generator, Boiler, etc.) is of good quality and was supplied from an existing facility in Graz, Austria. The equipment worked for roughly 80,000 hours (10 Years).

The preliminary license for the power plant was obtained as per the Energy Market Regulatory Authority's resolution dated 10.07.2014 and numbered 5117-5. The Environmental Impact Assessment ("EIA") report was approved on 05.12.2014. The License Certificate was approved as per the Energy Market Regulatory Authority's resolution dated 28.01.2016 and numbered 6083-2. The Environmental Permit and License Certificate was obtained on 06.12.2019, and the term of the License Certificate is five years (2019-2024) as of the said date.





SWITCH TO COMMERCIAL ACTIVITY

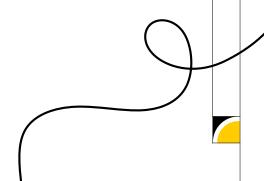
an2 Thermic Power Plant started to operate commercially on 1 August 2018 upon the approval of the ministry. The Power Plant sells electricity for a price as stipulated in the regulation for the bilateral agreement it signed with EÜAŞ within the scope of a regulation for the supply of electricity from domestic coal plants. Within the context of the letter of agreement prepared for purchasing electric power from private companies who operate Domestic Coal Power Plants, these predicted prices are indexed to US dollar.

The plant also gains from the capacity mechanism price incentive put in place by the TEİAŞ in 2018 to encourage the installation of enough installed electricity capacity, including reserve capacity, which is necessary to guarantee supply security in the electricity market and/or maintain dependable installed electricity capacity to guarantee long-term system security.

• | PUBLIC OFFERING

Çan2 Termik A.Ş. applied to the Capital Markets Board for a public offering of its shares to be traded at Borsa İstanbul A.Ş in order to reveal the company's value, contribute to the company's sustainable growth, strengthen its financial structure, increase its popularity and recognition, more firmly adhere to the principles of transparency and accountability, strengthen its corporate identity, and strengthen its financial structure and utilize its revenues to partially settle debt. The company shares started to be traded at Borsa İstanbul A.Ş. Star Market on 30 April 2021 following the approval of its public offering.





HUMAN RESOURCES

n order to create a young and vibrant workforce that contributes to our nation and industry, Çan2 Termik A.Ş. carefully selects each employee in accordance with its sustainable growth target principles and corporate approach of fostering coexistence and diversity.

The main human resources policies at "Çan2 Termik A.Ş," which has been in operation since 2013, are "Creativity and Flexibility," "Transparency and Sustainability," "Respect for Society and the Environment," and "Occupational Health and Focus on Employee Health." By the end of December 2021, Çan2 Termik A.Ş. had 556 employees.

RECRUITMENT ACTIVITIES

ole-specific assessment tools are used in the process of gaining new members for Çan2 Termik A.Ş.'s young and dynamic team. In this regard, competency-driven one-on-one interviews and personal inventories by specialist organizations, particularly in the context of administrative and engineering positions, are meant to handle the evaluation & measurement process impartially and properly.

Along with the primary hiring criteria, technical evaluations by internal examiners who are specialists in their respective fields are also taken into consideration for blue-collar positions. Plus, during the hiring process, regional employment is prioritized to support labor in the districts near our business and in its surrounding locations.

The entire employment procedure was made trackable online starting in 2020. The selection of the appropriate digital tools supports the applicant experience. Following the employment process, orientation training that is offered online helps employees adjust to the company.

• | TRAINING & DEVELOPMENT ACTIVITIES

ur goal at our organization is to assist managers in becoming better leaders for their teams, themselves, and their jobs. We also aim to make their excellent technical and industry-specific knowledge and skills sustainable in line with a leadership vision. The goal is to manage our business in accordance with the dynamics of the energy industry and the rapidly changing global environment while ensuring that the human resource is enhanced in terms of skills and ability. Staff are made to adhere to a strict technical training schedule in crucial areas like occupational health and safety along with mandatory training requirements.





SALARY AND BENEFITS MANAGEMENT



an2 Termik A.Ş. was founded by taking into account the salary and benefits management system, salary market and policy data. Applying a fair and competitive compensation and benefits strategy, we apply a grading system for the factory staff.

INTERNAL COMMUNICATION

nternal communications are governed by a timely and open communication policy that applies to all corporate employees. When decisions have an impact on corporate policies that apply to all employees, a participative approach is used to make such decisions. With the biannual Employee Engagement and Satisfaction Survey, employees' opinions are taken to determine strengths and areas for improvement. Survey results are shared with employees starting from the management level and the actions taken/to be taken are notified to employees. We concentrated on staff health, especially in the pandemic conditions, and planned notification sessions to safeguard the wellbeing of our company, our shareholders, and the environment.

MEASURES FOR CORONAVIRUS

an2 Termik A.Ş. took the required actions in accordance with the guidelines established by the Ministry of Health to ensure that the production was not suspended against a background of surging Covid-19 cases in our country. These steps helped keep the number of cases under control while maintaining manufacturing efficiency.

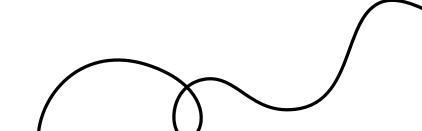
We were given the "Covid-19 Safe Production Certificate" by the Turkish Standards Institute (TSE) during this process in recognition of our dependable and hygienic production standards.



The following measures were applied and followed across the business with great care.

- Adjusting the working circumstances for those in positions that allow for remote work and, in cases
 where physical labor is required, putting into action a plan to minimize the number of employees at
 the organization,
- HES code checks for employees entering the business and taking their temperature,
- HES code checks during visitor entrance to the business, taking their temperature and scanning the environment for viruses using speed diagnosis kits,
- Sharing updated information with employees about Covid-19 through announcements and training provided by the health teams,
- Improving how often spaces like offices and cafeterias are cleaned as well as assessing the working conditions,
- Encouraging all employees to use masks,
- Making personnel distributing food and beverages wear full facial protection in addition to masks,
- Disinfecting personnel shuttles periodically, limiting shuttle capacities to 50 percent,
- Keeping an eye on the quarantine procedures while isolating personnel who pose a risk, are
 exhibiting symptoms, and are known to have come into contact with a Covid-19 positive person, in
 compliance with the standards established by the Ministry of Health,
- Adjusting working conditions such that employees who fall into risk groups (such as those who are
 pregnant or have chronic illnesses) have the choice of working remotely or alternately.







Z

CMB SUSTAINABILITY PRINCIPLES COMPLIANCE EFFORTS

COMPLIANCE STATUS							
	Yes	Partially	No	Exempt	Not applicable		
A. GENERAL PRINCIPLES							
A1. Strategy, Policy and Objectives						Description	
The Board of Directors has identified Environmental, Social and Corporate Governance (ESG) material issues, risks and opportunities.		x				Risk studies are carried out for the processes of the company departments and policies were determined within the environmental, social and corporate framework. Procedures were developed within the company for the effective implementation of these policies.	
An ESG policy was established by the Board of Directors.		x				Environmental, social and corporate policies were determined within the Company and announced on the corporate website.	
Documents such as internal directives, work procedures, etc. were prepared for the effective implementation of ESG policies.		x				Procedures were developed within the company for the effective implementation of these policies. In addition, corporate governance, audit committee and early detection of risk arrangements are in place.	
Board of Directors resolution on ESG policies was taken and disclosed to the public.		x				Committees related to Corporate Governance were established and disclosed to the public	
Partnership Strategy was determined in accordance with ESG policies, risks and opportunities		x				The Company continues to work on this issue.	
Short and long term targets were determined and disclosed to the public in accordance with the Company's strategy and ESG policies			x			The Company continues to work on this issue.	
A2. Implementation/Monitoring	Yes	Partially	No	Exempt	Not applicable	Description	
The committees and/or departments responsible for the implementation of the ESG policies were identified and made known to the public.		x				Regarding corporate governance; early risk identification, audit and corporate governance committees were established and publicly disclosed.	
The identified committees and/or units were reported to the Board of Directors at least once a year and in any case within the maximum time limits set out in the relevant Board regulations for the publication of annual reports on their activities carried out under the ESG policies.		x				Resolutions of the Corporate Governance, Risk Early Detection and Audit Committees on corporate governance were taken and reported in the annual report.	
Implementation and action plans were prepared and made available to the public in accordance with the shortand long-term goals set.		x				Work is being carried out on actions and plans.	
ESG Key Performance Indicators (KPIs) were determined and the indicators were explained comparatively on a yearly basis.		x				Work on ESG Key Performance Indicators (KPIs) and related issues is ongoing.	





A2. Implementation/Monitoring	Yes	Partially	No	Exempt	Not applicable	Description
KPIs are presented together with local and international industry benchmarks (where verifiable qualitative data is available)		x				Studies on local industry benchmarks for KPIs are underway.
Innovation activities to improve sustainability performance in business processes or products and services are explained			х			Work on innovation activities to improve sustainability performance in business processes or products and services is ongoing.
A3. Reporting	Yes	Partially	No	Exempt	Not applicable	Description
Sustainability performance, targets and actions are reported at least once a year and shared with the public. Information on sustainability activities is disclosed in the annual report		x				Information on sustainability activities is disclosed in the annual report
Information that is important for stakeholders to understand the partnership's position, performance and development is shared in a direct and concise way (detailed information and data can be published separately on the corporate website, separate reports can be produced that are directly tailored to the needs of the different stakeholders).		x				The Company continues to work on this issue.
Maximum care has been taken in terms of transparency and reliability in disclosures and reporting. Within the scope of balanced approach, all kinds of developments on material issues were objectively disclosed in the disclosures and reports.		x				The Company continues to work on this issue.
Information is provided on which of the United Nations Sustainable Development Goals the activities are related to.			x			No information has yet been shared about which of the United Nations Sustainable Development Goals the activities are related to.
Explanations were made regarding the lawsuits filed against and/or finalized on ESG issues.	х					Related disclosures were published on the public disclosure platform.
A4. Verification	Yes	Partially	No	Exempt	Not applicable	Description
Sustainability performance measures are disclosed to the public when verified by independent third parties (independent sustainability assurance providers).			x			No information was shared in this context.
B. Environmental Principles	Yes	Partially	No	Exempt	Not applicable	Plant Description
Policies and practices, action plans, environmental management systems (ISO 14001) and programs established within the scope of environmental management are explained.		x				The company has an environmental policy and it is published on the company website. There are instructions, procedures and control forms for the management of the subsystems of our Environmental Management System. Our Quality Management System efforts were initiated and ISO 14001 integration of our Environmental Management System will be ensured.
Compliance with environmental and related laws and other relevant regulations was ensured and the work carried out was explained.	х					It has an Environmental Permit and License Certificate and is operated in accordance with the Environmental Law and related legislation.





B. Environmental Principles	Yes	Partially	No	Exempt	Not applicable	Plant Description
Within the report prepared within the scope of Sustainability Principles, the limitations related to the environmental report, reporting period, reporting date, data collection process and reporting conditions are included		x				The relevant compliance document was shared in the Annual Report. Efforts to improve the process are ongoing
The highest level of managers in charge, relevant committees and tasks related to environment and climate change were explained		x				There are teams that ensure the follow- up of processes such as greenhouse gas monitoring, waste management, etc. related to the environment and climate change.
Incentives offered to employees for the management of environmental issues, including the realization of targets, are explained.		x				Work continues on the incentives offered to employees for the management of environmental issues, including the realization of targets.
It is explained how environmental issues are integrated into business objectives and strategies.	x					Our environmental activities are implemented in line with the principle of efficiency and in parallel with all our targets, and process planning is carried out in a way to minimize the impact on the environment.
Sustainability performances for business processes or products and services and activities to improve these performances were explained.		x				The aim is to sustain our business processes without consuming new resources by exploring alternative uses for existing resources.
It explains how environmental issues are managed throughout the partnership's value chain, not just in relation to direct business operations, and how suppliers and customers are involved in the strategies.		x				Supplier selection follows the supplier evaluation process and supplier suitability is verified through audits. Work is being done to improve the process.
Whether the company is involved in policy-making processes on environmental issues (at sectoral, regional, national and international levels); collaborations with associations, related organizations and non-governmental organizations of which the company is a member and, where applicable, the tasks assumed and activities supported are explained.		x				Although the company is not directly involved in policy-making processes on environmental issues, it acts in accordance with national policy.
Information on environmental impacts based on environmental indicators (greenhouse gas emissions (Scope-1 (direct), Scope-2 (energy indirect), Scope-3 (other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) is reported regularly in a comparable form		x				Data on environmental indicators such as greenhouse gas emissions, wastewater, air quality and waste management is collected, monitored and reported.
The standard, protocol, methodology and base year information used to collect and calculate the data is explained.		x				The year in which production started is considered the base year. The methods specified in the legislation are used to collect the data.
The status (increase or decrease) of the environmental indicators for the reporting year compared to previous years is explained		х				Studies are carried out on the status of environmental indicators in comparison with previous years



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B. Environmental Principles	Yes	Partially	No	Exempt	Not applicable	Plant Description
Short- and long-term environmental impact reduction targets have been set and these targets have been explained (it is recommended to set targets based on scientific methods as recommended by the United Nations Conference of the Parties on Climate Change). If progress has been made in the reporting year with respect to the previously set targets, relevant information is provided.			x			No statement was made in this regard.
Strategy and measures to combat the climate crisis are explained.		x				Activities to combat climate change are monitored and continued in accordance with the Best Practicable Techniques reference documents published by the European Union.
The programs or procedures established to prevent or minimize the potential negative impacts of the products and/or services offered are explained; third party actions to reduce greenhouse gas emissions are explained.		x				Product and service impact studies are conducted.
The measures taken to minimize environmental impacts, the total number of projects and initiatives implemented, and the environmental benefits/gains and cost savings achieved are explained		x				Product certificates have been acquired for the use of waste generated in the production of electrical energy as an alternative raw material instead of disposa In this way, waste is recycled as products.
Total energy consumption data (excluding raw materials) is shown and energy consumption is reported as Scope-1 and Scope-2 in the report.		x				Total energy consumption data is monitored annually and reported internally
Information was given on electricity, heating, steam and cooling data generated and consumed in the reporting year.		x				Electricity, natural gas and water consumption are reported annually and internally
Studies on the increased use of renewable energy and the transition to zero- or low-carbon electricity have been conducted and these studies have been explained.					x	At present, the company has one hydropower plant with an installed capacity of 8.2 MW.
Data on renewable energy generation and use is disclosed.					x	Production data is reported in the annual consolidated report.
Energy efficiency projects have been implemented and the level of energy consumption and emission reduction achieved through these efforts are disclosed.		x				Efforts are underway to disclose energy consumption and emission reductions achieved through energy efficiency projects.
Report on the quantities, sources and processes of water withdrawal, use, reuse and discharge from underground or surface (total water withdrawal by source, water sources affected by water withdrawal; percentage and total volume of water reused and recycled, etc.)	x					The natural resources used in our operations are monitored on a daily basis. Accordingly, monthly reports are prepared
It is outlined whether the operation or activities are included in a carbon pricing scheme (emissions trading scheme, cap & trade or carbon tax).			x			Not stated, as not included in the carbon pricing system.

B. Environmental Principles	Yes	Partially	No	Exempt	Not applicable	Plant Description
Information and details of carbon credits accumulated or purchased during the reporting period are disclosed.			x			Since the Company is not included in the carbon pricing system, there are no carbon credits accumulated or purchased.
If carbon pricing is applied within the partnership, the details of this practice are disclosed.			x			There are no carbon credits accumulated or purchased as the company is not included in the carbon pricing system.
All mandatory and voluntary platforms where environmental information is disclosed are disclosed.		x				Our environmental information is shared with the Ministry of Environment and Urbanization in accordance with the Environmental Law.
C. Social Principles	Yes	Partially	No	Exempt	Not applicable	
C1. Human rights and workers' rights						Description
A corporate policy on human rights and workers' rights has been established, which stipulates full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and the legal framework and legislation regulating human rights and working life in Türkiye. The said policy and the duties and responsibilities associated with its implementation have been made public.		x				The human resources policy and ethical principles and committees have been established and published on the company's website. Work in this area is ongoing.
Equal opportunities are ensured in recruitment procedures.	х					Each person joining the company's organization is thoroughly assessed for compatibility with the respective task, values and culture of the company, giving priority to equal opportunities and objective assessment criteria
Fair working conditions, improving labor standards, women's employment and inclusion issues (e.g. non-discrimination against women, men, religious belief, language, race, ethnicity, age, disability, refugees, etc.) are mainstreamed into policies by considering supply and value chain impacts	x					Within the framework of the company's human resources policy and ethical principles and rules, any kind of discrimination based on gender, language, religion, race, marital status, political opinion, age, disability, etc. is prohibited
The measures taken along the value chain to protect the rights of groups sensitive to certain economic, environmental and social factors (low-income groups, women, etc.) or the rights of minorities and equal opportunities are explained.		x				It is part of our recruitment goals to increase the number of female employees in our companies each year. In recruitment procedures, the share of female applicants in the total number of assessed applicants is taken into account within the framework of the principle of positive discrimination. The employment of people with disabilities is supported in each of our companies and compliance with the applicable legal framework is observed. The application process of disabled workers is thoroughly reviewed and their employment is ensured by ensuring that they are referred to the most appropriate position for their disability status



C. Social Principles	Yes	Partially	No	Exempt	Not applicable	
C1. Human rights and workers' rights						Description
Development concerning practices to prevent and correct discrimination, inequality, human rights violations and forced labor is reported.	x					In this context, violence, harassment and psychological intimidation (mobbing) are not allowed. At the same time, the necessary measures are taken to prevent any kind of behavior that could disturb industrial peace, within the framework of the company's disciplinary regulations and similar internal procedures, as well as the legal framework. At the same time, it is ensured that the articles in the internal procedures and employment contracts comply with the related legal procedures.
The regulations on the prohibition of child labor are explained.	x					No child labor is used in any of our businesses except under the conditions specified by law. At the same time, no business relationships are entered into with subcontractors who use child labor.
Policies on investment in employees (training, development policies), remuneration, benefits, right to establish trade unions, worklife balance solutions and talent management are explained.		x				The company considers professional and personal development of all its employees as one of its primary objectives while implementing its activities to meet training and development needs. At the same time, it supports the maintenance of a feedback culture in the organization through performance and competence assessment systems. By encouraging participation of employees working in every level to function-based professional development training and of field workers to technical development training particularly on occupational safety, their professional qualifications are reinforced. Furthermore, all employees are encouraged to attend events regarding their areas of expertise, with the aim of creating professional awareness. Work in this area is ongoing.
Mechanisms for the resolution of employee grievances and disputes have been established and dispute resolution procedures have been set out.	X					It is included in the company's disciplinary procedure.
Activities to ensure employee satisfaction are announced regularly.	x					As part of employee retention and satisfaction, employee evaluations were collected in 2020 through a survey application based on evaluation criteria. Some of the actions related to the survey results evaluated according to objective criteria were carried out in 2020, others are planned for 2021



C. Social Principles	Yes	Partially	No	Exempt	Not applicable	
C1. Human rights and workers' rights					арріісавіє	Description
Occupational health and safety policies have been prepared and communicated to the public.		x				The main objective in implementing human resources policies in our companies is to promote the well-being and health of our employees. In this context, priority is given to the health of our environment, our employees and their families. In order for our employees to perform their duties in a safe environment, it is important to implement all types of occupational health and safety measures and to fully comply with regulations. Occupational accident statistics are explained and evaluated within the framework of occupational health and safety committees that are set up in our businesses. Within the framework of the "Occupational Health and Safety and Environment Procedure" under the disciplinary procedure, any behavior that violates the measures is identified. As part of the promotion of the occupational Health and Safety culture, the "Occupational Health and Safety Culture" project will be implemented in 2021.
Measures taken to prevent work accidents and to protect health as well as accident statistics are explained.	x					In order for our employees to perform their duties in a safe environment, it is important to implement all types of occupational health and safety measures and to fully comply with regulations. Occupational accident statistics are explained and evaluated within the framework of occupational health and safety committees that are set up in our businesses.
Guidelines for the protection of personal data and data security have been drawn up and communicated to the public.	x					A policy on the KVKK (the Turkish law on the protection of personal data) has been published, covering both employees and third parties who communicate with our company. The relevant process was comprehensively addressed particularly in the area of human resources. At the same time, the prepared data security policies and practices were audited and certified under ISO 27001 Information Security. This certification audit and process will continue in the following period
Ethics policies (including business and work ethics, compliance processes, advertising and marketing ethics, open disclosure, etc.) were established and communicated to the public.	x					The company's code of ethics is available in written form and has been communicated to all employees. In this context: Honesty, Discrimination, Confidentiality, Avoidance of Conflicts Of Interest, etc. were addressed in the code of ethics and published on the website.
Activities under social investment, social responsibility, financial inclusion and access to finance were explained.		x				In 2020, social responsibility activities were implemented in various areas such as education, nutrition, transport, etc. to support the well-being of local people, especially in the locations where our companies operate. The implementation of projects supported by universities in particular is planned for 2021.
Information events and training programs on ESG policies and practices were organized for employees		x				Training courses are organized for employees



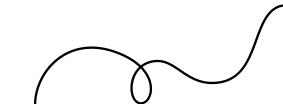
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C2. Stakeholders, International Standards and Initiatives	Yes	Partially	No	Exempt	Not applicable	Description
Sustainability activities are carried out taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society and nongovernmental organizations, etc.).	х					
A customer satisfaction policy on the management and resolution of customer complaints has been developed and communicated to the public.		x				EMRA reports on the management and resolution of customer complaints are available.
Communication with stakeholders is continuous and transparent.	х					
With what stakeholders, for what purpose, on what topic and how often communication takes place and the progress of sustainability activities is explained.		x				Efforts continue with respect to with what stakeholders, for what purpose, on what topic and how often communication takes place and the progress of sustainability activities.
Adopted international reporting standards (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), etc.) were communicated to the public			x			There are no adopted international reporting standards yet, but studies are planned.
International organizations or principles to which the company is a signatory or member (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.), adopted international principles (International Capital Market Association (ICMA) Green/Sustainable Bond Principles, etc.) were disclosed to the public.			x			No information is disclosed to the public in this context.
Concrete efforts are made to be included in the Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	х					Efforts still continue in this regard.
D. Corporate Governance Principles	Yes	Partially	No	Exempt	Not applicable	Description
In addition to the Corporate Governance principles that must be complied with compulsorily within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1, maximum effort is made to comply with all Corporate Governance principles.	х					
The Company considers sustainability, the environmental impact of its activities and the principles in this regard when determining its corporate governance strategy.		x				Studies on sustainability and the impacts of activities on corporate governance strategy and practices are ongoing.

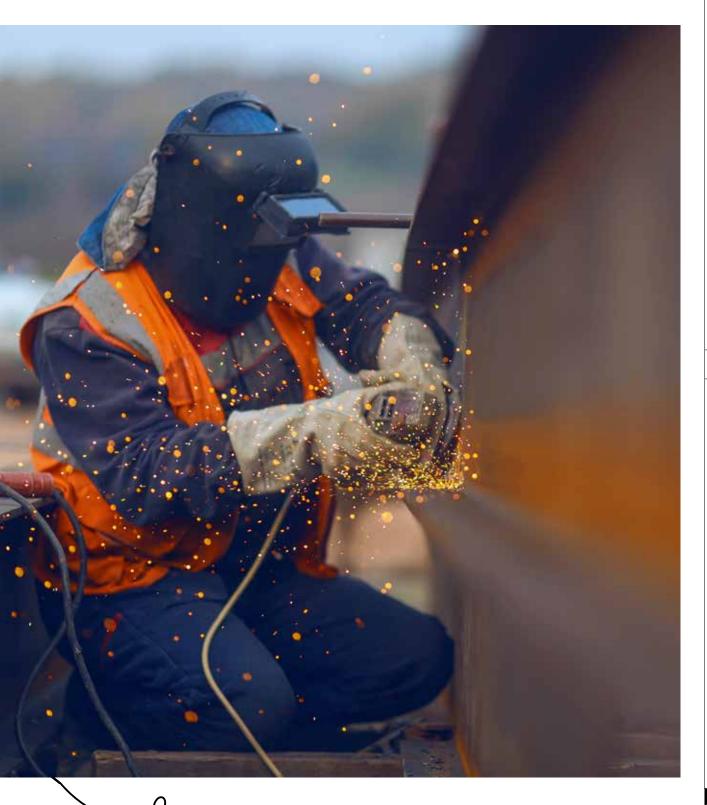


D. Corporate Governance Principles	Yes	Partially	No	Exempt	Not applicable	Description
The company takes the necessary measures to comply with the principles set out in the Corporate Governance Principles in relation to stakeholders and to strengthen communication with stakeholders.	x					
Stakeholders are consulted in setting sustainability measures and strategies.		х				
It works to raise awareness of sustainability and its importance through social responsibility projects, awareness-raising events and training.	x					Social responsibility projects and awareness-raising activities are integrated into internal communication. Work in this area is ongoing.
The company strives to become a member of international standards and initiatives on sustainability and to contribute to these efforts.		x				More efforts are planned to become a member of and contribute to international standards and initiatives on sustainability.
It explains its policies and programs on combating bribery and corruption and on the principle of tax integrity.	x					It can be found on the company's website under the Code of Ethics









V

CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION I

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

ÇAN2 Termik A.Ş. applies utmost diligence in compliance with the Capital Markets Board's Corporate Governance Principles, and embraces the concepts of equality, transparency, accountability, and responsibility among those principles while proceeding towards its objectives. In 2021, ÇAN2 Termik A.Ş. complied completely with the mandatory principles under Communiqué No. II17.1 on the Identification and Application of Corporate Governance Principles, and presented the best effort to comply with the optional principles.

The resolution of CMB dated 10.01.2019 with no.2/49 requires companies to complete Corporate Governance Compliance Report and Corporate Governance Information Form templates through Public Disclosure Platform (KAP), in addition to Corporate Governance Compliance Reporting currently done by companies pursuant to Corporate Governance Communique no. II-17.1. In accordance with this CMB resolution, the templates published in KAP by our Company are also attached at the end of the Corporate Governance Compliance Report.

Based on these grounds, the company started internally its efforts for compliance with corporate governance principles in 2013 and continued them during 2021. These efforts are still maintained through numerous mechanisms built within the company. In the early phase of the efforts, some changes were put in place to offer an equitable, accountable, responsible and transparent organization to the shareholders. This statement shows ODAŞ's embracement of a transparent and open management style, and its intent to develop a responsible and accountable management perspective with respect to all shareholders, particularly minor shareholders.

Justification for Delays in the Implementation of Certain Corporate Governance Principles

The Corporate Governance Committee of the company continues its efforts to develop corporate governance practices. The difficulties experienced with certain principles, and ongoing debates in national, as well as international platforms, regarding compliance with certain principles have so far prevented complete compliance with some principles. That said, the principles which have yet to be implemented have not led to any conflicts of interests between stakeholders. Plans are in place to effect the required structural changes and internal arrangements for the implementation of the limited number of optional principles which have not been implemented so far.

Comments on comprehensive work carried out at our company with respect to Corporate Governance Principles, and principles which have yet to be complied with, are noted in the subsequent sections of the report.

- Even though the Articles of Incorporation do not specify so, no one at the company has unlimited decision-making authority.
- According to Article 4.6.5 of the "Corporate Governance Principles", the remuneration and other benefits provided to the members of the Board of Directors and other senior executives are disclosed to the public through the annual report. However, the disclosure does not provide such information with reference to specific individuals, but rather is based on a distinction between the Board of Directors and senior executives.

SECTION II

SHAREHOLDERS

Investor Relations Department

The Investor Relations Department serves to facilitate the exercise of shareholder rights, enabling



communications between the Board of Directors and existing and potential shareholders, as well as local and foreign analysts and portfolio managers, and executing required procedures in compliance with the CMB's Corporate Governance Principles. The department reports to the Corporate Governance Committee, as well as to Burak Altay, Deputy Chairperson of the Board of Directors and the Chief Executive Officer. Investor Relations team and senior executives of the Company together held meetings with 49 local and foreign investors, analysts and portfolio managers in total during the year 2021.

Accordingly, the Investor Relations Department is responsible for;

- Providing information on the Company's current activities, investments and future expectations to existing and potential local and foreign institutional investors and brokerage houses with a correct understanding of the management's perspective and vision.
- Responding to requests for information from local and foreign institutional investors and analysts except for non-disclosed confidential business information of the company,
- Updating shareholders, local and foreign institutional investors about the company proactively and on a regular basis through conferences and investor meetings, Responding to the queries of shareholders with the exception of non-disclosed confidential business information, Conducting comparative analyses on the performance of company's shares and of its peers in the same industry, Ensuring that General Assembly meetings are carried out in accordance with the Articles of Incorporation and

other internal regulations, Preparing documents that shareholders can use as a reference in General Assembly meetings, and publishing such documents on the company website three weeks in advance of the General Assembly for investors' review and information.

- Keeping a record of voting results through the General Assembly minutes and submitting the reports of voting results to shareholders' information,
- Fulfillment, oversight and monitoring of obligations arising from Financial Reporting,
 Corporate Governance Practices, Public Disclosure
 Guidelines and communiques and all other Capital
 Markets Regulations applicable to Publicly Listed,
 Corporations, Reviewing on a regular basis the
 contents of "Investor Relations" section within the
 company website and updating it as required,
- Preparing presentations and briefings on the company's operations and financial standing for the current period on a quarterly basis,
- Preparing and updating the list of people with access to insider information, as per the Material Event Disclosure Communiqué,
- Management and monitoring all communications and processes with the Capital Markets Board, Borsa Istanbul A.Ş., Merkezi Kayıt Kuruluşu A.Ş., and any other capital markets agencies,
- Ensuring the flow of information both ways, between shareholders and the senior management and the company's Board of Directors.

Çan2 Termik A.Ş. Investor Relations Department Full Name Role Melih Yüceyurt Director of Finance and Investor Relations Mehmet Erdem Aykın Investor Relations Manager

E-Mail: ir@can2termik.com



Exercise of the Shareholders' Right to Information

Every information request submitted to the Investor Relations Department is responded diligently in accordance with the principle of equality and without any discrimination between investors, provided that they do not concern confidential information or trade secrets currently withheld from the public. Accordingly, in 2021, any information requests submitted by the shareholders on various issues were responded clearly and in detail via telephone and e-mail on a verbal and written basis. Every question was answered to the satisfaction of investors, provided that they did not concern trade secrets. Furthermore, the independent The shareholding structure as of 31.12.2021 is as follows. > Shareholding Structure section of "Investor Relations" in the Company's website (www.can2termik. com.tr) makes available every data for updating the investors in a complete and accurate manner. Any developments that may have an impact on the exercise of shareholder rights were communicated to the investors through material disclosures via Public Disclosure Platform (KAP) and on the company website in 2021.

As the shareholders' right to demand appointment of a special auditor is subject to regulations, the Articles of Incorporation does not stipulate any arrangements regarding the appointment of a special auditor. During the year, no request regarding the appointment of a special auditor was received.

Shareholding Structure

The shareholding structure as of 31.12.2021 is as follows.

General Assembly Meetings

The General Assembly meetings are carried out in accordance with the Turkish Code of Commerce, the Capital Markets Law, and the Corporate Governance Principles, in a manner that provides adequate information to and the extensive participation by shareholders. The Ordinary General Assembly of the Company convenes at least once a year and discusses and decides on the matters on the agenda drawn up by the Board of Directors in accordance with Article 413 of the Turkish Code of Commerce.

The notices and announcements regarding the general assembly meeting are published through any means of communication including electronic communications, so as to achieve access to the highest number of shareholders, and with the minimum time frames stipulated in Turkish Code of Commerce, the Capital Markets Law, and other regulations in mind.

The Company's 2020 Ordinary General Assembly Meeting was held in the registered office of the company at the address Varyap Meridian 3 Toplu Yapısı Barbaros Mahallesi. Al Zambak Sokak. Varyap Meridian Sitesi, A Blok / No: 2 Kat: 51 Ataşehir / Istanbul under the supervision of the Ministry Representative appointed by T.R. Ministry of Customs and Trade.

The agenda, minutes, and attendance sheet for the meeting are available on the Company's website. Invitations to General Assembly meetings are extended by the Board of Directors in accordance with the provisions of Turkish Code of Commerce, the Capital Markets Law, and the Articles of Incorporation. The Board of Directors' resolution for the General Assembly

Shareholding Structure								
Full Name / Title	Total Nominal Shares	Share Percentage (%)						
ODAŞ ELEKTRİK ÜRETİM SANAYİ TİCARET A.Ş.	245.651.000	76,77						
OTHER	74.349.000	23,23						
TOTAL	320.000.000	100,00						







meeting is followed immediately by necessary disclosures to inform the public, via KAP and the Electronic General Assembly Meeting System (EGKS). In addition to the procedures set out by the regulations, the calls for general assembly meetings are made on the company website (www.can2termik.com.tr) 3 weeks in advance at minimum in order to reach highest number of shareholders possible and the meeting notices are also published in the Turkish Trade Registry Gazette and in the country-wide edition of at least one daily newspaper with high circulation.

The General Assembly meetings are held simultaneously in physical and electronic form, at the company headquarters, and via the Electronic General Assembly Meeting System. The venue for General Assembly meetings is arranged to enable participation by all shareholders. The agenda of the General Assembly is set clearly to enable the consideration of each proposal under a separate item, so as to prevent different interpretations. At the General Assembly meeting, the agenda items are conveyed to the shareholders in an objective, detailed, clear and understandable way, and the shareholders are given the opportunity to explain their opinions and ask questions under equal conditions.

The questions directed by the shareholders during the general assembly meeting are responded accordingly by the board members and the senior executives of the company. Templates of proxy letters for those who will be represented by a proxy are made available to the shareholders through KAP, newspaper ads and the company's website before general assembly meetings.

The voting procedure applicable at the meeting is presented to shareholders via the website and newspaper ads. The items on the agenda at the General Assembly meetings are voted on by raising hands in an open ballot.

The company carried out electronic general assembly meeting preparations for 2020 Ordinary General Assembly in compliance with the statutory regulations as per the article 1527 of Turkish Commercial Code.

The notice of the meeting was published on Public Disclosure Platform (KAP) and Electronic General

Assembly System (EGKS) of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository) on 15.11.2021, in the issue no. 10451 of Turkish Trade Registry Gazette dated 10.11.2021 as well as on the company website, as stipulated by the Law and the Articles of Incorporation and including the agenda. The chairperson of the council started the general assembly meeting upon the verification based on the list of attendants that out of 320,000,000 shares with nominal value of TRY 1 corresponding to the company's total capital TRY 320,000,000, the shares corresponding to total capital of TRY206.508.546,647were represented, TRY 218.497.571,634 capital shares by proxy and TRY 425.006.118,281 capital shares in person, and therefore the quorum was present as stipulated in the Turkish Commercial Code, Capital Markets Law and Articles of Incorporation.

During the General Assembly Meeting for 2020, the board members were elected to serve until 31.12.2022. Furthermore, during the General Assembly meeting, the shareholders were given the opportunity to address questions and their questions were replied to inform them during the "Wishes and Requests" session, which was the last agenda item. There were no written requests submitted by the shareholders of the corporation for inclusion within specific items in the agenda with respect to the Ordinary General Assembly Meeting for 2020.

Donations and grants worth a total of TRY 165,258 during the year were presented to the shareholders' information under a separate agenda item. In addition, the maximum amount of donations and grants was set as TRY 1,000,000 for 2021 pursuant to the 5th paragraph of the article 19 of Capital Markets Law.

The agenda for the General Assembly meeting, as well as the attendance sheet and meeting minutes are made available for review by shareholders at the corporate headquarters. Furthermore, the documents and records of the general assembly meeting were made available in the Investor Relations section of the Company website for review by the shareholders and all stakeholders.

The controlling shareholders, members of the Board of Directors, executive directors and their spouses and family members (both blood and in-law relatives)





up to second degree did not engage in any material transaction which may lead to conflicts of interest with the corporation or subsidiaries.

Corporate Website and its Contents

The Company's website address is www.can2termik. com.tr and the Investor Relations section of the website contains the considerations specified in the CMB's Corporate Governance Principles. The website is set up to provide open, clear, and simultaneous disclosure to shareholders, stakeholders, and the entire public. The information provided on the website is updated continuously. The information provided on the website is presented in English language as well, to enable it to be accessed by international investors.

Annual Report

The Company's annual report is drawn up in line with the details required in the Turkish Commercial Code and the Capital Markets Regulations, so as to provide the shareholders, the public, and all other stakeholders with access to complete and accurate information on the company's operations.

Voting Rights and Minority Rights

The voting procedure for General Assembly meetings is announced to the shareholders at the beginning of the meeting. Minority rights are exercised pursuant to Turkish Commercial Code.

Making it difficult to exercise the right to vote in the Company applications are avoided. The company's at ordinary and extraordinary general assembly meetings. have 1 vote per share. Preferred share in the company not available.

Shareholders at the general assembly meetings a proxy they will appoint from among themselves or from outside can be represented through Proxy voting capital market legislation and related legislation is complied with.

Dividend Rights

Company's dividend payment decisions are made with reference to the Turkish Code of Commerce, Capital Markets Regulations, the Regulations and Decisions by the Capital Markets Board (CMB), Tax Codes, and the provisions of other applicable regulations, as well as

the Company's Articles of Incorporation. The dividend payment is based on a balanced and consistent policy between the interests of shareholders, and the interests of the Company, in line with the Principles of Corporate Governance. Each year, the Board of Directors' resolution regarding dividend payments is submitted for the approval of shareholders at the General Assembly, as a separate item on the agenda. The Company's dividend payment policy is announced in the annual report, as well as on the company website. The Company's Ordinary General Assembly for 2020 discussed the Board of Directors' proposal regarding the dividend payment, and culminated in the decision to withhold dividend payment as no dividends payable arose in the financial statements drawn up for 2020, in accordance with the principles of the Tax Procedure Code.

The Company does not have any preference shares in terms of dividend payment. Every share of the Company is entitled to an equal share of the dividends. The Company can pay out advance dividends to its shareholders within the framework of Article 20 of the Capital Markets Law. The form and timing of dividend payment shall be established by the General Assembly, with reference to the relevant Board of Directors' proposal.

The principles of dividend payments shall abide by the provisions of the Capital Markets Board Communiqué No. II-19.1 and other applicable provisions, with reference to the establishment of the responsibilities and the dividend to be paid.

Share Transfers

The Company's Corporate Governance Compliance Report ("CRF") and Corporate Governance Information Form ("CGIF") for the accounting period 01.01.2021-31.12.2021 have been prepared in accordance with the CMB's Declaration No. II-17.1 "Corporate Governance Declaration" and the presentation principles determined by the CMB Resolution No. 2/49 dated 10.01.2019 and announced in the CMB's Weekly Bulletin No. 2019/02 dated 10.01.2019. In line with this decision of the CMB, the templates published by our Company on the KAP have been added to the end of the Corporate Governance Principles Compliance Report. Based on these foundations, the efforts to comply with





corporate governance principles, which were initiated within the company and continued throughout 2021, continue to be operated through many mechanisms established within the company. In the first phase of the work, amendments were implemented in order to provide shareholders with an equitable, accountable, responsible and transparent structure. With this declaration, the Company has adopted a transparent and open management style and aims to establish a management approach that is responsible and accountable to all shareholders, especially to its small shareholders.

SECTION III

PUBLIC DISCLOSURE AND TRANSPARENCY

Disclosure Policy

The Corporate Disclosure Policy was established with the Board of Directors' resolution dated 06.12.2021 no. 2021/24, and is published on the website. The Corporate Disclosure Policy was established and is implemented under the authority of the Board of Directors. The Board of Directors reserves the right to revise the policy at any time, in line with the applicable regulations. The disclosure policy and any revisions thereof shall be published on the Company's website, following the approval of the Board of Directors. The Investor Relations Department is responsible for overseeing and monitoring the Disclosure Policy.

Corporate Website and its Contents

The Company's website address is www.odasenerji. com and the Investor Relations section of the website contains the considerations specified in the CMB's Corporate Governance Principles. The website is set up to provide open, clear, and simultaneous disclosure to shareholders, stakeholders, and the entire public. The information provided on the website is updated continuously. The information provided on the website is presented in English language as well, to enable it to be accessed by international investors.

Annual Report

The Company's annual report is drawn up in line with

the details required in the Turkish Commercial Code and the Capital Markets Regulations, so as to provide the shareholders, the public, and all other stakeholders with access to complete and accurate information on the company's operations.

SECTION IV

STAKEHOLDERS

Disclosure of Information to Stakeholders

The website was revised as required to provide disclosure to stakeholders on matters concerning them. Any and all information concerning the Company is presented to stakeholders in line with the Corporate Governance Principles. Stakeholders, investors, and analysts can access the Company's financial reports, annual reports, and other information, using the Company's website. Furthermore, certain material announcements and messages are conveyed to all employees via e-mail. The Audit Committee is responsible for ensuring and overseeing compliance with the regulations, while the Corporate Governance Committee is responsible for reviewing and concluding the complaints received from the shareholders and stakeholders, on matters of concern from a corporate governance perspective.

Stakeholders' Participation in Management

No model was developed regarding the stakeholders' participation in the company's management. On the other hand, the requests and proposals voiced in meetings with employees and other stakeholders are taken into consideration by the management, leading to the development of relevant policies and practices.

Human Resources Policy

ÇAN2 Termik A.Ş applies a corporate approach in recruiting each employee in line with the principles of sustainable growth mission. Our purpose is to build a team that adds value to our country and the industry and prioritizes synergy and diversification.

Accordingly, the main purpose when defining the human resources policy is to make and implement plans in a supportive manner for all managers who

- Lead to establish systems required for being an agile organization,
- Engage the employees in a collective mission through performance system and encourage them to work with team spirit.
- Focus on and support the development of employees in terms of knowledge, skills and competencies,
- Provide the employees with enough space to use initiative in their roles and responsibilities,
- Adapt quickly to changing conditions and develop a point of view that reinforces resilience during challenging periods,
- Ensure job satisfaction and implementation of activities that add value to both employees and the organization by promoting internal entrepreneurship and innovation,
- Act as the leader of their jobs or teams; to improve their leadership skills required in line with the company strategy.

CODE OF CONDUCT

Code of Conduct and Social Responsibility The Company's Code of Conduct is drawn up in writing and communicated to the employees. The Code of Conduct is defined, updated, and published by the Board of Directors. ÇAN2 Termik A.Ş. Code of Conduct is an integral part of ÇAN2 Termik A.Ş. Policies and Values. All employees including the Boards of Directors and the executives are expected to comply with these rules.

ÇAN2 Termik A.Ş. Code of Conduct

Honesty

Integrity and honesty are the values that we cherish most in all our business processes and relations.

Confidentiality

Channels of communication are available and open to struggle against any discrimination that may arise

on the basis of age, language, religion, race, medical status, gender or marital status. The employees communicate their complaints and suggestions to the Human Resources Department in order to maintain this equality.

All employees are informed of the mandatory precautions to be taken under the Law on Protection of Personal Data and they are expected to act accordingly in every respect of their remits.

Prevention of Conflicts of Interest

ÇAN2 Termik A.Ş. employees are prohibited from abusing any information and power that they gained as part of their positions within the company for gaining any benefits for themselves, their families or relatives.

When performing their duties, employees take care to protect the interests of the company and avoid any act or behavior that may be construed as deriving personal gains for themselves or their relatives. Accordingly, the employees are expected to avoid competing against the company and to take all necessary measures in this respect. The employees should exercise due care in their communication with suppliers, customers, organizations or institutions that they are in contact with as part of their jobs and they should avoid any action for the purpose of deriving personal gains. The employees who do not exercise due care in this regard are reported to fail to comply with our code of conduct. Social Responsibility The company implemented social responsibility projects in 2019, based on the environmental and social requirements of the society in which we live and within the framework of the Social Responsibility Policy.

SECTION V

BOARD OF DIRECTORS

The affairs and administration of the Company are determined by the General Assembly. capital market legislation and Turkish Commercial Code to be elected for a maximum of 3 years according to the provisions of the by a Board of Directors consisting of 5 members. The number of members of the Board of Directors,



Structure of the Board							
Board Members	Role						
Burak Altay	Chairman of the Board (Executive)						
Mustafa Ali Özal	Board Member (Non-Executive)						
Ali Kemal Kazancı	Vice President (Non-Executive)						
Umut Apaydın	Independent Board Member (Non-Executive)						
Necdet Akşay	Independent Board Member (Non-Executive)						

General It is determined by the Board. Our company's board of directors members, in order to examine the accounts for the year 2021. To serve until the ordinary general assembly to be held were selected as below.

Personal Backgrounds of the Board Members

Burak Altay

Chairperson of the Board

After his graduation from Koç University Business Administration Department in 1999, he lectured as an assistant in the field of cost accounting in Koç University while he studied for master's degree at the department of financial law at Marmara University. Mr. Altay is a founding partner of the Company and he continues to serve as the Deputy Chairperson of the Board/CEO of the company. Apart from this position, he is also a shareholder and board member in several companies operating in the energy, construction, manufacturing and trade industries.

Ali Kemal Kazancı

Deputy Chairman of the Board of Directors

Mr. Kazancı graduated from Karadeniz Technical University, Department of Civil Engineering and started his professional career at Limak Construction as Final Account Supervisor. In 2009, he was appointed as Site Supervisor at Odaş Energy Group - Öztay Energy Company. Since 2011, Mr. Kazancı has been working as Fossil Fuels Director at Odaş Energy Group and has been a Board Member of Çan2 Termik A.Ş. since July 2020.

Mustafa Ali Özal

Member of the Board of Directors

Mr. Özal graduated from Gazi University, Department of Economics and started his professional career in 1982. He has served as a manager and board member in various companies operating in different sectors. In addition to his duties as a member of the Board of Directors of the Company, Mr. Özal is also a member of the Board of Directors of Aköz Tic. Müşavirlik ve Mümessillik A.Ş., Hidro Kontrol Elekrik Üretim San. A.Ş., Arsın Enerji Elektrik Üretim San Tic. A.Ş., and Aköz Enerji Elektrik Üretim San. Tic. A.Ş.

Necdet Akşay

Independent Board Member

Graduated in 1971 from Istanbul Technical University (ITU) as a Mechanical Engineer, Mr. Akşay worked as a Project Engineer in the Directorate of Facilities at the General Directorate of Sümerbank between 1972 and 1973 and as Project and Site Manager at Sungurlar between 1975 and 1987 in the installation of power plants. Between 1987 and 1989, Mr. Akşay was the General Manager of Istanbul Ulaşım A.Ş., a company of Istanbul Metropolitan Municipality, where he was in charge of the establishment and management of eight Istanbul Sea Buses and Istanbul Metro enterprises. Mr. Akşay, who has been providing consultancy and supervision services in energy projects of many domestic and foreign companies in his own company since 1989, speaks English fluently and is still conducting his works in the same field.

Umut Apaydın

Independent Board Member

Mr. Apaydın completed his double major in Mechanical Engineering and Business Administration at the Darmstadt Institute of Technology in Germany in 1998. Immediately following his graduation, he began his career as a Debt Markets Analyst in the New York office of JP Morgan Securities between 1998 and 2009 and continued to work there as a Partner and Vice President for Private Equity, Structured Credit Products and Alternative Investments. Mr. Apaydin continued his career as General Manager of Investor Relations and Marketing at Sunrise Securities in 2009, where he was involved in the establishment of the MLP Fund, a private equity fund. From 2009 to 2012, he was Global Marketing and Investor Relations Director at the capital investment and advisory firm Indicus Advisors LP. Mr. Apaydın continued his career at Koç Holding between 2012 and 2016, where he was actively involved in strategic planning, mergers and acquisitions in the Tourism, Food and Retail arms of the group. From 2014 to 2016, he was Business Development Director at Setur A.Ş., Koç Group's tourism venture. From 2016 to 2019, he served as Senior Director for Financial Services and Insurance Services in international product management, international business development, and global sales and portfolio management for the American and Canadian markets at Brightstar Corp. Mr. Apaydın continued his career as a Financial Advisor at Prudential Advisors Miami in 2019 and at Mass Mutual Miami in 2020. He is fluent in German, French, Italian, English and has advanced knowledge of Spanish.

The written declarations of each independent board member regarding their independence are given below.

DECLARATION OF INDEPENDENCE

Written statements submitted by each independent board member, with respect to their independent status, stipulate the following:

That they neither personally, nor through their spouses or relatives by blood or marriage up to third degree, have been involved in the last five years in an executive employment relationship assuming substantial duties and responsibilities, or held, individually or jointly, more than 5% of the capital or voting rights or preferred shares, or engaged in any substantial commercial relationship with any affiliates of ODAŞ Elektrik Üretim ve Ticaret A.Ş. ("ODAŞ Energy") or any corporations in which the company has management control or substantial influence, or shareholders which maintain the company's management control or substantial influence in the company, and legal persons which hold management control of such shareholders,

That they have not been a shareholder (5% or more) or executive with significant duties and responsibilities, or board member in the companies which have provided or bought significant amounts of services or products within the framework of agreements, including but not limited to the auditing (including tax audits, statutory audits, internal audits), rating, and consulting of the company, during the last five years, in the time frame of such provision or purchase of services or products,

That they have the professional training, expertise and experience to duly perform the duties to be assumed on the grounds of being an Independent Member of the Board of Directors,

That they are not a full-time employee of a government agency or entity,

That they are considered a resident of Turkey as per the Income Tax Law,

That they have robust ethical standards, the professional reputation and the experience to enable free decision-making, taking into account the rights of stakeholders, and contributing positively to the operations of ODAŞ Energy, while maintaining impartiality in conflicts of interest which may arise between the shareholders,

They will be able to spare adequate time for the company's affairs, so as to fully perform the requirements of the roles assumed, and to monitor ODAŞ Energy's course of business,

They have not served as a board member of the company for more than six years in the last ten years, They are not an independent board member for more than three companies where the Company or its controlling shareholders hold the control of management and/or more than five corporations whose shares are listed in the stock exchange.



During the reporting period, no events to abolish the independent status of the independent board members took place. No restrictions regarding the assumption of duties or positions outside the company are imposed on the board members.

The members of the Board of Directors do not currently engage in any business which would lead to any conflicts of interest with the company, and do not engage in operations to compete with the company in the same fields of operation.

Umut Apaydın, Necdet Akşay

During the reporting period, no events to abolish the independent status of the independent board members took place. No restrictions regarding the assumption of duties or positions outside the company are imposed on the board members. The members of the Board of Directors do not currently engage in any business which would lead to any conflicts of interest with the company, and do not engage in operations to compete with the company in the same fields of operation.

The Basis of the Board's Activities

The frequency of the board meetings of the Company, as well as the quorum for meeting and resolution are established in the Articles of Incorporation. Accordingly, the Board of Directors shall convene with a simple majority of the members, as the company's affairs and operations require. The Board resolutions are made with the majority of the members present at the meeting.

The Board of Directors meetings are held at the company headquarters, or in an available facility in the city where the corporate headquarters is located. The Board of Directors can also convene in another city, on the basis of a board resolution for doing so. The secretariat services for the Board of Directors meetings are provided by the legal department. The agenda of the Board of Directors is set through consultations the Chairperson has with other members of the board, and with the General Director and/or Chief Executive Officer.

The managers' requests will be taken into consideration when setting the agenda. In 2020, the Board of Directors convened 26 times in total. No dissenting comment was registered in the resolution minutes against any resolutions made in such meetings. However, should such a dissent arise, all aspects to reflect the dissenting

opinion shall be registered in the minutes. Where the Capital Markets Regulations require so, important resolutions of the Board of Directors are announced to the public through Material Disclosures.

Number, Structure and Independence of Committees Formed under the Board of Directors

Corporate Governance Committee, were established through the Board of Directors' resolution dated 20.01.2021. The Corporate Governance Committee have also assumed the authorities, duties, and responsibilities regarding the performance of the duties of the Nomination Committee and the Remuneration Committee.

The duties and working principles of the committees established within the framework of the Corporate Governance Principles, entered into force through the Board of Directors' resolution dated 20.01.2021, and were announced on the Public Disclosure Platform. Furthermore, the Duties and Working announced to stakeholders on the Public Disclosure Platform and the corporate website.

Audit Committee

The Audit Committee was structured in accordance with the Corporate Governance Principles of the Capital Markets Board. The committee is composed of at least two members. The committee is composed of two non-executive independent board members. Mr. Necdet Akşay serves as the committee member, while Mr. Umut Apaydın serves as the committee chair. Special attention was paid to ensure that the Committee Chair had previously served in a similar capacity, and has the expertise to analyze financial statements, as well as a strong grasp of accounting standards, and substantial qualifications.

The purpose of the committee reporting to the Board of Directors is to assist the Board of Directors with respect to the company's accounting system, public disclosure of financial data, independent audits, and overseeing the operation and effectiveness of the internal control system in line with the Capital Markets Regulations and the principles stipulated therein, as well as to consider and report to the Board of Directors any issues it observes during its assessments.



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The arrangement that requires the convening of the committee at least on a quarterly basis was implemented through the Duties and Working Principles of the Audit Committee.

Corporate Governance Committee

The Corporate Governance Committee is set up to support and assist the Board of Directors by working on monitoring the company's compliance with the corporate governance principles in accordance with the Capital Markets Regulations, implementing the principles, identifying any failure of implementation, working to improve its efficiency, identifying the candidates to be elected to the Board of Directors, establishing the company's perspective, principles, and applications regarding remuneration, assessing the performance and career planning of the board members and executive staff, overseeing investor relations activities, and making applicable proposals to the Board of Directors.

The Committee Chair shall be appointed from among the independent Board members. The director of the Investor Relations Department shall be appointed as a member of the Corporate Governance Committee. Furthermore, individuals who are subject matter experts but not Board members, can also be appointed as members of the Corporate Governance Committee. The Board of Directors appoints the members of the Corporate Governance Committee in the first Board meeting to follow the General Assembly which elected the Board of Directors. The Corporate Governance Committee shall serve until the election of the next Board of Directors. The Corporate Governance Committee shall convene at least three times per year. Where necessary, the committee shall convene at the corporate headquarters, upon an invitation issued by the Committee Chair through the secretariat of the Board of Directors. The committee shall convene with a simple majority and shall resolve with a majority. Once taken, decisions shall be registered in written form, to be signed by the committee members during the next meeting, and duly archived. The Corporate Governance Committee shall be composed of a total of three members, two independent nonexecutive board members, and one official of the company.

Members of the Corporate Governance Committee

The Corporate Governance Committee carried out activities for improvement of Investor Relations activities and identification of candidates who were proposed to be elected as board members in 2021. In this context, the Corporate Governance Committee was informed about the investor meetings organized in the country and abroad for enhancement of the investor profile and about activities in relation to other investor relations practices. Furthermore, the Corporate Governance Committee submitted to the Board of Directors for consideration and for further submission to the approval of the shareholders during 2021 Ordinary General Assembly the candidates who were deemed to be eligible for Independent Board Membership based on the assessment conducted bu the Nomination Committee operating within its scope, in line with the criteria specified under the Corporate Governance Communiqué of Capital Markets Board.

Early Detection of Risk Committee

Early Detection of Risk Committee is composed of at least two non-executive members of the Board. The committee is composed of two independent Board members. Mr. Necdet Akşay serves as the Committee Chair, while Mr. Umut Apaydın serves as a committee member. The Early Detection of Risk Committee is set up in line with the Turkish Code of Commerce, the Articles of Incorporation, and the Corporate Governance Principles Communiqué of the Capital Markets Board, with a view to submitting recommendations to the Board of Directors, with respect to the early detection of risks which could threaten the existence, development, and continuation of the company, as well as the application of the measures regarding identified risks, and the management of the risks. The committee reports to the Board of Directors. The committee examined and provided its opinion on risk-related activities of Finance, Accounting, Reporting and Human Resources Departments in 2021. The decision was made concerning the improvement of such activities for the upcoming periods. The arrangements regarding the convening of the committee are established in the duties and working principles of the Early Detection of Risk Committee.





Risk Management and Internal Control Mechanism

In line with its nature, ÇAN2 Termik A.Ş. issues its financial statements on a consolidated basis in accordance with the regulations. For the operating group covering electricity generation, electricity wholesale, and mining operations, UFRS based financial statements are drawn up on a quarterly basis. At ÇAN2 Termik A.Ş. level, on the other hand, transactions between electricity generation and electricity wholesale are written off, with consolidated financial statements being produced. The periodical financial results and performance of the companies included in the consolidation framework are analyzed, leading to consolidated financial reporting. ÇAN2 Termik A.Ş. 's internal control operations are executed within the framework of the regulations, under the responsibility of the Audit Committee. In quarterly periods when financial statements are disclosed to the public, the consolidated financial statements are submitted to the Board of Directors of the company, after being checked and approved by the committee for audit. The new Turkish Code of Commerce which entered into force on July 1, 2012 rendered risk management activities a requirement for publicly traded corporations. The Early Detection of Risk Committee reporting to the Board of Directors was set up through the Board of Directors' resolution dated 20.01.2021, with a view to submitting comments and recommendations to the Board of Directors, with respect to the early detection of the risks that could threaten the existence, development, and continuation of the company, as well as the application of measures regarding identified risks, and the management of the risks.

Remuneration

In accordance with the Corporate Governance Principles, the "Remuneration Policy" applicable to the members of the Board of Directors and senior executives was developed in written form and approved in the Board of Directors meeting held on 14.01.2021,

	Total Financial Benefits (TRY)
Board of Directors	851.527,78TL
Senior Executives	10.353.857,11TL

followed by publication on the corporate website. According to the Articles of Incorporation, the monthly salaries and per diem fees for members of the Board of Directors are set by the General Assembly. In the Ordinary General Assembly Meeting for the year 2020 which was held on 09.12.2021, the decision was taken to pay TRY 17,500 net salary to the Board members. The following financial benefits were provided to the board members and senior executives of the company in 2020.

Payments to the Board members cover monthly salaries. The remunerations payable to the Board members are the cash payments set with reference to the company's profitability, performance, and internal positions, and effected regularly and continuously at certain periods of each month. The payments to senior executives cover monthly salaries. The salaries payable to senior executives are set based on the position and the nature of the work, competence, experience, performance and remuneration policies applied in the same industry for similar positions, the company's internal positions, inflation, and the company's achievement of the financial targets set for the year. When setting the remuneration policies, care is taken to exclude incentive systems which would harm the interests of the shareholders, employees and customers. The salaries are reviewed and updated once a year. The Company does not extend any credits or loans to any board members or executives, nor does it extend personal loans through a third party. Furthermore, no guarantees or underwriting is extended for such persons. The salaries are reviewed and updated once a year. The Company does not extend any credits or loans to any board members or executives, nor does it extend personal loans through a third party. Furthermore, no guarantees or underwriting is extended for such persons.

GOVERNMENT SUBSIDIES AND GRANTS

Çan2 Termik A.Ş. Investment Incentive Certificate

The Investment Incentive Certificate was issued for the completely new investment carried out in Çanakkale



DIVIDEND PAYMENT POLICY

The Dividend Distribution Policy ("Policy") of Çan2 Termik A.Ş. ("Company") has been prepared within the framework of the Company's Articles of Association, Turkish Commercial Code No. 6102, Capital Markets Law No. 6362, regulations of the related legislation. There are no dividend privileges on the shares representing the Company's capital.

The General Assembly of the Company shall decide whether or not to distribute dividends and, in the event that dividends are to be distributed, the method and time of distribution of the profit to be distributed, upon the proposal of the Board of Directors on this matter. The dividend rate to be distributed will be determined by taking into consideration the Company's investment and financing strategies and needs, market expectations, changes and developments in the relevant legislation, the Company's medium and long-term strategies, capital and investment requirements, profitability, financial

position, indebtedness and the Company's cash position, and national and global economic conditions; in principle, it is aimed to distribute at least 50% of the free cash flow to the shareholders in cash and/or as bonus shares after the distributable profit amount calculated on the basis of the Company's net profit for the period (after the reserves, taxes, funds, financial payments and prior year losses, if any, required to be set aside in accordance with the current legal regulations are set aside) meets the Company's debt service ratio.

Dividend distribution procedures shall commence on the date decided at the General Assembly, provided that they shall commence no later than the end of the accounting period in which the General Assembly meeting regarding the distribution decision is held. Dividends are distributed equally to all existing shares in proportion to said shares as of the date of distribution, regardless of their issue and acquisition dates.

Dividend payments may be made in equal or different installments, provided that it is resolved at the General Assembly meeting where dividend distribution is decided. According to the provisions of the Articles of Association, the profit distribution decision made by the General Assembly cannot be revoked. In the event that the Board of Directors proposes to the General Assembly not to distribute the profit, information on the reasons for this and the manner of utilization of the undistributed profit shall be included in the agenda item on profit distribution. The Company may also distribute advance dividends to shareholders in accordance with the Turkish Commercial Code and capital markets legislation.

In case of any amendment to this Dividend Distribution Policy, the decision of the Board of Directors regarding the amendment shall be announced to the public within the framework of the regulations of the Capital Markets Board regarding the public disclosure of material events.

Legal Actions

During the period of 01.01.2021 -31.12.2021, there are no significant lawsuits that may affect the activities of the Group, for and against.









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CORPORATE GOVERNANCE

COMPLIANCE STATEMENT

	Corporate Governance Compliance Report	Compli	Compliance Status				
1.1.	FACILITATION OF THE USE OF SHARE OWNERSHIP RIGHTS	Yes	Partially	No	Exempt	Not applicable	Comment
	1.1.2 - Information and disclosures which may affect the use of Share Ownership rights are made available for investors in an up-to-date fashion on the company's corporate website.	x					
1.2.	RIGHT TO DEMAND AND REVIEW INFORMATION	Yes	Partially	No	Exempt	Not applicable	Comment
	1.2.1- Company management avoided execution of any transaction that may complicate a private audit.	Х					
1.3.	GENERAL ASSEMBLY	Yes	Partially	No	Exempt	Not applicable	Comment
	1.3.2- The company ensured that the agenda of the General Assembly was expressed explicitly and every proposal was provided under a separate title.	x					
	1.3.7- Persons who have the opportunity to access the partnership information in a privileged way have informed the Board of Directors to be included in the agenda in order to provide information to the General Assembly on the transactions carried out on behalf of themselves within the scope of the partnership's area of activity.					х	
	1.3.8 - Board Members who are subject matter experts in the special items in the agenda, other related people and officials and auditors with responsibility for preparing financial statements were present at the general assembly meeting.	X					
	1.3.10- The amounts and beneficiaries of all donations and grants were provided in a separate item in the agenda of the General Assembly.		x				All donations and grants made during the year were shared as per the agenda of the General Assembly.
	1.3.11- The General Assembly meeting was held open to the public, including stakeholders and media, provided that those should not have a right to speak.	X					
1.4.	VOTING RIGHTS	Yes	Partially	No	Exempt	Not applicable	Comment
	1.4.1- There are no restrictions or practices that make it difficult for shareholders to exercise their voting rights.	X					
	1.4.2- The company does not have any shares with privileged voting rights.	х					The company does not have any privileged shares. However, Group A shares are privileged. The privileged shareholders are Abdulkadir Bahattin Özal and Burak Altay with voting rates of 12.93% and 21.26%, respectively.





		9						
	Corporate Governance Compliance Report	Compliance Status						
	1.4.3- The company did not exercise its voting rights in the General Assembly of any partnership in which they have cross-ownership associated with any controlling relationship.					Х		
1.5.	MINORITY RIGHTS	Yes	Partially	No	Exempt	Not applicable	Comment	
	1.5.1- The company has paid maximum attention to the exercise of minority rights.	х						
	1.5.2- Minority rights were vested in shareholders who hold less than one twentieth of the capital, based on the articles of association. The scope of minority rights had extended in the articles of association.			x			Minority rights in our company are identified based on the ratio regulated by the Turkish Commercial Code.	
1.6.	DIVIDEND RIGHTS	Yes	Partially	No	Exempt	Not applicable	Comment	
	1.6.1- The dividend payment Policy approved by the General Assembly was disclosed to the public on the company's corporate website.	X						
	1.6.2- The Dividend Payment Policy incorporates minimum explicit information required to enable the shareholders to make predictions on the procedures and principles regarding the distribution of profit by the company in the future.	X						
	1.6.3- The reasons for not distributing dividends and the use of retained earnings were stated in the related agenda item.	X						
	1.6.4- The Board of Directors reviewed the dividend payment policy with respect to the protection of balance between shareholders' interests and the company's interests.	Х						
1.7.	TRANSFER OF SHARES	Yes	Partially	No	Exempt	Not applicable	Comment	
	1.7.1- There is no restriction which complicates the transfer of the shares.	х						
2.1.	CORPORATE WEBSITE	Yes	Partially	No	Exempt	Not applicable	Comment	
	2.1.1- The corporate website of the company contains all items relevant to corporate governance principle no. 2.1.1.	X						
	2.1.2- Shareholding structure (names, privileges and number and ratio of shares of the real person shareholders who own more than 5% of issued capital) is updated on the corporate website at least every 6 months.	X						
	2.1.4- Information on the corporate website of the company has been provided in the foreign languages chosen according to need, provided that their content should be the same as the Turkish version.	х						
2.2.	ANNUAL REPORT	Yes	Partially	No	Exempt	Not applicable	Comment	
	2.2.1- The Board of Directors ensures that the annual report includes complete and true information with respect to the activities of the company.	X						
	2.2.2- The annual report contains all elements under principle no. 2.2.2.	х						





	Corporate Governance Compliance Report	Complia	ance Status				
3.1.	COMPANY POLICY ON STAKEHOLDERS	Yes	Partially	No	Exempt	Not applicable	Comment
	3.1.1 The rights of stakeholders are protected within the framework of relevant regulations, contracts and bona fides principles.	Х					
	3.1.3- Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company.	Х					
	3.1.4- Necessary mechanisms have been established for stakeholders to report transactions that are contrary to the legislation and which are unethical.	Х					
	3.1.5- The company approaches conflicts of interest between stakeholders in a balanced manner.	X					
3.2.	PROMOTING THE PARTICIPATION OF STAKEHOLDERS IN THE COMPANY MANAGEMENT	Yes	Partially	No	Exempt	Not applicable	Comment
	3.2.1- The participation of employees in management has been regulated by the articles of incorporation or the internal regulations.		x				Ad hoc committees were formed for investment activities of the company in the related periods and the participation of employees in the management was ensured.
	3.2.2- In case of significant decisions that may bear consequences for stakeholders, methods such as surveys and consultation have been applied to obtain the opinions of stakeholders.		x				In case of important decisions that may lead to results for some of the stakeholders, requests, suggestions and complaints of the stakeholders are received and considered.
3.3.	HUMAN RESOURCES POLICY OF THE COMPANY	Yes	Partially	No	Exempt	Not applicable	Comment
	3.3.1- The company has adopted an employment Policy offering equal opportunities and a succession plan for all key management positions.	х					
	3.3.2- Recruitment criteria has been determined in writing.	Х					
	3.3.3- The company has a Human Resources Development Policy and organizes training sessions for employees as part of this policy.	Х					
	3.3.4- Meetings have been held to inform employees on issues such as the financial status of the company, remuneration, career planning, education and health.	х					
	3.3.5- Decisions which may affect employees have been notified to the employees and their representatives. The opinions of relevant unions about such issues have been taken as well.		х				The Human Resources Department is responsible for relations with all employees. However, there is no union in our company.
	3.3.6- Job definitions and performance criteria have been prepared in detail for all employees and have been provided to them. They have been utilized in the determination of remuneration.	х					Job descriptions are made for parent companies and revisions are ongoing in all other group companies.

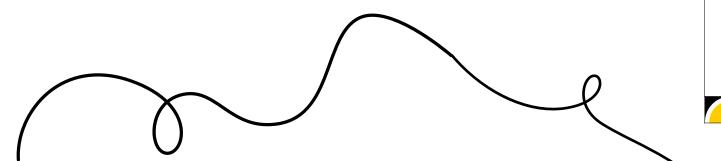


	Corporate Governance Compliance Report	rporate Governance Compliance Report Compliance Status						
	3.3.7- Measures, such as procedures, training sessions, awareness raising, objectives, monitoring and complaint mechanisms, have been taken in order to prevent discrimination among employees and to protect the employees against any physical, mental and emotional mistreatment within the company.	x						
	3.3.8- The company supports the recognition of freedom to establish associations and the right to collective bargaining efficiently.		X				Although there are no associations or unions in the company, there is no restrictive practice.	
	3.3.9- A safe working environment is ensured for employees.	X						
3.4.	RELATIONS WITH CUSTOMERS AND SUPPLIERS	Yes	Partially	No	Exempt	Not applicable	Comment	
	3.4.1- The company measured customer satisfaction and operates on the understanding of unconditional customer satisfaction.	Х						
	3.4.2- Any delay in handling customers' requests regarding the goods and services purchased by them is notified to customers.	x						
	3.4.3- The company complies with quality standards related to goods and services.	Х						
	3.4.4- The company has control processes for maintaining the confidentiality of the commercial secrets of customers and suppliers.	х						
3.5.	CODE OF CONDUCT AND SOCIAL RESPONSIBILITY	Yes	Partially	No	Exempt	Not applicable	Comment	
	3.5.1- A Code of Conduct determined by the Board of Directors has been published on the corporate website of the company.	X						
	3.5.2- The company is aware of its social responsibilities. It has taken measures to prevent corruption and bribery.	х						
4.1.	FUNCTION OF THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	Not applicable	Comment	
	4.1.1- The Board of Directors ensures that strategies and risks do not threaten the long-term interests of the company and effective risk management procedures are in place.	x						
	4.1.2- The meeting agenda and minutes demonstrate that the Board of Directors discusses and approves the strategic objectives of the company, determines the required Resources and oversees the performance of management.	X						
4.2.	THE BASIS OF THE BOARD OF DIRECTOR'S ACTIVITIES	Yes	Partially	No	Exempt	Not applicable	Comment	
	4.2.1- The Board of Directors documented its activities and submitted them to the information of the shareholders.	x						
	4.2.2- The duties and powers of the Board members were provided in the annual report.	х						
	4.2.3- T he Board of Directors has established an internal control system in accordance with the scale of the company and the complexity of its activities.		х				Internal control activities are performed by the Audit Committee. Company directors carry out assessments on a departmental basis.	

	Corporate Governance Compliance Report	Compli	ance Status				
	4.2.4- Information regarding the functioning and efficiency of the internal control system is given in the annual report.	X					
	4.2.5- The authorities of the Chairperson of the Board and the Chief Executive Officer (General Manager) are separated and defined.			X			
	4.2.7- The Board of Directors has facilitated effective functioning of the Investor Relations department and the corporate governance committee and has been in close cooperation with the Investor Relations department and the corporate governance committee in resolving disputes between the company and shareholders, and in communications with the shareholders.	X					
	4.2.8- Regarding the losses that the members of the Board of Directors may cause in the company due to any faults in the course of their duties, the company has taken out executive liability insurance for a price exceeding 25% of the capital.			X			No executive liability insurance for a price exceeding 25% of the company capital has been taken out regarding the losses that the Board members may cause in the company due to any faults in the course of their duties.
4.3.	STRUCTURE OF THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	Not applicable	Comment
	4.3.9- The company determined an objective of a minimum percentage of 25% for female Board members and established a relevant policy to achieve this objective. The structure of the Board of Directors is reviewed annually and determination of candidates is carried out in accordance with this policy.		x				The Board of Directors has one female member. There is no policy relating to the minimum target of 25% for female members.
	4.3.10- At least one of the committee members responsible for auditing has 5-years experience in auditing/accounting and finance.	x					
4.4.	PROCEDURE FOR THE BOARD OF DIRECTORS MEETINGS	Yes	Partially	No	Exempt	Not applicable	Comment
	4.4.1- All Board members physically attended most of the Board of Directors' meetings.	х					
	4.4.2- The Board of Directors has determined a minimum period of time for the sending of information and documents relating to the agenda items to all members before the meeting.	х					
	4.4.3- The opinions of the members who could not attend the meeting, but who expressed their opinions in writing to the Board of Directors were submitted for the information of other members.					Х	
	4.4.4- Each Board member has one vote.	Х					
	4.4.5- The procedure for the Board meetings has been documented in written form in accordance with the internal regulations of the company.	x					



	Corporate Governance Compliance Report	Compliance Status					
	4.4.6- Minutes of the Board meetings reveal that all agenda items were discussed. Minutes for decisions are prepared in such a way that dissenting opinions are also included.	Х					
	4.4.7- The external duties of the Board members have been restricted. The external duties conducted by the Board members were submitted for the information of shareholders at the General Assembly meeting.			х			No restrictions regarding the assumption of duties or positions outside the company are imposed on the Board Members.
4.5.	COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	Not applicable	Comment
	4.5.5- Each Board member is assigned to only one committee.			x			Board members are not assigned to only one committee.
	4.5.6- The Committees invited people to the meetings as deemed necessary to consult with and obtained their opinion.	x					
	4.5.7- Information regarding the independence of the person/institution that provides consultancy services to the committee is given in the annual report.					Х	
	4.5.8- A report has been issued and submitted to Board members regarding the results of the meetings held by the committees.	x					
4.6.	FINANCIAL RIGHTS PROVIDED TO THE BOARD MEMBERS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITIES	Yes	Partially	No	Exempt	Not applicable	Comment
	4.6.1- The Board of Directors conducted a performance evaluation for the board to appraise whether they fulfilled their responsibilities effectively or not.			X			Performance evaluation of Board of Directors has not been made.
	4.6.4-The Company did not provide credit facilities, grant loans or extend the term of a loan granted, improve the underlying conditions, supply credit through third parties as a personal credit to any of its board members or its executives with administrative responsibilities or provide securities such as a guarantee in favor of them.	х					
	4.6.5- Remuneration provided to members of the Board of Directors and executives with administrative responsibilities has been disclosed for each person in the annual report.		x				Remunerations provided to the Board members and executives with administrative responsibilities have been disclosed based on a total figure in the annual report.



Z

6

CORPORATE GOVERNANCE

INFORMATION FORM

SHAREHOLDERS	
Facilitation of the Use of Share Ownership Rights	
Number of investor conferences and meetings held by the company during the year	25
Right to Demand and Review Information	
Number of requests for private auditors	
Number of requests for private auditors approved at the General Assembly meeting	
General Assembly	
Link to the KAP (Public Disclosure Platform) announcement for the information requested as part of principle 1.3.1 (a-d)	https://www.kap.org.tr/tr/Bildirim/978298
Whether or not documents in English related to the General Assembly meeting were presented simultaneously with Turkish versions	The related documents are presented in Turkish and English on the website of the company.
Links to the KAP announcements for the processes which were not approved by the majority of independent members or do not have unanimous consent, as part of the principle 1.3.9	N/A
Links to the KAP announcements for the processes of related parties performed as part of Article 9 of the Corporate Governance Communique (II-17.1)	Such a process is not available as part of the Article 9.
Links to the KAP announcements for the common and continuous processes performed as part of Article 10 of the Corporate Governance Communique (II-17.1)	N/A
Name of the section on the corporate website of the company that describes the policy on donations and grants	Investor Relations / Corporate Governance / Our Policies / Donation Policy
Link to the KAP announcement for the minutes of the general assembly in which the policy on donations and grants was approved	https://www.kap.org.tr/tr/Bildirim/978298
Number of the article which regulates participation of stakeholders in the general assembly in the articles of association	N/A
Information about stakeholders who attended the General Assembly	Company employees
Voting Rights	
Whether or not voting rights have privilege	No
Privileged shareholders and their vote rates if votes are privileged	-
Share percentage of the largest shareholder	%76.77
Minority Rights	
Whether or not minority rights have been extended (with regard to content or ratio) in the articles of association of the company	No
Specify the number of the relevant articles of association item if minority rights have been extended with regard to content and ratio.	-
Dividend Rights	
Name of the section on the corporate website that describes the dividend payment policy	Investor Relations / Corporate Governance / Our Policies / Dividend Payment Policy
	Right to Demand and Review Information Number of requests for private auditors Number of requests for private auditors approved at the General Assembly meeting General Assembly Link to the KAP (Public Disclosure Platform) announcement for the information requested as part of principle 1.3.1 (a-d) Whether or not documents in English related to the General Assembly meeting were presented simultaneously with Turkish versions Links to the KAP announcements for the processes which were not approved by the majority of independent members or do not have unanimous consent, as part of the principle 1.3.9 Links to the KAP announcements for the processes of related parties performed as part of Article 9 of the Corporate Governance Communique (II-17.1) Links to the KAP announcements for the common and continuous processes performed as part of Article 10 of the Corporate Governance Communique (II-17.1) Name of the section on the corporate website of the company that describes the policy on donations and grants Link to the KAP announcement for the minutes of the general assembly in which the policy on donations and grants was approved Number of the article which regulates participation of stakeholders in the general assembly in the articles of association Information about stakeholders who attended the General Assembly Voting Rights Whether or not voting rights have privilege Privileged shareholders and their vote rates if votes are privileged Share percentage of the largest shareholder Minority Rights Whether or not minority rights have been extended (with regard to content or ratio) in the articles of association of the company Specify the number of the relevant articles of association item if minority rights have been extended with regard to content and ratio. Dividend Rights



1.	SHAREHOLDERS	
1.6.	Dividend Rights	
	In the event that the Board of Directors proposed the General Assembly that dividends not be distributed, minutes of the relevant general assembly agenda item regarding the reasons for not distributing dividends and the use of retained earnings	As a result of the discussion on the resolution of the company's Board of Directors dated 23.11.2020 no. 2020/18, the question that dividends shall not be paid was unanimously accepted, as there is no distributable profit in the consolidated financial statements for the accounting period between 01.01.2019 and 31.12.2019 prepared and subject to an independent audit as per the provisions of the Communique on the Rules of Financial Reporting in Capital Market no. (II-14.1) issued by the Capital Markets Board, and in the financial statements prepared in accordance with the rules of the Tax Procedure Law as part of the statements about the activities of our Company in 2019 which were formed again in accordance with the rules of the Tax Procedure Law.
	Link to the KAP announcement for the relevant general assembly minutes, in the event that the Board of Directors proposed the General Assembly not to distribute the profit	https://www.kap.org.tr/tr/Bildirim/982457

GENERAL ASSEMBLY MEETINGS

Date of the General Assembly	Number of requests for anno- tations sent to the company with regard to the agenda of General Assembly	Participation rate of shareholders in General Assembly	Ratio of the shares represented directly	Ratio of the shares represented by proxy	Name of the section on the corporate website of the company that contains the minutes of the general assembly meeting, including the positive and negative votes for every agenda item	Name of the section on the corporate website that includes all questions asked at the general assembly meeting and their answers Number	General Assembly meeting of the article or paragraph in the minutes of the general assembly meeting that describes the related parties	Number of persons who report to the Board of Directors and have the opportunity to access the company information in a privileged way (The list of insiders)	Link to the general assembly statement published in KAP
09.12.2021	-	76,77%	100,00%	0.0001%	Investor Relations / Corporate Governance / General Assembly Meetings / 2017 General Assembly Meeting / Minutes	Investor Relations / Corporate Governance / General Assembly Meetings/ 2017 General Assembly Meeting / Minutes	15	19	https://www.kap. org.tr/tr/ Bildirim/978298

2.	PUBLIC DISCLOSURE AND TRANSPARENCY	
2.1.	Corporate Website	
	Names of the sections on the corporate website that provide the information requested by corporate governance principle 2.1.1.	Investor Relations / Corporate Governance, Annual Reports, Material Disclosures, Financial Reports, Capital and Shareholding Structure, Articles of Incorporation, Policies
	The section on the corporate website that gives the list of real person shareholders who directly or indirectly own more than 5% of the shares	Investor Relations / Corporate Governance / Capital and Shareholding Structure
	Languages in which the corporate website has been prepared	Turkish and English
2.2.	Annual Report	
	Page numbers or name of the sections in the annual report that contain the information requested by corporate governance principle no.2.2.2	
	a) The page number or section name that describes the external duties of the members of the Board of Directors and executives and declarations of independence of the members	Corporate Governance Compliance Report / Board of Directors / Composition and Formation of the Board





2.	PUBLIC DISCLOSURE AND TRANSPARENCY	
	b) The page number or section name that indicates the information on the committees formed under the Board of Directors	Corporate Governance Compliance Report / Board of Directors / Number, Structure and Independence of Committees Formed under the Board of Directors
	c) The page number or section name that contains the information on the number of board meetings in a year and the attendance of the members at these meetings	Corporate Governance Compliance Report / Board of Directors / Operating Principles of the Board
	d) The page number or section name that includes the information on amendments to legislation which may significantly affect the activities of the company	-
	e) The page number or section name that demonstrates the information on significant lawsuits filed against the company and the likely outcomes thereof	Corporate Governance Compliance Report / Legal Actions
	f) The page number or section name that contains the information on conflicts of interest between the company and the institutions from which it purchases services such as investment consulting and rating and the measures taken to avoid such conflicts of interest	-
	g) The page number or section name that includes the information on the cross-ownerships in which direct contributions to the capital exceed 5%	-
	h) The page number or section name that demonstrates the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the company activities that give rise to social and environmental outcomes	Corporate Governance Compliance Report / Stakeholders / Code of Conduct and Social Responsibility
3.	STAKEHOLDERS	
3.1.	Company's Policy on Stakeholders	
	Name of the section on the corporate website that describes the compensation policy	Investor Relations / Corporate Governance / Our Policies / Compensation Policy
	The number of final judicial decisions against the company on the grounds of breaching employee rights	-
	Title of the person responsible for the notification mechanism	Human Resources Director
	Contact details of the company's notification mechanism	ik@can2termik.com.tr - info@can2termik.com.tr
3.2.	Promoting the Participation of Stakeholders in Company Management	
	Name of the section on the corporate website that provides the internal regulations about the participation of employees in management bodies	-
	Management bodies where employees are represented	-
3.3.	U B B-ll(4) O	
	Human Resources Policy of the Company	
	Role of the Board of Directors in the development of a succession plan for the key management positions	
	Role of the Board of Directors in the development of a succession	- Human Resources / Human Resources Policy
	Role of the Board of Directors in the development of a succession plan for the key management positions Name of the section on the corporate website that demonstrates the human resources policy covering equal opportunities and recruitment criteria, or a summary of the relevant articles of the	- Human Resources / Human Resources Policy There Is No Stock Ownership Plan
	Role of the Board of Directors in the development of a succession plan for the key management positions Name of the section on the corporate website that demonstrates the human resources policy covering equal opportunities and recruitment criteria, or a summary of the relevant articles of the policy	·



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3.5.	Code of Conduct and Social Responsibility		
	Name of the section on the corporate website that describes the code of conduct policy	Human Resources / Code of Conduct	
	Name of the section on the corporate website that demonstrates the corporate social responsibility report. The measures taken on environmental, social and corporate governance issues, if no corporate social responsibility report exists	Social Responsibility	
	The measures taken to fight any kind of corruption including extortion and bribery	The sanctions to be applied against any kind of corruption including extortion and bribery are included in the disciplinary procedure of the company	
4.	BOARD OF DIRECTORS-I		
4.2.	The Basis of the Board's Activities		
	Date on which the last performance evaluation of the Board of Directors was conducted		
	Any referral to the independent subject matter experts during the performance evaluation of the board	No	
	Whether or not all Board members have been released	Yes	
	Names of the members of the Board of Directors with delegated powers through distribution of duties, and descriptions of such powers	Burak Altay - Chairperson of the Board, Ali Kemal Kazancı- Deputy Chairperson of the Board, Mustafa Ali Özal - Board Member, Umut Apaydin - Independent Board Memberi, Necdet Akşay - Independent Board Member	
	Number of reports presented by the internal control unit to the audit committee or any relevant committee	-	
	Name or page number of the section in the annual report that provides a review of the effectiveness of the internal control system	Corporate Governance Compliance Report / Board of Directors / Risk Management and Internal Control Mechanism	
	Name of the Chairperson of the Board	Burak Altay	
	Name of the Chief Executive Officer/General Manager	Burak Altay	
	Link to the KAP announcement on the rationale behind the fact that the Chairperson of the Board of Directors and Chief Executive Officer/General Manager are the same person	-	
	Link to the KAP announcement for the fact that an insurance for a price exceeding 25% of the company capital has been taken out regarding the losses that the Board members may cause in the company due to any faults in the course of their duties		
	Name of the section on the corporate website that gives information about the diversity policy for increasing the rate of female Board members	-	
	Number and percentage of female members	-	

STRUCTURE OF THE BOARD

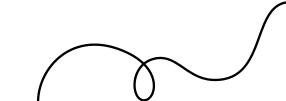
Full Name of the Board Member	An Executive Member or Not	An Independent Member or Not	The Date of Election as a Board Member for the First Time	Link to the KAP Announcement for Declaration of Independence	Independent Whether or Not the Member was Evaluated by the Nomination Committee	Whether Any of the Members Lost Their Independence or not	Whether or Not He/She Has at Least 5-Years Experience in Auditing, Accounting and/or Finance
Burak Altay	Executive	Not Indepen- dent Member	08.09.2014				
Ali Kemal Kazancı	Non- Executive	Not Indepen- dent Member	28.07.2020				
Mustafa Ali Özal	Non- Executive	Not Indepen- dent Member	19.01.2021				
Necdet Akşay	Non- Executive	Independent Member	19.01.2021	https://www.kap. org.tr/tr/Bildi- rim/982457	Evaluated	No	Yes
Umut Apaydın	Non- Executive	Independent Member	19.01.2021	https://www.kap. org.tr/tr/Bildi- rim/982457	Evaluated	No	Yes

4.	BOARD OF DIRECTORS-II			
4.4.	Meeting Procedures of the Board of Directors			
	Number of the physical board meetings in the reporting period	26		
	Average attendance rate at board meetings	100%		
	Whether or not an electronic portal is used to facilitate the works of the Board of Directors	No		
	Number of minimum days ahead of the board meeting to provide information and documents to members as per working principles of the Board of Directors	Changes Based on the Agenda.		
	Name of the section on the corporate website that demonstrates information about the internal regulations which cover board meeting procedures	Investor Relations / Corporate Governance / Articles of Association / Article 7		
	The upper limit determined in the policy that restricts the members from assuming external duties	There is no restriction for the members to assume external duties.		
4.5.	The Committees Formed under the Board of Directors			
	The page number or section name in the annual report that provides information about the board committees	Corporate Governance Compliance Report / Board of Directors / Number, Structure and Independence of Committees Formed under the Board of Directors		
	Link to the KAP announcement about the working principles of the committee	https://www.kap.org.tr/tr/Bildirim/995002		

COMMITTEES UNDER THE BOARD

Names of the Committees under the Board	Name of the Committee Indicated As "Other" in the First Column	Full Name of Committee Members	Committee Chair or Not	Board Member or Not
Audit Committee		Umut Apaydın	Yes	Board Member
Audit Committee		Necdet Akşay	No	Board Member
Corporate Governance Committee		Umut Apaydın	Yes	Board Member
Corporate Governance Committee		Necdet Akşay	No	Board Member
Corporate Governance Committee		Melih Yüceyurt	No	Not a Board Member
Early Detection of Risk Committee		Necdet Akşay	Yes	Board Member
Early Detection of Risk Committee		Umut Apaydın	No	Board Member



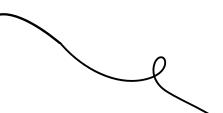


4.	BOARD OF DIRECTORS-III	
4.5.	The Committees Formed under the Board of Directors-II	
	Specify the section in the annual report or on the corporate website where the activities of the audit committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Audit Committee / Duties and Working Principles of the Audit Committee
	Specify the section in the annual report or on the corporate website where the activities of the corporate governance committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
	Specify the section in the annual report or on the corporate website where the activities of the nomination committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
	Specify the section in the annual report or on the corporate website where the activities of the early detection of risk committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Early Detection of Risk Committee / Duties and Working Principles of the Early Detection of Risk Committee
	Specify the section in the annual report or on the corporate website where the activities of the remuneration committee are presented (page number or section name)	Investor Relations / Corporate Governance / Committees / Corporate Governance Committee / Duties and Working Principles of the Corporate Governance Committee
4.6.	Financial Rights Provided to Members of the Board of Directors and Executives with Administrative Responsibilities	
	The page number or section name in the annual report that gives information about the operational and financial performance targets and their achievement status	Annual Report / Operational Status During the Period
	Name of the section on the corporate website that covers the remuneration policy for executive and non-executive directors.	Investor Relations / Corporate Governance / Policies / Remuneration Policy
	The page number or section name in the annual report that describes the individual remuneration and all other benefits for the members of the Board of Directors and executives with administrative responsibilities	Corporate Governance Compliance Report / Financial Rights

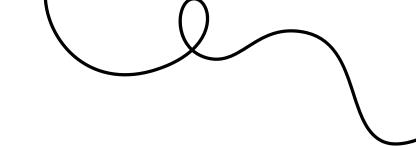
COMMITTEES UNDER THE BOARD II

Names of the Committees under the Board	Name of the Committee Indicated As "Other" in the First Column	The Percentage of Non-Executive Directors	The Percentage of Independent Members in the Committee	Number of Physical Meetings Held by the Committee	Number of Reports Submitted to the Board of Directors by the Committee about Its Activities
Audit Committee		100%	100%	8	8
Corporate Governance Committee		100%	66%	3	3
Early Detection of Risk Committee		100%	100%	6	6









INDEPENDENT AUDIT REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT

To the Board of Directors of ÇAN2 Termik A.Ş.

A) Independent Audit of Financial Statements

1) Opinion

1) Opinion As part of our independent audit activities, we audited the annual report of ÇAN2 Termik A.Ş, for the fiscal year ending on 31.12.2021. In our opinion, the consolidated financial data provided in the annual report of the board of directors and the Board's evaluations on the Group's standing based on the data in the audited consolidated financial statements are consistent with audited full set consolidated financial statements and with the information we gathered during the independent audit and reflect the truth in all material respects.

2) The Basis of Opinion

The Basis of Opinion Our independent audit has been performed in accordance with the Independent Audit Standards (IAS) as part of Turkish Audit Standards published by Public Oversight, Accounting and Audit Standards Authority (POA). Our responsibilities under these Standards have been described in detail within "the Responsibilities of Independent Auditor concerning Independent Audit of Annual Report" section of our report. Pursuant to the Code of Conduct for Independent Auditors issued by POA and the provisions of ethical conduct stipulated in the regulations on independent auditing, we hereby declare that we are independent from the Group. We have complied with the Code of Conduct and fulfilled other ethical responsibilities under the regulations.

We believe that the independent audit evidence acquired during the independent audit constitutes an adequate and reliable basis for building our opinion.

3) Our Audit Opinion on Full Set Consolidated Financial Statements

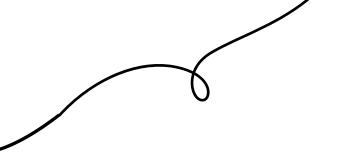
Our Audit Opinion on Full Set Consolidated Financial Statements We expressed a positive opinion in our audit report dated 03.02.2022 about the Group's full set consolidated financial statements for the fiscal year 01.01.-31.12.2021.

4) Board of Directors' Responsibility for Annual Report

Board of Directors' Responsibility for Annual Report The Group's management is responsible for the following in relation to the annual report, according to the articles 514 and 516 of Turkish Commercial Code (TCC) No. 6102:

- **a)** Prepares the annual report and submits it to the general assembly within the first three months following the balance sheet date.
- b) Furnishes the annual report in a way to reflect the group's course of activities in the subject year and every aspect of its financial standing in an accurate, exhaustive, straightforward, realistic and truthful manner.







The financial standing in this report is evaluated on the basis of consolidated financial statements. The report also indicates clearly the Group's development and potential risks that it may face. The board of directors' evaluations on these issues are also provided in the report.

c) In addition, the annual report includes the following:

- Events of particular importance within the Group that occur after the end of the activity year,
- The Group's research and development works,
- Pecuniary benefits such as salary, premium and bonus paid to and allowances, travel, accommodation and representation expenses, provisions in kind and in cash, insurances and similar coverages provided to the members of the board and senior executives.

When preparing the annual report, the board of directors takes into consideration the secondary legislative regulations issued by the Ministry of Customs and Trade and the relevant authorities as well.

5) The Responsibility of Independent Auditor for Independent Audit of Annual Report

Our purpose is to provide an opinion on whether the consolidated financial figures in the annual report and the respective evaluations of the Board of Directors based on the data in the audited consolidated financial statements are consistent with the Group's audited consolidated financial statements and the information we acquired during the independent audit and

whether they reflect the truth and to issue a report incorporating our opinion in this respect, pursuant to the provisions of TCC and the Communiqué.

Our independent audit has been performed in accordance with the IAS. These standards require compliance with the ethical provisions and planning and carrying out independent audit in order to obtain a reasonable assurance on whether the consolidated financial figures in the annual report and respective evaluations of the Board of Directors based on the data in the audited consolidated financial statements are consistent with consolidated financial statements and the information acquired during the audit and whether they reflect the truth.

Jale Aktaş is the cap auditor who conducted and concluded this independent audit.

EREN Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Member Firm of GRANT THORNTON International

Jale Aktaş

İstanbul, 03.02.2022



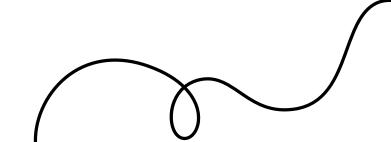
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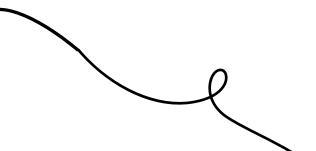
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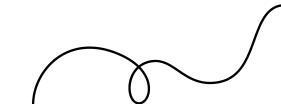


ÇAN2 TERMİK A.Ş.

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			
Cash and Cash Equivalents	42	23,552,721	1,203,171
Trade Receivables	6-7	155,198,509	118,131,072
Trade Receivables from Related Parties	6	28,517,163	17,359,875
Trade Receivables from Third Parties	7	126,681,346	100,771,197
Other Receivables	6-8	3,333,243	24,657,091
Other Receivables from Related Parties	6	592,695	21,798,068
Other Receivables from Third Parties	8	2,740,548	2,859,023
Inventories	9	222,076,764	127,864,319
Prepaid Expenses	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

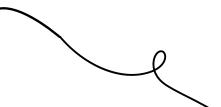




ÇAN2 TERMİK A.Ş.

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

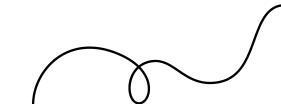
		Current Year Audited Consolidated	Restated Prior Year Audited Consolidated
LIABILITIES	Notes	31.12.2021	31.12.2020
Current Liabilities			
Short-Term Borrowings	33	81,776,258	46,216,445
Short-Term Leasing Liabilities	33	421,153	
Current Portion of Long-Term Borrowings	33	543,249,068	280,047,374
Other 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



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





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

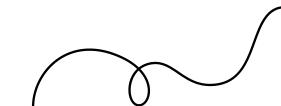


ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY AS OF 31 DECEMBER 2021 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Items not to be Reclassified to Profit or Loss					
	Notes	Share Capital	Capital Advances	The Effect of Mergers Involving Entities Subject to Common Control	Premium/ Discounts from Share Issuance	
Balance at 01.01.2020		97,410,000	150,411,415	(1,399,068)		
Other Comprehensive Income/Expense	19-29					
Transfers		150,410,000	(150,411,415)			
Capital Increase	21	4,590,000				
Net Profit / Loss for the Year	21					
Balance at 31.12. 2020		252,410,000		(1,399,068)		
Balance at 01.01.2021		252,410,000		(1,399,068)		
Other Comprehensive Income/Expense	11-19-21-29					
Transfers						
Capital Increase	21	67,590,000			185,332,488	
Net Profit / Loss for the Year	21					
Balance at 31.12.2021		320,000,000		(1,399,068)	185,332,488	

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

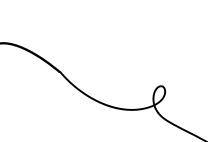






ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY AS OF 31 DECEMBER 2021 (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

		Items to be Reclassified to Profit or Loss Accumulate			Accumulated profit
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
(207,514)		654,691,656	(2,252,619)		750,765,300
(250,338)				(147,888,570)	(250,338)
			(147,888,570)		(1,415)
				147,888,570	4,590,000
					37,352,705
				37,352,705	
(457,852)		654,691,656	(150,141,189)	37,352,705	792,456,252
(457,852)		654,691,656	(150,141,189)	37,352,705	792,456,252
(162,740)	(425,193,010)	2,176,573,250			1,751,217,500
			37,352,705	(37,352,705)	
					252,922,488
				(180,963,007)	(180,963,007
(620,592)	(425,193,010)	2,831,264,906	(112,788,484)	(180,963,007)	2,615,633,233



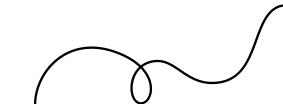


ÇAN2 TERMİK A.Ş.

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

		Current Year Audited Consolidated	Prior Year Audited Consolidated
	Notes	01.01-31.12.2021	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)



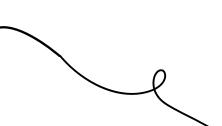


ÇAN2 TERMİK A.Ş.

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

		Current Year Audited Consolidated	Prior Year Audited Consolidated
	Notes	01.01-31.12.2021	01.01-31.12.2020
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

İlişikteki yer alan dipnotlar konsolide finansal tabloların tamamlayıcı parçalarıdır





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(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.





1. GRUP'UN ORGANIZASYONU VE FAALIYET KONUSU (DEVAMI)

Subsidiaries (Cont'd)

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.

With the Share Purchase Agreement signed on October 20, 2016, the shareholders of Yel Enerji transferred all their shares to Çan Kömür 2 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 31 December 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").



ÇAN2 TERMİK A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Accounting policies (Cont'd)

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.

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.

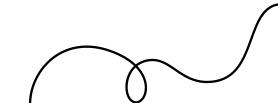
Basis of Consolidation

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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Basis of Consolidation (Cont'd)

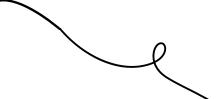
- Amount that relates with minority shares from the profit/loss of consolidated subsidiaries for the period are determined, and the amount that relates with minority shares of the net assets of consolidated subsidiaries are determined separately from the amount that relates with parent company. Amount 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.
- 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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Comparative Information and Correction of Prior Financial Statements (Cont'd)

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.

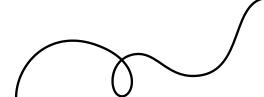
Changes in accounting policies

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

b. Changes and misstatements in accounting estimates

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





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b. Changes and misstatements in accounting estimates (Cont'd)

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.

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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

b. Changes and misstatements in accounting estimates (Cont'd)

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 de-ductible 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.

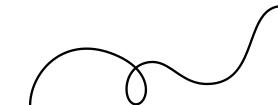
c. Comparative Information and Correction of Prior Period Financial Statements

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

d. 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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

e. Changes in International Financial Reporting Standarts

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:

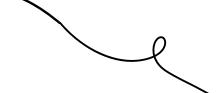
Amendments to TFRS 7 and TFRS 16 - Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The 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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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

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 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.

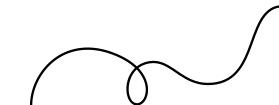
Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

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.





Annual Report 2021

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

f. Summary of Significant Accounting Policies

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

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

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.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Financial assets at fair value through other comprehensive income

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

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

Recognition and derecognition of financial assets

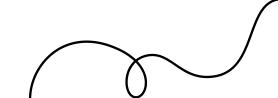
The Group reflects the financial assets or liabilities to its balance sheet when it becomes a party to the relevant financial instrument contracts. The Group derecognizes an asset; all or part of it, when it loses its control over its contractual rights. The Group derecognizes a financial liability only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

Impairment of financial assets / expected credit loss

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

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





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

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

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.

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)





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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	<u>50</u>
Machinery, plant and equipment	4-15
Vehicles	<u>5</u>
Furniture and fixtures	3-15
Leasehold improvements	the lesser of the lease term (days) or useful life

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

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







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

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

Intangible assets

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

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

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

Leases - TFRS 16 (As tenant)

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

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

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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,
- 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





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

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

Cash Flow Hedge

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

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

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

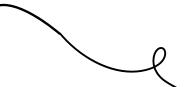
Practical expedients

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

Investment properties

In-vest-ment property is property (land or a building or part of a building or both) held to earn rentals or for capital ap-pre-ci-a-tion or both rather than held for use in the pro-duc-tion or supply of goods or services or for ad-min-is-tra-tive purposes or property held for sale in the ordinary course of Business. After initial recog-nition, in-vest-ment property is accounted as cost less ac-cu-mu-lated de-pre-ci-a-tion (except land) and less ac-cu-mu-lated im-pair-ment losses. In-vest-ment property is initially measured at cost, including trans-ac-tion costs. in-vest-ment property under con-struc-tion are measured at cost, until the date the construction or renovation is completed, at which date it is transferred to investment property.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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.

Borrowing costs that are directly at trib ut able to the acquinsintion, connstruction or pronduction of a qualuinfying 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.

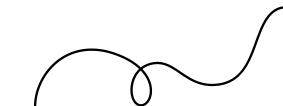
Where funds are borrowed specif¬i¬cally for the acquisition of a qualifying asset, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary in¬vest¬ment of such bor-row¬ings.

Where funds are part of a general pool, the eligible amount is de¬ter¬mined by applying a capitalization rate to the ex¬pen¬di¬ture 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 sub¬stan¬tially all of the ac¬tiv¬i¬ties necessary to prepare the asset for its intended use or sale are complete. Where con¬struc¬tion of a qualifying asset is completed in stages, which can be used while con¬struc¬tion of the other parts continues, capitalization of at¬trib¬ut¬able borrowing costs should cease when sub¬stan¬tially all of the ac¬tiv¬i¬ties 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).







Annual Report 2021

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

Provisions, Contingent, assets and liabilities

Provisions

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

Contingent Assets and Liabilities

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

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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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

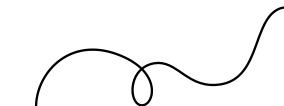
If a contract is only legally enforceable, collection can be carried out, rights and payment conditions for goods and services can be defined, the contract has commercial essence, the contract is approved by the parties and the full terms of the commitment by the parties to fulfill their obligations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







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

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

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 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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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.

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.

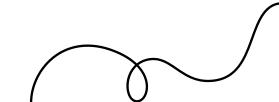
Earnings/Loss per share

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:

- 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).

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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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.

Türkiye'deki bir işyeri ya da daimi temsilcisi aracılığı ile gelir elde eden kurumlar ile Türkiye'de yerleşik kurumlara ödenen kar paylarından (temettüler) stopaj yapılmaz. Bunların dışında kalanlara yapılan temettü ödemeleri %15 oranında stopaja tabidir. Karın sermayeye ilavesi, kar dağıtımı sayılmaz ve stopaj uygulanmaz. Türk vergi mevzuatına göre beyanname üzerinde gösterilen mali zararlar 5 yılı aşmamak kaydıyla dönem kurum kazancından indirilebilirler. Ancak, mali zararlar, geçmiş yıl karlarından mahsup edilemez.

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)





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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".

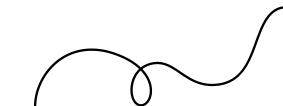
Amount arising from the merger of businesses subject to common control, which are included in the "The Effect of Mergers Involving Entities Subject to Common Control" are as shown below;

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

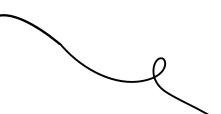
None. (31.12.2020: None





5. SEGMENT REPORTING

	01.0	1.2021 - 31.12.202	21		
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 PERIOD FROM HALTED OPERATIONS					
NET PROFIT/LOSS	(15,692,849)	(165,270,157)	(180,963,006)		(180,963,006)



ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

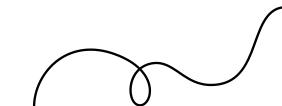
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

5. SEGMENT REPORTING (Cont'd)

31.12.2021

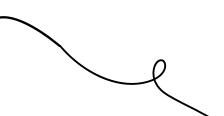
	Mining	Energy Generation	Total	Elimination Effect	Total Consolidated
Current Assets	30,099,370	579,288,800	609,388,170	(67,877,826)	541,510,344
Non-Current Assets	40,477,368	4,972,292,802	5,012,770,170	(1,150,000)	5,011,620,170
Total Assets	70,576,738	5,551,581,602	5,622,158,340	(69,027,826)	5,553,130,514
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





5. SEGMENT REPORTING (Cont'd)

	01.01	1.2020 - 31.12.20	20		
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



ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

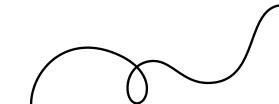
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

5. SEGMENT REPORTING (Cont'd)

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
		<u> </u>			
Equity	(8,524,415)	802,130,667	793,606,252	(1,150,000)	792,456,252





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



6. RELATED PARTIES TRANSACTIONS (Cont'd)

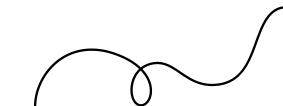
c) Trade payables to related parties:

	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

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





6. RELATED PARTIES TRANSACTIONS (Cont'd)

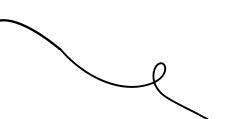
ii) Significant sales to related parties and significant purchases from related parties:

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(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

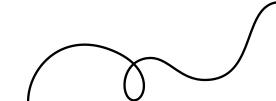
Trade receivables

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

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.





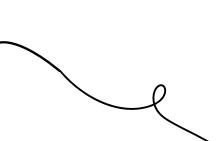
7. TRADE RECEIVABLES (Cont'd)

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

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





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

8. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

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

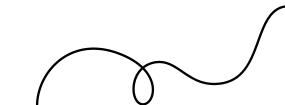
	31.12.2021	31.12.2020
Receivables from related parties	598,309	24,379,661
Other receivables	464,764	2,805,679
Deposits and guarantees given	2,242,323	20,246
Receivables from personnel	33,460	33,460
TOTAL	3,338,856	27,239,046
Deduction: Unaccrued financial expense	(5,613)	(2,581,955)
-Receivables from 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





ÇANZ I EKIMIK A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

(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

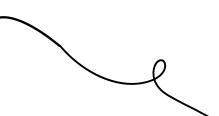
Details of tax payables are as follows:

	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



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

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.

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

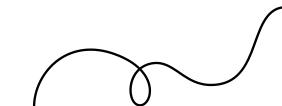
^{*} Advances given is related to production activities of ÇAN2 Termik AŞ.

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





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10. PREPAID EXPENSES VE DEFERRED INCOME (Cont'd)

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.

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 amo	ortization					
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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

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
0	01.01.2020	Addition	Dishosai	Hallstel	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

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

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

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





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

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

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



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12. INTANGIBLE ASSETS (Cont'd)

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







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;

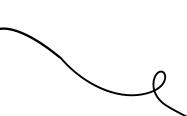
Subsidiary	31.12.2021	31.12.2020
Yel Enerji	3,198,426	2,521,418
Çan2 Termik A.Ş.	3,025,247	3,025,247
Çan2 Trakya	29,992,308	29,992,308
TOTAL	36,215,981	35,538,973

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.



ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

	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

Çan2 Termik A.Ş.'nin Türkiye Cumhuriyeti Ekonomi Bakanlığı Teşvik Uygulama ve Yabancı Sermaye Genel Müdürlüğü tarafından düzenlenen 06.02.2015 tarih, 117824 numaralı yatırım teşvik belgesi 18.09.2017 tarih, C117824 numarası ile yenilenmiştir. Belge konusu yatırım 340 MW kurulu gücünde yerli kömüre dayalı elektrik üretim santrali (Çan 2 Termik Santrali) olup, teşvik belgesi EPDK'nın 10.07.2014 tarih ÖN/5117-5/03070 sayılı ön lisansına istinaden düzenlenmiştir.

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,

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.





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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

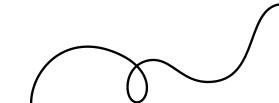
	31.12.2021	31.12.2020
Mine restoration provisions	185,044	185,044
TOTAL	185,044	185,044

In accordance with TFRS 6 Ex¬plo¬ration for and Eval¬u¬a¬tion 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.





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.

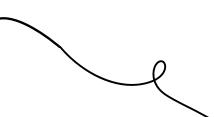
Properties owned by ÇAN2 Termik A.Ş. were pledged as guarantee for loans obtained from Yapı Kredi Bank A.S. and Türkiye Halk Bankası. The pledge is ranged between 1 up to 10th degrees. The total amount of the mortgage was TL 2.614.500.000 and Euro 558.900.000.

Assignments

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

In accordance with the General Loan Agreement signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası 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.





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

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

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:

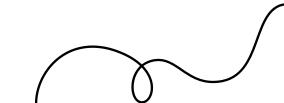
In accordance with the General Loan Agreement signed between the consortium of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch and Halk Bankası Kozyatağı Commercial Branch EÜAŞ Receivable Pledge Agreement was signed as guarantee of the Ioan in favor of Yapı Kredi Bankası A.Ş. Esenyurt Commercial Branch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

Guarantees given

The guarantees given by the group are as follows:

	Guarantees / Pledge / Mortgage (GPM)	31.12.2021	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





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

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.

	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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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. 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

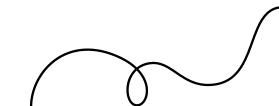
a. Short term

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.





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%





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

19. EMPLOYEE BENEFITS (Cont'd)

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

20. OTHER ASSETS AND LIABILITIES

Other current assets

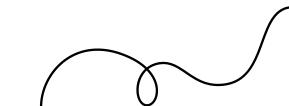
Other Current Assets as of December 31, 2020, and 2021 are as follows:

	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





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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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20. OTHER ASSETS AND LIABILITIES (Cont'd)

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.





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ÇAN2 TERMİK A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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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:

	31.12.20	31.12.2021		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	





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

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)

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	Acquired Equity Share	The Effect of Mergers Involving
	Cost	Value	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.



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

Prior Years Profit/Loss

Dönem net karı dışındaki birikmiş kar/zararlar netleştirilerek bu kalemde gösterilmiştir.

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)

22. REVENUE AND COST OF SALES

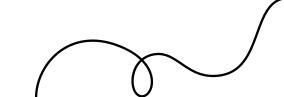
The details of sales are as follows;

	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

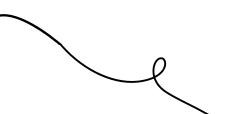




23. EXPENSES BY NATURE

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

	01 January - 31 December 2021	01 January - 31 December 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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING

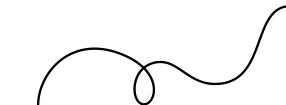
	01 January - 31 December 2021	01 January - 31 December 2020
General administrative expenses	25,637,218	21,305,394
Marketing, selling and distribution expenses	-	7,404,935
TOTAL	25,637,218	28,710,329

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





24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING (Cont'd)

General Administrative Expenses

The details of the general administrative expenses for the periods 01.01.-31.12.2020, 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

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



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ÇAN2 TERMİK A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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25. OTHER OPERATING INCOME AND EXPENSES (Cont'd)

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:

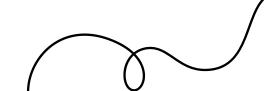
	01 January - 31 December 2021	01 January - 31 December 2020
Income from investment activities	124,648	389,456
Expenses from investment activities		
TOTAL	124,648	389,456

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





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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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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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

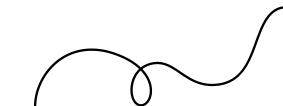
Current Tax

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.





ÇAN2 TERMİK A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

Deferred Tax

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

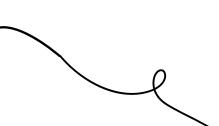
These temporary differences generally resulting from the recognition of income and expenses in different reporting periods according to the CMB Communiqué and tax laws. The rate to be applied for the deferred tax receivables and liability calculated according to the liability method over the temporary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

Turkish tax legislation 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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Deferred Tax (Cont'd)

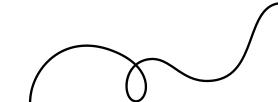
The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of December 31, 2020, and 2021 are as follows:

	Tem	porary Differences	Deferre	ed 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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

Deferred Tax (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.





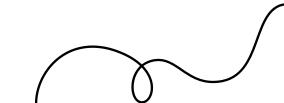
33. FINANCIAL INSTRUMENTS

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
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





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

33. FINANCIAL INSTRUMENTS (Cont'd)

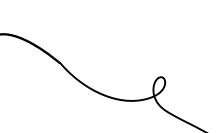
The details of the maturity and interest amounts of the Group's loans are as follows:

Loan repayment schedule:

Long term loans	31.12.2021	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)



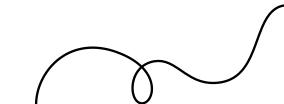
ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

33. FINANCIAL INSTRUMENTS (Cont'd)

	Annual in	terest rate %	Value in fore	ign curreny	Т	L
	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					543,249,068	280,047,374
interest						
01						
Short term Loans in total					625,025,326	326,263,819
EURO Loans		5,5%-7%	102,531,484	127,604,668	1,549,650,601	1,149,450,084
TL Loans		7,5-29%			120,904,835	146,746,210
Long term Loans in total					1,670,555,436	1,296,196,294





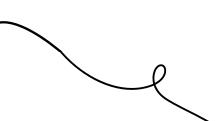
34. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

Credit risk management

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

Receivables							
31.12.2021	Trade rec	eivables	Other re	ceivables	Deposits at	Derivative	Other
31.12.2021	Related party	Third party	Related party	Third party	banks	instruments	Other
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.





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

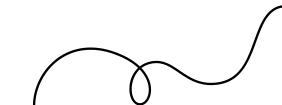
34. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

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

	Receivables					
31.12.2020	Trade rec	eivables	Other receivables		Deposits at	Other
J 1.12.2020	Related party	Third party	Related party	Third party	banks	Other
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.

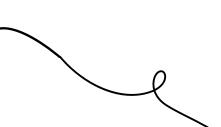
In order to achieve this, appropriate levels of supervision and monitoring is exercised in order to match the maturity of receivables and payables; net working capital management targets are set in order to maintain short-term liquidity and to preserve the balance sheet ratios at certain levels.

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.

Market Risk

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





ÇAN2 TERMİK A.Ş. CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

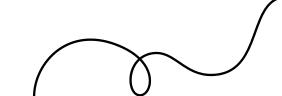
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

Foreign Currency Risk

FOREIG	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							





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

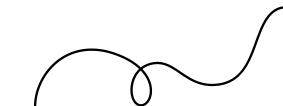
FOREIG	FOREIGN EXCHANGE POSITION						
		31.12.2020					
	TL (Functional Currency)	USD	EUR	GBP			
1. Trade Receivables	24,839,499	3,383,897					
2a. Monetary Financial Assets (Cash, Banks included)	32,725	4,224	129	56			
2b. Non-Monetary Financial Assets	29,530,173	950,595	2,501,409	2,000			
3. Other							
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							



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

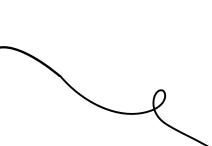
Foreign Exchange Position Analysis Chart							
31.12.2021							
	Profit/(L	oss)	Equ	ıity			
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation			
If the US dolla	r had changed by 20%	against the TRY;					
1- USD net (liabilities)/assets	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 h	nad changed by 20% ag	gainst 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 h	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					





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

Exchange Rate Sensitivity Analysis Chart						
31.12.2020						
	Profit/(L	.oss)	Equ	iity		
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation		
If the US doll	ar had changed by 20%	6 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% a	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				



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

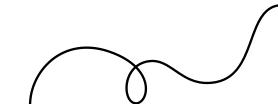
The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates 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.





35. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

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.

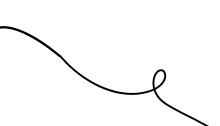
36. SUBSEQUENT EVENTS

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).





CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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.

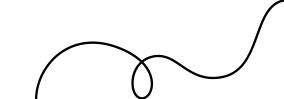
The effectively determined exchange rate differences of foreign currency loans in Euros designated as a hedging tool are withdrawn from the income statement and recorded under cash flow hedging accounting in the other comprehensive income statement.

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%.

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%







CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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.

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

-		Current Period	Prior Period
		Audited	Audited
		Consolidated	Consolidated
	Notes	01.01-31.12.2021	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 Sectors	al	` ′	
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 Income/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)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2021

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

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

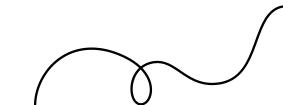
	31.12.2021	31.12.2020
Bank	15,643,115	1,201,444
-Demand deposit	10,862,281	1,117,416
-Time deposit	4,780,834	84,028
Other liquid assets	7,909,606	1,727
TOTAL	23,552,721	1,203,171

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

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	31.12.2020
			TL	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





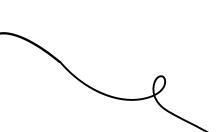
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

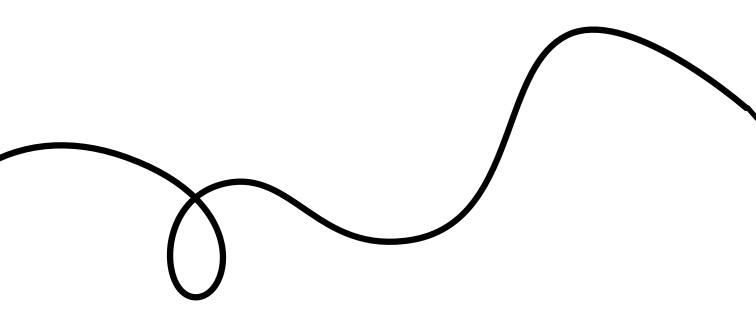
43. EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTIZATION (EBITDA)

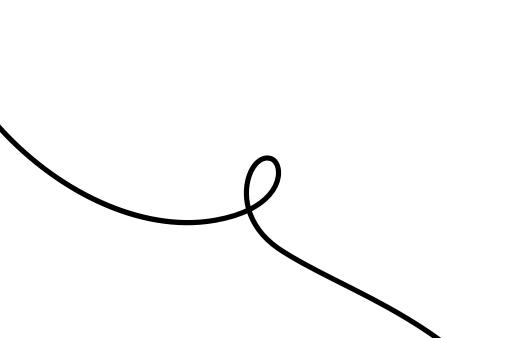
This financial data, which is calculated as financing, tax, pre-depreciation income, is indicative of a business's income measured without taking into account financing, taxes, expenses that do not require cash outflows and depreciation and amort share expenses. This financial data is also indicated 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.

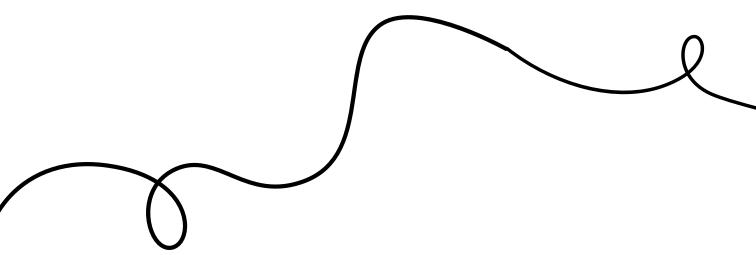
The profit amount before interest, tax, and depreciation in the period 01.01.-31.12.2021 is TL 366.647.153 (01.01-31.12.2020: TL 261.472.404).













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