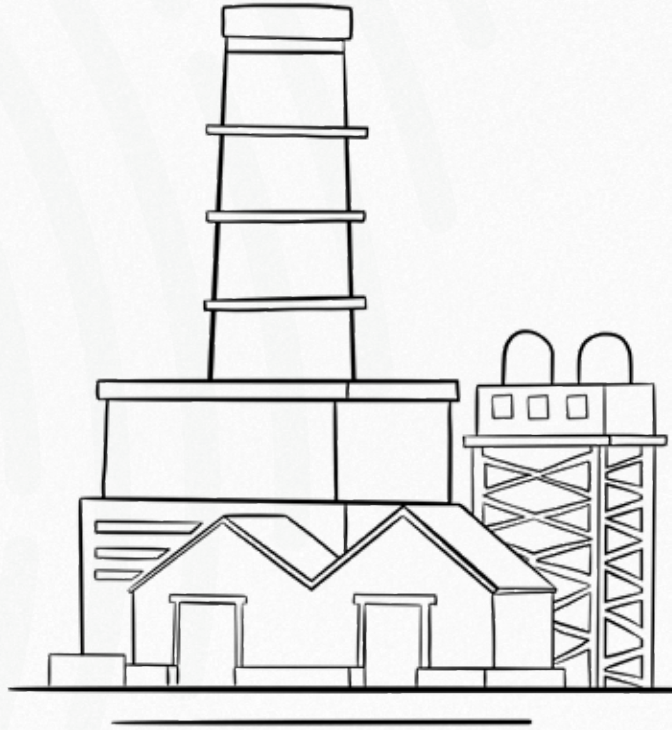




**Leaving Our Mark On The Future  
With Our Power**





**Leaving Our Mark On The Future *With Our Power***



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**Leaving Our Mark On The Future**  
*With Our Power*

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# 02

## SECTION

### CORPORATE GOVERNANCE

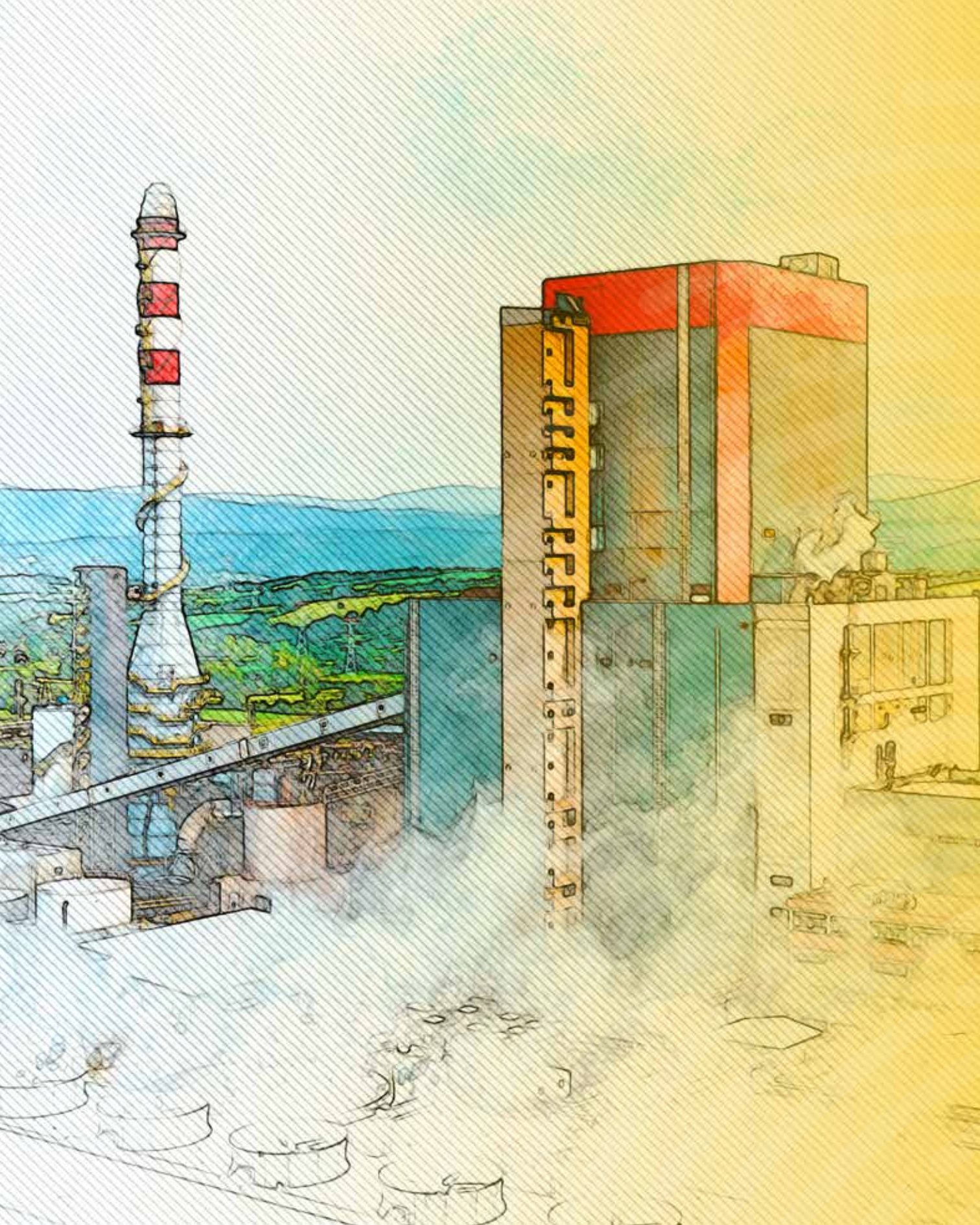
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01

SECTION

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**ÇAN2**  
**OVERVIEW**



## INDEPENDENT AUDIT REPORT ON THE BOARD OF DIRECTORS' ANNUAL ACTIVITY REPORT

*To the General Assembly of  
Çan2 Termik Anonim Şirketi*

### 1) Opinion

We have audited the annual report of Çan2 Termik Anonim Şirketi ("the Company") and its subsidiaries (will be referred to collectively as the "Group") for the fiscal year 01.01.2024-31.12.2024.

In our opinion, the financial data provided in the annual activity report of the Board of Directors and the Board's evaluations on the Group's standing based on the data in the audited financial statements are consistent with audited full set of 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

Our independent audit has been performed in accordance with the Independent Audit Standards ("IASs") 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 ("Code of Conduct") 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 constitute an adequate and reliable basis for building our opinion.

### 3) Our Audit Opinion on Full Set Consolidated Financial Statements

We have issued an affirmative opinion on the Group's complete set of financial statements for the accounting period from 01.01.2024-31.12.2024, including the matters highlighted in our auditor's report dated 11.03.2025 and the going concern provisions.

### 6) Board of Directors' Responsibility for Annual Activity Report

The Group's Management is responsible for the following in relation to the annual activity report, according to the articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102:

a) Prepares the annual activity report and submits it to the general assembly within the

first three months following the balance sheet date.

**b) Furnishes the annual activity 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 activity 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 activity report, the Board of Directors takes into consideration the secondary legislative regulations issued by the Ministry of Trade and the relevant authorities as well.

## **7) The Responsibility of Independent Auditor for Independent Audit of Annual Activity Report**

Our purpose is to provide an opinion on whether the financial figures in the annual activity 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 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 financial figures in the annual activity report and respective evaluations of the Board of Directors based on the data in the audited financial statements are consistent with financial statements and the information acquired during the audit and whether they reflect the truth.

**AS Bağımsız Denetim ve YMM A.Ş.**  
(Member of NEXIA INTERNATIONAL)

**O. Tuğrul Özsüt**  
Cap Auditor

**İstanbul, 11.03.2025**



## GENERAL INFORMATION ABOUT THE COMPANY

**Trade Name:** Çan2 Termik A.Ş.

**Registered Address of the Company:** Barbaros Mah. Başak Cengiz Sokak Varyap Meridian  
Sitesi No1/D Villa 4 Batı Ataşehir, İstanbul

**Affiliated Trade Registry Office:**

İstanbul Trade Registry Office

**Trade Registry Number:** 886148

**Date of Registration in the Trade Registry:** 27.05.2003

**Tax Office:** Kozyatağı Tax Office

**Tax Number:** 2280761419

**Registered Capital Ceiling:** 10,000,000,000 TRY

**Paid-in Capital:** 7,000,000,000 TRY





## SHAREHOLDING STRUCTURE

As of 31.12.2024, the shareholder structure of Çan2 Termik A.Ş., which has a total paid-up capital of 7,000,000,000 TRY within the share capital limit of 10,000,000,000 TRY, is as follows.

Shareholder's Full Name/Title	Share in Capital	Share Percentage
Odaş Elektrik Üretim Sanayi Tic. A.Ş.	2,799,982,397.49	40%
Public Portion	4,200,017,602.51	60%
<b>Total</b>	<b>7,000,000,000</b>	<b>100.00%</b>

## THE BOARD OF DIRECTORS AND THE COMMITTEES

The 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 31.12.2025.

Full Name	Title	Term of Office
Burak ALTAY	Chairman of the Board of Directors	Until 31.12.2025
Ali Kemal KAZANCI	Vice Chairman of the Board of Directors	Until 31.12.2025
Mustafa Ali ÖZAL	Board Member	Until 31.12.2025
Zehra Zeynep DERELİ KARAÇÖL	Independent Board Member	Until 31.12.2025
Umut APAYDIN	Independent Board Member	Until 31.12.2025

## COMMITTEES UNDER THE BOARD

Audit Committee	
Full Name	Role
Umut APAYDIN	Chair of the Committee
Zehra Zeynep DERELİ KARAÇÖL	Member of the Committee

Corporate Governance Committee	
Full Name	Role
Umut APAYDIN	Chair of the Committee
Zehra Zeynep DERELİ KARAÇÖL	Member of the Committee
Melih YÜCEYURT	Member of the Committee

Early Detection of Risk Committee	
Full Name	Role
Zehra Zeynep DERELİ KARAÇÖL	Chair of the Committee
Umut APAYDIN	Member of the Committee

## MANAGEMENT TEAM

Full Name	Position/Title
Ahmet Göksal CAN	Head of Power Generation Group
Melih YÜCEYURT	Finance and Investor Relations Director
Adeviye DEMİR PEKMEZCİ	Accounting and Reporting Director
İlknur YILMAZ COŞKUN	Legal Director
İnci Uğurlu ARIKAN	Director of the People And Culture Department
Bülent BARUT	Plant Manager
Caner DEMİRAYAK	COO

## SUBSIDIARIES

Title	Çan2 Termik A.Ş.'s Share in Total Capital	Rate (%)
Çan 2 Trakya Kömür Maden A.Ş.	550,000 TRY	100%
Yel Enerji Elektrik Üretim Sanayi Tic. A.Ş.	6,000,000 TRY	100%
Denarius Pumping Services LLC	6,500 USD	65%
Denarius Pumping Services de Venezuela CA	130,000 VEF	65%*

### 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 2024, its capital is 6,000,000 TRY and 100% of the shares belongs to Çan2 Termik A.Ş.

### Denarius Pumping Services LLC

Çan2 Termik A.Ş. acquired a 65% stake in Denarius Pumping Services LLC on 03.04.2024, and it has been included in the consolidation. Denarius Pumping is engaged in investment projects.

### Denarius Pumping Services de Venezuela CA

Çan2 Termik A.Ş. has been included in the consolidation of Denarius Pumping Services de Venezuela CA as of 03.04.2024, as it has become a 65% indirect affiliate of Denarius Venezuela due to its partnership with Denarius Pumping Services LLC. Denarius Venezuela is engaged in investment projects.

## INDEPENDENT AUDIT

As part of the company's financial table and report auditing for 2024 and as per the Board of Directors' decision dated 23.08.2024 and numbered 2024/16 and the decision made at the company ordinary general assembly meeting on 17.12.2024, AS Bağımsız Denetim ve YMM A.Ş. was chosen to do the independent external audit for the 2024 fiscal year.

## OPERATIONAL STATUS DURING THE PERIOD

### Çan2 Thermal Power Plant (340 MWm/330 MWe)

The gross power generation of Çan2 Thermal Power Plant in 2024 was 1,984 GWh. (Gross power generation between 01.01.2023 and 31.12.2023 was 1,962 GWh).

## AN OUTLOOK ON THE SECTOR

### Comparison of Production, Consumption and Installed Capacity;

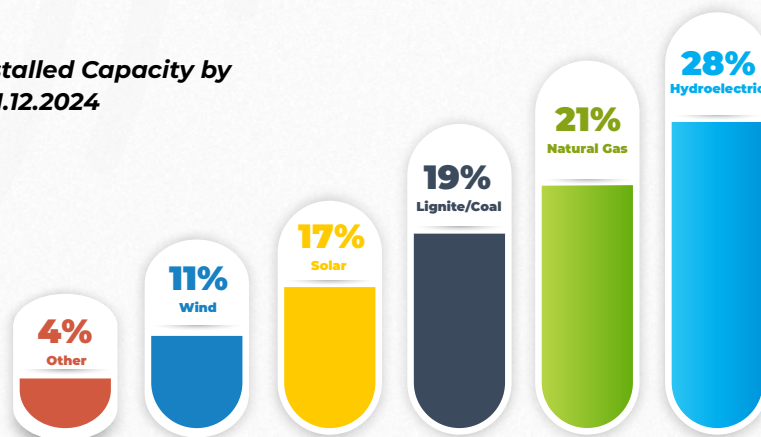
According to TEİAŞ data, the total installed capacity in the industry was 115,983 MW as of the end of year in 31.12.2024, with an increase of 4,956 MW compared to 31.12.2023 (after taking into account the plants whose capacity was reduced and closed down). The rate of increase was 4,46%.

In terms of the installed capacity of thermal power plants, as of 31.12.2024, the capacity of domestic coal power plants increased by 35 MW compared to 31.12.2023 while the capacity of imported coal power plants increased by 82 MW. And the capacity of natural gas power plants was decreased by 698 MW. The renewable energy portfolio maintained its upward trend as of the end of December 2024, as in the previous years, with a 9% increase in installed

capacity compared to the same period of the previous year. As of end-December 2024, the highest installed capacity increase in renewable energy was in solar power plants with 4,148 MW, followed by wind power plants with 1,058 MW. The capacity increases of hydroelectric and biomass power plants were 241 MW and 48 MW respectively in the same period.

As of 31.12.2024, the breakdown of total installed capacity is 28% Hydroelectric, 21% Natural Gas, 10% Domestic Coal, 9% Imported Coal, 11% Wind, 17% Solar, and 4% other energy resources. When the distribution by type of establishment is analyzed, 18.6% of the installed capacity belongs to EÜAŞ and its subsidiaries, 2.9% to Build-Operate-Transfer plants and plants with transferred operating rights, 62.5% to independent generation companies and 16% to unlicensed plants.

### Distribution of Installed Capacity by Resources as of 31.12.2024

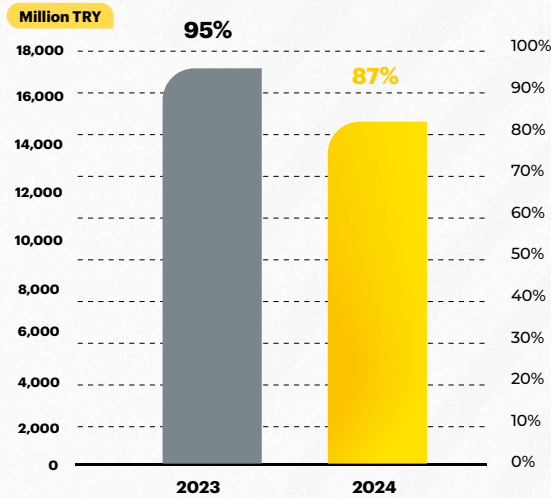


## FINANCIAL HIGHLIGHTS

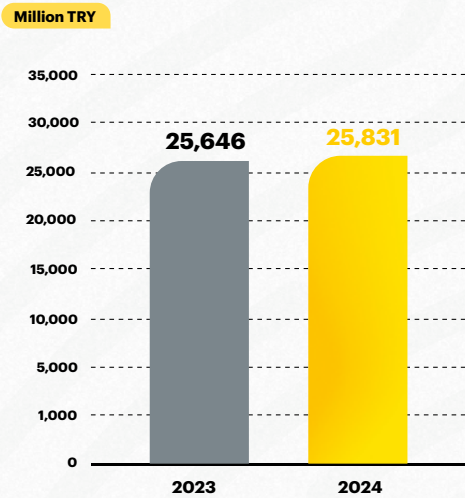
CONSOLIDATED FINANCIAL DATA (Million TRY) *	2023	2024
CASH AND CASH EQUIVALENTS	162	157
NET OPERATING CAPITAL	4,945	2,147
LONG-TERM FINANCIAL LIABILITIES	31	82
NET CASH POSITION	131	75
TOTAL EQUITY (Attributable to the Parent Company)	24,296	22,474
TOTAL ASSETS	25,646	25,831
TOTAL EQUITY / TOTAL ASSETS	95%	87%
NET SALES	8,419	6,104
NET PERIOD PROFIT (Attributable to the Parent Company)	645	-1,233
EBITDA	1,955	1,523
EBITDA MARGIN	23%	25%

\* The consolidated financial statements as of December 31, 2023, and December 31, 2024, have been adjusted for inflation in accordance with Turkish Accounting Standard 29 (TMS 29) in line with the Public Oversight Authority's statement dated November 23, 2023.

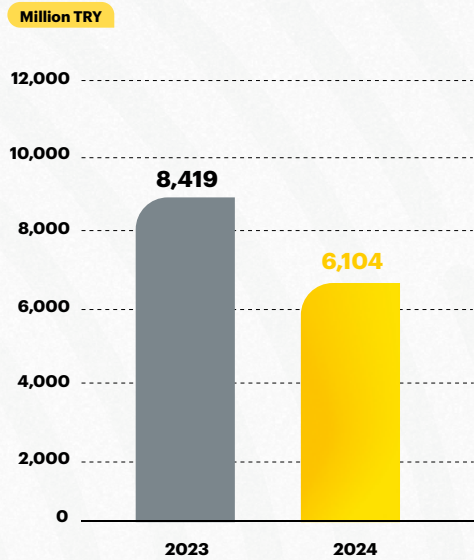
### TOTAL EQUITY / TOTAL ASSETS (%)



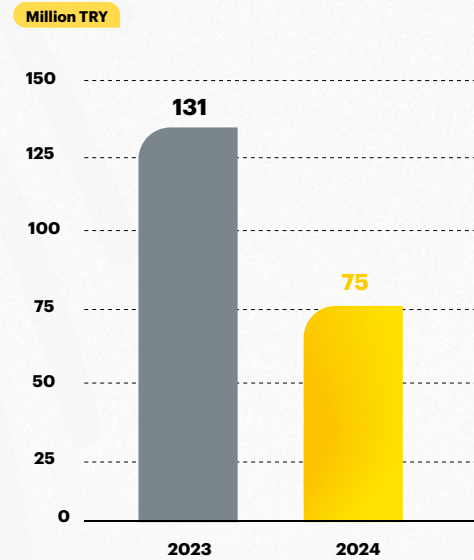
### TOTAL ASSETS



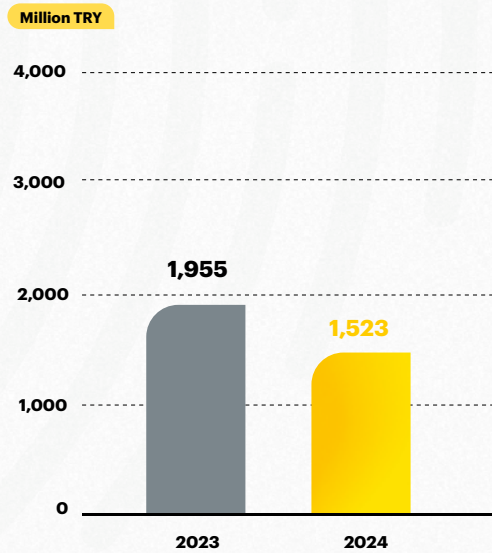
**CONSOLIDATED NET SALES**



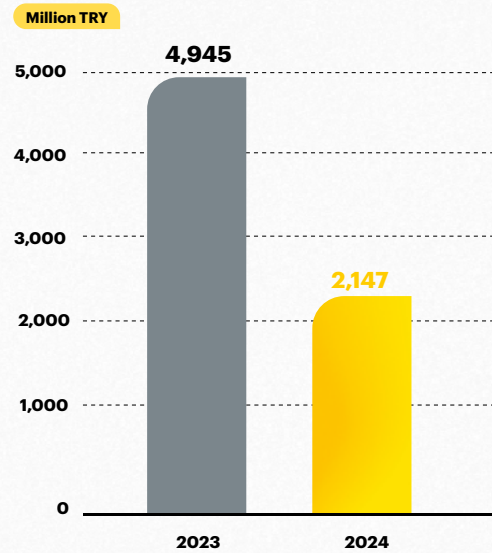
**NET CASH POSITION**



**EBITDA**



**NET OPERATING CAPITAL**



## Electricity generation and consumption

According to real-time consumption data from the EPIAŞ transparency platform, consumption in the 12-month period of 2024 was increased by 6% compared to the same period of the previous year, reaching 325,570 GWh. In the 12-month period of 2024, peak daily consumption increased by 6% compared to the same period of the previous year, reaching 1,203,587 MWh. In addition, according to real-time production data from the EPIAŞ transparency platform, the resource-based distribution of production for the 12-month period of 2024 is as follows: 18% natural gas, 22.8% hydroelectric, 21.4% imported coal, 12.3% domestic coal, 11.4% wind, 7.6% solar, and 6.5% other sources. The most significant change in the distribution of power generation compared to the same period last year was a 35% increase in solar power, followed by a 25% increase in hydroelectric power, a 9% increase in wind power, an 8% increase in biomass

power, and a 7.8% increase in naphtha. Additionally, a 4% decrease was observed in natural gas in the same period.

The average MCP (Electricity Market Clearing Price) in 2024 was 2,235 TL/MWh, with an increase of 2% from the previous year. In dollar terms, it was realized at \$69/MWh, with a 30% decrease.

The price of Brent crude oil in US dollars reached \$84 per barrel on 31.12.2024, representing a 4% increase compared to 31.12.2023. Botaş's tariff for Utilization for Power Generation remained unchanged for the period of December 2024 compared to the period of December 2023, maintaining the level of 12,000 TRY/1,000Sm<sup>3</sup>. At the same time, the API2 coal index, an indicator of the cost of imported coal, increased by 8% in dollar terms on 31.12.2024 compared to the same period last year, reaching \$115/ton.

## RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

With 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](http://can2termik.com.tr). Independent directors Zehra Zeynep Dereli Karaçöl (Committee Chairperson) and Umut Apaydın (Committee Member) were elected as members of the Early Risk Detection Committee.



## DIVIDEND PAYMENT POLICY

The company's dividend payment principles are based on Article 15 of the Articles of Association entitled "*Determination and Payment of Dividends*," and dividends are determined and paid in accordance with the provisions of the Turkish Commercial Code and Capital Markets Legislation. According to Capital Markets Legislation, public companies are not required to pay dividends. The principles regarding dividend payment are determined within the framework of the Company's Dividend Payment Policy.

In accordance with the aforementioned Article 15 of the Articles of Association, The Dividend Payment 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.

The rate of dividend to be paid 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 WITHIN THE PERIOD

It has been decided to increase the upper limit of the registered capital ceiling specified in Article Six of our company's Articles of Association to 10,000,000,000 TRY and to revise the registered capital ceiling to cover the years 2024-2028. This has been registered with the Istanbul Trade Registry Office on 18.04.2024 and published in the Turkish Trade Registry Gazette, issue no. 11068, dated 24.04.2024.

The capital specified in Article Six of our company's Articles of Association has been increased by 646.1756% to 7,000,000,000 TRY, and the aforementioned issued capital has been paid in full, free of any collusion. This has been registered with the Istanbul Trade Registry Office on 02.07.2024 and published in the Turkish Trade Registry Gazette, issue no. 11113, dated 02.07.2024.

## PERSONNEL INFORMATION

The number of employees of the Company as of 31.12.2024 is 708. 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

During the period of 01.01.2024 - 31.12.2024, a total of 5,584,279.57 TRY was donated by Çan2 Termik A.Ş. and its Subsidiaries.

## THE HISTORY AND DEVELOPMENT OF THE COMPANY

### Foundation

The 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. has acquired 100% of the company. The shares of the company started trading on Borsa İstanbul as of April 30, 2021.

### Çan2 Thermal Power Plant Investment Period

In 2013, coal with a high calorific value (3481 kcal) was discovered after drilling operations in accordance with JORC standards.

In 2014, we started the investment process for the power generation plant with an installed power of 340 MWm / 330 MWe. During the investment process, some of the plant equipment (such as Turbines, Generators, and Boilers) were procured by relocation from another power plant in Graz, Austria, which had operated for approximately 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 received in 06.12.2019.

### Commencement of Commercial Operation

Çan2 Thermic Power Plant started to operate commercially on 1 August 2018 upon the approval of the ministry.

### 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 its financial structure, and utilize its revenues to partially settle debt. The company shares started to be traded at Borsa İstanbul on 30 April 2021 following the approval of its public offering.

### **Efforts on Sustainability**

Çan2 Termik A.Ş. continues its efforts to establish its infrastructure for environmental, social, and governance (ESG) issues, adapt a corporate culture of sustainability within the Group, and determine its sustainability strategy.



## PEOPLE AND CULTURE

In 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"*. Çan2 Termik A.Ş. and its subsidiaries continue their operations with 708 employees as of December 31, 2024.

### Recruitment Activities

Role-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, it is aimed to complete the candidate evaluation and measurement process in an objective and accurate manner through practices such as competency-based one-on-one interviews, personality inventories conducted by specialized organizations, numerical and abstract aptitude tests, and foreign language tests, particularly for administrative and engineering positions.

Along with the primary recruitment 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 recruitment process, regional employment is prioritized to support labor in the districts

near our business and in its surrounding locations. Following the recruitment process, orientation training is conducted either in person or online to facilitate the employee's adaptation period to our company.

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 candidates is thoroughly reviewed and their employment is ensured by ensuring that they are referred to the most appropriate position for their disability status. Candidates who are also residents of Çan district are given priority to work in the most suitable job according to their personal skills and experience.

### Training and Development Activities

Managing the business in accordance with the dynamics of the energy industry and the rapidly changing global environment while ensuring the development of human resources in terms of skills and competencies in line with these dynamics are among the priorities of Çan2 Termik A.Ş.

In line with the people and culture-focused approach of Çan2 Termik A.Ş., we value ensuring that every employee who joins our company has a positive experience, adds value to themselves, learns, and gains awareness during this process. With the development platform, we aim to guide employees on their career journeys. This in turn is supported by training from professional institutions and internal company collaborations, in order to help

employees advance in their careers. With the trainings conducted, we aim to develop the leadership competencies that managers leading teams in the company demonstrate in their work, themselves, and their teams. The Occupational Health and Safety and technical training courses, which are part of the compulsory training program and are of great importance, are ensured to be continued. We also aim to render the technical and industry-specific knowledge and skills of the employees sustainable in line with a leadership vision.

### **Remuneration and Fringe Benefits Management**

Çan2 Termik A.Ş. ensures that all its employees are provided with a competitive remuneration and fringe benefits policy based on equal and fair management – this especially includes Labor Law provisions and prevailing market conditions.

This includes all salary-related work, such as determination of salaries, implementation of fringe benefits, efforts to increase salaries, evaluation of jobs for new positions or new responsibilities to determine the scope and scale of the job, and grading work.

All these works are carried out by the Human Resources and Culture Team, taking the industry in which the company operates, the geographical region and conditions in which the businesses are located, the practices of similar companies, market research, and internal company dynamics into consideration. Salary-related works are conducted during the initial offer process, inflation adjustments, promotion processes,

and when adapting to legal or exceptional changes in market conditions.

Similarly, adjustments on fringe benefits are also evaluated based on increases in inflation.

### **Internal Communication and Employee Satisfaction**

At Çan2 Termik A.Ş., employee satisfaction with respect to working conditions, working environment, communication resources, approaches by managers and management, and human and cultural processes provided by the employer is measured on a regular basis.

In 2023, Çan2 Termik A.Ş. was awarded the “Great Place to Work” certificate as a result of the evaluation of its employees within the scope of the program conducted by the Great Place to Work Institute, which provides services on a global scale with regard to workplace culture and employee satisfaction.

Internal 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. In order to achieve a healthy action plan, the opinions of employees are gathered through the Employee Engagement and Satisfaction Survey, which is conducted every 2 years, to determine the strengths and areas for improvement of our company. Survey results are shared with employees starting from the management level and the actions taken/to be taken are notified to employees.



ÇAN 2 TERMİK

ÇAN 2 TERMİK



02

SECTION

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# CORPORATE GOVERNANCE

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## CORPORATE GOVERNANCE COMPLIANCE REPORT

### SECTION I - CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Çan2 Termik A.Ş. (the Company) 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 the corporate governance principles while proceeding towards its objectives. Çan2 Termik A.Ş. complied completely with the mandatory principles under Communiqué No. II-17.1 on the Identification and Application of Corporate Governance Principles, and did its best to comply with the optional principles in 2024.

The Company's Corporate Governance Compliance Report ("CGCR") and Corporate Governance Information Form ("CGIF") for the accounting period of 01.01.2024-31.12.2024 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 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 foundations, the efforts to comply with corporate governance principles, which were initiated within the company and continued throughout 2024, continue to be operated through many mechanisms established 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. 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.

#### **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

At our company, 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, Chairperson of the Board of Directors and the Chief Executive Officer. Investor Relations team and senior executives of the Company together held meetings with 13 local and foreign investors, analysts and portfolio managers in total during the year 2024.

#### ***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 Cases 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	<i>Finance and Investor Relations Director</i>
Atakan Savaş	<i>Investor Relations Specialist</i>

E-mail: [yatirimciiliskileri@can2termik.com.tr](mailto:yatirimciiliskileri@can2termik.com.tr)

### 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 2024, 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 section of "Investor Relations" in the Company's

website ([www.can2termik.com.tr](http://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 2024. 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 31.12.2024 is as follows.*

Shareholder's Full Name/Title	Share in Total Capital	Share Percentage
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	2,799,982,397.49	40%
Public Portion	4,200,017,602.51	60%
Total	7,000,000,000.00	100.00%

## 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 2023 Ordinary General Assembly Meeting was held at the address Nidakule Kuzey Ataşehir Barbaros Mahallesi Begonya Sokak No:3 B3 katı 34746 Ataşehir/ İstanbul under the supervision of the Ministry Representative appointed by T.R. Ministry of Customs and Trade at 10:00 on Tuesday December 17, 2024. 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 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](http://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.

Prior to the General Assembly meetings, the disclosure document regarding the items in the agenda is drawn up and announced to the public, in compliance with the legal procedures and regulations regarding all disclosures. Within the framework of the items on the agenda of the General Assembly meeting, financial statements and reports, dividend payment proposals, and independent audit reports including the audited annual report, as well as any proposed amendment texts and justification thereof in case of Articles of Incorporation amendments, the disclosure policy, remuneration policy, dividend policy, personal backgrounds of all prospective Board members including independent ones, and other documents which are to serve as the basis of the items on the agenda, are made easily available for review by shareholders, at the corporate headquarters and on the website.

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.

Following the General Assembly meeting, the minutes of the meeting are registered in the company's minute book. The meeting minutes are available at KAP, E-GKS (Electronic General Assembly System) and the corporate website. The General Assembly meetings, the attendance sheet, agenda, and announcements are made available for review by all local and foreign investors simultaneously.

The company carried out electronic general assembly meeting preparations for 2023 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 (E-GKS) of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository) on 14.11.2024, in the issue no. 11211 of Turkish Trade Registry Gazette dated 20.11.2024 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 7,000,000,000 shares with nominal value of TRY 1 corresponding to the company's total capital TRY 7,000,000,000, the shares corresponding to total capital of TRY 2,938,660,611.641 were represented, TRY 2,935,154,172.53 capital shares by proxy and TRY 3,506,439.108 capital shares in person, and therefore the quorum was present as stipulated in the Turkish Commercial Code, Capital Markets Law and Articles of Incorporation.

Donations and grants worth a total of TRY 4,619,995 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 6,000,000 for 2024 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. 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 2023.

During the 2024 fiscal year, the company held an Extraordinary General Assembly on 02.04.2024, in accordance with Article 1527 of the Turkish Commercial Code, in preparation for the electronic General Assembly, in compliance with legal regulations.

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 08.03.2024, 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 938,116,902,57 shares with nominal value of TRY 1 corresponding to the company's total capital TRY 938,116,902,57 as per the records of Merkezi Kayıt Kuruluşu A.Ş. (Central Securities Depository), the shares corresponding to total capital of TRY 575,934,294.57 were represented, TRY 575,714,282.57 capital shares by proxy and TRY 220,012 capital shares in person, and therefore the quorum was present as stipulated in the Turkish Commercial Code, Capital Markets Law and Articles of Incorporation. At the Extraordinary General Assembly, the Registered Capital Ceiling was increased to TRY 10,000,000,000 and is valid for the years 2024-2028.

### **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. The Company avoids practices which may complicate the exercise of voting rights. At the ordinary and extraordinary general assembly meetings of the Company, shareholders are accorded 1 vote for each share. There are no privileged shares in the company.

The shareholders can appoint proxies from both within and outside the shareholders, to represent them at the General Assembly meetings. Proxy voting procedures are carried out in accordance with capital market legislation and relevant regulations.

### **Dividend Rights**

The 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 company website.

The proposal of the board of directors regarding the payment or non-payment of dividends was discussed at the Company's 2023 Annual General Assembly, and as a result of the discussion of the Company Board of Directors' decision dated 12.11. 2024, it was determined that, based on the financial statements prepared from the operations of our company in 2023 in accordance with the Tax Procedure Law, no dividend-eligible profit was generated for the 2023 fiscal year; therefore, the proposal to not pay dividends was approved by a majority vote of the attendees at the General Assembly meeting.

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 approval of the Energy Market Regulatory Board shall be sought for each instance of direct or indirect acquisition of shares representing 5% or more of the Company's capital, by a natural or legal person, and existing shareholders acquiring additional shares to increase their shareholdings above 5% of the legal person's capital, and/or any share transfers causing a fall of the shareholding of an existing shareholder below the above-mentioned limits.

Even if no share transfers occur, the establishment and removal of concessions on existing shares, or the issuance of dividend shares are submitted to the approval of the Energy Market Regulatory Board, regardless of the rates stipulated above.

## 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.can2termik.com.tr](http://www.can2termik.com.tr); the Investor Relations section of the website contains the issues noted 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 activity report is drawn up in line with the details required in the Turkish Code of Commerce 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, activity 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.'s Human Resources Policy is based around increasing its employees' quality of life, motivating them to work at their maximum potential, and being an indispensable employer.

The goal of our Human Resources Department is to establish human resources systems that will develop the performance of the Group with innovative, creative, solution-oriented ideas that will generate a dynamic, motivated and quality workforce through open communication among all employees.

*The Human Resources Policy consists of the following 3 basic processes aimed at ensuring that employees achieve their maximum potential and continue their personal development:*

- Identification and communication of targets.
- Open communication with employees through a timely and constructive feedback network.
- Technical and personal development activity and training program planning ensuring employees perform their duties in the best way possible, as well as increasing the efficiency of the positions they occupy, and preparing them for possible future tasks.

It is the responsibility of all directors and managers in coordination with the Human Resources Department to carry out effective and transparent relationships with employees. All directors and managers are obliged to treat their employees equally and fairly, without abuse of power. We receive no negative feedback or complaints from employees regarding discrimination because of the importance we attach to the principle of equality, which is among the basic principles of

the company's management approach. Çan2 Termik A.Ş. adhere to the principle of notifying employees of job descriptions, task distributions, performance assessment and reward criteria. Accordingly, all the competencies and qualifications required for a relevant position are determined and the recruitment processes are managed taking into consideration the criteria determined for each position. In addition, areas open to improvement are identified and corrective actions are taken through the Employee Satisfaction Survey conducted.

## **CODE OF CONDUCT**

### **Code of Conduct and Social Responsibility**

The firm's Code of Conduct is drawn up in writing, and is made available to the employees. The Code of Conduct is defined, updated, and published by the Board of Directors. Çan2 Termik A.Ş. Code of Conduct constitutes integral parts of Company Policies and Values, and all employees, including the Board of Directors and the executives are required to abide by the code.

The Company does not allow any violence, harassment and psychological intimidation (mobbing). 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; and compliance of internal company procedures and the provisions of employment contracts with the legal process is ensured within this scope.

### **Code of Conduct**

#### **Honesty**

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

#### **Equality**

Any discrimination on the grounds of age,

language, religion, race, medical status, gender, or marital status constitutes a violation of the rules of the workplace. Employees can report their complaints on this issue directly to the Human Resources Department. The reporting of such complaints cannot be prohibited.

### **Confidentiality**

Employees are required to abide by the principles of professional confidentiality stipulated in the law. As the Company employees, we take good care of maintaining the privacy and confidentiality of information on our customers, employees, and other persons and entities with whom we deal.

We protect the confidential documents regarding the operations of the group companies, and use such information exclusively for the objectives of Çan2 Termik A.Ş., sharing them with relevant parties within the framework of the authorities established.

### **Prevention of Conflicts of Interest**

It is forbidden for an employee of the company, their family members or close friends to benefit personally from the position of an employee in the company. An employee may not be in close contact with people or organizations that may benefit from the business decisions he or she makes or confidential information to which he or she is privy.

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. Conflict of interest occurs when there is a conflict between the private interests of the employee and the interests of Çan2 Termik A.Ş. It is also a conflict of interest to obtain improper personal gains from one's position in the company.

No employee may benefit personally or allow family members or any close relatives to benefit from Company operations, use the Company's property, information and positions for personal gain, or enter into Competition with the Company. Çan2 Termik's employees give/receive gifts from various persons, institutions and establishments with which they have relationships within the rules defined within the company. Our employees shall ensure that company assets are protected and used efficiently. The firm's assets should be used for business purposes only.

### **Social Responsibility**

In 2024, the company implemented social responsibility projects within the framework of its Social Responsibility Policy, taking into account the environmental and social requirements of the community in which we operate.

## **SECTION V - BOARD OF DIRECTORS**

### **Composition and Formation of the Board of Directors**

The business and administration of the Company is carried out by a Board of Directors consisting of at least 5 members to be elected by the General Assembly for a maximum term of 3 years in accordance with the provisions of the capital markets legislation and the Turkish Commercial

<b>Board Members</b>	<b>Role</b>
<b>Burak Altay</b>	Chairman of the Board of Directors (Executive)
<b>Ali Kemal Kazancı</b>	Vice Chairman of the Board of Directors (Executive)
<b>Mustafa Ali Özal</b>	Member of the Board of Directors (Non-Executive)
<b>Umut Apaydın</b>	Independent Member of the Board of Directors (Non-Executive)
<b>Zehra Zeynep Dereli Karaçöl</b>	Independent Member of the Board of Directors (Non-Executive)

Code. The number of Board Members shall be determined by the General Assembly. The members of the Board of Directors of our company were elected at the Extraordinary General Meeting held on 20.12.2023, to serve until 31.12.2025, as follows.

## Personal Backgrounds of the Board Members

### **Burak Altay - Chairman 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 continued his master's degree at the department of financial law at Marmara University. Having developed and implemented numerous start-up projects and investments, Mr. Altay continues to serve as chairperson of the board of directors of Çan2 Termik A.Ş., of which he is a founding partner.

### **Ali Kemal Kazancı - Vice 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 Head of Mining Department at Odaş Energy Group and has been a Board Member of Çan2 Termik A.Ş. since July 2020.

### **Mustafa Ali Özal – Independent Board Member**

Having graduated from Gazi University's Department of Economics, Mr. Özal took on a career in business in 1982. He served as an executive and board member at various companies operating in a number of industries. 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 Elektrik Üretim San. A.Ş. Arsin Enerji Elektrik Üretim San Tic. A.Ş. and Aköz Enerji Elektrik Üretim San. Tic. A.Ş.

### **Zehra Zeynep Dereli Karaçöl - Independent Board Member**

Zehra Zeynep Dereli holds an MA in Development Economics from SOAS University, as well as both BA in Economics alongside certificates in Mathematics and Middle Eastern Studies, all from Princeton University. She launched into career at the Istanbul-based Dundas&Ünlü Menkul Kıymetler, in the Mergers & Acquisitions department. Next, she worked for Shell Trading and Shipping in London on the Risk Analysis, Research, and Compliance teams. Upon returning to Türkiye, she joined Shell Türkiye as a Financial and Supply Analyst. Since then, Dereli has furthered her career by taking on roles in various organizations that all have contributed in some way to developing the Turkish economy, and as the director of the Atlantic Council Black Sea Energy and Economic Forum. For a while, she additionally prepared and hosted "Leaders and Decisions," a weekly political program airing on two Turkish TV channels, SKY Türk and CNBC-E. She also was the General Coordinator of the Turkish Policy Forum, a think tank, at one point as well. Dereli is the founder and CEO of GLOW Communications and APCO Türkiye, and successfully executed DRUM (Dialogue, Respect, and Understanding through Music), a social responsibility project.

In 2021, she was honored with the Female Entrepreneur of the Year award by The Economist magazine for having established Technology and Human Colleges (Tink) – Türkiye's first-ever project dedicated to fostering future technology literates and entrepreneurs, in light of the cultural needs of society. Now, she is an Executive Board member and CEO of several industrial firms at Calinos Holding, as well as participates in several social responsibility initiatives, namely ITU BMTKAUM Advisory Board, TÜBİSAD, WTech, and Endeavor (which she co-founded).

### **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. Apaydin 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. Apaydin 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 on the side.*

#### **UMUT APAYDIN INDEPENDENCE STATEMENT**

I hereby declare that I am up for working as an *"Independent Member"* in the Board

of Directors of Çan2 Termik A.Ş. (Company) within the scope of the legislation, articles of association and criteria determined in the Corporate Governance Communiqué of the Capital Markets Board (CMB), and to this end I further declare;

***As a result of my election to the Board of Directors as an "Independent Member," in accordance with the Capital Markets Board's regulations on Corporate Governance;***

- a)** That they neither personally, nor through my spouse 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 Çan2 Termik A.Ş. ("Çan2 Termik") 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,
- b)** that I have not been a shareholder (5% or more) or executive with significant duties and responsibilities, or board member in the firms 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 firm, during the last five years, in the time frame of such provision or purchase of services or products,
- c)** that I 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,
- d)** that I am not a full-time employee of a government agency or entity,

- e)** that I am considered a resident of Turkey as per the Income Tax Law,
- f)** that I 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 Çan2 Termik A.Ş., while maintaining impartiality in conflicts of interest which may arise between the shareholders,
- g)** that I will be able to set aside time required for the firm's business, to perfectly perform the requirements of the job assumed, and to monitor the operations of Çan2 Termik A.Ş.,
- h)** that I have not served as a member of the Board of Directors of the firm for more than six years in the last ten years,
- i)** that I am not an independent board member for more than three firms where the firm or the controlling shareholders of the firm hold the control of management and/or more than five corporations whose shares are listed in the stock exchange.

*Regards,*

**Umut Apaydın**

### **ZEHRA ZEYNEP DERELİ KARAÇÖL** **INDEPENDENCE STATEMENT**

I hereby declare that I am up for working as an *"Independent Member"* in the Board of Directors of Çan2 Termik A.Ş. (Company) within the scope of the legislation, articles of association and criteria determined in the Corporate Governance Communiqué of the Capital Markets Board (CMB), and to this end I further declare;

*As a result of my election to the Board of Directors as an "Independent Member," in accordance with the Capital Markets Board's regulations on Corporate Governance;*

- a)** That they neither personally, nor through my spouse 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 Çan2 Termik A.Ş. ("Çan2 Termik") 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,

**b)** that I have not been a shareholder (5% or more) or executive with significant duties and responsibilities, or board member in the firms 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 firm, during the last five years, in the time frame of such provision or purchase of services or products,

**c)** that I 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,

**d)** that I am not a full-time employee of a government agency or entity,

**e)** that I am considered a resident of Turkey as per the Income Tax Law,

**f)** that I 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 Çan2 Termik A.Ş., while maintaining impartiality in conflicts of interest which may arise between the shareholders,

**g)** that I will be able to set aside time required for the firm's business, to perfectly perform the requirements of the job assumed, and to monitor the operations of Çan2 Termik A.Ş.,

**h)** that I have not served as a member of the Board of Directors of the firm for more than six years in the last ten years,

**i)** that I am not an independent board member for more than three firms where the firm or the controlling shareholders of the firm hold the control of management and/or more than five corporations whose shares are listed in the stock exchange.

*Regards,*

**Zehra Zeynep Dereli Karaçöl**

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.

### **Operating Principles of the Board of Directors**

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 Chairman 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 2024, the Board of Directors convened 21 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.

None of the members of the Board of Directors, including the Chairperson, weighted voting rights and/or veto powers. In the meetings, each member has one vote.

No insurance has yet been procured to cover the losses that the company may incur due to the negligence of the Board members under the article 4.2.8. of Corporate Governance Principles.

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

Three committees, namely the Audit Committee, the Early Risk Detection Committee, and the Corporate Governance Committee, were established by a resolution of the company's Board of Directors 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.

### **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. Ms. Zehra Zeynep Dereli Karaçöl 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. 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 Corporate Governance Committee shall be composed of a total of three members, two independent non-executive board members, and one official of the company. 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.

### **Members of the Corporate Governance Committee**

The Corporate Governance Committee consists of two independent members of the Board of Directors and the Director of Finance and Investor Relations, who is not a member of the Board of Directors. Ms. Zehra Zeynep Dereli Karaçöl and Mr. Melih Yüceyurt serve as the committee members, while Mr. Umut Apaydın serves as the committee chair.

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 2024. In this context, the Corporate Governance Committee was informed about the investor meetings held in the country and abroad for improvement of the investor profile and about activities in relation to other investor relations practices.

### **Early Detection of Risk Committee**

Early Detection of Risk Committee is composed of at least two non-executive members of the Board. The committee members consist of two independent members of the Board of Directors.

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 2024. 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 its structure and relevant legislation. Financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the groups for power generation, wholesale electricity sales,

and mining activities are reported on a quarterly basis. At Çan2 Termik A.Ş., transactions related to power generation and wholesale sales within the group are eliminated on a reciprocal basis, and consolidated financial statements are prepared accordingly. The periodic financial results and performance of consolidated subsidiaries are regularly analyzed and included in consolidated financial reporting.

Çan2 Termik A.Ş.'s internal control operations are executed within the framework of the applicable legislation, 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 Audit Committee.

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, 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.

The total financial rights provided to board members and senior executives of the company in 2024 is TRY 62,927,265. 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 wages. 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.

## GOVERNMENT SUBSIDIES AND GRANTS

### Çan2 Termik A.Ş. – Investment Incentive Certificate

Çan2 Termik A.Ş.'s investment incentive certificate dated 06.02.2015 and numbered 117824, issued by the General Directorate of Incentive Implementation and Foreign Investment of the Ministry of Economy of the Republic of Turkey, has been renewed on 18.09.2017 with the number C117824. The underlying investment is the local coal-based power plant with an installed capacity of 340 MW (Çan2 Thermal Power Plant) and The incentive certificate was issued based on Energy Market Regulatory Authority's (EPDK) preliminary license dated 10.07.2014 and numbered ÖN/5117-5/03070.

The investment incentive certificate was issued for the completely new investment implemented in the 2<sup>nd</sup> region of Çanakkale province's Çan district, and covers the period of 13.08.2014-12.02.2019. The certificate provides incentives including the Subsidy for Employer Insurance Contributions, Tax Rate Reduction Subsidy, VAT Exemption and Customs Duty Exemption.

The total amount of the investment is TRY 801,789,866. On 02.10.2019, an application for an Incentive Closure Visa was submitted to the Ministry of Industry and Technology, and a completion visa was issued in accordance with the provisions of Article 24 of the decision dated 15.06.2012 and numbered 2012/3305, and Article 23 of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was communicated to us in writing on 05.08.2020, under number 1777914. The investment contribution rate is calculated at 40% of the total investment amount before the closure process covered by the investment incentive certificate, and a tax reduction of up to 80% is provided for taxes up to TRY 320,715,946. As of 31.12.2024, the Indexed and unused investment deduction amount is TRY 1,975,981,665. This amount has been subjected to deferred tax.

In addition, the Ministry of Industry and Technology issued an investment incentive certificate dated 08.04.2020 with certificate no. 510216 and ID no. 1013731. The subsidy category is Regional-Priority Investment and the incentive elements include VAT Exemption, Interest Subsidy, Tax Reduction, Employer Insurance Contributions and Allocation of Investment Area. The underlying investment is the of the local coal-based power plant with an installed capacity of 340 MW (Çan 2 Thermal Power Plant) and the incentive certificate has been issued as per the Generation License dated 28.01.2016 with no. ÜE/6083-2/03428, which has been granted by Energy Market Regulatory Authority. The total amount of the investment is TRY 329,297,725. The investment contribution rate is calculated at 40% of the total investment amount before the closure process covered by the investment incentive certificate,

and a tax reduction of up to 80% is provided for taxes up to TRY 131,719,090. This amount has been subjected to deferred tax.

## **DIVIDEND DISTRIBUTION POLICY**

The Dividend Payment Policy ("Policy") of Çan2 Termik A.Ş. ("Company") was drafted in accordance with the Company's Articles of Association, the Turkish Commercial Code No. 6102, the Capital Market Law No. 6362, the regulations of the Capital Markets Board and related laws. The shares representing the Company's capital are not entitled to dividends.

The General Assembly of the Company, on the proposal of the Board of Directors, shall decide whether or not to distribute a dividend and, if a dividend is distributed, the manner and timing of the distribution of the profit to be distributed. The rate of dividend to be distributed 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.

The procedure for the distribution of dividends shall commence on the date decided by the General Assembly meeting, but no later than the end of the accounting period in which the General Assembly meeting at which the distribution is decided takes place.

Dividends shall be distributed equally among all shares existing at the time of distribution, irrespective of their issue and acquisition date.

The distribution may be made in equal or different instalments if so resolved at the General Assembly meeting at which the distribution is decided. In accordance with the provisions of the Articles of Association, the resolution passed by the General Assembly to distribute dividends may not be revoked. In the event that the Board of Directors proposes to the General Assembly not to distribute a dividend, the reasons for this and the manner in which the undistributed profit is to be used shall be included in the agenda item on dividend distribution. The Company may also distribute advance dividend to the shareholders in accordance with the Turkish Commercial Code and the capital market legislation. In the event of a change in this Dividend Distribution Policy, the Board of Directors' decision on the change shall be publicly announced within the framework of the Capital Markets Board's regulations on public announcement of significant events.

## **Legal Actions**

In the lawsuit filed by the Company following the letter dated 13.01.2023, sent to the Company by EPDK, the decision in favor of the Company regarding the cancellation of the administrative action by the Ankara 10<sup>th</sup> Administrative Court was overturned by the Ankara 8<sup>th</sup> Administrative Court of Appeals. Following the Company's appeal, the case is currently being heard on its merits before the Council of State.



## CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Corporate Governance Compliance Report		Compliance Status					
1.1.	FACILITATION OF THE USE OF SHARE OWNERSHIP RIGHTS	Yes	Partially	No	Exempt	N/A	Description
	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	N/A	Description
	1.2.1- Company management avoided execution of any transaction that may complicate a private audit.	X					
1.3.	GENERAL ASSEMBLY	Yes	Partially	No	Exempt	N/A	Description
	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.					X	
	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	N/A	Description
	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.	X					
	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.					X	

Corporate Governance Compliance Report		Compliance Status					
1.5.	MINORITY RIGHTS	Yes	Partially	No	Exempt	N/A	Description
	1.5.1- The company has paid maximum attention to the exercise of minority rights.	X					
	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	N/A	Description
	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.	X					
1.7.	TRANSFER OF SHARES	Yes	Partially	No	Exempt	N/A	Description
	1.7.1- There is no restriction which complicates the transfer of the shares.	X					
2.1.	CORPORATE WEBSITE	Yes	Partially	No	Exempt	N/A	Description
	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.	X					
2.2.	ANNUAL REPORT	Yes	Partially	No	Exempt	N/A	Description
	2.2.1- The Board of Directors ensures that the annual activity report includes complete and true information with respect to the activities of the company.	X					
	2.2.2- The annual activity report contains all elements under principle no. 2.2.2.	X					

Corporate Governance Compliance Report		Compliance Status					
3.1.	COMPANY POLICY ON STAKEHOLDERS	Yes	Partially	No	Exempt	N/A	Description
	<b>3.1.1-</b> The rights of stakeholders are protected within the framework of relevant regulations, contracts and bona fides principles.	X					
3.1.	COMPANY POLICY ON STAKEHOLDERS	Yes	Partially	No	Exempt	N/A	Description
	<b>3.1.3-</b> Policies and procedures regarding the rights of stakeholders are published on the corporate website of the company.	X					
	<b>3.1.4-</b> Necessary mechanisms have been established for stakeholders to report transactions that are contrary to the legislation and which are unethical.		X				Within the scope of stakeholders, the necessary measures are taken to prevent any kind of behavior that could disturb industrial peace, within the framework of the disciplinary regulations and similar internal procedures, as well as the legal framework, against the employees of the Company. At the same time, it is ensured that the articles in the internal procedures and employment contracts comply with the related legal procedures.
	<b>3.1.5-</b> 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	N/A	Description
	<b>3.2.1-</b> 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.
	<b>3.2.2-</b> 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	N/A	Description
	<b>3.3.1-</b> The company has adopted an employment Policy offering equal opportunities and a succession plan for all key management positions.	X					
	<b>3.3.2-</b> Recruitment criteria has been determined in writing.	X					
	<b>3.3.3-</b> The company has a Human Resources Development Policy and organizes training sessions for employees as part of this policy.	X					
	<b>3.3.4-</b> Meetings have been held to inform employees on issues such as the financial status of the company, remuneration, career planning, education and health.	X					

Corporate Governance Compliance Report		Compliance Status					
3.3.	HUMAN RESOURCES POLICY OF THE COMPANY	Yes	Partially	No	Exempt	N/A	Description
	<b>3.3.5-</b> 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.		X				The People and Culture Department is responsible for relations with all employees. However, there is no union in our company.
	<b>3.3.6-</b> 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.	X					
	<b>3.3.7-</b> 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					
	<b>3.3.8-</b> 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.
	<b>3.3.9-</b> A safe working environment is ensured for employees.	X					
3.4.	RELATIONS WITH CUSTOMERS AND SUPPLIERS	Yes	Partially	No	Exempt	N/A	Description
	<b>3.4.1-</b> The company measured customer satisfaction and operates on the understanding of unconditional customer satisfaction.	X					
	<b>3.4.2-</b> Any delay in handling customers' requests regarding the goods and services purchased by them is notified to customers.	X					
	<b>3.4.3-</b> The company complies with quality standards related to goods and services.	X					
	<b>3.4.4-</b> The company has control processes for maintaining the confidentiality of the commercial secrets of customers and suppliers.	X					
3.5.	CODE OF CONDUCT AND SOCIAL RESPONSIBILITY	Yes	Partially	No	Exempt	N/A	Description
	<b>3.5.1-</b> A Code of Conduct determined by the Board of Directors has been published on the corporate website of the company.	X					
	<b>3.5.2-</b> The company is aware of its social responsibilities. It has taken measures to prevent corruption and bribery.	X					
4.1.	FUNCTION OF THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	N/A	Description
	<b>4.1.1-</b> 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					

Corporate Governance Compliance Report		Compliance Status					
4.2.	THE BASIS OF THE BOARD OF DIRECTOR'S ACTIVITIES	Yes	Partially	No	Exempt	N/A	Description
	<b>4.1.2-</b> 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	N/A	Description
	<b>4.2.1-</b> The Board of Directors documented its activities and submitted them to the information of the shareholders.	X					
	<b>4.2.2-</b> The duties and powers of the Board members were provided in the annual activity report.	X					
	<b>4.2.3-</b> The Board of Directors has established an internal control system in accordance with the scale of the company and the complexity of its activities.		X				Internal control activities are performed by the Audit Committee. Company directors carry out assessments on a departmental basis.
	<b>4.2.4-</b> Information regarding the functioning and efficiency of the internal control system is given in the annual activity report.	X					
	<b>4.2.5-</b> The authorities of the Chairperson of the Board and the Chief Executive Officer (General Manager) are separated and defined.			X			The Chairperson of the Board of Directors also serves as the Chairperson of the Executive Board, and this has been decided so that the Company can act faster and more effectively in its decision-making processes and to create a more dynamic organizational structure.
	<b>4.2.7-</b> 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					
	<b>4.2.8-</b> 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.

Corporate Governance Compliance Report		Compliance Status					
4.3.	STRUCTURE OF THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	N/A	Description
	<b>4.3.9-</b> 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 1 female member. There is no policy relating to the minimum target of 25% for female members.
	<b>4.3.10-</b> At least one of the committee members responsible for auditing has 5-years experience in auditing/accounting and finance.	X					
4.4.	PROCEDURE FOR BOARD OF DIRECTORS MEETINGS	Yes	Partially	No	Exempt	N/A	Description
	<b>4.4.1-</b> All Board members physically attended most of the Board of Directors' meetings.	X					
	<b>4.4.2-</b> 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.	X					
	<b>4.4.3-</b> 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.					X	
	<b>4.4.4-</b> Each Board member has one vote.	X					
	<b>4.4.5-</b> The procedure for the Board of Directors meetings has been documented in written form in accordance with the internal regulations of the company.	X					
	<b>4.4.6-</b> 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.	X					
	<b>4.4.7-</b> 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.			X			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	N/A	Description
	<b>4.5.5-</b> Each Board member is assigned to only one committee.			X			Board members are not assigned to only one committee.
	<b>4.5.6-</b> The Committees invited people to the meetings as deemed necessary to consult with and obtained their opinion.	X					
	<b>4.5.7-</b> Information regarding the independence of the person/institution that provides consultancy services to the committee is given in the annual activity report.					X	

Corporate Governance Compliance Report		Compliance Status					Description
4.5.	COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS	Yes	Partially	No	Exempt	N/A	
	<b>4.5.8-</b> 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	N/A	Description
	<b>4.6.1-</b> 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.
	<b>4.6.4-</b> 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.	X					
	<b>4.6.5-</b> Remuneration provided to members of the Board of Directors and executives with administrative responsibilities has been disclosed for each person in the annual activity report.		X				Remunerations provided to the Board members and executives with administrative responsibilities have been disclosed based on a total figure in the annual activity report.



## CORPORATE GOVERNANCE INFORMATION FORM

CORPORATE GOVERNANCE INFORMATION FORM		
<b>1.</b>	<b>SHAREHOLDERS</b>	
<b>1.1.</b>	<b>Facilitation of the Use of Share Ownership Rights</b>	
	Number of investor conferences and meetings held by the company during the year	13
<b>1.2.</b>	<b>Right to Demand and Review Information</b>	
	Number of requests for private auditors	-
	Number of requests for private auditors approved at the General Assembly meeting	-
<b>1.3.</b>	<b>General Assembly</b>	
	Link to the KAP (Public Disclosure Platform) announcement for the information requested as part of principle 1.3.1 (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1358171">https://www.kap.org.tr/tr/Bildirim/1358171</a> – <a href="https://www.kap.org.tr/tr/Bildirim/1256847">https://www.kap.org.tr/tr/Bildirim/1256847</a>
	Whether or not documents in English related to the General Assembly meeting were presented simultaneously with Turkish versions	Presented.
	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 and Grant Policy
	Link to the KAP announcement for the minutes of the general assembly in which the policy on donations and grants was approved	The General Assembly Meeting at which the policy was adopted was held prior to the Company's shares being traded on the stock exchange.
	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
<b>1.4.</b>	<b>Voting Rights</b>	
	Whether or not voting rights have privilege	N/A
	Privileged shareholders and their vote rates if votes are privileged	-
	Share percentage of the largest shareholder	40%
<b>1.5.</b>	<b>Minority Rights</b>	
	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.	-

<b>1.</b>	<b>SHAREHOLDERS</b>	
<b>1.6.</b>	<b>Dividend Rights</b>	
	Name of the section on the corporate website that describes the dividend payment policy	Investor Relations / Corporate Governance / Our Policies / Dividend Payment Policy
<b>1.6.</b>	<b>Dividend Rights</b>	
	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	
	Link to the PDP announcement for the relevant general assembly minutes, in the event that the Board of Directors proposed the General Assembly not to distribute the profit	

## GENERAL ASSEMBLY MEETINGS

Date of the General Assembly	Number of requests for annotations 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 of the article or paragraph in the minutes of the general assembly meeting that describe the relevant parties	Number of persons who report to the Board of Directors and have the opportunity to access the partnership information in a privileged way (List of Insiders)	Link to the general assembly statement published in KAP
17.12.2024	-	41.98%	0.05%	41.93%	Investor Relations / Corporate Governance / General Assembly Meetings	Investor Relations / Corporate Governance / General Assembly Meetings	15	64	<a href="https://www.kap.org.tr/Bildirim/1366246">https://www.kap.org.tr/Bildirim/1366246</a>
02.04.2024	-	61.39%	0.02%	61.37%	Investor Relations / Corporate Governance / General Assembly Meetings	Investor Relations / Corporate Governance / Extraordinary General Assembly Meetings	-	64	<a href="https://www.kap.org.tr/Bildirim/1265588">https://www.kap.org.tr/Bildirim/1265588</a>

<b>2.</b>	<b>PUBLIC DISCLOSURE AND TRANSPARENCY</b>	
<b>2.1.</b>	<b>Corporate Website</b>	
	Names of the sections on the corporate website that provide the information requested by corporate governance principle 2.1.1.	Investor Relations / Corporate Governance, Activity 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

<b>2.</b>	<b>PUBLIC DISCLOSURE AND TRANSPARENCY</b>	
<b>2.2.</b>	<b>Annual Report</b>	
	<b>The page numbers or name of the sections in the annual report that contain the information requested by corporate governance principle no.2.2.2.</b>	
	<b>a)</b> 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
	<b>b)</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
	<b>c)</b> 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
	<b>d)</b> The page number or section name that includes the information on amendments to legislation which may significantly affect the activities of the company	-
	<b>e)</b> 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
	<b>f)</b> 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	-
	<b>g)</b> The page number or section name that includes the information on the cross-ownerships in which direct contributions to the capital exceed 5%	-
	<b>h)</b> 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
<b>3.</b>	<b>STAKEHOLDERS</b>	
<b>3.1.</b>	<b>Company's Policy on Stakeholders</b>	
	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	Director of the People And Culture Department
	Contact details of the company's notification mechanism	ik@can2termik.com.tr - info@can2termik.com.tr
<b>3.2.</b>	<b>Promoting the Participation of Stakeholders in Company Management</b>	
	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	-

<b>3.</b>	<b>STAKEHOLDERS</b>	
<b>3.3.</b>	<b>Human Resources Policy of the Company</b>	
	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	Human Resources / Human Resources Policy
	Whether or not there is a stock ownership plan	There Is No Stock Ownership Plan.
	Name of the section on the corporate website that describes the human resources policy which covers the measures against discrimination and mistreatment, or a summary of the relevant articles of the policy	Human Resources / Human Resources Policy
	Number of final judicial decisions against the company due to responsibility for work related accidents	-
<b>3.5.</b>	<b>Code of Conduct and Social Responsibility</b>	
	Name of the section on the corporate website that describes the code of conduct policy	<a href="https://www.can2termik.com.tr/insan-kaynaklari">https://www.can2termik.com.tr/insan-kaynaklari</a>
	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	In 2024, our company implemented social responsibility projects within the framework of its Social Responsibility Policy, taking into account the environmental and social requirements of the community in which we operate.
	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.
<b>4.</b>	<b>BOARD OF DIRECTORS-I</b>	
<b>4.2.</b>	<b>Operating Principles of the Board of Directors</b>	
	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 - Chairman of the Board, Ali Kemal Kazancı- Vice Chairman of the Board, Mustafa Ali Özal - Board Member, Umut Apaydın - Independent Board Member, Zehra Zeynep Dereli Karaçöl- 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 activity 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

<b>4.</b>	<b>BOARD OF DIRECTORS-I</b>	
<b>4.2.</b>	<b>Operating Principles of the Board of Directors</b>	
	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	1 Female Member - 20%

## STRUCTURE OF THE BOARD

Full Name of the Board Member	Whether or not He/She is an Executive Member	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	Whether or Not the Independent Member was Evaluated by the Nomination Committee	Whether or Not There Is Any Member Who Has Lost Independence	Whether or Not He/She Has at Least 5-Years Experience in Auditing, Accounting and/or Finance
<b>BURAK ALTAY</b>	Executive	Not Independent Member	8.09.2014			Not applicable	Yes
<b>ALİ KEMAL KAZANCI</b>	Executive	Not Independent Member	28.07.2020			Not applicable	No
<b>MUSTAFA ALİ ÖZAL</b>	Non Executive	Not Independent Member	19.01.2021			Not applicable	No
<b>ZEHRA ZEYNEP DERELİ KARAÇÖL</b>	Non Executive	Independent Member	16.12.2022	<a href="https://www.kap.org.tr/tr/Bildirim/1218102">https://www.kap.org.tr/tr/Bildirim/1218102</a>	Evaluated	No	Yes
<b>UMUT APAYDIN</b>	Non Executive	Independent Member	19.01.2021	<a href="https://www.kap.org.tr/tr/Bildirim/1218102">https://www.kap.org.tr/tr/Bildirim/1218102</a>	Evaluated	No	Yes

<b>4.</b>	<b>BOARD OF DIRECTORS-II</b>	
<b>4.4.</b>	<b>Meeting Procedures of the Board of Directors</b>	
	Number of the physical board meetings in the reporting period	21
	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
	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.
<b>4.5.</b>	<b>The Committees Formed under the Board of Directors</b>	
	The page number or section name in the activity 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	<a href="https://www.kap.org.tr/tr/Bildirim/995002">https://www.kap.org.tr/tr/Bildirim/995002</a>
<b>4.</b>	<b>BOARD OF DIRECTORS-III</b>	
<b>4.5.</b>	<b>The Committees Formed under the Board of Directors-II</b>	
	Specify the section in the activity 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 activity 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 activity 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 activity 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 activity 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

## COMMITTEES UNDER THE BOARD I


Names of the Committees under the Board	Name of the Committee Stated As "Other" in the First Column	Full Name of Committee Members	Committee Chair or Not	Board Member or Not
Audit Committee		UMUT APAYDIN	Yes	Board Member
Audit Committee		ZEHRA ZEYNEP DERELİ KARAÇÖL	No	Board Member
Corporate Governance Committee		UMUT APAYDIN	Yes	Board Member
Corporate Governance Committee		ZEHRA ZEYNEP DERELİ KARAÇÖL	No	Board Member
Corporate Governance Committee		MELİH YÜCEYURT	No	Not a Board Member
Early Detection of Risk Committee		ZEHRA ZEYNEP DERELİ KARAÇÖL	Yes	Board Member
Early Detection of Risk Committee		UMUT APAYDIN	No	Board Member

4.	BOARD OF DIRECTORS-III	
4.6.	<b>Financial Rights Provided to Members of the Board of Directors and Executives with Administrative Responsibilities</b>	
	The page number or section name in the activity report that gives information about the operational and financial performance targets and their achievement status	Activity 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 activity 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 Stated As "Other" in the First Column	Ratio of the Non-Executive	Ratio of the Independent Members in the Committee	Number of Physical Meetings Held by the Committee	Number of Reports about the Activities of the Committee Presented to the Board of Directors
Audit Committee	-	100%	100%	5	5
Corporate Governance Committee	-	100%	66%	4	4
Early Detection of Risk Committee	-	100%	100%	6	6



 **CAN2 TERMİK**

## INDEPENDENT AUDITOR'S REPORT

### To General Assembly of Çan2 Termik A.Ş.

#### A) Independent Audit of the Financial Statements

##### 1. Opinion

We have audited the consolidated financial statements of Çan2 Termik A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of income, and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

##### 2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "ISA") issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA") that are part of Turkish Standards on Auditing.

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

##### 3. Other Matters

The financial statements of Denarius Pumping Services LLC, one of the subsidiaries included in the consolidated financial statements of Çan2 Termik Anonim Şirketi as of December 31, 2024 — which were prepared in accordance with the Turkish Accounting Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") — were audited by another audit firm.

##### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the

current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The issues described below have been identified as key audit issues and reported in our report:

Key Audit Matter	How our audit addressed the key audit matter
<b>Cash Flow Hedging Accounting</b>	
<p>The Group associates its budgeted electricity energy sales with Elektrik Üretim Anonim Şirketi until the end of 2030 with the Euro denominated loans received in relation to the electricity generation investment. Contractual sales are indexed to USD and these contracts are affected by the exchange rate changes between Turkish Lira and USD. The Company hedges this foreign exchange risk with its Euro denominated borrowings.</p> <p>As of December 31, 2024, the amount of cash flow hedge losses classified under the shareholders equity amounting to TL 955.916.341 is considered to be significant with respect to the financial statements.</p> <p>The group has paid and closed its foreign currency denominated loans as of 31.07.2023 and the related losses will be weighed in accordance with the projected sales projection and transferred to the income statement together with the sales realization as soon as the hedge accounting is terminated.</p> <p>Cash flow hedge accounting is structurally complex and has been considered a key audit matter since it is a matter which requires professional expertise.</p>	<p>We reviewed the formal description and documentation of the risk management objectives and strategy that led the Company to enter cash flow hedges within the framework of the definitions of hedge accounting set out in the Recognition and Measurement Standard. We checked the cash flow hedge accounting model calculations, risk management strategy, risk management objectives, hedging relationship, nature of the hedge risk, and the method of measurement of hedge effectiveness prepared by the consulting services organization for the Company.</p> <p>We checked the mathematical accuracy and recognition of the related accounting record. We assessed the adequacy of the disclosures in the notes to the financial statements related to cash flow hedge accounting.</p>

Key Audit Matter	How our audit addressed the key audit matter
<b>Accounting for Inventories</b>	
<p>TL 36.482.524 of raw materials and supplies, TL 777.702.825 of semi-finished goods, TL 545.589.863 of finished goods, TL 248.109.741 of other inventories, which are included in the total inventories amounting to TL 1.607.884.953 in the consolidated financial statements as of 31.12.2024, may be impaired due to damage, partial or total loss of value due to external factors or non-recoverability in case of a decrease in selling price and economic factors.</p> <p>Details of inventories are disclosed in Note 9.</p> <p>As a result of management's estimates and assumptions, no provision for impairment on inventories has been recognized in the current period. These estimates and assumptions include the evaluation of slow-selling inventories and the evaluation of inventories that have not moved for a certain period of time and damaged inventories. For these reasons, inventories are an important matter for our audit.</p>	<p>During our audit, we performed the following audit procedures in relation to inventories:</p> <p>Understanding and assessing the appropriateness of the accounting policy for provision for impairment of inventories,</p> <p>Discussions with the Group management regarding the risk of impairment of inventories due to loss of value of inventories, partial or total loss of value due to external factors, or inability to recover inventories in the event of a decrease in selling price,</p> <p>Comparison of inventory turnover rate with the previous year,</p> <p>Evaluating the absence of any impairment provision for inventories in the current period because of management's estimates and assumptions,</p> <p>Sample testing of selling prices net of discounts used in the calculation of net realizable value.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p>	
<p>The Group's principal activities are the sale of electricity generated from Çan-2 Thermal Power Plant and the sale of coal mines. Revenue is the most important indicator in the Group's consolidated performance evaluation.</p> <p>During the year ended December 31, 2024, the Group generated total revenues of TL 6.103.803.008 Revenue is a significant matter for our audit since it is the most important financial statement item in the income statement for the period ending December 31, 2024, in terms of evaluating the results of the strategies applied and the follow-up of the performance of the Group.</p> <p>Explanations on the accounting policies and revenue amount of the Group are included in Notes 2 and 22.</p>	<p>The following audit procedures have been applied for the recognition of revenue:</p> <p>Understanding of sales processes and evaluating the design and operating effectiveness of the controls related to these processes,</p> <p>Evaluating the accuracy of the Group's accounting policy for the recognition of the revenue, reviewing the related-party sales.</p> <p>Performing analytical procedures regarding whether the revenue recorded in the consolidated financial statements is at the expected level,</p> <p>Performing tests with sampling method regarding the accuracy of customer invoices and matching these invoices with the delivery notes (coal sales) and collections made from customers,</p> <p>Examining the sales contracts made by the Group with customers and evaluating the timing of the revenue to be included in the financial statements for different delivery methods,</p> <p>Obtaining information that will ensure the accuracy of the estimates from the commercial units regarding the invoices issued and received in the following period and the accruals calculated in the following period, and verification of the accrual amounts, due to the special circumstances arising from the operation of the energy market.</p>

Key Audit Matter	How our audit addressed the key audit matter
<b>TAS 29 - Financial Reporting in Hyperinflationary Economies</b>	
<p>TAS 29 “Financial Reporting in Hyperinflationary Economies” has been applied in the consolidated financial statements of the Group for the year ended December 31, 2024.</p> <p>TAS 29 requires the consolidated financial statements to be restated to reflect the current purchasing power at the end of the reporting period. Therefore, transactions in 2024 and non-monetary balances at the end of the period have been restated to reflect the current price index at the balance sheet date of December 31, 2024. The application of TAS 29 has a significant impact on the consolidated financial statements on a widespread and consistent basis.</p> <p>For these reasons, together with the risk that the data used in the application of TAS 29 may not be accurate and complete, and considering the additional audit effort required, we have identified the application of TAS 29 as a key audit matter.</p> <p>Disclosures on the application of TAS 29 are included in Note 2.</p>	<p>During our audit, we performed the following audit procedures related to the application of TAS 29:</p> <p>Understanding and assessing the process and controls over the application of TAS 29 designed and implemented by management,</p> <p>Checking whether the distinction between monetary and non-monetary items made by management is made in accordance with TAS 29,</p> <p>Obtaining detailed lists of non-monetary items and testing the original recording dates and amounts using the sample method,</p> <p>Evaluating the calculation methods used by management and checking whether they are used consistently in each period,</p> <p>Checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</p> <p>Testing the mathematical accuracy of non-monetary items, statement of profit or loss and statement of cash flows restated for the effects of inflation,</p> <p>Assessing the adequacy of the disclosures in the notes to the consolidated financial statements of the application of TAS 29 in accordance with TFRSs.</p> <p>Understanding and assessing the process and controls over the application of TAS 29 designed and implemented by management,</p>



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

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

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

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

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

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance

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

### **A) Report on Other Legal and Regulatory Requirements**

The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with Article 398, paragraph 4 of the Turkish Commercial Code No. 6102 ("TCC"), was submitted to the Company's Board of Directors on March 10, 2025.

In accordance with paragraph 4 of Article 402 of the Turkish Commercial Code, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, 2024 and December 31, 2024 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

**AS Bağımsız Denetim ve YMM A.Ş.**

**O. Tuğrul Özsüt**  
**Engagement Partner**

**Istanbul, 11 March 2025**







03

SECTION

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**CONSOLIDATED  
FINANCIAL STATEMENTS**



# İÇİNDEKİLER

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**ÇAN2 TERMİK A.Ş.**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024  
AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
ASSETS	Notes	31.12.2024	31.12.2023
<b>Current Assets</b>			
Cash and Cash Equivalents	42	157,372,702	161,991,458
Trade Receivables	6-7	1,866,539,986	3,211,057,468
<i>Trade Receivables from Related Parties</i>	6	67,135	635,299,130
<i>Trade Receivables from Third Parties</i>	7	1,866,472,851	2,575,758,338
Other Receivables	6-8	1,012,065,370	18,815,385
<i>Other Receivables from Related Parties</i>	6	993,637,235	11,271,861
<i>Other Receivables from Third Parties</i>	8	18,428,135	7,543,524
Inventories	9	1,607,884,953	1,824,044,797
Prepaid Expenses	10	66,423,608	245,216,256
Other current tax assets	31	789,179	8,307,191
Other Current Assets	20	630,233,947	654,472,310
<b>TOTAL CURRENT ASSETS</b>		<b>5,341,309,745</b>	<b>6,123,904,865</b>
<b>Non-current Assets</b>			
Trade Receivables	6-7	1,265,526,305	--
<i>Trade Receivables from Related Parties</i>	6	--	--
<i>Trade Receivables from Third Parties</i>	7	1,265,526,305	--
Other Receivables	6-8	205,231	296,310
<i>Other Receivables from Related Parties</i>	6	--	--
<i>Other Receivables from Third Parties</i>	8	205,231	296,310
Tangible Assets	11	17,233,848,795	17,127,858,043
Intangible Assets	12	619,016,758	221,890,569
<i>Other Intangible Assets</i>	12	619,016,758	221,890,569
Right to Use Assets	14	10,625,105	17,264,433
Prepaid Expenses	10	21,361,429	49,079,950
Deferred Tax Assets	31	1,299,659,357	2,032,971,072
Other Non-Current Assets	20	39,276,976	73,152,022
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,489,519,956</b>	<b>19,522,512,399</b>
<b>TOTAL ASSETS</b>		<b>25,830,829,701</b>	<b>25,646,417,264</b>

**ÇAN2 TERMİK A.Ş.****CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024  
AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
LIABILITIES	Notes	31.12.2024	31.12.2023
<b>Current Liabilities</b>			
Short-Term Borrowings	34	--	141,616
Short-Term Leasing Liabilities	34	7,109,167	6,607,286
Current Portion of Long-Term Borrowings	34	55,638,988	9,725,246
Other Financial Liabilities	34	2,717,688	11,134,716
Trade Payables	6-7	966,787,850	692,589,493
<i>Trade Payables to Related Parties</i>	6	--	--
<i>Trade Payables to Third Parties</i>	7	966,787,850	692,589,493
Short Term Provisions for Employee Benefits	19	41,019,556	46,347,877
Other Payables	6-8	349,119,208	306,965,607
<i>Other Payables to Related Parties</i>	6	62,264,635	84,253,446
<i>Other Payables to Third Parties</i>	8	286,854,573	222,712,161
Deferred Income	10	1,694,206,188	--
Current Income Tax Liabilities	31	--	168,690
Short Term Provisions	18-19	21,866,538	21,178,822
<i>Short-Term Provisions for Employee Benefits</i>	19	19,960,134	18,048,800
Other Short-Term Provisions	18	1,906,404	3,130,022
Other Short-Term Liabilities	20	56,221,581	84,464,197
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,194,686,764</b>	<b>1,179,323,550</b>
Long-Term Borrowings	34	11,599,035	--
Long-Term Leasing Liabilities	34	4,872,941	3,115,157
Other Borrowings	6-8	28,539,832	70,141,564
<i>Other Borrowings to Related Parties</i>	6	--	--
<i>Other Borrowings to Third Parties</i>	8	28,539,832	70,141,564
Long-Term Provisions	18-19	9,209,711	9,776,142
<i>Long-Term Provisions for Employee Benefits</i>	19	8,993,414	9,473,906
<i>Other Long-Term Provisions</i>	18	216,297	302,236
Deferred Tax Liability	31	25,399,097	57,202,545
Other Long-Term Liabilities	20	12,299,526	30,598,758
<b>TOPLAM UZUN VADELİ YÜKÜMLÜLÜKLER</b>		<b>91,920,142</b>	<b>170,834,166</b>

Consolidated financial statements for the period ended on 31.12.2024 have been approved by the Board of Directors Decision dated 11.03.2025 and numbered 2025/03. The accompanying notes form an integral part of these consolidated financial statements.

**ÇAN2 TERMİK A.Ş.**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024  
AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
EQUITY	Notes	31.12.2024	31.12.2023
<b>Shareholders' Equity</b>		<b>22,474,426,502</b>	<b>24,296,259,548</b>
Share Capital	21	7,000,000,000	938,116,903
Capital Adjustment Positive Differences		1,603,983,190	2,438,037,334
Share Premium/Discount	21	304,476,277	4,560,618,566
Accumulated Comprehensive Income and Expenses to be Reclassified to Profit or Loss	21-38	(550,441,694)	(1,880,064,159)
<i>Foreign Currency Conversion Differences</i>	21	400,279,685	--
<i>Hedging Gain/Loss</i>	38	(955,916,341)	(1,874,286,982)
<i>Other Gain/Loss</i>	21	5,194,962	(5,777,177)
Restricted Reserves Separated from Profit	21	241,948,572	59,055,361
Capital Advances	21	1,474,418,200	2,128,746,883
Prior Years Profits / Losses	21	13,633,070,554	15,406,720,689
Net Profit /Loss	32	(1,233,028,597)	645,027,971
Non-Controlling Interests	21	69,796,293	--
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>22,544,222,795</b>	<b>24,296,259,548</b>
<b>TOTAL LIABILITIES</b>		<b>25,830,829,701</b>	<b>25,646,417,264</b>

**ÇAN2 TERMİK A.Ş.****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2024 AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
STATEMENT OF PROFIT OR LOSS	Notes	01.01 - 31.12.2024	01.01 - 31.12.2023
Sales	22	6,103,803,008	8,418,613,192
Cost of Sales	23	(5,095,322,532)	(7,017,529,730)
<b>GROSS PROFIT / LOSS</b>		<b>1,008,480,476</b>	<b>1,401,083,461</b>
General Administrative Expense (-)	24	(159,269,561)	(161,305,375)
Marketing, Selling and Distribution Expense (-)	24	(93,906,247)	(105,617,391)
Research and Development Expense	33	(540,295)	-
Other Operating Income	25	151,617,005	190,852,829
Other Operating Expense (-)	25	(482,350,994)	(452,176,427)
<b>OPERATING PROFIT / LOSS</b>		<b>424,030,384</b>	<b>872,837,098</b>
Income from Investment Activities	26	1,060,977	3,945,744
Expenses from Investment Activities (-)	26	(65,726,534)	(1,568,005)
<b>OPERATING PROFIT / LOSS BEFORE FINANCE EXPENSE</b>		<b>359,364,827</b>	<b>875,214,836</b>
Financial Income	28	171,546,611	1,619,013,535
Financial Expenses (-)	28	(1,080,330,188)	(1,321,049,165)
Net Monetary Position Gains (Losses)	29	(705,624,416)	(1,324,139,622)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(1,255,043,166)</b>	<b>(150,960,416)</b>
<b>Tax Income / (Expense) from Continuing Operations</b>		<b>22,574,852</b>	<b>795,988,387</b>
Current Period Tax Expense / (Income)	31	--	(202,622)
Deferred Tax Expense / (Income)	31	22,574,852	796,191,009
<b>PROFIT / LOSS FROM CONTINUING OPERATIONS</b>		<b>(1,232,468,314)</b>	<b>645,027,971</b>
<b>PROFIT / LOSS FROM DISCONTINUED OPERATIONS</b>		<b>--</b>	<b>--</b>
<b>NET PROFIT / LOSS FOR THE PERIOD</b>		<b>(1,232,468,314)</b>	<b>645,027,971</b>
<b>Distribution of Profit / Loss for the Period</b>			
Non-Controlling Interests		560,283	--
Attributable to Equity Holders of the Parent	21	(1,233,028,597)	645,027,971
<b>Earnings per Share</b>			
Earnings per Share from Operating Activities	32	(0,304083)	0,869692
<b>OTHER COMPREHENSIVE INCOME</b>		<b>10,972,139</b>	<b>(1,267,532)</b>
<b>Items not to be Reclassified to Profit or Loss</b>		<b>(877,922)</b>	<b>(2,529,769)</b>
Actuarial Gain / (Loss) Arising from Defined Benefit Plans	19-30	14,629,518	(1,690,043)
Tax Effect	19-21	(3,657,380)	422,511
<b>Items to be Reclassified to Profit or Loss</b>		<b>342,257,181</b>	<b>(768,083,309)</b>
Gain/Loss of Protection from Cash Flow Risk	38	456,342,908	(1,116,294,718)
Gain/Loss from Deferred Tax	31	(114,085,727)	348,211,409
<b>OTHER COMPREHENSIVE INCOME</b>		<b>353,229,320</b>	<b>(769,350,841)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(879,238,994)</b>	<b>(124,322,870)</b>

Consolidated financial statements for the period ended on 31.12.2024 have been approved by the Board of Directors Decision dated 11.03.2025 and numbered 2025/03. The accompanying notes form an integral part of these consolidated financial statements.

**ÇAN2 TERMİK A.Ş.**
**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY AS OF 31 DECEMBER 2024  
AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

Items not to be Reclassified to Profit or Loss					
	Share Capital	Capital Adjustment Differences	Premium/ Discounts from Share Issuance	Actuarial Gain/ (Loss)	Foreign Currency Conversion Adjustments
<b>Balance at 01.01.2023</b>	<b>320,000,000</b>	<b>1,767,531,725</b>	<b>934,652,712</b>	<b>(4,509,644)</b>	<b>(4,509,644)</b>
Other Comprehensive Income/ Expense	--	--	--	(1,267,533)	--
Transfers	--	--	(185,332,488)	--	--
Capital Increase	618,116,903	--	--	--	--
Increase/Decrease Due to Other Changes	--	670,505,609	3,811,298,342	--	--
Net Profit / Loss for the Year	--	--	--	--	--
<b>Balance at 31.12. 2023</b>	<b>938,116,903</b>	<b>2,438,037,334</b>	<b>4,560,618,566</b>	<b>(5,777,177)</b>	<b>--</b>
<b>Balance at 01.01.2024</b>	<b>938,116,903</b>	<b>2,438,037,334</b>	<b>4,560,618,566</b>	<b>(5,777,177)</b>	<b>--</b>
Other Comprehensive Income/ Expense	--	--	--	10,972,139	--
Changes in Shareholding Ratios Resulting in Loss of Control of Subsidiary	--	--	--	--	400,279,685
Transfers	--	--	--	--	--
Capital Increase	6,061,883,097	(1,400,283,822)	(2,743,837,264)	--	--
Increase/Decrease from other changes	--	566,229,678	(1,512,305,026)	--	--
Net Profit / Loss for the Year	--	--	--	--	--
<b>Balance at 31.12.2024</b>	<b>7,000,000,000</b>	<b>1,603,983,19</b>	<b>304,476,277</b>	<b>5,194,962</b>	<b>400,279,685</b>

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

**ÇAN2 TERMİK A.Ş.****CONSOLIDATED STATEMENT OF CHANGE IN EQUITY AS OF 31 DECEMBER 2024  
AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

Items to be Reclassified to Profit or Loss			Accumulated profit					Total Equity
Gain/Loss from Hedging	Capital Advances	Restricted Reserves	Retained Earnings	Net Profit for the Year	Equity of the Parent Company	Non-Controlling Interest / Profit		
<b>(1,822,724,077)</b>	--	--	<b>12,109,626,170</b>	<b>3,765,383,936</b>	--	--	<b>17,069,960,822</b>	
(51,562,905)	--	--	--	--	--	--	(52,830,438)	
--	--	27,307,068	3,923,409,355	(3,765,383,936)	--	--	--	
--	2,128,746,883	--	(480,000,000)	--	--	--	2,266,863,786	
--	--	31,748,293	(146,314,836)	--	--	--	4,367,237,408	
--	--	--	--	645,027,971	--	--	645,027,971	
<b>(1,874,286,982)</b>	<b>2,128,746,883</b>	<b>59,055,361</b>	<b>15,406,720,689</b>	<b>645,027,971</b>	--	--	<b>24,296,259,548</b>	
<b>(1,874,286,982)</b>	<b>2,128,746,883</b>	<b>59,055,361</b>	<b>15,406,720,689</b>	<b>645,027,971</b>	<b>24,296,259,548</b>	--	<b>24,296,259,548</b>	
918,370,641	--	--	--	--	929,342,779	--	929,342,779	
--	--	--	(733,486)	--	399,546,199	69,796,293	469,342,492	
--	--	150,392,716	494,635,255	(645,027,971)	--	--	--	
--	(654,328,683)	--	(1,930,967,162)	--	(667,533,833)	--	(667,533,833)	
--	--	32,500,496	(336,584,743)	--	(1,250,159,596)	--	(1,250,159,596)	
--	--	--	--	(1,233,028,597)	(1,233,028,597)	--	(1,233,028,597)	
<b>(955,916,341)</b>	<b>1,474,418,200</b>	<b>241,948,572</b>	<b>13,633,070,553</b>	<b>(1,233,028,597)</b>	<b>22,474,426,501</b>	<b>69,796,293</b>	<b>22,544,222,794</b>	

**ÇAN2 TERMİK A.Ş.**
**CONSOLIDATED STATEMENT OF CASH FLOW AS OF 31 DECEMBER 2024 AND 31 DECEMBER 2023**  
 (Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
	Notes	01.01-31.12.2024	01.01-31.12.2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>2,592,394,321</b>	<b>6,573,509,148</b>
<b>Period Profit / Loss</b>		<b>(1,233,028,597)</b>	<b>645,027,971</b>
<b>Adjustments to Reconcile Net Profit / (Loss) for the Period</b>		<b>2,113,261,223</b>	<b>8,550,185,238</b>
Adjustments Related to Depreciation and Amortization Expense	11-12-14-23-24	1,503,000,883	1,151,769,432
Adjustments Related to Impairment (Reversal) of Receivables	7	9,360,832	2,213,400
Adjustments Related to Provisions (Reversal) for Employee Benefits	19	19,933,183	6,961,395
Adjustments Related to Lawsuit Provision (Reversal)	18	(1,223,618)	803,321
Adjustments Related to (Reversal of) Provisions Set As Per Sectoral Requirements	18	(85,939)	(179,739)
Deferred Finance Expenses arising from Credit Purchases	7-8	2,423,635	43,419,455
Unearned Finance Income arising from Credit Sales	7-8	(89,436,996)	(62,778,993)
Adjustments for Interest Expenses	20	56,221,581	84,464,197
Adjustments for Interest Income	20	(508,334,372)	(599,730,607)
Adjustments for Unrealized Foreign Currency Translation Differences		--	1,364,523,329
Adjustments for Tax Expense / Income	31	701,508,266	(2,549,946,789)
Adjustments for Fair Value Gain/loss	38	1,318,650,326	(51,562,906)
Minority Shares	--	69,796,293	--
Adjustments Related to Monetary (Loss)/Gain	--	(968,552,851)	9,160,229,742
<b>Changes in Working Capital</b>		<b>1,701,189,556</b>	<b>(2,620,436,529)</b>
Increase/Decrease in Inventory	9	251,618,900	(767,838,246)
Increase/Decrease in Trade Receivables from Related Parties	6	635,231,995	550,997,711
Increase/Decrease in Trade Receivables from Third Parties	7	(568,025,285)	(1,631,122,877)
Increase/Decrease in Other Receivables from Related Parties	6	(982,365,373)	12,468,460
Increase/Decrease in Other Receivables from Third Parties	8	(10,793,532)	(1,129,530)
Changes in Other Assets	20	573,965,795	883,512,479
Increase/Decrease in Trade Payables to Related Parties	6	--	(288,493)
Increase/Decrease in Trade Payables to Third Parties	7	363,635,352	202,424,104
Change in Prepaid Expenses	10	206,511,169	(170,097,105)
Changes in Employee Benefit Obligations	19	(25,261,504)	17,198,159

**ÇAN2 TERMİK A.Ş.****CONSOLIDATED STATEMENT OF CASH FLOW AS OF 31 DECEMBER 2024 AND 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
	Notes	01.01-31.12.2024	01.01-31.12.2023
Increase/ Decrease in Other Payables to Related Parties	6	(21,988,811)	44,336,944
Increase/ Decrease in Other Payables to Third Parties	8	22,540,681	(51,459,779)
Provisions for Employee Benefits	19	1,430,842	(4,609,759)
Changes in Deferred Tax	10	1,694,206,188	(13,404,144)
Change in Other Liabilities	20	(439,516,860)	(1,691,424,453)
<b>Cash Flow from Activities</b>		<b>2,581,422,183</b>	<b>6,574,776,680</b>
Other Loss/ Gain	21	10,972,139	(1,267,532)
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(1,998,417,519)</b>	<b>(7,379,510,858)</b>
Cash Inflows from the Sales of Property, Plant and Equipment and Intangible Assets	11	1,060,977	3,945,744
Cash Outflows from the Purchases of Property, Plant, and Equipment	11	(1,512,695,507)	(7,164,864,453)
Cash Outflows from the Purchases of Intangible Assets	12	(493,422,318)	(205,403,214)
Cash Outflows from the Right of Use Assets	14	6,639,329	(13,188,934)
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		<b>57,698,147</b>	<b>1,916,790,235</b>
Cash Inflows from the Issuance of Equity and Other Equity-Based Instruments	21	--	6,467,940,841
Cash Inflows from Financial Lease Agreements	34	2,259,664	6,268,504
Cash Inflows from Bank Loans	34	101,948,634	238,811
Cash Inflows Related to Debt Payments Resulting from Lease Agreements	14	485,564	17,421,336
Cash Outflows from the Payments of Bank Loans	34	(41,446,537)	(4,567,556,916)
Cash Outflows Related to Debt Payments Resulting from Lease Agreements	14	(5,480,032)	(7,530,229)
Cash Inflows from Other Financial Debt Payments	34	(69,146)	7,887
<b>EFFECT OF MONETARY GAIN/(LOSS) ON CASH AND CASH EQUIVALENTS</b>		<b>(656,293,705)</b>	<b>(1,447,077,998)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>(4,618,756)</b>	<b>(336,289,473)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>161,991,458</b>	<b>498,280,931</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>		<b>157,372,702</b>	<b>161,991,458</b>

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

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 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. As of December 31, 2024, the average number of employees of the Group is 754.

**As of 31 December 2024, the total amount of share capital of the Company is TL 7,000,000,000. The breakdown of the shareholders is as follows:**

	31.12.2024	31.12.2023
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	40%	58.44%
Publicly Owned Shares	60%	41.56%

### 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.

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

**1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (CONT'D)****Subsidiaries (Cont'd)****Yel Enerji Elektrik Üretim Sanayi A.Ş. (Cont'd)**

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

**As of 31 December 2024, the share capital of the Company amounted to 6,000,000 TL  
The shareholder structure is as follows:**

	31.12.2024	31.12.2023
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 / İstanbul.

The company has a royalty agreement valid until 06.01.2027 for the coal field located in Tekirdağ, Malkara, İbrice village.

**As of 31 December 2024, the total amount of share capital of the Company is 550,000 TL  
The shareholder structure is as follows:**

	31.12.2024	31.12.2023
Çan2 Termik A.Ş.	100%	100%

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 1. GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (CONT’D)

### Denarius Pumping Services LLC

Çan2 Termik A.Ş. became a 65% partner of Denarius Pumping Services LLC (“Denarius Pumping”) on 03.04.2024 and was included in the consolidation.

Denarius Pumping is engaged in investment projects.

*Denarius Pumping’s partnership structure as of 31.12.2024 is as follows:*

	31.12.2024	31.12.2023
Çan2 Termik A.Ş.	65%	--

### Denarius Pumping Services de Venezuela CA

Çan2 Termik A.Ş. was acquired by Denarius Pumping Services de Venezuela CA (“Denarius Venezuela”) on 03.04.2024, and is a 65% indirect affiliate of Denarius Venezuela due to its partnership with Denarius Pumping Services LLC, and is included in the consolidation.

Denarius Venezuela is engaged in investment projects.

*Denarius Pumping’s partnership structure as of 31.12.2024 is as follows:*

	31.12.2024	31.12.2023
Denarius Pumping Services LLC	100%	--

*Details of EMRA licenses held by parent company and subsidiaries as of 31 December 2024 are as below*

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

**1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (CONT'D)**

*The information regarding the licenses of the parent company and subsidiaries as of 31 December 2024 are as below*

License Owner	License Group	License Type	License Number	Effective Date of License	License Duration
YEL ENERJİ	IV. Group	Operation	17517	05.01.2015	05.01.2035
YEL ENERJİ	IV. Group	Research	201900443	09.04.2019	09.04.2026
YEL ENERJİ	IV. Group	Operation	80272	25.01.2019	25.01.2029

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS****a. Basis of presentation****Accounting policies**

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

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

**Functional and presentation currency**

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Application of Financial Reporting in High Inflation Economies

Companies applying TFRS will be able to use inflation accounting in accordance with TAS 29 Financial Reporting Standard in High Inflation Economies, starting from their financial statements for the annual reporting period ending on or after 31 December 2024, with the statement made by the Public Oversight Accounting and Auditing Standards Authority (KGG) on 23 November 2024. started to be implemented. TAS 29 applies to the financial statements, including consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with the standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date. For comparison purposes in prior period financial statements, comparative information is expressed in terms of the current measurement unit at the end of the reporting period. Therefore, the Group has presented its consolidated financial statements as of December 31, 2023, on the basis of purchasing power as of December 31, 2024.

In accordance with the CMB's decision dated December 28, 2024 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/ Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on December 31, 2024.

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at December 31, 2024, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment Coefficient
31.12.2024	2,684.55	1
31.12.2023	1,859.38	1.44379

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Basis of Consolidation

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

*Consolidated financial statements include all subsidiaries of the Parent company.*

- The amount of investment in each subsidiary of parent company and the amount that relates to the share of the parent company from the equity of the subsidiaries are eliminated.
- Amount that relates with minority shares from the profit/loss of consolidated subsidiaries for the period are determined, and the amount that relates with minority shares of the net assets of consolidated subsidiaries are determined separately from the amount that relates with parent company. Amount that relates with minority shares of net assets; Minority shares calculated at the time of the merge in accordance with TFRS 3; It consists of amounts that relates minority shares from changes in equity after the date of the merge.
- Intra-group balances, transactions, income and expenses are completely eliminated.
- Intra-group balances and transactions, including income, expenses and dividends, are completely eliminated. Profit and losses resulting from intra-group transactions and included in the assets such as inventories and tangible assets are completely eliminated. Intra-group losses may indicate a impairment in assets that should be reflected in the consolidated financial statements. TAS 12 "Income Taxes" Standard is applied for the determination of temporary differences arises during the elimination of profit and loss originated from intra-group transactions.
- If the financial statements of any of the companies included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events of similar circumstances, the necessary corrections are made to the financial statements of the company concerned during the preparation of the consolidated financial statements.
- 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.

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Basis of Consolidation (Cont'd)

- The income and expense of subsidiaries are included in the consolidated financial statements from the date of acquisition set forth in TFRS 3, which continues until the date when the parent company loses control over the subsidiary. When the subsidiary is disposed of; the difference between the revenue obtained and the book value of the subsidiary is reflected in the consolidated income statement as earning or loss. With regard to this transaction, the accumulated currency differences directly associated with equity, if any, in accordance with the "Effects of TAS 21 Exchange Rate Change" Standard are taken into account in the calculation of gain or losses.
- Minority interest can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group's loss or profit amount for minority interest should be shown also separately on financial statements.

### Comparative Information and Correction of Prior Financial Statements

The Group has prepared the comparative consolidated statement of financial position as of December 31, 2024 with December 31, 2023, the comparative consolidated comprehensive income statement and cash flow statement for the accounting period 1 January 1- 31 December 2024, with 1 January 1- 31 December 2023, comparative consolidated shareholder's equity movement for the accounting period 1 January 1- 31 December 2024, with 1 January 1- 31 December 2023. When comparative information is deemed necessary to ensure compliance with the presentation of the consolidated financial statements for the current period, it is reclassified, and significant differences are explained..

### 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.

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### b. Changes and misstatements in accounting estimates

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

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

### Important Accounting Assessments, Estimates and Assumptions

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

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

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

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Important Accounting Assessments, Estimates and Assumptions (Cont'd)

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

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

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

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

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

### c. Going Concern

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
1 January 2024 – 31 December 2024**

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### d. Netting/Offsetting

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

### e. Changes in Financial Reporting Standards

#### New and Revised Turkish Financial Reporting Standards

The accounting policies applied in the preparation of the consolidated financial statements for the accounting period ended 31 December 2024 are consistent with those applied in the previous year, except for the new and amended Turkish Financial Reporting Standards (“TFRS”) and TFRS interpretations effective as of 1 January 2024, which are summarized below

#### a) New standards, amendments and interpretations effective as of 1 January 2024

- Amendments to TAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to TFRS 16 – Lease Liabilities in a Sale and Leaseback Transaction
- Amendments to TAS 7 and TFRS 7 – Disclosures: Supplier Finance Arrangements

#### b) Standards issued but not yet effective and not early adopted

As of the approval date of the consolidated financial statements, new standards, interpretations, and amendments have been published but are not yet effective for the current reporting period and have not been early adopted by the Group. The Group will make the necessary changes to its consolidated financial statements and notes upon the effective date of these new standards and interpretations, unless otherwise stated.

Amendments to TFRS 10 and TAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to TAS 21 – Lack of Exchangeability  
TFRS 17 – Insurance Contracts (New Standard)

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### c) Amendments effective upon issuance

- Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules

### d) Amendments issued by the International Accounting Standards Board (IASB) but not yet published by the Public Oversight Accounting and Auditing Standards Authority (POA)r

The two amendments to TFRS 9 and TFRS 7, the Annual Improvements to TFRS Standards, and the newly issued TFRS 18 and TFRS 19 standards listed below have been published by the IASB but have not yet been endorsed/published by the POA. Therefore, they are not yet part of the TFRS framework.

The Group will apply the necessary changes in its consolidated financial statements and notes after these standards and amendments become effective under TFRS..

Amendments to TFRS 9 and TFRS 7 – Classification and Measurement of Financial Instruments  
Amendments to TFRS 9 and TFRS 7 – Contracts for Renewable Electricity Generated from Natural Resources

TFRS 18 – Presentation and Disclosure in Financial Statements (New Standard)

TFRS 19 – Disclosure Requirements for Non-Publicly Accountable Subsidiaries (New Standard)

The potential impacts of these standards, amendments, and improvements on the Group's consolidated financial position and performance are currently being evaluated.

## f. Summary of Significant Accounting Policies

### Related Parties

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

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Related Parties (Cont'd)

- d. If the party is a member of the key management personnel of the Group;
- e) If the party is a close family member of any individual mentioned in a) or d);
- f) The party; is a business that is controlled, jointly controlled or under significant influence or any individual mentioned in d) or e) has significant voting rights directly or indirectly; or, The party must have benefit plans provided to the employees of the enterprise or an enterprise that is a related party to the enterprise after they leave their roles.

### Financial assets

Financial investments are accounted for over the remaining amount after deducting expenses directly associated with the purchase transaction from their fair market value, except for financial assets that fair value difference is reflected in profit or loss and booked at their fair value.

Investments are recorded or derecognized on the transaction date that is bound by a contract that requires the delivery of investment instruments in accordance with the period determined by the relevant market. Financial assets are classified as "financial assets at fair value through profit or loss", "financial assets measured at amortized cost", "financial assets at fair value through other comprehensive income".

#### ***Financial assets at fair value through profit or loss***

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

#### ***Financial assets measured at amortized cost***

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 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.

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Impairment of financial assets / expected credit loss (Cont'd)

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.

### Interests, dividends, losses, and gains

Interest, dividends, losses, and gains related to a financial instrument, or a financial liability are recognized as income or expense in profit or loss. Distributions to equity instrument holders are accounted for directly in equity. Transaction costs arising from equity transactions are accounted for as a discount from equity.

Income taxes on distributions to shareholders of equity instruments and transaction costs arising from equity transactions are accounted for in accordance with TAS 12 Income Taxes. The classification of a financial instrument as a financial liability or equity instrument determines whether interest, dividends, losses and gains on that instrument are recognized as income or expense in profit or loss. Thus, dividend payments on shares that are fully accounted for as liabilities are accounted for as expenses, just like interest on bonds.

Similarly, gains and losses associated with the repurchase or refinancing of financial liabilities are recognized in profit or loss, while the repurchase or refinancing of equity instruments is accounted for as a change in equity. Changes in the fair value of the equity instrument are not reflected in the financial statements. An entity generally incurs various costs in issuing or repurchasing its own equity instruments. These costs may include registration and other regulatory fees, legal, financial, and other professional consulting fees, printing costs and stamp duties. From equity transactions costs arising from these transactions are accounted for as a deduction from equity, as long as there are additional costs incurred directly from these transactions, that is, they do not need to be incurred otherwise. In addition, costs related to abandoned equity transactions are recognized as an expense.

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Interests, dividends, losses, and gains (Cont'd)

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

#### **Trade Receivables**

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

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

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

#### **Cash and cash equivalents**

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

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Financial Liabilities

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

### Inventories

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

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

### Tangible Fixed Assets

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

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

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Tangible Fixed Assets (Cont'd)

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

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

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

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

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).

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## 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:

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

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,

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### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Leases – TFRS 16 (As tenant) (Cont'd)

*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.

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

### Right to use assets

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

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

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

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

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Leases – TFRS 16 (As a Lessor)

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

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

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

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

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modification.

The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use

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

### 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.

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## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)**

### **Cash Flow Hedge (Cont'd)**

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

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

### **Practical expedients**

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

### **Investment properties**

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

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Borrowing costs

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

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

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

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

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

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

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## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)**

### **Borrowing costs (Cont'd)**

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

### **Provisions, Contingent, assets and liabilities**

#### ***Provisions***

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

#### ***Contingent Assets and Liabilities***

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

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.

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Benefits for Employees

#### *Defined Benefit Plan*

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

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

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

#### *Defined Contribution Plans*

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

### Revenue

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

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

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

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Revenue (Cont'd)

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

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

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

### Foreign Currency Translation

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

As of 31.12.2024, announced buying rate of USD by the Central Bank of Republic of Turkey is 35.2803 TRY (31.12.2023: 29.4382 TRY), buying rate of EURO is 36.7362 TRY (31.12.2023: 32.5739 TRY), buying rate of GBP is 44.2073 TRY (31.12.2023: 37.4417 TRY). As of the date of 31.12.2024 announced selling rate of USD by the Central Bank of Republic of Turkey is 35.3438 TRY (31.12.2023: 29.4913 TRY), selling rate of EURO is 36.8024 TRY (31.12.2023: 32.6326 TRY), selling rate of GBP is 44.4378 TRY (31.12.2023: 37.6369 TRY).

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### **Deferred Tax**

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

### **Current Tax**

The corporate tax rate in Turkey for 2024 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;

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## **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)**

### **Earnings/Loss per share (Cont'd)**

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

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

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

### **Subsequent events after the reporting period**

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

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

### **Statement of cash flow**

In the consolidated cash flow statement, cash flows pertaining to the period are classified and reported as operating, investing and financing cashflows. Cash flows originating from the main operating activities represent the cash flows from electricity sales. Cash flows related to investing operations represent the Group's cash flow used in and obtained through investment operations (investments in fixed assets and financial investments).

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONT'D)

### Statement of cash flow (Cont'd)

Cash flows related to finance operations represent resources of the Group used in finance operations and repayment of these resources. Cash and cash equivalents include short-term investments made up of cash, demand deposits and other short term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

### Determination of fair value

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

*Valuation methods according to the levels are listed as follows:*

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

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

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

## 3. BUSINESS COMBINATION

None. (31.12.2023: None)

## 4. INTEREST IN OTHER ENTITIES

None. (31.12.2023: None)

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period

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## 5. SEGMENT REPORTING

No segment reporting has been provided for the period ended 31 December 2023, as the Company does not have distinguishable business segments or geographical segments that are subject to risks and returns different from those of other segments in terms of the nature of products or services offered.

31.12.2024					
	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Current Assets	5,170,726,659	630,182,580	5,800,909,239	(459,599,493)	5,341,309,745
Fixed Assets	18,957,344,031	1,741,964,777	20,699,308,808	(209,788,852)	20,489,519,956
<b>Total Assets</b>	<b>24,128,070,690</b>	<b>2,372,147,357</b>	<b>26,500,218,047</b>	<b>(669,388,345)</b>	<b>25,830,829,701</b>
Short term liabilities	1,882,557,275	1,771,728,979	3,654,286,254	(459,599,490)	3,194,686,764
Long term liabilities	91,199,438	720,706	91,920,143	--	91,920,142
<b>Total Liabilities</b>	<b>1,973,756,713</b>	<b>1,772,449,685</b>	<b>3,746,206,397</b>	<b>(459,599,490)</b>	<b>3,286,606,906</b>
<b>Equity</b>	<b>22,154,313,980</b>	<b>599,697,663</b>	<b>22,754,011,643</b>	<b>(209,788,852)</b>	<b>22,544,222,795</b>

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**5. SEGMENT REPORTING (CONT'D)**

01.01.2024 - 31.12.2024					
Profit/loss part	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Revenue	6,174,627,676	41,379,347	6,216,007,023	(112,204,015)	6,103,803,008
Cost of Sales (-)	(5,181,069,285)	(26,457,261)	(5,207,526,547)	112,204,015	(5,095,322,532)
<b>GROSS PROFIT/LOSS</b>	<b>993,558,3919</b>	<b>14,922,085</b>	<b>1,008,480,476</b>	<b>--</b>	<b>1,008,480,476</b>
General and Administrative Expense (-)	(148,438,509)	(10,831,052)	(159,269,561)	--	(159,269,561)
Marketing Expenses (-)	(93,906,247)	--	(93,906,247)	--	(93,906,247)
Research and Development Expenses (-)	(540,295)	--	(540,295)	--	(540,295)
Other Operating Income	151,617,005	--	151,617,005	--	151,617,005
Other Operating Expense (-)	(475,814,154)	(6,536,840)	(482,350,994)	--	(482,350,994)
<b>OPERATING PROFIT/LOSS</b>	<b>426,476,191</b>	<b>(2,445,807)</b>	<b>424,030,385</b>	<b>--</b>	<b>424,030,384</b>
Income from Investment Activities	1,060,977	--	1,060,977	--	1,060,977
Expenses from Investment Activities (-)	(2,259,981)	--	(2,259,981)	(63,466,553)	(65,726,534)
Shares of Profits/Losses of Investments Valued by Equity Method	--	--	--	--	--
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>	<b>425,277,188</b>	<b>(2,445,807)</b>	<b>422,831,381</b>	<b>(63,466,553)</b>	<b>359,364,828</b>
Financing Income	191,318,347	4,046,615	195,364,963	(23,818,352)	171,546,611
Financing Expenses (-)	(1,104,148,541)	--	(1,104,148,541)	23,818,353	(1,080,330,188)
Net Monetary Position Gains (Losses)	(705,624,416)	--	(705,624,416)	--	(705,624,416)
<b>CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX</b>	<b>(1,193,177,422)</b>	<b>1,600,808</b>	<b>(1,191,576,613)</b>	<b>(63,466,552)</b>	<b>(1,255,043,166)</b>
<b>Continuing Operations Tax Expense/Income</b>	<b>22,574,852</b>	<b>--</b>	<b>22,574,852</b>	<b>--</b>	<b>22,574,852</b>
Period Tax Expense/Income	--	--	--	--	--
Deferred Tax Expense/Income	22,574,852	--	22,574,852	--	22,574,852
<b>CONTINUING OPERATIONS PERIOD PROFIT/LOSS</b>	<b>(1,170,602,570)</b>	<b>1,600,808</b>	<b>(1,169,001,761)</b>	<b>(63,466,552)</b>	<b>(1,232,468,314)</b>
<b>DISCONTINUED OPERATIONS PERIOD PROFIT/LOSS</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>PERIOD PROFIT/LOSS</b>	<b>(1,170,602,570)</b>	<b>1,600,808</b>	<b>(1,169,001,761)</b>	<b>(63,466,552)</b>	<b>(1,232,468,314)</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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## 6. RELATED PARTIES TRANSACTIONS

**i) Balances with related parties as of December 31, 2024 and December 31,2023 are as follows :**

**a) Trade receivables from related parties:**

	<b>31.12.2024</b>	<b>31.12.2023</b>
Suda Stratejik Metal Dış Ticaret A.Ş.	103,558	255,311,455
Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	--	12,577,055
Hidro Kontrol Elektrik Üretim A.Ş.	--	228,019
Voytron Enerji Elektrik Perakende Satış A.Ş.	--	511,255,097
<b>TOTAL</b>	<b>103,558</b>	<b>779,371,626</b>
<i>Deduct: Unaccrued financial expenses</i>	<i>(36,423)</i>	<i>(144,072,496)</i>
<b>TOTAL</b>	<b>67,135</b>	<b>635,299,130</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**6. RELATED PARTIES TRANSACTIONS (CONT'D)****b) Other receivables from related parties:**

	<b>31.12.2024</b>	<b>31.12.2023</b>
Odaş Elektrik Üretim San. ve Tic. A.Ş.	973,387,050	174,118
Batı Trakya Madencilik A.Ş.	12,411,244	--
Abdulkadir Bahattin Özal	9,769,445	9,834,746
Hidro Kontrol Elektrik Üretim A.Ş.	3,221,137	--
Süleyman Sarı	160,750	232,089
Burak Altay	118,046	852,167
Tahsin Yazan	100,000	144,379
Hidro Enerji Elektrik Üretim Sanayi A.Ş.	8,351	--
Kısrakdere Maden A.Ş.	7,168	50,234
Akra Petrol San.Tic.A.Ş.	6,426	--
Odaş Doğalgaz Toptan Satış san. Ve Tic. A.Ş.	1,803	--
Ys Madencilik Sanayi ve Tic. Ltd. Şti	793	--
<b>TOTAL</b>	<b>999,192,213</b>	<b>11,287,733</b>
<i>Deduct: Unaccrued financial expenses</i>	<i>(5,554,978)</i>	<i>(15,872)</i>
<b>TOTAL</b>	<b>993,637,235</b>	<b>11,271,861</b>

**ÇAN2 TERMİK A.Ş.**
**Explanatory Notes to the Consolidated Financial Statements For the Period  
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## 6. RELATED PARTIES TRANSACTIONS (CONT'D)

**c) Other Payables to related parties:**

	31.12.2024	31.12.2023
Odaş Elektrik Üretim San. ve Tic. A.Ş.	35,436,267	40,444,204
YS Madencilik Sanayi ve Tic. Ltd. Şti	32,679,353	39,336,900
Suda Maden A.Ş.	3,981,922	44,948
Voytron Enerji Elektrik Perakende Satış A.Ş.	3,061,325	1,149,999
Batı Trakya Madencilik A.Ş.	--	3,608,398
Burak Altay	--	852,167
<b>TOTAL</b>	<b>75,158,867</b>	<b>85,436,616</b>
<i>Deduct: Unaccrued financial income</i>	<i>(12,894,232)</i>	<i>(1,183,170)</i>
<b>TOTAL</b>	<b>62,264,635</b>	<b>84,253,446</b>

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

	01 January - 31 December 2024	01 January - 31 December 20243
Voytron Enerji Elektrik Perakende Satış A.Ş.	8,674,065	273,318,904
Suda Stratejik Metal Dış Ticaret A.Ş.	102,875,833	65,421,395
Arsin Enerji Elektrik Üretim San. Tic. A.Ş.	1,777,628	678,616
Suda Maden A.Ş.	--	22,134,117
<b>TOTAL</b>	<b>113,327,526</b>	<b>361,553,032</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**6. RELATED PARTIES TRANSACTIONS (CONT'D)****b) Purchases from related parties**

	01 Ocak - 31 Aralık 2024	01 Ocak - 31 Aralık 2023
Voytron Enerji Elektrik Perakende Satış A.Ş.	27,947,200	29,096,325
Suda Maden A.Ş.	3,680,000	--
Arsın Enerji Elektrik Üretim Sanayi Ticaret A.Ş.	--	171,712
<b>TOTAL</b>	<b>31,627,200</b>	<b>29,268,037</b>

**As of 31.12.2024, remuneration and benefits provided to executive are as follows:**

- Short-term employee benefits:** The total amounts of wages and similar benefits provided to the members of the Board of Directors and Senior Managers for the twelve months of the 2024 are TL 62,927,265 (31.12.2023: TL 39,708,649)
- 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.
- Other long-term benefits:** None.
- Benefits due to dismissal:** None.
- Share based payments:** None.

**ÇAN2 TERMİK A.Ş.**
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## 7. TRADE RECEIVABLES AND PAYABLES

### Trade receivables

The details of the Group's trade receivables as of December 31, 2024 and December 31, 2023 are as follows:

#### Short Term Trade Receivables

	31.12.2024	31.12.2023
Customer current accounts	1,848,429,583	3,375,890,459
- Receivables from related parties	103,558	831,036,513
- Other receivables(*)	1,848,326,025	2,544,853,946
Notes receivable	20,570,461	74,322,205
Doubtful trade receivables	11,574,232	2,213,400
Provisions for doubtful trade receivables (-)	(11,574,232)	(2,213,400)
	<b>1,869,000,044</b>	<b>3,450,212,664</b>
<i>Deduct: Unaccrued financial expense</i>	<i>(2,460,058)</i>	<i>(239,155,196)</i>
- Receivables from related parties	<i>(36,423)</i>	<i>(195,737,383)</i>
- Other receivables	<i>(2,423,636)</i>	<i>(43,417,813)</i>
<b>TOTAL</b>	<b>1,866,539,986</b>	<b>3,211,057,468</b>

(\*)The amount of 1.579.709.889 TRY is included in trade receivables including tax and interest is the amount subject to litigation and this amount is related to other payables in the balance sheet liabilities.

#### Long Term Trade receivables

	31.12.2024	31.12.2023
Customer current accounts	1,265,526,305	--
-Receivables from related parties	--	--
-Other receivables (*)	1,265,526,305	--
	<b>1,265,526,305</b>	<b>--</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**7. TRADE RECEIVABLES AND PAYABLES (CONT'D)****Trade payables**

	31.12.2024	31.12.2023
Vendor accounts	1,056,222,346	755,341,696
- Payables to related parties	--	--
- Other vendor payables	1,056,222,346	755,341,696
Other Trade Payables	2,500	3,609
	<b>1,056,224,846</b>	<b>755,345,305</b>
Deduct: Unaccrued financial income	(89,436,996)	(62,755,812)
-Trade payables to related parties	--	--
-Trade payables to third parties	(89,436,996)	(62,755,812)
<b>TOTAL</b>	<b>966,787,850</b>	<b>692,589,493</b>

**8. OTHER RECEIVABLES AND PAYABLES****Other short-term receivables**

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

	31.12.2024	31.12.2023
Receivables from related parties	999,192,214	11,293,424
Other receivables	13,190,616	2,339,052
Deposits and guarantees given	5,237,518	5,206,114
<b>TOTAL</b>	<b>1,017,620,348</b>	<b>18,838,590</b>
Deduction: Unaccrued financial expense	(5,554,978)	(23,205)
-Receivables from related parties	(5,554,978)	(21,563)
-Other receivables	--	(1,642)
<b>TOTAL</b>	<b>1,012,065,370</b>	<b>18,815,385</b>

**ÇAN2 TERMİK A.Ş.**
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## 8. OTHER RECEIVABLES AND PAYABLES (CONT'D)

### Other long-term receivables

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

	31.12.2024	31.12.2023
Deposits and guarantees given	205,231	296,310
<b>TOTAL</b>	<b>205,231</b>	<b>296,310</b>

### Other short-term debts

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

	31.12.2024	31.12.2023
<i>Payables to Related Parties</i>	75,158,867	85,436,619
Other Payables	124,133,809	242,843
Taxes and Funds Payable	142,668,947	191,415,958
Advances Received	--	14,192
Delayed or deferred tax and other payables	19,963,898	30,958,665
Other Payables	87,920	103,684
	<b>362,013,441</b>	<b>308,171,961</b>
<i>Deduct: Unaccrued financial income</i>	(12,894,233)	(1,206,354)
<i>-Related party payables</i>	(12,894,232)	(1,183,172)
<i>-Other payables</i>	--	(23,182)
<b>TOTAL</b>	<b>349,119,208</b>	<b>306,965,607</b>

Details of tax payables are as follows:

	31.12.2024	31.12.2023
Income Tax Withholding on Salaries	19,498,840	18,774,892
Value Added Tax	122,099,591	167,784,996
Other Tax Liabilities	1,070,516	4,856,070
<b>TOTAL</b>	<b>142,668,947</b>	<b>191,415,958</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**8. OTHER RECEIVABLES AND PAYABLES (CONT'D)****Other Long-term debts**

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

	31.12.2024	31.12.2023
Delayed or deferred public debts	28,539,832	70,141,564
<b>TOTAL</b>	<b>28,539,832</b>	<b>70,141,564</b>

**9. INVENTORIES**

	31.12.2024	31.12.2023
Raw materials and supplies	36,482,524	45,144,069
Semi-finished goods	777,702,825	1,078,847,541
Finished goods	545,589,863	521,265,913
Trade Goods	--	11,600,305
Other inventories	248,109,741	167,186,969
<b>TOTAL</b>	<b>1,607,884,953</b>	<b>1,824,044,797</b>

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.

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 10. PREPAID EXPENSES AND DEFERRED INCOME

### Short-term prepaid expenses

	31.12.2024	31.12.2023
Advances given	15,693,589	189,836,658
Prepaid expenses	50,730,019	55,379,598
<b>TOTAL</b>	<b>66,423,608</b>	<b>245,216,256</b>

### Long-term prepaid expenses

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

	31.12.2024	31.12.2023
Prepaid expenses (*)	21,361,429	49,079,950
<b>TOTAL</b>	<b>21,361,429</b>	<b>49,079,950</b>

*(\*) Amount related to re-structured tax liabilities.*

### Short-term deferred income

	31.12.2024	31.12.2023
Advances received	1,694,206,188	--
<b>TOTAL</b>	<b>1,694,206,188</b>	<b>--</b>

*(\*) The related amount originates from the financial statements of the Group's subsidiary, Denarius LLC.*

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

**11. TANGIBLE ASSETS***Movement of property, plant and equipment for the period 01.01- 31.12.2024 is as follows:*

	01.01.2024	Addition	Disposal	31.12.2024
<b>Cost</b>				
Land	729,384,896	14,137,478	--	743,522,374
Buildings	2,626,491	313,922,240	--	316,548,730
Plants, machinery and equipment	17,849,036,073	452,702,259	(1,649,965)	18,300,088,366
Vehicles	188,760,206	41,452,075	(2,413,714)	227,798,567
Furniture and Fixture	99,291,548	7,579,590	--	106,871,137
Construction in Progress	456,496,141	10,500,005	--	466,996,146
Mine Searching Costs	867,526	58,251	--	925,777
<b>TOTAL</b>	<b>13,015,976,203</b>	<b>372,279,309</b>	<b>(2,310,547)</b>	<b>13,385,944,964</b>
<b>Accumulated Depreciation</b>				
Buildings	(598,686)	(88,510)	--	(687,196)
Plants machinery and equipment	(2,094,191,413)	(682,985,197)	--	(2,777,176,610)
Vehicles	(53,344,920)	(34,514,529)	1,513,714	(86,345,735)
Furniture and fixture	(50,469,819)	(14,222,942)	--	(64,692,761)
<b>TOTAL</b>	<b>(2,198,604,839)</b>	<b>(731,811,178)</b>	<b>1,513,714</b>	<b>(2,928,902,303)</b>
<b>Net Book value</b>	<b>17,127,858,043</b>	<b>108,540,719</b>	<b>(2,549,966)</b>	<b>17,233,848,795</b>

**ÇAN2 TERMİK A.Ş.**
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## 11. TANGIBLE ASSETS (CONT'D)

*Movement of property, plant and equipment for the period 01.01.-31.12.2023 is as follows:*

	01.01.2023	Addition	Disposal	31.12.2023
<b>Cost</b>				
Land	681,594,187	47,790,708	--	729,384,896
Buildings	2,626,491	--	--	2,626,491
Plants machinery and equipment	17,526,944,536	322,091,537	--	17,849,036,073
Vehicles	175,904,533	15,166,220	(2,310,547)	188,760,206
Furniture and fixture	78,842,557	20,448,990	--	99,291,548
Construction in progress	325,526,699	130,969,442	--	456,496,141
Search costs	867,526	--	--	867,526
<b>TOTAL</b>	<b>18,792,306,529</b>	<b>536,466,899</b>	<b>(2,310,547)</b>	<b>19,326,462,881</b>
<b>Accumulated Depreciation</b>				
Buildings	(525,983)	(50,356)	--	(576,339)
Plants machinery and equipment	(1,424,328,662)	(669,862,752)	--	(2,094,213,759)
Vehicles	(23,964,161)	(30,410,333)	1,029,574	(53,344,920)
Furniture and fixture	(36,947,347)	(13,522,472)	--	(50,469,819)
<b>TOTAL</b>	<b>(1,485,766,153)</b>	<b>(713,845,913)</b>	<b>1,029,574</b>	<b>(2,198,604,838)</b>
<b>Net Book value</b>	<b>17,306,540,376</b>	<b>(177,379,014)</b>	<b>(1,280,974)</b>	<b>17,127,858,043</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

**12. INTANGIBLE ASSETS***The details of the Group's intangible assets for the year ended 31.12.2024 are as follows:*

	01.01.2024	Addition	Disposal	Transfer	31.12.2024
<b>Cost Value</b>					
Rights	74,083,837	10,743,335	(2,271,310)	--	82,555,862
Research and Development Expenses	557,825	--	(557,825)	--	--
Other intangible assets	5,463,193	--	--	--	5,463,193
Preparation and development cost	314,738,860	420,766,432	--	--	735,505,292
<b>TOTAL</b>	<b>394,843,715</b>	<b>431,509,767</b>	<b>(2,829,135)</b>	<b>--</b>	<b>823,524,347</b>
<b>Accumulated Amortization</b>					
Rights	(34,319,449)	(2,248,381)	--	149,947	(36,417,883)
Other intangible assets	(4,367,475)	(435,463)	--	--	(4,802,938)
Preparation and development cost	(134,266,221)	(29,020,547)	--	--	(163,286,768)
<b>TOTAL</b>	<b>(172,953,146)</b>	<b>(31,704,390)</b>	<b>--</b>	<b>149,947</b>	<b>(204,507,589)</b>
<b>Net Book Value</b>	<b>221,890,569</b>	<b>399,805,377</b>	<b>(2,829,135)</b>	<b>149,947</b>	<b>619,016,758</b>

**ÇAN2 TERMİK A.Ş.**
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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2024)

## 12. INTANGIBLE ASSETS (CONT'D)

The details of the Group's intangible assets for the year ended 31.12.2023 are as follows:

	01.01.2023	Addition	Disposal	Transfer	31.12.2023
<b>Cost Value</b>					
Rights	52,053,108	21,664,008	366,721	--	74,083,837
Research and development costs	--	557,825	--	--	557,825
Other intangible assets	3,005,699	2,457,494	--	--	5,463,193
Preparation and development costs	249,271,656	65,467,205	--	--	314,738,860
<b>TOTAL</b>	<b>304,330,463</b>	<b>90,146,531</b>	<b>366,721</b>	<b>--</b>	<b>394,843,715</b>
<b>Accumulated Amortization</b>					
Rights	(27,409,770)	(6,909,680)	--	--	(34,319,449)
Other intangible assets	(3,678,948)	(688,527)	--	--	(4,367,475)
Preparation and development costs	(96,102,817)	(38,163,404)	--	--	(134,266,221)
<b>TOTAL</b>	<b>(127,191,535)</b>	<b>(45,761,611)</b>	<b>--</b>	<b>--</b>	<b>(172,953,146)</b>
<b>Net Book Value</b>	<b>177,138,927</b>	<b>44,384,920</b>	<b>366,721</b>	<b>--</b>	<b>221,890,569</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**13. EXPLORATION AND EVALUATION OF MINERAL RESOURCES**

The total amount of preparation and development cost capitalized as of December 31, 2024 and 2023 is as follows;

Subsidiary	31.12.2024	31.12.2023
Yel Enerji	483,615,482	75,244,479
Çan2 Termik A.Ş.	30,107,561	30,107,562
Çan2 Trakya	221,782,249	209,386,820
<b>TOTAL</b>	<b>735,505,292</b>	<b>314,738,861</b>

Preparation and development expenditures are capitalized in accordance with the Standard on Exploration and Evaluation of Mineral Resources and the Group's accounting policy. Amortization is recognized when the intangible asset is ready for use, i.e. when it is in a location and condition necessary for the Group to be able to operate in the manner intended by management.

**14. RIGHT USE OF ASSETS**

The details of the Group's right use of assets for the year ended 31.12.2024 are as follows:

	1.01.2024	Addition	Disposal	Transfer	31.12.2024
<b>Cost – Vehicles</b>					
Right use of assets	26,358,997	475,766	(8,102,159)	--	18,732,604
<b>TOTAL</b>	<b>26,358,997</b>	<b>475,766</b>	<b>(8,102,159)</b>	<b>--</b>	<b>18,732,604</b>
<b>Accumulative amortization – Vehicles</b>					
Right use of assets	(9,094,565)	(1,808,398)	2,795,464	--	(8,107,499)
<b>TOTAL</b>	<b>(9,094,565)</b>	<b>(1,808,398)</b>	<b>2,795,464</b>	<b>--</b>	<b>(8,107,499)</b>
<b>Net Book Value</b>	<b>17,264,433</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>10,625,105</b>

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 14. RIGHT USE OF ASSETS (CONT'D)

The details of the Group's right use of assets for the year ended 31.12.2023 are as follows:

	1.01.2023	Addition	Disposal	Transfer	31.12.2023
<b>Cost – Vehicles</b>					
Right use of assets	9,112,453	17,379,938	(133,394)	--	26,358,997
<b>TOTAL</b>	<b>9,112,453</b>	<b>17,379,938</b>	<b>(133,394)</b>	<b>--</b>	<b>26,358,997</b>
<b>Accumulative amortization – Vehicles</b>					
Right use of assets	(6,639,050)	(2,588,909)	(133,394)	--	(9,094,565)
<b>TOTAL</b>	<b>(6,639,050)</b>	<b>(2,588,909)</b>	<b>(133,394)</b>	<b>--</b>	<b>(9,094,565)</b>
<b>Net Book Value</b>	<b>2,473,404</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>17,264,433</b>

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 31,2024 and December 31,2023 and the related impairment provisions have been shown in the relevant financial statement items (Note 7).

## 16. GOVERNMENT GRANTS

Investment incentive certificate held by Çan2 Termik A.Ş, which is dated 06.02.2015 and numbered 117824 and issued by Republic of Turkey Ministry of Economy and Foreign Capital General Directorate of Incentives and Implementation, has been renewed with the number C117824, dated 18.09.2017. The investment concerning the certificate is a power generation plant based on domestic coal with an installed capacity of 340 MW (Çan 2 Thermal Power Plant). The incentive certificate was issued in accordance with EMRA's preliminary license dated 10.07.2014 numbered ON / 5117-5 / 03070.

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**16. GOVERNMENT GRANTS (CONT'D)**

The investment incentive certificate has been granted for the new investment made in Çanakkale Çan 2<sup>nd</sup> 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, CI Tax Reduction Rate Support, VAT exemption and Customs Tax exemption incentives are used.

The total amount of the investment is TL 801,789,866. An Incentive Closing Visa application was made to the Ministry of Industry and Technology on October 2, 2019, and a completion visa was effected within the framework of Article 24 of the decision dated June 15, 2012 and numbered as 2012/3305 and Article 23 of the communiqué numbered 2012/1 regarding the implementation of this decision. The decision was notified to the Company in accordance with the letter dated August 5, 2020 and numbered 1777914. The contribution rate to the investment is calculated at the rate of 40% over the total investment amount before the closing of the investment incentive certificate, and a tax reduction of 80% is provided up to the tax reaching up to TL 320,715,946. Indexed and not benefited investment incentive tax deduction amount in 2024 is 1,975,981,665 TL. This amount is also subject to deferred tax (Note 30).

Additionally, an investment incentive certificate was issued by the Republic of Türkiye Ministry of Industry and Technology on 08.04.2020, with certificate number 510216 and ID number 1013731. The support classification is Regional – Priority Investment, and the incentive elements include VAT Exemption, Interest Support, Corporate Income Tax Reduction, Employer's Social Security Premium Support, and Allocation of Investment Land.

The subject of the investment covered by the certificate is a 340 MW installed capacity electricity generation plant based on domestic coal (Çan 2 Thermal Power Plant). The incentive certificate was issued in accordance with the electricity generation license granted by EMRA (Energy Market Regulatory Authority) dated 28.01.2016, numbered ÜE/6083-2/03428.

The total amount of the investment is 329,297,725 TL. 40% investment contribution rate is calculated on the total investment amount prior to closure, and a tax reduction of up to 80% is provided until the total tax benefit reaches TRY 131,719,090. This amount is subject to deferred tax (Note 30).

**17. BORROWING COSTS**

None. (31.12.2023: None)

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

### Other short-term provisions

	31.12.2024	31.12.2023
Lawsuit provisions	1,906,404	3,130,022
<b>TOTAL</b>	<b>1,906,404</b>	<b>3,130,022</b>

### Cases Against the Group

As of 31.12.2024, according to the information obtained from the Group's legal consultancy, there are various commercial lawsuits filed against the Group. Provisions have been accounted for these lawsuits and related expenses.

As of 31 December 2024, the Group has recognized a provision for legal expenses related to employee reinstatement lawsuits, taking into consideration the high probability of losing such cases.

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

	01.01.- 31.12.2024	01.01.- 31.12.2023
Balance at the Beginning of the Period	3,130,022	2,326,700
Additional Provisions	(1,223,618)	803,322
<b>TOTAL</b>	<b>1,906,404</b>	<b>3,130,022</b>

### Favorable Lawsuits

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

As stated in the Company's material event disclosures dated 14.01.2023, 11.04.2023 and 17.06.2023, following the letter dated 13.01.2023 sent to the Company by EMRA, a lawsuit was filed in Ankara 10<sup>th</sup> Administrative Court for the annulment of the administrative action and the decision in favor of the Company was decided to be suspended by Ankara 8th Administrative Lawsuit Department and the case is still pending on the merits.

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period  
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**18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONT'D)****Other long-term provisions**

	31.12.2024	31.12.2023
Mine restoration provisions	216,297	302,236
<b>TOTAL</b>	<b>216,297</b>	<b>302,236</b>

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  $150 \times \text{TL } 2,000 = \text{TL } 300,000$ . This study will be carried out after the open business has completed its economic life, which is estimated to be at the completion of 20 years period.

**Provision for mine restoration**

	31.12.2024	31.12.2023
Balance at the beginning of period	302,236	601,188
Additional provision / payment (-)	(85,939)	(298,952)
<b>Balance at the end of the period</b>	<b>216,297</b>	<b>302,236</b>

As of December 31, 2024, the net present value of total cost amounting to TL 300,000, is TL 216,297.

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**Explanatory Notes to the Consolidated Financial Statements For the Period**
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## 18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONT'D)

### Guarantees given

The guarantees provided by the group are as follows:

Guarantees / Pledge / Mortgage (GPM)	31.12.2024	31.12.2023
A) GPM given for companies own legal personality	612,808,267	30,261,110,070
B) GPM given in behalf of fully consolidated companies	57,241,357	--
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	--	--
<b>TOTAL</b>	<b>670,049,624</b>	<b>30,261,110,070</b>

Guarantees and notes received by the Group are as follows;

	31.12.2024	31.12.2023
Letters of guarantee received	14,742,031	4,660,182
<b>TOTAL</b>	<b>14,742,031</b>	<b>4,660,182</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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**19. EMPLOYEE BENEFITS****a. Short term*****Employee Benefits Payables***

	<b>31.12.2024</b>	<b>31.12.2023</b>
Payables to personnel	27,014,878	23,506,503
Social security premium payables	14,004,678	22,841,374
<b>TOTAL</b>	<b>41,019,556</b>	<b>46,347,877</b>

Payables to personnel consists of unpaid accrued wages and similar debts due. Social Security withholdings consist of social security premiums payable 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.

***Provisions for Employee Benefits***

	<b>31.12.2024</b>	<b>31.12.2023</b>
Provision for Vacation Leave	19,960,134	18,048,800
<b>TOTAL</b>	<b>19,960,134</b>	<b>18,048,800</b>

**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 41,828.42 as of 31 December 2024 (31 December 2023: TL 23,489.83) 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.

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## 19. EMPLOYEE BENEFITS (CONT'D)

### Severance pay provision (Cont'd)

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, 2023 and 2024 are as follows:

	31 December 2024	31 December 2023
Discount rate	21.44%	21.44%
Estimated rate of increase	17.78%	17.78%
Net Discount rate	3.11%	3.11%

	31.12.2024	31.12.2023
Provision for Severance Pay	8,993,414	9,473,906
<b>Balance at end of the period</b>	<b>8,993,414</b>	<b>9,473,906</b>

	31 December 2024	31 December 2023
Balance at beginning of the period	9,473,906	7,397,325
Payment	30,621,280	12,470,250
Interest cost	1,264,544	1,234,587
Current service cost	(19,411,769)	(11,073,195)
Actuarial Gain/Loss	(14,629,518)	1,690,043
Inflation Effect	1,674,971	(2,245,104)
<b>Balance at end of the period</b>	<b>8,993,414</b>	<b>9,473,906</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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**20. OTHER ASSETS AND LIABILITIES****Other current assets***Other Current Assets as of December 31, 2023, and 2024 are as follows:*

	31.12.2024	31.12.2023
Income accruals (*)	508,334,372	599,730,607
Deferred VAT	8,686,703	5,485,702
Job advances	1,223,968	29,905,515
Personnel advances	370,835	4,318,574
Order advances given	89,402,920	14,899,714
Other Various Current Assets	22,215,149	132,198
<b>TOTAL</b>	<b>630,233,947</b>	<b>654,472,310</b>

*(\*) Income accruals are as follows:*

	31.12.2024	31.12.2023
Income accruals from sales of electricity	508,334,372	599,730,606
<b>TOTAL</b>	<b>508,334,372</b>	<b>599,730,607</b>

**Other short-term liabilities**

	31.12.2024	31.12.2023
Expense accruals	56,221,581	84,464,197
<b>TOTAL</b>	<b>56,221,581</b>	<b>84,464,197</b>

*The details of Expense Accruals are as follows:*

	31.12.2024	31.12.2023
Expense accruals from electricity purchases	44,290,729	59,244,559
Other expenses accruals	11,930,852	25,219,637
<b>TOTAL</b>	<b>56,221,581</b>	<b>84,464,197</b>

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## 20. OTHER ASSETS AND LIABILITIES (CONT'D)

The details of Other Non - Current Assets as of December 31, 2023, and 2024 are as follows.

### Other non-current assets

	31.12.2024	31.12.2023
Advances given (*)	39,276,976	73,152,022
<b>TOTAL</b>	<b>39,276,976</b>	<b>73,152,022</b>

(\*) 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.

### Diğer Uzun Vadeli Yükümlülükler

	31.12.2024	31.12.2023
Expense accruals (*)	12,299,527	30,598,757
<b>TOTAL</b>	<b>12,299,527</b>	<b>30,598,757</b>

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

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**21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS****Paid Capital**

The paid capital structure of the Group as of 31.12.2023, and 2024 is as follows:

Shareholders	31.12.2024		31.12.2023	
	Shares Amounts	Percentage	Shares Amounts	Percentage
Odaş Elektrik Üretim San. Tic. A.Ş.	2,799,982,403	40.00%	548,244,403	58.44%
Public Shares	4,200,017,597	60.00%	389,872,500	41.56%
	<b>7,000,000,000</b>	<b>100%</b>	<b>938,116,903</b>	<b>100%</b>
Capital Adjustment Differences (*)	1,603,983,190	-	2,438,037,334	-
<b>Total Paid-in Capital</b>	<b>8,603,983,190</b>	<b>-</b>	<b>3,376,154,237</b>	<b>-</b>

(\*)Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital restated for the effects of inflation. Adjustment to share capital is not available for any other use except to be added to share capital.

As of 31.12.2024, the paid-in capital of Çan2 Termik A.Ş. was TL 7,000,000,000, divided into 7,000,000,000 shares, each with a nominal value of TL 1.

**Share premiums/discounts**

	31.12.2024	31.12.2023
Share Premiums	304,476,277	4,560,618,566
<b>TOTAL</b>	<b>304,476,277</b>	<b>4,560,618,566</b>

**Gain/Loss From Cash Risk Protection**

	31.12.2024	31.12.2023
Cash Flow Hedge Gains/Losses	955,916,341	1,874,286,982
<b>TOTAL</b>	<b>955,916,341</b>	<b>1,874,286,982</b>

**ÇAN2 TERMİK A.Ş.**
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## 21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONT'D)

### Actuarial Loss / Gain Fund

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

	31.12.2024	31.12.2023
Balance at beginning of the period	(5,777,176)	(4,509,645)
Actuarial gain/loss	14,629,518	(1,690,043)
Deferred tax effect	(3,657,380)	422,511
Balance at the end of the period	5,194,962	(5,777,177)

### Restricted Reserves

	31.12.2024	31.12.2023
Legal Reserves	241,948,572	59,055,361
<b>TOTAL</b>	<b>241,948,572</b>	<b>59,055,361</b>

### Capital Advances

	31.12.2024	31.12.2023
Capital Advances	1,474,418,200	2,128,746,883
<b>TOTAL</b>	<b>1,474,418,200</b>	<b>2,128,746,883</b>

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## 21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONT'D)

### Capital Advances (Cont'd)

*The explanation regarding the adjusted equity accounts in accordance with TAS 29 prepared by the Group in accordance with the Capital Markets Board Bulletin published on March 7, 2024 is as follows:*

Equity	PPI Indexed	CPI Indexed	Differences to be Recognized in Retained Earnings/losses
Positive Capital Adjustment Differences	8,724,851,031	8,603,983,190	120,867,841
Share Premiums/ Discounts	750,855,529	304,476,277	446,379,252
Restricted Reserves	210,071,864	241,948,572	(31,876,708)

### Parent Company Shares

During the year ended December 31, 2024, the Group incurred a period loss of TL 1,233,028,597 (31.12.2023: TL 645,027,971 of net period profit), all of which pertain to the Parent Company shares and there are no non - controlling interests.

### Prior Years Profit/Loss

Previous Years Profit/Losses	31.12.2023	31.12.2022
Previous Years Profit/Loss	15,406,720,689	12,109,626,170
Share Not Resulting in Loss of Control in Subsidiaries Rate Not Depending On Increase/ Decrease	(733,485)	--
Increase/Decrease Due to Other Changes	(336,584,743)	--
Transfers	(2,081,359,878)	(468,289,416)
Profit/Loss for the Period	645,027,971	3,765,383,935
<b>TOTAL</b>	<b>13,633,070,554</b>	<b>15,406,720,689</b>

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period

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## 21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONT'D)

### Non-Controlling Interests

	31.12.2024	31.12.2023
Capital	69,630,964	--
Previous Year's Profit/(Loss)	(394,954)	--
Period Profit/(Loss)	560,283	--
<b>TOTAL</b>	<b>69,796,293</b>	<b>--</b>

## 22. REVENUE AND COST OF SALES

The details of sales are as follows;

	01 January - 31 December 2024	01 January - 31 December 2023
Electricity Sales	6,097,386,026	8,344,739,338
Other Income	9,739,653	77,408,898
Sales Returns	(3,322,671)	(3,535,043)
	<b>6,103,803,008</b>	<b>8,418,613,192</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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**23. EXPENSES BY NATURE**

The details of the cost of sales for the periods 01.01.-31.12.2024 and 01.01.-31.12.2023 are as follows:

	01 January - 31 December 2024	01 January - 31 December 2023
Cost of Raw Material Usage	2,048,386,455	2,390,476,479
TEIAS/EPIAS/Energy Expenses	1,108,011,356	2,472,886,511
Amortization and depreciation expenses	809,030,432	1,071,188,398
Personnel Expenses Share	469,880,788	453,226,874
Cost of Sales of Finished Goods from Production	384,207,280	74,163,534
Maintenance cost	98,211,638	181,985,969
Other Expenses	96,594,138	76,253,193
Insurance Expenses	38,850,644	50,915,392
Rental Expense	33,784,579	31,678,821
Consultancy Expenses	8,365,222	6,990,928
The Cost of Selling Coal	--	156,276,680
Limestone Cost of Sales	--	51,486,951
	<b>5,095,322,532</b>	<b>7,017,529,730</b>

**24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES****Marketing, selling and distribution expenses**

	01 January - 31 December 2024	01 January - 31 December 2023
Pazarlama Satış Dağıtım Giderleri	93,906,247	<b>105,617,392</b>
	<b>93,906,247</b>	<b>105,617,392</b>

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## 24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (CONT'D)

### General Administrative Expenses

The details of the general administrative expenses for the periods 01.01.-31.12.2024, and 2023 are as follows:

	01 January - 31 December 2024	01 January - 31 December 2023
Personnel expenses	55,931,648	70,256,134
Amortization expenses	48,236,723	57,623,336
Other Expenses	36,522,226	23,149,370
Consultation expense	8,762,670	9,310,892
Tax Return and Contract Stamp Duty Tax	3,775,013	965,642
Rental Expense	6,041,281	--
	<b>159,269,561</b>	<b>161,305,375</b>

### Fees Paid For The Audit Services;

- a- The independent audit fee for the reporting period of 1 January - 31 December 2024 is TRY 948,000, (31.12.2023: 500,000 TL)
- b- Fees for Other Services:
- Fees for Other Assurance Services: None (31.12.2023 : 50,000 TL)
  - Fee for Tax Consultancy Services : 477,600 TL (31.12.2023 : 282,000 TL)
  - Fees for Other Services Other than Independent Audit: None (31.12.2023 : None)

### Research And Development Expenses

	01 January - 31 December 2024	01 January - 31 December 2023
Research And Development Expenses	540,295	--
	<b>540,295</b>	<b>--</b>

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

	01 January - 31 December 2024	01 January - 31 December 2023
Rediscount income	84,870,573	68,347,656
Exchange rate gain	34,634,121	86,339,946
Other extraordinary income	28,096,492	27,246,958
Provision no longer required	2,250,999	768,474
Previous year's profit and income	1,032,098	5,520,186
Other operating profit and income	732,722	2,629,609
<b>TOTAL</b>	<b>151,617,005</b>	<b>190,852,829</b>

**Other expenses from operating activities**

	01 January - 31 December 2024	01 January - 31 December 2023
Idle Capacity Losses and Expenses	174,176,873	40,123,869
Provision expenses	148,964,437	16,461,568
Other Extra Ordinary Losses and Expenses	104,421,355	166,819,035
Exchange Rate Expenses	47,430,026	176,627,578
Previous years losses and expenses	5,027,246	8,060,786
Other Ordinary Losses and Expenses	1,962,604	433,245
Rediscount expenses	368,453	43,650,346
<b>TOTAL</b>	<b>482,350,994</b>	<b>452,176,427</b>

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 26. INVESTMENT INCOME AND EXPENSES

The details of the income and expenses from investment activities for the periods 01.01.-31.12.2024, and 2023 are as follows:

	01 January - 31 December 2024	01 January - 31 December 2023
Income from investment activities	1,060,977	3,945,744
Expenses from investment activities	(65,726,534)	(1,568,005)
<b>TOTAL</b>	<b>(64,665,557)</b>	<b>2,377,738</b>

## 27. EXPENSES CLASSIFIED BY NATURE

Personnel Expenses	01 January - 31 December 2024	01 January - 31 December 2023
Cost of Sales	469,880,788	453,226,874
General Administrative Expenses	55,931,648	70,256,134
<b>TOTAL</b>	<b>525,812,436</b>	<b>523,483,008</b>

Insurance Expenses	01 January - 31 December 2024	01 January - 31 December 2023
Cost of Sales	38,850,644	50,915,392
General Administrative Expenses	--	--
<b>TOTAL</b>	<b>38,850,644</b>	<b>50,915,392</b>

Consulting Expenses	01 January - 31 December 2024	01 January - 31 December 2023
Cost of Sales	8,365,222	6,990,928
General Administrative Expenses	8,762,670	9,310,892
<b>TOTAL</b>	<b>17,127,892</b>	<b>16,301,820</b>

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**28. FINANCIAL INCOME AND EXPENSES****Financial Income**

	01 January - 31 December 2024	01 January - 31 December 2023
Rediscount Income	130,025,561	109,025,233
Interest Income	35,304,669	305,570,956
Exchange gain	6,216,109	1,204,127,489
Profit on Sale of Marketable Securities	272	289,857
<b>TOTAL</b>	<b>171,546,611</b>	<b>1,619,013,535</b>

**Financial Expenses**

	01 January - 31 December 2024	01 January - 31 December 2023
Interest and commission expenses	550,013,389	551,621,176
Exchange losses	522,267,342	544,692,801
Rediscount expenses	8,049,457	224,732,258
Losses on Sale of Marketable Securities	--	2,930
<b>TOTAL</b>	<b>1,080,330,188</b>	<b>1,321,049,165</b>

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## 29. MONETARY GAIN / LOSS

<b>Non-monetary Items</b>	<b>31.12.2024</b>
<b>Statement of Financial Position Items</b>	
Inventories	(35,439,461)
Equity Method Accounted Investments	6,199,265
Tangible Fixed Assets	4,781,711,422
Other Intangible Fixed Assets	112,832,706
Capital Adjustment Differences	(1,610,182,455)
Premiums/Discounts Related to Shares	111,555,331
Restricted Reserves Allocated from Profit	(50,652,779)
Previous Years' Profits/Losses	(4,597,340,377)
Other Gains/Losses	(1,123,974)
<b>Profit or Loss Statement Items</b>	
Revenue	(698,525,963)
Cost of Sales	1,110,964,110
General Administrative Expenses	53,168,044
Marketing Expenses	11,320,983
Other Revenues	(22,858,098)
Other Expenses	39,089,733
Revenues from Investment Activities	(136,639)
Expenses from Investment Activities	291,054
Financing Revenues	(22,596,445)
Financing Expenses	106,099,127
<b>TOTAL</b>	<b>(705,624,416)</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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**30. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS***The Group's other comprehensive income/(expense) during the years ended 31.12.2024 and 31.12.2023 comprised:*

Other comprehensive income (expense) that will not be reclassified to profit and loss	01 January - 31 December 2024	01 January - 31 December 2023
Yeniden Değerleme Artış/Azalışları	--	--
Actuarial Gain / Loss	14,629,518	(1,690,043)
Deferred tax income / expenses	(3,657,380)	422,511
<b>TOTAL</b>	<b>10,972,139</b>	<b>(1,267,532)</b>

**31. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES***Tax income /expenses in the statement of income during the years ended 31.12.2024 and 31.12.2023 comprised:*

	01 January - 31 December 2024	01 January - 31 December 2023
Current tax expense / income	--	(202,622)
Deferred tax income / expense	22,574,852	796,191,009
Deferred tax reflected in Equity	(117,743,107)	348,633,920
<b>TOTAL</b>	<b>(95,168,255)</b>	<b>1,144,622,307</b>

**Current Tax**

In Turkey, the corporate tax rate is applied as 25% for 2024 in accordance with the Corporate Tax Law No. 5520.

**Current Year Tax Provisions, Net**

None. (31.12.2023: None)

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period

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## 31. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

### Assets Related to Current Period Tax

	31.12.2024	31.12.2023
Prepaid Taxes and Funds	789,179	8,307,191
<b>TOTAL</b>	<b>789,179</b>	<b>8,307,191</b>

### 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. 25% tax rate will be applied for corporate earnings in 2024 and onwards.

The Turkish tax legislation does not allow the parent company to prepare a tax return based on the consolidated financial statements of its subsidiaries and affiliates. Therefore, the deferred tax positions of companies with deferred tax assets and companies with deferred tax liabilities have not been netted off and have been disclosed separately.

*The deferred tax assets and liabilities as of December 31, 2024, and 2023 are given in the financial statements as follows,*

	31.12.2024	31.12.2023
Deferred Tax Assets	1,299,659,357	2,032,971,072
Deferred Tax Liabilities	(25,399,097)	(57,202,545)
<b>TOTAL</b>	<b>1,274,260,260</b>	<b>1,975,768,527</b>

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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**31. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)***The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of December 31, 2023, and 2024 are as follows:*

Deferred tax assets / Liabilities	Temporary Differences		Deferred tax assets / (Liabilities)	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Other Deferred Tax Assets/Liabilities	57,667,247	116,473,640	14,416,812	29,118,410
Rediscounts	68,511,155	123,545,656	17,127,789	30,886,414
Inventory	(100,997,478)	(330,521,475)	(25,249,369)	(82,630,369)
Other liabilities and accrued expenses	138,272,980	293,471,049	34,568,244	73,367,764
Tangible and intangible fixed assets depreciation differences	(4,795,024,029)	(2,541,204,722)	(1,198,756,007)	(635,301,181)
Employment termination benefits and annual leave provision	23,253,025	21,730,914	5,813,256	5,432,728
Reduced Corporate Tax Rate Right from Investment (*)	--	--	2,107,700,755	2,031,201,562
Cash Flow Hedging Gains/Losses	--	--	318,638,780	672,653,778
Inflation Effect	--	--	--	(148,960,579)
<b>TOTAL</b>	<b>(4,608,317,099)</b>	<b>(2,316,504,939)</b>	<b>1,274,260,261</b>	<b>1,975,768,527</b>

(\*) 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. As of September 30, 2024, the indexed remaining investment allowance amount is 1,975,981,665 TRY. In addition, the Republic of Turkey Ministry of Industry and Technology issued an investment incentive certificate dated 08.04.2020 with document number 510216 and ID number 1013731.

The support class is Regional-Priority Investment and the support elements are VAT Exemption, Interest Support, Tax Reduction, Insurance Premium Employer's Share and Investment Site Allocation. Accordingly, the Investment Contribution Rate is 40% and the Reduced Corporate Tax Rate is 80%. Accordingly, 40% of the total investment amounting to 329,297,725 TRY, which is 40% of the total investment amounting to 131,719,090 TRY, will be able to benefit from the reduced corporate tax application regarding the earnings from the investment. The related amount is subject to deferred tax.

## ÇAN2 TERMİK A.Ş.

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## 32. EARNINGS PER SHARE

	01 January - 31 December 2024	01 January - 31 December 2023
Net profit / (Loss)	(1,233,028,597)	645,027,971
Weighted average number of common share	4,054,903,321	741,674,271
<b>Profit / (Loss) per share with a nominal value of 1 TL</b>	<b>(0.304083)</b>	<b>0.869692</b>

## 33. REPORTING IN HYPERINFLATIONARY COUNTRIES

In accordance with the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2024, entities that apply TFRs are required to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies for the annual reporting period beginning on after December 31, 2024. TAS 29 is applied to the financial statements, including the consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. For comparative purposes, comparative information in prior period financial statements is expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has also presented its consolidated financial statements as of December 31, 2023 on the basis of the purchasing power of that currency as of December 31, 2024.

In accordance with the CMB's decision dated December 28, 2024 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/ Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with their annual financial statements for the accounting periods ending on December 31, 2024. The restatements made in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at December 31, 2024, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment Coefficient
31.12.2024	2,684.55	1
31.12.2023	1,859.38	1.44379

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**34. FINANCIAL INSTRUMENTS****Short term financial liabilities**

As of December 31, 2023 and 2024 short-term financial debts are as follows:

	31.12.2024	31.12.2023
Bank loan	--	141,616
Liabilities from leasing	7,976,397	9,337,585
Deferred leasing costs (-)	(867,230)	(2,730,298)
Loan principal instalments and interest	55,638,988	9,725,246
Other financial liabilities	2,717,688	11,134,715
<b>Short term financial liabilities – Net</b>	<b>65,465,843</b>	<b>27,608,864</b>

**Long term financial liabilities**

	31.12.2024	31.12.2023
Bank loan	11,599,036	--
Liabilities from leasing	5,106,016	3,488,507
Deferred leasing costs (-)	(233,076)	(373,350)
<b>Long term financial liabilities – Net</b>	<b>16,471,976</b>	<b>3,115,157</b>

	31.12.2024	31.12.2023
Other financial liabilities	2,717,688	11,134,715
<b>TOTAL</b>	<b>2,717,688</b>	<b>11,134,715</b>

**Loan repayment schedule:**

Long term loans	31.12.2024	31.12.2023
2026	11,599,036	--
<b>TOTAL</b>	<b>11,599,036</b>	<b>--</b>

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## 34. FINANCIAL INSTRUMENTS (CONT'D)

### Long term financial liabilities (Cont'd)

Long term loans	31.12.2024	31.12.2023
1-2 Years	11,599,036	--
2-3 Years	--	--
3-4 Years	--	--
4-5 Years	--	--
5 Years and above	--	--
<b>TOTAL</b>	<b>11,599,036</b>	<b>--</b>

Date of payment	Liabilities from leasing	Deferred leasing costs (-)
2026	5,106,016	(233,076)
<b>TOTAL</b>	<b>5,106,016</b>	<b>(233,076)</b>

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**34. FINANCIAL INSTRUMENTS (CONT'D)****Long term financial liabilities (Cont'd)**

	Annual interest rate %		Value in foreign currency		TL	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
TL Loans	20.50%-61%	14.52%-37.26%	--	--	--	141,616
Short term Loans	--	--	--	--	--	141,616
TL Loans	20.50%-61%	14.52%-37.26%	--	--	55,638,988	9,725,246
Short Term Loan principal installments and interests					55,638,988	9,725,246
Short term Loans in total			--	--	55,638,988	9,866,862
TL Loans		18.3844% - 37.26%	--	--	11,599,036	--
Long term Loans in total					11,599,036	--

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## 35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Credit risk management

The credit risks exposed by the financial instrument types as of December 31, 2024, as follows:

31.12.2024	Receivables				Deposits at banks	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Third party	Related party	Third party			
<b>Minimum credit risk exposed as of reporting date (A+B+C+D+E)</b>	67,135	1,866,472,851	993,637,235	18,633,366	157,365,272	--	144,373,485
- The section of the minimum risk taken under assurance	--	--	--	--	--	--	--
<b>A. Carrying amount of financial assets not overdue or not impaired</b>	67,135	1,866,472,851	993,637,235	18,633,366	157,365,272	--	144,373,485
<b>B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired</b>	--	--	--	--	--	--	--
<b>C. Carrying amount of financial assets overdue but not impaired</b>	--	--	--	--	--	--	--
<b>D. Carrying amount of assets impaired</b>	--	11,574,232	--	--	--	--	--
-Overdue (gross book value)	--	(11,574,232)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
-Undue (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
<b>E. Off-balance sheet items carrying credit risk</b>	--	--	--	--	--	--	--

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

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**35. NATURE AND LEVEL OF RISKS ARISING FROM  
FINANCIAL INSTRUMENTS (CONT'D)****Credit risk management (Cont'd)**

The credit risks exposed by the financial instrument types as of December 31, 2023, as follows:

31.12.2023	Receivables				Deposits at banks	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Third party	Related party	Third party			
<b>Minimum credit risk exposed as of reporting date (A+B+C+D+E)</b>	<b>635,299,130</b>	<b>2,575,758,338</b>	<b>11,271,861</b>	<b>7,839,834</b>	<b>129,686,462</b>	<b>--</b>	<b>277,888,392</b>
- The section of the minimum risk taken under assurance	--	--	--	5,502,422	--	--	--
<b>A. Carrying amount of financial assets not overdue or not impaired</b>	<b>635,299,130</b>	<b>2,575,758,338</b>	<b>11,271,861</b>	<b>2,337,412</b>	<b>129,686,462</b>	<b>--</b>	<b>277,888,392</b>
<b>B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired</b>	--	--	--	--	--	--	--
<b>C. Carrying amount of financial assets overdue but not impaired</b>	--	--	--	--	--	--	--
<b>D. Carrying amount of assets impaired</b>	--	2,213,400	--	--	--	--	--
-Overdue (gross book value)	--	(2,213,400)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
-Undue (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
<b>E. Off-balance sheet items carrying credit risk</b>	--	--	--	--	--	--	--

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

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## **35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)**

### **Liquidity risk**

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

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

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

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

### **Market Risk**

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

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## 35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

### Foreign Currency Risk

FOREIGN EXCHANGE POSITION				
	31.12.2024			
	TL (Functional Currency)	USD	EUR	GBP
1. Trade Receivables	604,430,204	16,885,443	237,007	--
2a. Monetary Financial Assets (Cash, Banks included)	5,819,523	152,304	12,141	4
2b. Non-Monetary Financial Assets	102,074,052	1,872,426	980,349	--
3. Other	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>712,323,779</b>	<b>18,910,173</b>	<b>1,229,496</b>	<b>4</b>
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>1,265,526,305</b>	<b>35,870,622</b>	--	--
5. Trade Receivables	1,265,526,305	35,870,622	--	--
<b>9. Total Assets (4+8)</b>	<b>1,977,850,084</b>	<b>54,780,795</b>	<b>1,229,496</b>	<b>4</b>
10. Trade Payables	(322,372,046)	(4,096,925)	(4,824,989)	--
11. Financial Liabilities	--	--	--	--
12a. Other Monetary Financial Liabilities	--	--	--	--
12b. Other Non-Monetary Financial Liabilities	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>(322,372,046)</b>	<b>(4,096,925)</b>	<b>(4,824,989)</b>	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	--	--	--	--
<b>18. Total Liabilities (13+17)</b>	<b>(322,372,046)</b>	<b>(4,096,925)</b>	<b>(4,824,989)</b>	--
<b>19. Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Liabilities Hedged	--	--	--	--
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>1,655,478,038</b>	<b>50,683,871</b>	<b>(3,595,493)</b>	<b>4</b>
<b>21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>287,877,680</b>	<b>12,940,822</b>	<b>(4,575,841)</b>	<b>4</b>
<b>22. Net asset / liability position of off-balance sheet derivatives</b>	--	--	--	--
<b>23. Export</b>	<b>109,912,292</b>	<b>1,023,574</b>	<b>2,160,079</b>	--
<b>24. Import</b>	--	--	--	--

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## 35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

FOREIGN EXCHANGE POSITION				
31.12.2023				
	TL (Functional Currency)	USD	EUR	GBP
1. Trade Receivables	12,561,707	295,552	--	--
2a. Monetary Financial Assets (Cash, Banks included)	31,950,381	424,735	295,448	60
2b. Non-Monetary Financial Assets	91,850,923	1,336,738	729,059	13,850
3. Other	--	--	--	--
<b>4. Current Assets (1+2+3)</b>	<b>136,363,011</b>	<b>2,057,025</b>	<b>1,024,507</b>	<b>13,910</b>
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-Current Assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total Assets (4+8)</b>	<b>136,363,011</b>	<b>2,057,025</b>	<b>1,024,507</b>	<b>13,910</b>
10. Trade Payables	(92,471,450)	(284,862)	(1,708,791)	--
11. Financial Liabilities	--	--	--	--
12a. Other Monetary Financial Liabilities	--	--	--	--
12b. Other Non-Monetary Financial Liabilities	--	--	--	--
<b>13. Current Liabilities (10+11+12)</b>	<b>(92,471,450)</b>	<b>(284,862)</b>	<b>(1,708,791)</b>	<b>--</b>
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Total Liabilities (13+17)</b>	<b>(92,471,450)</b>	<b>(284,862)</b>	<b>(1,708,791)</b>	<b>--</b>
<b>19. Net asset / liability position of off-balance sheet derivatives (19a-19b)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Liabilities Hedged	--	--	--	--
<b>20. Net foreign currency asset liability position (9-18+19)</b>	<b>43,891,562</b>	<b>1,772,162</b>	<b>(684,284)</b>	<b>13,910</b>
<b>21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a- 14-15-16a)</b>	<b>(47,959,361)</b>	<b>435,424</b>	<b>(1,413,343)</b>	<b>60</b>
<b>22. Net asset / liability position of off-balance sheet derivatives</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>23. Export</b>	<b>1,068,700</b>	<b>26,558,902</b>	<b>--</b>	<b>--</b>
<b>24. Import</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

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## 35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

### Foreign Exchange Position Analysis Chart

Exchange Rate Sensitivity Analysis Chart				
31.12.2024				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 20% against the TRY;</b>				
1- USD net (liabilities)/assets	60,820,645	40,547,096	--	--
2- Hedging amount of USD (-)	--	--	--	--
<b>3- USD Net Effect (1+2)</b>	<b>60,820,645</b>	<b>40,547,096</b>	--	--
<b>If the EUR had changed by 20% against the TRY;</b>				
4- EUR net (liabilities)/assets	(4,314,591)	(2,876,394)	--	--
5- Hedging amount of EUR (-)	--	--	--	--
<b>6- EUR Net Effect (4+5)</b>	<b>(4,314,591)</b>	<b>(2,876,394)</b>	--	--
<b>If the GBP had changed by 20% against the TRY;</b>				
7- Other Currencies net (liabilities)/assets	5	3	--	--
8- Hedging amount of other currencies (-)	--	--	--	--
<b>9- GBP Net Effect (7+8)</b>	<b>5</b>	<b>3</b>	--	--

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## 35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

Exchange Rate Sensitivity Analysis Chart				
31.12.2023				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
<b>If the US dollar had changed by 20% against the TRY;</b>				
1- USD net (liabilities)/assets	1,949,379	1,594,946	--	--
2- Hedging amount of USD (-)	--	--	--	--
<b>3- USD Net Effect (1+2)</b>	<b>1,949,379</b>	<b>1,594,946</b>	--	--
<b>If the EUR had changed by 20% against the TRY;</b>				
4- EUR net (liabilities)/assets	(752,712)	(615,855)	--	--
5- Hedging amount of EUR (-)	--	--	--	--
<b>6- EUR Net Effect (4+5)</b>	<b>(752,712)</b>	<b>(615,855)</b>	--	--
<b>If the GBP had changed by 20% against the TRY;</b>				
7- Other Currencies net (liabilities)/assets	15,301	12,519	--	--
8- Hedging amount of other currencies (-)	--	--	--	--
<b>9- GBP Net Effect (7+8)</b>	<b>15,301</b>	<b>12,519</b>	--	--

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## 36. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND HEDGE ACCOUNTING)

### Fair Value

Fair value is defined as price between willing parties who are into making a sale or purchase. Financial assets and liabilities in foreign currency are converted to market prices at statement of financial position date. Methods and assumptions below are used to predict fair value of each financial instrument in case when it is possible to determine fair value of these instruments.

### Financial Assets

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

### Financial liabilities

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

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

- **First Level:** Financial assets and liabilities are appreciated from stock price traded in active market for similar assets and liabilities.
- **Second Level:** Financial assets and liabilities are appreciated from inputs used determining observable price in the market as direct or indirect with the exception of the price is stated in first level.
- **Third Level:** Financial assets and liabilities are appreciated from inputs based on unobservable data in the market in determining the fair value of an asset or liability.

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

**ÇAN2 TERMİK A.Ş.****Explanatory Notes to the Consolidated Financial Statements For the Period****1 January 2024 – 31 December 2024**

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## **36. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND HEDGE ACCOUNTING) (CONT'D)**

### **Derivative Financial Instruments (Forward Contracts)**

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

### **Financial Liabilities**

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

## **37. SUBSEQUENT EVENTS**

None.

## **38. DERIVATIVE FINANCIAL INSTRUMENTS**

### **CASH FLOW HEDGE OF A HIGHLY PROBABLE FORECASTED TRANSACTION**

The Company management has discontinued the hedge accounting applied in accordance with TFRS 9 as of July 1, 2024 due to the expiration of foreign currency loan liabilities designated as hedging instruments within the scope of cash flow hedge accounting for the highly probable forecast transaction foreign currency risk component.

In this context, as of June 30, 2023, reclassification of the cash flow hedge reserve accumulated in other comprehensive income to the income statement in accordance with IFRS 9 has started in connection with the cash flows of the hedged item at the date the hedge accounting is terminated.

As of December 31, 2024, the amount reclassified from cash flow hedge reserve under Other Comprehensive Income to the income statement within the scope of hedge accounting closure transactions amount is net TRY 342,257,181,

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

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None.

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 40. EXPLANATION ON CASH FLOW STATEMENT

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

		Current Period Audited Consolidated	Prior Period Audited Consolidated
	NOTES	01.01-31.12.2024	01.01-31.12.2023
<b>A. CASH FLOWS FROM OPEARING ACTIVITIES</b>			
<b>Profit/Loss For The Period</b>		<b>(1,233,028,597)</b>	<b>645,027,971</b>
<b>Adjustments To Reconcile Net Profit/Loss For The Period</b>		<b>2,113,261,223</b>	<b>8,550,185,238</b>
Adjustments related to amortization and depreciation expenses	11-12-14-23-24	1,503,000,883	1,151,769,432
Adjustments Related to Impairment (Reversal) of Receivables	7	9,360,832	2,213,400
Adjustments Related to Employees Benefits Provision (Cancellation)	19	19,933,183	6,961,395
Adjustments Related to Lawsuit Provision (Reversal)	18	(1,223,618)	803,321
Adjustments Regarding Provisions Allocated (Reversal) within Framework for Sectoral Requirements	18	(85,939)	(179,739)
Deferred Finance Expenses arising from Credit Purchases	7-8	2,423,635	43,419,455
Unearned Finance Income arising from Credit Sales	7-8	(89,436,996)	(62,778,993)
Adjustments Regarding Interest Expenses	20	56,221,581	84,464,197
Adjustments Regarding Interest Income	20	(508,334,372)	(599,730,607)
Adjustments for Unrealized Fx Gain Loss		--	1,364,523,329
Adjustments Related to Tax Expense/Income	31	701,508,266	(2,549,946,789)
Fair Value	38	1,318,650,326	(51,562,906)
Minority Share		69,796,293	--
Adjustments Related to Monetary (Loss)/Gain	37	(968,552,851)	9,160,229,742
<b>Changes In Business Capital</b>		<b>1,701,189,556</b>	<b>(2,620,436,529)</b>
Adjustments Regarding Increase/Decrease in Inventories	9	251,618,900	(767,838,246)
Increase/Decrease in Trade Receivables from Third Parties	6	635,231,995	550,997,711
Increase/Decrease in Trade Receivables from non-related Parties	7	(568,025,285)	(1,631,122,877)
Decrease (Increase) in Other Receivables from Related Parties	6	(982,365,373)	12,468,460
Decrease (Increase) in Other Receivables from non-related Parties	8	(10,793,532)	(1,129,530)
Change in Other Assets	20	573,965,795	883,512,479
Increase (Decrease) in Trade Payables to Related Parties	6	--	(288,493)
Increase (Decrease) in Trade Payables to non-related Parties	7	363,635,352	202,424,104
Change in Prepaid Expenses	10	206,511,169	(170,097,105)
Changes in Employee Benefits	19	(25,261,504)	17,198,159
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	(21,988,811)	44,336,944
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	8	22,540,681	(51,459,779)
Provisions for Employee Benefits	19	1,430,842	(4,609,759)
Increase (Decrease) in Deferred Revenues	10	1,694,206,188	(13,404,144)
Change in Other Obligations	20	(439,516,860)	(1,691,424,453)
<b>Cash Flows from Operations</b>		<b>2,581,422,183</b>	<b>6,574,776,680</b>
Other Loss/Gain	21	10,972,139	(1,267,532)

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

As the date of 31.12.2023 and 31.12.2024 the details of the Group's equity are explained in Note 21.

## 42. CASH AND CASH EQUIVALENTS

### Cash and cash equivalents

	31.12.2024	31.12.2023
Cash	5,045	--
Bank	157,365,272	129,686,462
-Demand deposit	8,907,527	25,387,119
-Time deposit	148,457,745	104,299,343
Other liquid assets	2,385	32,304,996
<b>TOTAL</b>	<b>157,372,702</b>	<b>161,991,458</b>

As of December 31, 2024, the Group has no blocked deposits (31.12.2023: None).

## ÇAN2 TERMİK A.Ş.

### Explanatory Notes to the Consolidated Financial Statements For the Period 1 January 2024 – 31 December 2024

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## 42. CASH AND CASH EQUIVALENTS (CONT'D)

As of December 31, 2024 and 2023 details of time deposit are as follows:

Currency	Maturity	Interest Rate	31.12.2024 Currency	31.12.2024 TL
TL	02.01.2025	42.50%	87,295,364	87,295,364
TL	02.01.2025	43.50%	59,200,000	59,200,000
TL	02.01.2025	48.17%	611,379	611,379
TL	02.01.2025	43.50%	600,000	600,000
TL	02.01.2025	48.17%	551,002	551,002
TL	02.01.2025	40.00%	200,000	200,000
			<b>148,457,745</b>	<b>148,457,745</b>

Currency	Maturity	Interest Rate	31.12.2023 Currency	31.12.2023 TL
TL	2.01.2024	30.00%	31,300,000	45,190,555
TL	2.01.2024	36.97%	20,229,000	29,206,382
TL	2.01.2024	38.00%	9,600,000	13,860,362
EUR	2.01.2024	0.10%	271,890	12,786,931
TL	2.01.2024	30.00%	580,000	837,397
TL	2.01.2024	42.91%	526,234	759,770
TL	2.01.2024	38.00%	400,000	577,515
TL	2.01.2024	42.91%	393,600	568,275
TL	2.01.2024	42.91%	354,730	512,154
				<b>104,299,343</b>

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

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





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