

**ÇAN2 TERMİK A.Ş. AND
ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR
ENDED
DECEMBER 31, 2025
INDEPENDENT AUDITOR'S REPORT**

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, 2025, 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, 2025, 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. 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
<p>Cash Flow Hedging Accounting</p>	
<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, 2025, the amount of cash flow hedge losses classified under the shareholders equity amounting to TL 386.705.746 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
<p>Accounting for Inventories</p> <p>TL 1.584.564 of raw materials and supplies, TL 1.298.785.654 of semi-finished goods, TL 859.935.596 of finished goods, TL 147.370.155 of other inventories, which are included in the total inventories amounting to TL 2.307.675.969 in the consolidated financial statements as of 31.12.2025, 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 data-bbox="293 277 564 304">Revenue recognition</p> <p data-bbox="293 342 879 510">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 data-bbox="293 613 879 913">During the year ended December 31, 2025, the Group generated total revenues of TL 6.160.091.890 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, 2025, in terms of evaluating the results of the strategies applied and the follow-up of the performance of the Group.</p> <p data-bbox="293 949 879 1043">Explanations on the accounting policies and revenue amount of the Group are included in Notes 2 and 22.</p>	<p data-bbox="900 342 1485 409">The following audit procedures have been applied for the recognition of revenue:</p> <p data-bbox="900 445 1485 539">Understanding of sales processes and evaluating the design and operating effectiveness of the controls related to these processes,</p> <p data-bbox="900 575 1485 678">Evaluating the accuracy of the Group's accounting policy for the recognition of the revenue, reviewing the related-party sales.</p> <p data-bbox="900 714 1485 844">Performing analytical procedures regarding whether the revenue recorded in the consolidated financial statements is at the expected level,</p> <p data-bbox="900 880 1485 1043">Performing tests with sampling method regarding the accuracy of customer invoices and matching these invoices with the delivery notes (coal sales) and collections made from customers,</p> <p data-bbox="900 1079 1485 1209">Examining the sales contracts made by the Group with customers and evaluating the timing of the revenue to be included in the financial statements for different delivery methods,</p> <p data-bbox="900 1245 1485 1514">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
<p>TAS 29 - Financial Reporting in Hyperinflationary Economies</p>	
<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, 2025.</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 2025 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, 2025. 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>



4. 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.

5. 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:

- a. 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.)
- b. 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.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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.



- e. 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.

B) 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, 2026.

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, 2025 and December 31, 2025 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.

Levent ERGÜVEN
Engagement Partner



İstanbul, 11 March 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME ...	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONSOLIDATED STATEMENT OF CASH FLOW	6
1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	7-9
2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS.....	9-26
3. BUSSINES COMBINATION	26
4. INTEREST IN OTHER ENTITIES.....	26
5. SEGMENT REPORTING	26-27
6. RELATED PARTIES TRANSACTIONS	28-29
7. TRADE RECEIVABLES AND PAYABLES	29-30
8. OTHER RECEIVABLES AND PAYABLES.....	30-31
9. INVENTORIES.....	31
10. PREPAID EXPENSES AND DEFERRED INCOME.....	32
11. TANGIBLE ASSETS	33
12. INTANGIBLE ASSETS.....	34
13. EXPLORATION AND EVALUATION OF MINERAL RESOURCES	35
14. RIGHT USE OF ASSETS	35
15. IMPAIRMENT OF ASSETS.....	35
16. GOVERNMENT GRANTS.....	36
17. BORROWING COSTS	36
18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	37-38
19. EMPLOYEE BENEFITS.....	38-39
20. OTHER ASSETS AND LIABILITIES.....	40
21. SHARE CAPITAL, RESERVES, AND OTHER EQUITY ITEMS.....	41-42
22. REVENUE AND COST OF SALES	43
23. EXPENSES BY NATURE	43
24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING & SELLING EXPENSES, R&D EXPENSES.....	43
25. OTHER OPERATING INCOME AND EXPENSES	44
26. INVESTMENT INCOME AND EXPENSES	44
27. EXPENSES CLASSIFIED BY NATURE.....	44-45
28. FINACIAL INCOME AND EXPENSES	45
29. MONETARY GAIN/LOSS	46
30. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS.....	46
31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES.....)	46-48
32. EARNINGS PER SHARE	48
33. REPORTING IN HYPERINLATIONARY COUNTRIES.....	48
34. FINANCIAL INSTRUMENTS	49-50
35. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	51-56
36. FINANCIAL INSTRUMENTS (Fair value explanations and hedge accounting)	57
37. SUBSEQUENT EVENTS	58
38. DERIVATIVE FINANCIAL INSTRUMENTS.....	58
39. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS	58
40. EXPLANATION OF CASH FLOW STATEMENT	59
41. EXPLANATION OF SHARE CAPITAL, RESERVES, AND OTHER EQUITY ITEMS.....	59
42. CASH AND CASH EQUIVALENTS	59-60
43. EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTIZATION (EBITDA).....	60

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2025 and 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, 2025.)

ASSETS	Notes	Current Year Audited Consolidated 31.12.2025	Prior Year Audited Consolidated 31.12.2024
Current Assets			
Cash and Cash Equivalents	42	509.357.799	205.988.794
Trade Receivables	6-7	1.247.553.023	2.443.157.646
<i>Trade Receivables from Related Parties</i>	6	14.696.682	87.875
<i>Trade Receivables from Third Parties</i>	7	1.232.856.341	2.443.069.771
Other Receivables	6-8	299.067.995	1.324.715.927
<i>Other Receivables from Related Parties</i>	6	14.966.247	1.300.594.912
<i>Other Receivables from Third Parties</i>	8	284.101.748	24.121.015
Inventories	9	2.307.675.971	2.104.598.052
Prepaid Expenses	10	94.751.108	86.943.407
Other current tax assets	31	5.357.724	1.032.974
Other Current Assets	20	167.321.086	824.927.888
TOTAL CURRENT ASSETS		4.631.084.706	6.991.364.688
Non-current Assets			
Trade Receivables	6-7	1.808.822.744	1.656.476.847
<i>Trade Receivables from Related Parties</i>	6	--	--
<i>Trade Receivables from Third Parties</i>	7	1.808.822.744	1.656.476.847
Other Receivables	6-8	205.412	268.632
<i>Other Receivables from Related Parties</i>	6	--	--
<i>Other Receivables from Third Parties</i>	8	205.412	268.632
Tangible Assets	11	22.464.184.164	22.557.785.948
Intangible Assets	12	817.410.382	810.245.448
<i>Other Intangible Assets</i>	12	817.410.382	810.245.448
Right to Use Assets	14	7.899.902	13.907.448
Prepaid Expenses	10	9.288.251	27.960.471
Deferred Tax Assets	31	1.155.862.239	1.701.154.393
Other Non-Current Assets	20	33.698.852	51.410.548
TOTAL NON-CURRENT ASSETS		26.297.371.946	26.819.209.735
TOTAL ASSETS		30.928.456.652	33.810.574.423

Consolidated financial statements for the period ended on 31.12.2025 have been approved by the Board of Directors Decision dated 11.03.2026 and numbered 2026/05.

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 2025 and 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, 2025.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
LIABILITIES	Notes	31.12.2025	31.12.2024
Current Liabilities			
Short-Term Borrowings	34	559.548.040	--
Short-Term Leasing Liabilities	34	52.487.214	9.305.355
Current Portion of Long-Term Borrowings	34	52.936.560	72.827.166
Other Financial Liabilities	34	13.180.557	3.557.245
Trade Payables	6-7	990.366.575	1.265.451.126
<i>Trade Payables to Related Parties</i>	6	2.031.641	--
<i>Trade Payables to Third Parties</i>	7	988.334.934	1.265.451.126
Short Term Provisions for Employee Benefits	19	48.586.526	53.691.452
Other Payables	6-8	274.497.942	456.970.260
<i>Other Payables to Related Parties</i>	6	120.647.655	81.499.630
<i>Other Payables to Third Parties</i>	8	153.850.287	375.470.630
Deferred Income	10	--	2.217.585.926
Short Term Provisions	18-19	33.798.614	28.621.621
<i>Short-Term Provisions for Employee Benefits</i>	19	29.230.189	26.126.284
<i>Other Short-Term Provisions</i>	18	4.568.425	2.495.337
Other Short-Term Liabilities	20	59.079.159	73.589.737
TOTAL CURRENT LIABILITIES		2.084.481.187	4.181.599.888
Long-Term Borrowings	34	12.281.701	15.182.246
Long-Term Leasing Liabilities	34	--	6.378.306
Other Borrowings	6-8	16.331.689	37.356.451
<i>Other Borrowings to Related Parties</i>	6	--	--
<i>Other Borrowings to Third Parties</i>	8	16.331.689	37.356.451
Deferred Income	12	--	--
Long-Term Provisions	18-19	26.015.155	12.054.805
<i>Long-Term Provisions for Employee Benefits</i>	19	25.791.666	11.771.689
<i>Other Long-Term Provisions</i>	18	223.489	283.116
Deferred Tax Liability	31	19.269.486	33.245.469
Other Long-Term Liabilities	20	3.558.832	16.099.137
TOTAL NON-CURRENT LIABILITIES		77.456.863	120.316.414

Consolidated financial statements for the period ended on 31.12.2025 have been approved by the Board of Directors Decision dated 11.03.2026 and numbered 2026/05.

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 2025 and 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, 2025.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
EQUITY	Notes	31.12.2025	31.12.2024
Shareholders’ Equity		27.934.207.290	29.417.300.128
Share Capital	21	7.000.000.000	7.000.000.000
Capital Adjustment Positive Differences		4.261.953.930	4.261.953.930
Share Premium/Discount	21	398.536.088	398.536.088
Accumulated Comprehensive Income and Expenses to be Reclassified to Profit or Loss	21-38	405.351.552	(727.285.754)
<i>Foreign Currency Conversion Differences</i>	<i>21</i>	<i>792.057.298</i>	<i>523.935.400</i>
<i>Hedging Gain/Loss</i>	<i>38</i>	<i>(386.705.746)</i>	<i>(1.251.221.154)</i>
<i>Other Gain/Loss</i>	<i>21</i>	<i>(6.348.241)</i>	<i>6.799.806</i>
Restricted Reserves Separated from Profit	21	(6.348.241)	6.799.806
Capital Advances	21	316.692.119	316.692.119
Prior Years Profits / Losses	21	878.563.885	1.929.900.310
Net Profit /Loss	32	16.388.010.959	17.844.643.469
Non-Controlling Interests	21	(1.708.553.002)	(1.613.939.840)
TOTAL SHAREHOLDER’S EQUITY		28.766.518.602	29.508.658.121
TOTAL LIABILITIES		30.928.456.652	33.810.574.423

Consolidated financial statements for the period ended on 31.12.2025 have been approved by the Board of Directors Decision dated 11.03.2026 and numbered 2026/05.

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE YEARS
ENDED 31 DECEMBER 2025 AND 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, 2025.)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
STATEMENT OF PROFIT OR LOSS	Notes	01.01 - 31.12.2025	01.01 - 31.12.2024
Sales	22	6.160.091.889	7.989.409.873
Cost of Sales	23	(5.773.771.338)	(6.669.386.297)
GROSS PROFIT / LOSS		386.320.551	1.320.023.576
General Administrative Expense (-)	24	(231.245.015)	(208.471.637)
Marketing, Selling and Distribution Expense (-)	24	(14.343.462)	(122.916.073)
Research and Development Expense	24	--	(707.205)
Other Operating Income	25	122.279.204	198.455.028
Other Operating Expense (-)	25	(1.119.608.527)	(631.360.447)
OPERATING PROFIT / LOSS		(856.597.249)	555.023.242
Income from Investment Activities	26	35.080.378	1.388.738
Expenses from Investment Activities (-)	26	(16.181)	(86.030.990)
OPERATING PROFIT / LOSS BEFORE FINANCE EXPENSE		(821.533.052)	470.380.990
Financial Income	28	2.252.785.059	224.541.352
Financial Expenses (-)	28	(1.359.610.899)	(1.414.069.337)
Net Monetary Position Gains (Losses)	29	(1.121.069.651)	(923.608.227)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(1.049.428.543)	(1.642.755.222)
Tax Income / (Expense) from Continuing Operations		48.552.542	29.548.749
Current Period Tax Expense / (Income)	31	--	--
Deferred Tax Expense / (Income)	31	48.552.542	29.548.749
PROFIT / LOSS FROM CONTINUING OPERATIONS		(1.000.876.001)	(1.613.206.473)
PROFIT / LOSS FROM DISCONTINUED OPERATIONS		--	--
NET PROFIT / LOSS FOR THE PERIOD		(1.000.876.001)	(1.613.206.473)
Distribution of Profit / Loss for the Period			
Non-Controlling Interests		707.677.001	733.367
Attributable to Equity Holders of the Parent	21	(1.708.553.002)	(1.613.939.840)
Earnings per Share			
Earnings per Share from Operating Activities	32	(0,244079)	(0,527644)
OTHER COMPREHENSIVE INCOME		(13.148.047)	14.361.688
Items not to be Reclassified to Profit or Loss		(13.148.047)	14.361.688
Actuarial Gain / (Loss) Arising from Defined Benefit Plans	19-30	(17.530.729)	19.148.917
Tax Effect	19-21	4.382.682	(4.787.229)
Items to be Reclassified to Profit or Loss		569.210.594	447.988.393
Gain/Loss of Protection from Cash Flow Risk	38	758.947.459	597.317.857
Gain/Loss from Deferred Tax	31	(189.736.865)	(149.329.464)
OTHER COMPREHENSIVE INCOME		556.062.547	462.350.081
TOTAL COMPREHENSIVE INCOME		(444.813.454)	(1.150.856.392)

Consolidated financial statements for the period ended on 31.12.2025 have been approved by the Board of Directors Decision dated 11.03.2026 and numbered 2026/05.

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

ÇAN2 TERMİK A.Ş.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
AS OF 31 DECEMBER 2025 AND 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, 2025)

	Items not to be Reclassified to Profit or Loss						Items to be Reclassified to Profit or Loss			Accumulated profit			
	Share Capital	Capital Adjustment Differences	Premium/Discounts from Share Issuance	Actuarial Gain/(Loss)	Foreign Currency Conversion Adjustments	Gain/Loss from Hedging	Capital Advances	Restricted Reserves	Retained Earnings	Net Profit for the Year	Equity of the Parent Company	Non-Controlling Interest / Profit	Total Equity
Balance at 01.01.2024	938.116.903	3.191.203.832	5.969.499.828	(7.561.882)	--	(2.453.297.870)	2.786.366.358	77.298.936	20.166.215.428	844.292.130	31.512.133.663	--	31.512.133.663
Other Comprehensive Income/Expense	--	--	--	14.361.688	--	1.202.076.716	--	--	--	--	1.216.438.402	--	1.216.438.404
Changes in Shareholding Ratios Resulting in Loss of Control of Subsidiary	--	--	--	--	523.935.400	--	--	--	(960.077)	--	522.975.323	91.357.993	614.333.316
Transfers	--	--	--	--	--	--	196.852.528	647.439.602	(844.292.130)	--	--	--	--
Capital Increase	6.061.883.097	(1.400.283.822)	(3.591.472.480)	--	--	--	(856.466.048)	--	(2.527.487.876)	--	(2.313.827.129)	--	(2.313.827.129)
Increase/Decrease Due to Other Changes	--	2.471.033.920	(1.979.491.260)	--	--	--	42.540.655	(440.563.608)	--	--	93.519.707	--	93.519.707
Net Profit / Loss for the Year	--	--	--	--	--	--	--	--	--	(1.613.939.840)	(1.613.939.840)	--	(1.613.939.840)
Balance at 31.12. 2024	7.000.000.000	4.261.953.930	398.536.088	6.799.806	523.935.400	(1.251.221.154)	1.929.900.310	316.692.119	17.844.643.469	(1.613.939.840)	29.417.300.128	91.357.993	29.508.658.121
Balance at 01.01.2025	7.000.000.000	4.261.953.930	398.536.088	6.799.806	523.935.400	(1.251.221.154)	1.929.900.310	316.692.119	17.844.643.469	(1.613.939.840)	29.417.300.128	91.357.993	29.508.658.121
Other Comprehensive Income/Expense	--	--	--	(13.148.047)	--	864.515.408	--	--	--	--	851.367.361	--	851.367.361
Changes in Shareholding Ratios Resulting in Loss of Control of Subsidiary	--	--	--	--	268.121.898	--	--	--	7.844.870	--	275.966.768	--	275.966.768
Transfers	--	--	--	--	--	--	--	(1.613.939.840)	1.613.939.840	--	--	--	--
Capital Increase	--	--	--	--	--	--	--	--	--	--	--	--	--
Increase/Decrease from other changes	--	--	--	--	--	--	(1.051.336.425)	--	149.462.460	--	(901.873.965)	33.276.318	(868.597.647)
Net Profit / Loss for the Year	--	--	--	--	--	--	--	--	--	(1.708.553.002)	(1.708.553.002)	707.677.001	(1.000.876.001)
Balance at 31.12.2025	7.000.000.000	4.261.953.930	398.536.088	(6.348.241)	792.057.298	(386.705.746)	878.563.885	316.692.119	16.388.010.959	(1.708.553.002)	27.934.207.290	832.311.312	28.766.518.602

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

ÇAN2 TERMİK A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOW
AS OF 31 DECEMBER 2025 AND 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, 2025)

		Current Year Audited Consolidated	Prior Year Audited Consolidated
	Notes	01.01-31.12.2025	01.01-31.12.2024
A. CASH FLOW FROM OPERATING ACTIVITIES			
Period Profit / Loss		(1.708.553.002)	(1.613.939.840)
Adjustments to Reconcile Net Profit / (Loss) for the Period			
Adjustments Related to Depreciation and Amortization Expense	11-12-14-23-24	2.026.180.373	1.967.312.850
Adjustments Related to Impairment (Reversal) of Receivables	7	(12.018.560)	12.252.611
Adjustments Related to Provisions (Reversal) for Employee Benefits	19	12.307.521	26.091.007
Adjustments Related to Lawsuit Provision (Reversal)	18	2.073.089	(1.601.622)
Adjustments Related to (Reversal of) Provisions Set As Per Sectoral Requirements	18	(59.627)	(112.487)
Deferred Finance Expenses arising from Credit Purchases	7-8	20.894.520	3.172.353
Unearned Finance Income arising from Credit Sales	7-8	(70.523.127)	(117.066.166)
Adjustments for Interest Expenses	20	59.079.159	73.589.737
Adjustments for Interest Income	20	(26.863.155)	(665.370.696)
Adjustments for Unrealized Foreign Currency Translation Differences		--	--
Adjustments for Tax Expense / Income	31	531.316.171	918.220.503
Adjustments for Fair Value Gain/loss	38	1.132.637.307	1.726.012.114
Minority Shares		740.953.319	91.357.993
Adjustments Related to Monetary (Loss)/Gain		(5.387.044.017)	(1.267.761.378)
Changes in Working Capital		954.601.975	2.226.726.619
Increase/Decrease in Inventory	9	748.387.213	329.349.836
Increase/Decrease in Trade Receivables from Related Parties	6	(14.608.807)	831.469.949
Increase/Decrease in Trade Receivables from Third Parties	7	1.045.561.119	(743.501.521)
Increase/Decrease in Other Receivables from Related Parties	6	1.289.059.119	(1.285.840.910)
Increase/Decrease in Other Receivables from Third Parties	8	(259.917.514)	(14.127.905)
Changes in Other Assets	20	697.856.902	751.277.193
Increase/Decrease in Trade Payables to Related Parties	6	2.031.641	--
Increase/Decrease in Trade Payables to Third Parties	7	(206.593.065)	475.970.779
Change in Prepaid Expenses	10	10.864.520	270.307.277
Changes in Employee Benefit Obligations	19	(17.412.447)	(33.065.370)
Increase/ Decrease in Other Payables to Related Parties	6	39.148.025	(28.781.667)
Increase/ Decrease in Other Payables to Third Parties	8	(242.645.106)	29.504.022
Provisions for Employee Benefits	19	17.123.882	1.872.863
Changes in Deferred Tax	10	(2.217.585.925)	2.217.585.926
Change in Other Liabilities	20	63.332.420	(575.293.852)
Cash Flow from Activities		(1.725.018.054)	3.378.883.598
Other Loss/ Gain	21	(13.148.047)	14.361.688
B. CASH FLOW FROM INVESTMENT ACTIVITIES			
Cash Inflows from the Sales of Property, Plant and Equipment and Intangible Assets	11	35.080.377	1.388.738
Cash Outflows from the Purchases of Property, Plant, and Equipment	11	2.559.900.300	(1.980.002.369)
Cash Outflows from the Purchases of Intangible Assets	12	(99.145.313)	(645.851.960)
Cash Outflows from the Right of Use Assets	14	6.007.545	8.690.373
C. CASH FLOW FROM FINANCIAL ACTIVITIES			
Cash Inflows Arising from Changes in Ownership Interests in Subsidiaries that Do Not Result in a Loss of Control		7.844.870	--
Cash Inflows from Financial Lease Agreements	34	36.803.554	2.957.727
Cash Inflows from Bank Loans	34	1.022.390.425	133.442.940
Cash Inflows Related to Debt Payments Resulting from Lease Agreements	14	16.453.808	635.566
Cash Outflows from the Payments of Bank Loans	34	(464.848.335)	(54.250.337)
Cash Outflows Related to Debt Payments Resulting from Lease Agreements	14	(6.250.242)	(7.172.941)
Cash Inflows from Other Financial Debt Payments	34	(259.303)	(90.507)
EFFECT OF MONETARY GAIN/(LOSS) ON CASH AND CASH EQUIVALENTS		(1.072.442.578)	(859.038.112)
NET CHANGES IN CASH AND CASH EQUIVALENTS		303.369.006	(6.045.597)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		205.988.794	212.034.391
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		509.357.799	205.988.794

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 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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, 2025, the average number of employees of the Group is 803.

As of 31 December 2025, the total amount of share capital of the Company is TL 7.000.000.000. The breakdown of the shareholders is as follows:

	31.12.2025	31.12.2024
Odaş Elektrik Üretim Sanayi Ticaret A.Ş.	29,29%	40%
Publicly Owned Shares	70,71%	60%

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.

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 2025, the share capital of the Company amounted to 6.000.000 TL

The shareholder structure is as follows:

	31.12.2025	31.12.2024
Çan2 Termik A.Ş.	100%	100%

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Çan 2 Trakya Kömür Maden A.Ş.

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

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

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

As of 31December 2025, the total amount of share capital of the Company is TL 550.000. The shareholder structure is as follows:

	31.12.2025	31.12.2024
Çan2 Termik A.Ş.	100%	100%

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 31.12.2025 is as follows:

	31.12.2025	31.12.2024
Çan2 Termik A.Ş.	65%	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 31.12.2025 is as follows:

	31.12.2025	31.12.2024
Denarius Pumping Services LLC	100%	100%

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Details of EMRA licenses held by parent company and subsidiaries as of 31 December 2025 are as below

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

The information regarding the licenses of the parent company and subsidiaries as of 31 December 2025 are as below

License Owner	License Group	License Type	License Number	Effective Date of License	License Duration
YEL ENERJİ	IV. Group	Operation	17517	10.01.2024	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.

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 2023, with the statement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on 23 November 2023. 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.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

In accordance with the CMB's decision dated December 28, 2023 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, 2023.

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, 2025, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment Coefficient
31.12.2025	3.513,87	1
31.12.2024	2.684,55	1,308923

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 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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, 2025 with December 31, 2024, the comparative consolidated comprehensive income statement and cash flow statement for the accounting period 1 January 1- 31 December 2025, with 1 January 1- 31 December 2024, comparative consolidated shareholder’s equity movement for the accounting period 1 January 1- 31 December 2025, with 1 January 1- 31 December 2024. 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.

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.

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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.

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 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

New standards, amendments and interpretations effective as of 1 January 2025

Amendments to TAS 21 – Lack of Exchangeability

The amendments clarify the assessment of when a currency is considered exchangeable and prescribe the basis for determining the exchange rate when it is not. These amendments are effective for annual reporting periods beginning on or after 1 January 2025.

The potential impacts of the aforementioned standard, amendments and improvements on the Group’s consolidated financial position and performance are being assessed.

Amendments and interpretations to standards not yet effective and existing previous standards

The Group has not yet applied the following standards, amendments and interpretations that have been issued but are not yet effective :

IFRS 17 Insurance Contracts

Insurance Contracts and the Initial Application of TFRS 17 and TFRS 9 – Comparative Information, Presentation and Disclosure in Financial Statements, Subsidiaries without Public Accountability: Disclosures, Classification and Measurement of Financial Instruments, Contracts Referencing Nature-dependent Electricity, Annual Improvements to TFRS Accounting Standards – Volume 11, and Subsidiaries without Public Accountability: Disclosures

TFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more consistent approach to the measurement and presentation of all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts.

The effective date of TFRS 17 for insurance, reinsurance and pension companies has been deferred by one additional year and, accordingly, TFRS 17 will replace TFRS 4 Insurance Contracts for annual reporting periods beginning on or after 1 January 2027.

IFRS 17 (Amendments) Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 - Comparative Information;

Amendments have been made to TFRS 17 to reduce implementation costs, facilitate disclosure of results and ease transition. In addition, the amendment regarding comparative information allows companies that first apply IFRS 7 and IFRS 9 at the same time to present comparative information regarding their financial assets as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The amendments will be applied when IFRS 17 is first applied.

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

TFRS 18 Presentation and Disclosure in Financial Statements

TFRS 18 sets out the requirements for the presentation and disclosure of information in financial statements for all entities applying Turkish Financial Reporting Standards. This standard is effective for annual reporting periods beginning on or after 1 January 2027.

TFRS 19 Subsidiaries without Public Accountability: Disclosures

TFRS 19 specifies the disclosure requirements that an eligible subsidiary is permitted to apply instead of the disclosure requirements contained in other Turkish Financial Reporting Standards. This standard is effective for annual reporting periods beginning on or after 1 January 2027.

TFRS 9 and TFRS 7 (Amendments) – Classification and Measurement of Financial Instruments

The amendments address issues identified during the post-implementation review of the classification and measurement requirements of TFRS 9 Financial Instruments. These amendments are effective for annual reporting periods beginning on or after 1 January 2026.

TFRS 9 and TFRS 7 (Amendments) – Contracts Referencing Nature-dependent Electricity

The amendments aim to enable entities to include information about contracts referencing nature-dependent electricity in their financial statements, as such treatment is considered to provide a more faithful representation of these contracts. These amendments are effective for annual reporting periods beginning on or after 1 January 2026.

Annual Improvements to TFRS Accounting Standards –

The announcement includes the following amendments:

- TFRS 1: Hedge accounting for first-time adopters
- TFRS 7: Gain or loss resulting from an exclusion from the financial statements
- TFRS 7: Disclosure of deferred differences between transaction price and fair value
- TFRS 7: Introduction and credit risk disclosures
- TFRS 9: Derecognition of lease liabilities by a lessee
- TFRS 9: Transaction price
- TFRS 10: Determination of a ‘de facto agent’
- TAS 7: Cost method

TFRS 19 (Amendments) – Subsidiaries without Public Accountability: Disclosures

The amendments incorporate new or revised Turkish Financial Reporting Standards that were not considered when TFRS 19 was initially issued. These amendments are effective for annual reporting periods beginning on or after 1 January 2027.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026.

The possible effects of these standards, amendments and annual improvements on the Group’s consolidated financial position and performance are currently being evaluated.

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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;
- 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.

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Financial assets at fair value through other comprehensive income

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

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

Recognition and derecognition of financial assets

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

Impairment of financial assets / expected credit loss

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

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

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

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Interests, dividends, losses, and gains

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

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

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

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

Trade Receivables

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

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

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

Cash and cash equivalents

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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.

Tangible Fixed Assets (Cont'd)

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

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

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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:

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

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

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

Intangible assets

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

Intangible assets(Cont’d)

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

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

Leases – TFRS 16 (As tenant)

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

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

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

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (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.

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.

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Cash Flow Hedge

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

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

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

Practical expedients

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

Investment properties

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

Borrowing costs

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

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

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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

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

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

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

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

Provisions, Contingent, assets and liabilities

Provisions

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

Contingent Assets and Liabilities

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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

Benefits for Employees

Defined Benefit Plan

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

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

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

Defined Contribution Plans

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

Revenue

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

Revenue (Cont’d)

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

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

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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

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

Revenue from electricity sales and ancillary services related to electricity sales are recognized at the moment of delivery.

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 31.12.2025, announced buying rate of USD by the Central Bank of Republic of Turkey is 42,8457 TRY (31.12.2024: 35,2803 TRY), buying rate of EURO is 50,2859 TRY (31.12.2024: 36,7362 TRY), buying rate of GBP is 57,5123 TRY (31.12.2024: 44,2073 TRY). As of the date of 31.12.2025 announced selling rate of USD by the Central Bank of Republic of Turkey is 42,9229 TRY (31.12.2024: 35,3438 TRY), selling rate of EURO is 50,3765 TRY (31.12.2024: 36,8024 TRY), selling rate of GBP is 57,8122 TRY (31.12.2023: 44,4378 TRY).

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 2025 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.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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

Earnings/Loss per share

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

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

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

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

Subsequent events after the reporting period

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

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

Statement of cash flow

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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. (31.12.2024: None)

4. INTEREST IN OTHER ENTITIES

None. (31.12.2024: None)

5. SEGMENT REPORTING

	31.12.2025				
	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Current Assets	4.663.356.776	801.622.324	5.464.979.101	(833.894.395)	4.631.084.706
Fixed Assets	23.920.896.547	2.555.494.801	26.476.391.348	(179.019.402)	26.297.371.946
Total Assets	28.584.253.323	3.357.117.125	31.941.370.448	(1.012.913.797)	30.928.456.652
Short term liabilities	2.089.651.601	178.803.978	2.268.455.579	(183.974.392)	2.084.481.187
Long term liabilities	69.163.686	8.293.178	77.456.863	--	77.456.863
Total Liabilities	2.158.815.287	187.097.156	2.345.912.441	(183.974.392)	2.161.938.050
Equity	26.425.438.036	3.170.019.967	29.595.458.003	(828.939.402)	28.766.518.602

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

5. SEGMENT REPORTING (Cont’d)

01.01.2025 - 31.12.2025					
Profit/loss part	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Revenue	6.142.042.671	59.429.728	6.201.472.399	(41.380.510)	6.160.091.889
Cost of Sales (-)	(5.775.868.640)	(39.283.209)	(5.815.151.849)	41.380.510	(5.773.771.339)
GROSS PROFIT/LOSS	366.174.031	20.146.519	386.320.550	--	386.320.551
General and Administrative Expense (-)	(201.402.258)	(29.842.757)	(231.245.015)	--	(231.245.015)
Marketing Expenses (-)	(14.343.462)	--	(14.343.462)	--	(14.343.462)
Research and Development Expenses (-)	--	--	--	--	--
Other Operating Income	139.669.586	--	139.669.586	(17.390.383)	122.279.203
Other Operating Expense (-)	(1.135.823.418)	(1.175.472)	(1.136.998.890)	17.390.363	(1.119.608.527)
OPERATING PROFIT/LOSS	(845.725.520)	(10.871.709)	(856.597.231)	(20)	(856.597.250)
Income from Investment Activities	35.080.377	--	35.080.377	--	35.080.377
Expenses from Investment Activities (-)	(16.181)	--	(16.181)	--	(16.181)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	(810.661.323)	(10.871.709)	(821.533.035)	(20)	(821.533.053)
Financing Income	411.627.619	2.043.058.244	2.454.685.863	(201.900.804)	2.252.785.059
Financing Expenses (-)	(1.551.259.456)	(10.252.248)	(1.561.511.703)	201.900.804	(1.359.610.899)
Net Monetary Position Gains (Losses)	(1.121.069.651)	--	(1.121.069.651)	--	(1.121.069.651)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	(3.071.362.811)	2.021.934.288	(1.049.428.526)	(20)	(1.049.428.544)
Continuing Operations Tax Expense/Income	48.552.542	--	48.552.542	--	48.552.542
Period Tax Expense/Income	--	--	--	--	--
Deferred Tax Expense/Income	48.552.542	--	48.552.542	--	48.552.542
CONTINUING OPERATIONS PERIOD PROFIT/LOSS	(3.022.810.269)	2.021.934.288	(1.000.875.984)	(20)	(1.000.876.002)
DISCONTINUED OPERATIONS PERIOD PROFIT/LOSS	--	--	--	--	--
PERIOD PROFIT/LOSS	(3.022.810.269)	2.021.934.288	(1.000.875.984)	(20)	(1.000.876.002)

31.12.2024					
	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Current Assets	6.768.084.520	824.860.645	7.592.945.165	(601.580.477)	6.991.364.688
Fixed Assets	24.813.708.990	2.280.098.255	27.093.807.246	(274.597.512)	26.819.209.734
Total Assets	31.581.793.510	3.104.958.901	34.686.752.411	(876.177.989)	33.810.574.422
Short term liabilities	2.464.123.050	2.319.057.316	4.783.180.366	(601.580.477)	4.181.599.888
Long term liabilities	119.373.064	943.350	120.316.414	--	120.316.414
Total Liabilities	2.583.496.114	2.320.000.666	4.903.496.780	(601.580.477)	4.301.916.303
Equity	28.998.297.393	784.958.236	29.783.255.629	(274.597.509)	29.508.658.120

01.01.2024 - 31.12.2024					
Profit/loss part	Republic of Türkiye	USA / Venezuela	Total	Elimination Effect	Consolidated Total
Revenue	8.082.113.931	54.162.390	8.136.276.321	(146.866.448)	7.989.409.873
Cost of Sales (-)	(6.781.622.220)	(34.630.526)	(6.816.252.745)	146.866.448	(6.669.386.297)
GROSS PROFIT/LOSS	1.300.491.711	19.531.865	1.320.023.576	--	1.320.023.576
General and Administrative Expense (-)	(194.294.620)	(14.177.016)	(208.471.637)	--	(208.471.637)
Marketing Expenses (-)	(122.916.073)	--	(122.916.073)	--	(122.916.073)
Research and Development Expenses (-)	(707.204)	--	(707.204)	--	(707.204)
Other Operating Income	198.455.027	--	198.455.027	--	198.455.027
Other Operating Expense (-)	(622.804.225)	(8.556.222)	(631.360.447)	--	(631.360.447)
OPERATING PROFIT/LOSS	558.224.615	(3.201.373)	555.023.241	--	555.023.241
Income from Investment Activities	1.388.738	--	1.388.738	--	1.388.738
Expenses from Investment Activities (-)	(2.958.141)	--	(2.958.141)	(83.072.849)	(86.030.990)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	556.655.212	(3.201.373)	553.453.838	(83.072.849)	470.380.989
Financing Income	250.421.039	5.296.709	255.717.748	(31.176.396)	224.541.352
Financing Expenses (-)	(1.445.245.734)	--	(1.445.245.734)	31.176.397	(1.414.069.338)
Net Monetary Position Gains (Losses)	(923.608.227)	--	(923.608.227)	--	(923.608.227)
CONTINUING OPERATIONS PROFIT/LOSS BEFORE TAX	(1.561.777.710)	2.095.336	(1.559.682.375)	(83.072.848)	(1.642.755.223)
Continuing Operations Tax Expense/Income	29.548.749	--	29.548.749	--	29.548.749
Period Tax Expense/Income	--	--	--	--	--
Deferred Tax Expense/Income	29.548.749	--	29.548.749	--	29.548.749
CONTINUING OPERATIONS PERIOD PROFIT/LOSS	(1.532.228.961)	2.095.336	(1.530.133.626)	(83.072.848)	(1.613.206.474)
DISCONTINUED OPERATIONS PERIOD PROFIT/LOSS	--	--	--	--	--
PERIOD PROFIT/LOSS	(1.532.228.961)	2.095.336	(1.530.133.626)	(83.072.848)	(1.613.206.474)

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

6. RELATED PARTIES TRANSACTIONS

i) Balances with related parties as of December 31, 2025 and December 31,2024 are as follows :

	31.12.2025	31.12.2024
a) Trade receivables from related parties:		
Suda Stratejik Metal Dış Ticaret A.Ş.	20.310.475	135.549
TOTAL	20.310.475	135.549
<i>Deduct: Unaccrued financial expenses</i>	<i>(5.613.793)</i>	<i>(47.674)</i>
TOTAL	14.696.682	87.875

	31.12.2025	31.12.2024
b) Other receivables from related parties:		
Abdulkadir Bahattin Özal	13.183.204	12.787.453
Ali Kemal Kazancı	4.929.566	--
Süleyman Sarı	160.750	210.409
Burak Altay	118.046	154.513
Yasin İnşaat Turizm Gıda Taah. Ve Tic. A.Ş.	4.165	--
Ys Madencilik Sanayi ve Tic. Ltd. Şti	2.931	1.039
Tahsin Yazan	--	130.892
Batı Trakya Madencilik A.Ş.	--	16.245.366
Odaş Elektrik Üretim San. ve Tic. A.Ş.	--	1.274.088.977
Akra Petrol San.Tic.A.Ş.	--	8.411
Hidro Kontrol Elektrik Üretim A.Ş	--	4.216.221
Odaş Doğalgaz Toptan Satış san. Ve Tic. A.Ş	--	2.360
Kısrakdere Maden A.Ş.	--	9.382
Hidro Enerji Elektrik Üretim Sanayi A.Ş.	--	10.930
TOTAL	18.398.662	1.307.865.953
<i>Deduct: Unaccrued financial expenses</i>	<i>(3.432.415)</i>	<i>(7.271.041)</i>
TOTAL	14.966.247	1.300.594.912

	31.12.2025	31.12.2024
c) Other Payables to related parties:		
Odaş Elektrik Üretim San. ve Tic. A.Ş.	166.733.368	46.383.355
Voytron Enerji Elektrik Perakende Satış A.Ş.	--	4.007.039
Suda Maden A.Ş.	--	5.212.031
Ys Madencilik Sanayi ve Tic. Ltd. Şti	--	42.774.766
Total	166.733.368	98.377.191
<i>Deduct: Unaccrued financial income</i>	<i>(46.085.713)</i>	<i>(16.877.561)</i>
Total	120.647.655	81.499.630

	31.12.2025	31.12.2024
d) Other Trade Payables to related parties:		
Voytron Enerji Elektrik Perakende Satış A.Ş.	2.029.420	--
Kısrakdere Maden A.Ş.	2.870	--
Total	2.032.290	--
<i>Deduct: Unaccrued financial income</i>	<i>(649)</i>	--
Total	2.031.641	--

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

6. RELATED PARTIES TRANSACTIONS (Cont’d)

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

a) Sales to related parties

	01 January - 31 December 2025	01 January - 31 December 2024
Suda Stratejik Metal Dış Ticaret A.Ş.	114.586.077	134.656.573
Voytron Enerji Elektrik Perakende Satış A.Ş.	4.093.310	11.353.685
Abdulkadir Bahattin Özal	2.511.736	--
Total	121.191.123	146.010.258

b) Purchases from related parties

	01 January - 31 December 2025	01 January - 31 December 2024
Voytron Enerji Elektrik Perakende Satış A.Ş.	19.220.939	36.580.741
Suda Stratejik Metal Dış Ticaret A.Ş.	1.193.090	--
Suda Maden A.Ş.	--	4.816.837
Total	20.414.029	41.397.578

As of 31.12.2025, remuneration and benefits provided to executive are as follows:

- a) **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 2025 are TL 90.303.188 (31.12.2024: TL 62.927.265)
- b) **Post-employment benefits:** Employment termination benefits are paid to the personnel who are entitled to received such benefits by Law. No other payment is made to personnel other than those arising from the Labor Law.
- c) **Other long-term benefits:** None.
- d) **Benefits due to dismissal:** None.
- e) **Share based payments:** None.

7. TRADE RECEIVABLES AND PAYABLES

Trade receivables

The details of the Group's trade receivables as of December 31, 2025 and December 31, 2024 are as follows:

Short Term Trade Receivables

	31.12.2025	31.12.2024
Customer current accounts	1.267.999.505	2.419.452.518
-Receivables from related parties	20.310.475	135.549
-Other receivables(*)	1.247.689.030	2.419.316.970
Notes receivable	9.492.285	26.925.154
Doubtful trade receivables	3.131.222	15.149.782
Provisions for doubtful trade receivables (-)	(3.131.222)	(15.149.782)
	1.277.491.790	2.446.377.673
<i>Deduct: Unaccrued financial expense</i>	<i>(29.938.767)</i>	<i>(3.220.027)</i>
-Receivables from related parties	<i>(5.613.793)</i>	<i>(47.674)</i>
-Other receivables	<i>(24.324.974)</i>	<i>(3.172.353)</i>
Total	1.247.553.023	2.443.157.646

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

7. TRADE RECEIVABLES AND PAYABLES (Cont’d)

Long Term Trade receivables

	31.12.2025	31.12.2024
Customer current accounts	1.808.822.744	1.656.476.847
-Receivables from related parties	--	--
-Other receivables (*)	1.808.822.744	1.656.476.847
	1.808.822.744	1.656.476.847
<i>Deduct: Unaccrued financial expense</i>	--	--
Total	1.808.822.744	1.656.476.847

(*)The related amount originates from the financial statements of Denarius LLC, one of the Group companies. The corresponding amount in U.S. Dollars is USD 42.217.136 of which USD 24.800.063 represents principal and USD 17.417.073 represents accrued interest. The receivable is due from Petróleos de Venezuela, S.A. (PDVSA), the state-owned oil and natural gas company of Venezuela.

Trade payables

	31.12.2025	31.12.2024
Vendor accounts	1.060.890.351	1.382.514.020
- Payables to related parties	2.032.290	--
- Other vendor payables	1.058.858.061	1.382.514.020
Other Trade Payables	--	3.272
	1.060.890.351	1.382.517.292
<i>Deduct: Unaccrued financial income</i>	(70.523.776)	(117.066.166)
-Trade payables to related parties	(649)	--
-Trade payables to third parties	(70.523.127)	(117.066.166)
TOTAL	990.366.575	1.265.451.126

8. OTHER RECEIVABLES AND PAYABLES

Other short-term receivables

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

	31.12.2025	31.12.2024
<i>Receivables from related parties</i>	18.398.664	1.307.865.953
Other receivables	222.175.888	17.265.503
Deposits and guarantees given	58.495.407	6.855.512
Total	299.069.957	1.331.986.968
<i>Deduction: Unaccrued financial expense</i>	(1.962)	(7.271.041)
-Receivables from related parties	(3.432.416)	(7.271.041)
-Other receivables	3.430.454	--
Total	299.067.995	1.324.715.927

Other long-term receivables

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

	31.12.2025	31.12.2024
Deposits and guarantees given	205.412	268.632
Total	205.412	268.632

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

8. OTHER RECEIVABLES AND PAYABLES (Cont’d)

Other short-term debts

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

	31.12.2025	31.12.2024
Payables to Related Parties	166.733.368	97.672.813
Other Payables	32.504.146	162.481.632
Taxes and Funds Payable	44.404.726	186.742.706
Deposits and guarantees received	53.979.482	--
Advances Received	2.675.359	--
Delayed or deferred tax and other payables	20.087.088	26.131.211
Other Payables	199.486	115.081
	320.583.655	473.143.443
<i>Deduct: Unaccrued financial income</i>	<i>(46.085.713)</i>	<i>(16.173.182)</i>
<i>-Related party payables</i>	<i>(46.085.713)</i>	<i>(16.173.182)</i>
<i>-Other payables</i>	<i>--</i>	<i>--</i>
Total	274.497.942	456.970.260

Details of tax payables are as follows:

	31.12.2025	31.12.2024
Income Tax Withholding on Salaries	31.091.868	25.522.486
Value Added Tax	5.399.032	159.818.998
Other Tax Liabilities	7.913.826	1.401.222
Total	44.404.726	186.742.706

Other Long-term debts

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

	31.12.2025	31.12.2024
Other Miscellaneous Payables	7.878.944	--
Delayed or deferred public debts	8.452.745	37.356.451
Total	16.331.689	37.356.451

9. INVENTORIES

	31.12.2025	31.12.2024
Raw materials and supplies	1.584.564	47.752.825
Semi-finished goods	1.298.785.654	1.017.953.335
Finished goods	859.935.596	714.135.274
Other inventories	147.370.157	324.756.618
Total	2.307.675.971	2.104.598.052

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 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses

	31.12.2025	31.12.2024
Advances given	77.482.769	66.401.703
Prepaid expenses	17.268.339	20.541.704
Total	94.751.108	86.943.407

Long-term prepaid expenses

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

	31.12.2025	31.12.2024
Prepaid expenses (*)	9.288.251	27.960.471
Total	9.288.251	27.960.471

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

Short-term deferred income

	31.12.2025	31.12.2024
Revenues from Future Periods	--	2.217.585.926
Total	--	2.217.585.926

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

11. TANGIBLE ASSETS

Movement of property, plant and equipment for the period 01.01- 31.12.2025 is as follows:

	1.01.2025	Addition	Disposal	Transfer	Exchange Rate Difference	31.12.2025
Cost						
Land	973.213.747	74.850.627	--	--	--	1.048.064.374
Buildings	414.338.003	--	(95.767.556)	--	67.316.528	385.886.976
Plants, machinery and equipment	23.953.411.744	819.461.067	(528.978)	611.256.813	34.551.848	25.418.152.493
Vehicles	298.170.849	--	(69.472.454)	--	542.931	229.241.326
Furniture and Fixture	139.886.120	9.834.598	--	--	--	149.720.718
Construction in Progress	611.262.129	--	--	-611.256.813	--	5.316
Mine Searching Costs	1.211.772	--	--	--	--	1.211.771
Total	26.391.494.363	904.146.292	(165.768.987)	--	102.411.307	27.232.282.974
Accumulated Depreciation						
Buildings	(899.487)	(114.775)	--	--	--	(1.014.263)
Plants machinery and equipment	(3.635.111.126)	(922.501.027)	137.426	--	--	(4.557.474.726)
Vehicles	(113.019.943)	(14.669.238)	20.586.424	--	--	(107.102.758)
Furniture and fixture	(84.677.862)	(17.596.941)	13.031	--	(245.293)	(102.507.064)
Total	(3.833.708.418)	(954.881.981)	20.736.882	--	(245.293)	(4.768.098.811)
Net Book value	22.557.785.948	(50.735.689)	(145.032.106)	--	102.166.014	22.464.184.164

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

	1.01.2024	Addition	Disposal	Exchange Rate Difference	31.12.2024
Cost					
Land	954.708.873	18.504.874	--	--	973.213.747
Buildings	3.437.875	410.900.128	--	--	414.338.003
Plants, machinery and equipment	23.363.018.895	592.552.527	(2.159.678)	--	23.953.411.744
Vehicles	247.072.629	54.257.587	(3.159.367)	--	298.170.849
Furniture and Fixture	129.965.019	9.921.101	--	--	139.886.120
Construction in Progress	597.518.428	13.743.701	--	--	611.262.129
Mine Searching Costs	1.135.525	76.247	--	--	1.211.772
Toplam	25.296.857.243	1.099.956.165	(5.319.045)	--	26.391.494.363
Accumulated Depreciation					
Buildings	(783.634)	(115.853)	--	--	(899.487)
Plants machinery and equipment	(2.741.135.900)	(893.975.226)	--	--	(3.635.111.126)
Vehicles	(69.824.408)	(45.176.871)	1.981.338	--	(113.019.941)
Furniture and fixture	(66.061.121)	(18.616.740)	--	--	(84.677.861)
Total	(2.877.805.063)	(957.884.690)	1.981.338	--	(3.833.708.415)
Net Book value	22.419.052.180	142.071.475	(3.337.707)	--	22.557.785.948

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

12. INTANGIBLE ASSETS

The details of the Group's intangible assets for the year ended 31.12.2025 are as follows:

	1.01.2025	Addition	Disposal	Transfer	31.12.2025
Cost Value					
Rights	107.999.671	20.226.174	--	--	128.225.845
Other intangible assets	7.150.900	1.000.675	--	--	8.151.575
Preparation and development cost	962.720.001	64.545.000	--	--	1.027.265.001
Total	1.077.870.572	85.771.850	--	--	1.163.642.422
Accumulated Amortization					
Rights	-47.608.595	-4.986.043	--	--	-52.594.638
Other intangible assets	-6.286.678	-1.038.559	--	--	-7.325.236
Preparation and development cost	-213.729.852	-72.582.314	--	--	-286.312.166
Total	-267.625.125	-78.606.915	--	--	-346.232.040
Net Book Value	810.245.447	7.164.934	--	--	817.410.382

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

	1.01.2024	Addition	Disposal	Transfer	31.12.2024
Cost Value					
Rights	96.970.059	14.062.202	-3.032.590	-	107.999.671
Research and Development Expenses	730.150	--	-730.150	-	--
Other intangible assets	7.150.900	--	-	-	7.150.900
Preparation and development cost	411.969.022	550.750.979	-	-	962.720.001
Total	516.820.131	564.813.180	-3.762.739	--	1.077.870.572
Accumulated Amortization					
Rights	-44.921.526	-2.883.338	-	196.269	-47.608.595
Other intangible assets	-5.716.690	-569.987	-	-	-6.286.678
Preparation and development cost	-175.744.183	-37.985.669	-	-	-213.729.852
Total	-226.382.400	-41.438.994	--	196.269	-267.625.125
Net Book Value	290.437.732	523.374.186	-3.762.739	196.269	810.245.448

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

13. EXPLORATION AND EVALUATION OF MINERAL RESOURCES

The total amount of preparation and development cost capitalized as of December 31, 2025 and 2024 is as follows;

Subsidiary	31.12.2025	31.12.2024
Yel Enerji	697.560.564	633.015.564
Çan2 Termik A.Ş.	39.408.488	39.408.488
Çan2 Trakya	290.295.949	290.295.949
Total	1.027.265.001	962.720.001

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 31.12.2025 are as follows:

	1.01.2025	Addition	Disposal	Transfer	31.12.2025
Cost – Vehicles					
Right use of assets	24.519.542	3.276.311	(5.786.939)	--	22.008.914
Total	24.519.542	3.276.311	(5.786.939)	--	22.008.914
Accumulative amortization – Vehicles					
Right use of assets	(10.612.095)	(6.001.514)	2.504.596	--	(14.109.013)
Total	(10.612.095)	(6.001.514)	2.504.596	--	(14.109.013)
Net Book Value	13.907.448				7.899.902

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

	01.01.2024	Addition	Disposal	Transfer	31.12.2024
Cost – Vehicles					
Right use of assets	23.896.801	622.741	--	--	24.519.542
Total	23.896.801	622.741	--	--	24.519.542
Accumulative amortization – Vehicles					
Right use of assets	(8.245.040)	(2.367.055)	--	--	(10.612.095)
Total	(8.245.040)	(2.367.055)	--	--	(10.612.095)
Net Book Value	15.651.761				13.907.448

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 31,2025 and December 31,2024 and the related impairment provisions have been shown in the relevant financial statement items (Note 7).

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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.

The investment incentive certificate has been granted for the new investment made in Çanakkale Çan 2nd region and covers the period between 13.08.2014 and 12.02.2019. With the certificate, Employer's Share Support for Insurance Premium, Interest Support, 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 2025 is 2.479.659.391 TL. This amount is also subject to deferred tax (Note 31).

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 31).

17. BORROWING COSTS

None. (31.12.2024: None)

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

18. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions

	31.12.2025	31.12.2024
Other payable and expense provisions	4.568.425	2.495.337
Total	4.568.425	2.495.337

Cases Against the Group

As of 31.12.2025, 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 2025, 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.- 31.12.2025	01.01.- 31.12.2024
Balance at the Beginning of the Period	2.495.337	4.096.959
Additional Provisions	2.073.088	(1.601.622)
TOTAL	4.568.425	2.495.337

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 10th 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.

Other long-term provisions

	31.12.2025	31.12.2024
Mine restoration provisions	223.489	283.116
Total	223.489	283.116

In accordance with TFRS 6 Exploration for and Evaluation of Mineral Resources , an entity will recognize in the financial statements the cost of removal and restoration obligations that will be incurred during a given time period as a result of undertaking the exploration and evaluation of mineral resources according to TAS 37 Provisions, Contingent Liabilities and Contingent Assets. Accordingly, based on the technical evaluation made by the project manager and technical team, mining activities in Çanakkale Province Çan District Yayaköy License No: 17448 site will be operated as closed and open operations. Extension projects including this scope have been submitted to the General Directorate of Mining Affairs for approval. Following the open operation, transition will be made to closed operation. There will be no stripping work on the land improvement during the closed business periods. The area stripped in the open pit will be used as an ash storage area within the scope of Çan 2 thermal power plant, as stated in the EIA report. Subsequent to utilization the economic life of the field, the site will be arranged with a survey study, afforested, and abandoned. Approximate estimated cost for terracing and afforestation will be around TL 300.000.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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

Provision for mine restoration	31.12.2025	31.12.2024
Balance at the beginning of period	283.116	395.604
Additional provision / payment (-)	(59.627)	(112.488)
Balance at the end of the period	223.489	283.116

As of December 31, 2025, the net present value of total cost amounting to TL 300.000, is TL 223.489.

Guarantees given

The guarantees provided by the group are as follows:

Guarantees / Pledge / Mortgage (GPM)	31.12.2025	31.12.2024
A) GPM given for companies own legal personality	518.813.397	935.863.775
B) GPM given in behalf of fully consolidated companies	57.788.754	87.417.411
C) GPM given for continuation of its economic activities on behalf of third parties	--	--
D) Total amount of other GPM's	--	--
i) Total amount of GPM's given on behalf of the majority shareholder	--	--
ii) Total amount of GPM's given on behalf of other Group companies which are not in scope of B and C	--	--
Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	--	--
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C	--	--
TOTAL	576.602.151	1.023.281.186

Guarantees and notes received by the Group are as follows;

	31.12.2025	31.12.2024
Letters of guarantee received	3.135.090	22.513.621
Total	3.135.090	22.513.621

19. EMPLOYEE BENEFITS

a. Short term

Employee Benefits Payables

	31.12.2025	31.12.2024
Payables to personnel	29.372.230	35.360.403
Social security premium payables	19.214.296	18.331.049
Total	48.586.526	53.691.452

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

19. EMPLOYEE BENEFITS (Cont’d)

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

	31.12.2025	31.12.2024
Provision for Vacation Leave	29.230.189	26.126.284
Total	29.230.189	26.126.284

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 53.919,68 as of 31 December 2025 (31 December 2024: TL 41.828,42) for each year of service.

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

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. Accordingly, the actuarial assumptions used to calculate the liability as of December 31, 2024 and 2025 are as follows:

	31.12.2025	31.12.2024
Discount rate	29,32%	21,44%
Estimated rate of increase	24,95%	17,78%
Net Discount rate	3,50%	3,11%

	31.12.2025	31.12.2024
Provision for Severance Pay	25.791.666	11.771.689
Balance at end of the period	25.791.666	11.771.689

	31 December 2025	31 December 2024
Balance at beginning of the period	11.771.689	12.400.617
Payment	6.885.652	40.080.906
Interest cost	1.798.311	1.655.192
Current service cost	(5.646.496)	(25.408.516)
Actuarial Gain/Loss	17.530.729	(19.148.917)
Inflation Effect	(6.548.219)	2.192.407
Balance at end of the period	25.791.666	11.771.689

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

20. OTHER ASSETS AND LIABILITIES

Other current assets

Other Current Assets as of December 31, 2024, and 2025 are as follows:

	31.12.2025	31.12.2024
Income accruals (*)	26.863.155	665.370.696
Deferred VAT	26.243.278	11.370.228
Job advances	1.856.659	1.602.080
Personnel advances	933.246	485.395
Order advances given	59.532.195	117.021.564
Other Various Current Assets	51.892.553	29.077.925
Total	167.321.086	824.927.888

(*) Income accruals are as follows:

	31.12.2024	31.12.2023
Income accruals from sales of electricity	26.863.143	665.370.669
Other Accrued Interest Income	12	27
TOTAL	26.863.155	665.370.696

Other short-term liabilities

	31.12.2025	31.12.2024
Expense accruals	59.079.159	73.589.737
Total	59.079.159	73.589.737

The details of Expense Accruals are as follows:

	31.12.2025	31.12.2024
Expense accruals from electricity purchases	41.680.555	57.973.166
Interest Restructuring Accruals	8.740.695	--
Interest Accruals	8.133.477	15.564
Other expenses accruals	524.432	15.601.007
Total	59.079.159	73.589.737

The details of Other Non - Current Assets as of December 31, 2024, and 2025 are as follows.

Other non-current assets

	31.12.2025	31.12.2024
Advances given (*)	33.682.056	51.410.548
Other Miscellaneous Non-Current Assets	16.796	-
Total	33.698.852	51.410.548

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

Other long-term liabilities

	31.12.2025	31.12.2024
Expense accruals (*)	3.558.832	16.099.137
Total	3.558.832	16.099.137

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

21. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid Capital

The paid capital structure of the Group as of 31.12.2025, and 2024 is as follows:

Shareholders	31.12.2025		31.12.2024			
	Shares	Amounts	Percentage	Shares	Amounts	Percentage
Odaş Elektrik Üretim San. Tic. A.Ş.	2.049.982.397		29,29%	2.799.982.403		40,00%
Public Shares	4.950.017.603		70,71%	4.200.017.597		60,00%
Total	7.000.000.000		100%	7.000.000.000		100%
Capital Adjustment Differences (*)	4.261.953.930			4.261.953.930		
Total Paid-in Capital	11.261.953.930			11.261.953.930		

(*)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 31.12.2025, 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

	31.12.2025	31.12.2024
Share Premiums	398.536.088	398.536.088
TOTAL	398.536.088	398.536.088

Gain/Loss From Cash Risk Protection

	31.12.2025	31.12.2024
Cash Flow Hedge Gains/Losses	(386.705.746)	(1.251.221.154)
Total	(386.705.746)	(1.251.221.154)

Actuarial Loss / Gain Fund

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

	31.12.2025	31.12.2024
Balance at beginning of the period	6.799.806	(7.561.880)
Actuarial gain/loss	(17.530.729)	19.148.917
Deferred tax effect	4.382.682	(4.787.231)
Balance at the end of the period	(6.348.241)	6.799.806

Restricted Reserves

	31.12.2025	31.12.2024
Legal Reserves	316.692.119	316.692.119
Total	316.692.119	316.692.119

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Capital Advances

	31.12.2025	31.12.2024
Capital Advances	878.563.885	1.929.900.310
Total	878.563.885	1.929.900.310

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	8.931.491.236	11.261.953.930	(2.330.462.694)
Share Premiums/Discounts	768.638.863	398.536.088	370.102.775
Restricted Reserves	1.093.611.111	316.692.119	776.918.992

Parent Company Shares

During the year ended December 31, 2025, the Group incurred a period loss of TL 1.708.553.002 (31.12.2024: TL 1.613.939.840 of net period profit), all of which pertain to the Parent Company shares and there are no non - controlling interests.

Prior Years Profit/Loss

Retained earnings and losses other than net income for the period have been offset and are presented in this line item.

Previous Years Profit/Losses	31.12.2025	31.12.2024
Previous Years Profit/Loss	17.844.643.469	20.166.215.425
Share Not Resulting in Loss of Control in Subsidiaries Rate Not Depending On Increase/Decrease	7.844.870	(960.075)
Increase/Decrease Due to Other Changes	149.462.460	(440.563.607)
Transfers	--	(2.724.340.405)
Profit/Loss for the Period	(1.613.939.840)	844.292.130
Total	16.388.010.959	17.844.643.469

Non-Controlling Interests

	31.12.2025	31.12.2024
Capital	149.960	91.141.590
Previous Year's Profit/(Loss)	124.484.351	(516.964)
Period Profit/(Loss)	707.677.001	733.367
TOTAL	832.311.312	91.357.993

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

22. REVENUE AND COST OF SALES

The details of sales are as follows;

	01 January - 31 December 2025	01 January - 31 December 2024
Electricity Sales	6.103.984.929	7.981.010.537
Other Income	64.083.455	12.748.459
Sales Returns	(7.976.494)	(4.349.123)
Total	6.160.091.890	7.989.409.873

23. EXPENSES BY NATURE

The details of the cost of sales for the periods 01.01.-31.12.2025 and 01.01.-31.12.2024 are as follows:

	01 January - 31 December 2025	01 January - 31 December 2024
TEIAS/EPIAS/Energy Expenses	1.276.094.737	1.450.301.862
Cost of Raw Material Usage	2.612.076.671	2.681.180.724
Amortization and depreciation expenses	659.046.320	1.058.958.769
Personnel Expenses Share	660.064.262	615.037.903
Maintenance cost	163.344.564	128.551.500
Cost of Sales of Finished Goods from Production	170.599.804	502.897.854
Other Expenses	163.530.634	126.434.318
Insurance Expenses	40.335.940	50.852.512
Rental Expense	19.062.440	44.221.422
Consultancy Expenses	9.615.966	10.949.433
TOTAL	5.773.771.338	6.669.386.297

24. GENERAL ADMINISTRATIVE EXPENSES, MARKETING AND SELLING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Marketing, selling and distribution expenses

	01 January - 31 December 2025	01 January - 31 December 2024
Marketing, Selling and Distribution Expenses	14.343.462	122.916.073
TOTAL	14.343.462	122.916.073

General Administrative Expenses

The details of the general administrative expenses for the periods 01.01.-31.12.2025, and 2024 are as follows:

	01 January - 31 December 2025	01 January - 31 December 2024
Personnel expenses	85.101.643	73.210.237
Amortization expenses	77.442.104	63.138.170
Other Expenses	46.019.178	47.804.790
Consultation expense	13.805.110	11.469.664
Rental Expense	8.355.288	7.907.574
Tax Return and Contract Stamp Duty Tax	521.692	4.941.202
Total	231.245.015	208.471.637

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

25. OTHER OPERATING INCOME AND EXPENSES

Other income from operating activities

	01 January - 31 December 2025	01 January - 31 December 2024
Exchange rate gain	93.031.478	45.333.407
Other extraordinary income	17.863.406	36.776.151
Provision no longer required	10.713.861	2.946.386
Previous year’s profit and income	510.568	1.350.938
Rediscount income	159.892	111.089.069
Other operating profit and income	--	959.077
Total	122.279.204	198.455.028

Other expenses from operating activities

	01 January - 31 December 2025	01 January – 31 December 2024
Idle Capacity Losses and Expenses(*)	858.271.587	227.984.164
Other Extra Ordinary Losses and Expenses	95.826.359	136.679.543
Exchange Rate Expenses	95.168.748	62.082.266
Rediscount expenses	45.445.448	482.276
Previous years losses and expenses	20.117.262	6.580.280
Provision expenses	3.261.609	194.983.020
Other Ordinary Losses and Expenses	1.517.514	2.568.898
Total	1.119.608.527	631.360.447

(*) The substantial portion of idle capacity expenses and losses resulted from the shutdowns of the Çan2 Thermal Power Plant in March, April, and November in connection with its annual maintenance program.

26. INVESTMENT INCOME AND EXPENSES

The details of the income and expenses from investment activities for the periods 01.01.-31.12.2025, and 2024 are as follows:

	01 January - 31 December 2025	01 January - 31 December 2024
Income from investment activities	35.080.378	1.388.738
Expenses from investment activities	(16.181)	(86.030.990)
Total	35.064.197	(84.642.252)

27. EXPENSES CLASSIFIED BY NATURE

Personnel Expenses	01 January - 31 December 2025	01 January - 31 December 2024
Cost of Sales	660.064.262	615.037.903
General Administrative Expenses	85.101.643	73.210.237
TOTAL	745.165.905	688.248.140
Insurance Expenses	01 January - 31 December 2025	01 January - 31 December 2024
Cost of Sales	40.335.940	50.852.512
General Administrative Expenses	--	--
TOTAL	40.335.940	50.852.512

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

Consulting Expenses	01 January - 31 December 2025	01 January - 31 December 2024
Cost of Sales	9.615.966	10.949.433
General Administrative Expenses	13.805.110	11.469.664
TOTAL	23.421.076	22.419.097

28. FINANCIAL INCOME AND EXPENSES

Financial Income

	01 January - 31 December 2025	01 January - 31 December 2024
Exchange gain(*)	2.045.581.512	8.136.410
Profit on Sale of Marketable Securities	77.889.409	354
Rediscount Income	77.028.255	170.193.485
Interest Income	52.285.883	46.211.103
Total	2.252.785.059	224.541.352

(*) TRY 2.032.162.497 of the related amount originates from the consolidated financial statements of Denarius Pumping Services LLC. Foreign exchange gains arising from the valuation of current account balances are presented under Deferred Income in the Venezuelan financial statements; however, for the purposes of this report, the foreign exchange gain amounting to TRY 2.032.162.497 relating to 2025 has been reclassified and presented under Finance Income.

Financial Expenses

	01 January - 31 December 2025	01 January - 31 December 2024
Exchange losses	867.637.795	683.607.883
Interest and commission expenses	451.745.377	719.925.331
Rediscount expenses	40.227.727	10.536.123
Total	1.359.610.899	1.414.069.337

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

29. MONETARY GAIN / LOSS

Non-monetary Items	
Statement of Financial Position Items	31.12.2025
Inventories	88.169.325
Equity Method Accounted Investments	5.254.060
Tangible Fixed Assets	4.377.086.240
Other Intangible Fixed Assets	147.444.878
Capital Adjustment Differences	(2.663.224.799)
Premiums/Discounts Related to Shares	(94.059.811)
Restricted Reserves Allocated from Profit	(74.743.547)
Previous Years' Profits/Losses	(3.850.303.908)
Other Gains/Losses	992.758
Profit or Loss Statement Items	
Revenue	(559.497.514)
Cost of Sales	1.018.789.686
General Administrative Expenses	40.910.926
Marketing Expenses	1.515.902
Research and Development Expenses	--
Other Revenues	(12.067.966)
Other Expenses	343.867.207
Revenues from Investment Activities	(3.462.949)
Expenses from Investment Activities	1.597
Financing Revenues	(32.926.641)
Financing Expenses	145.184.906
TOTAL	(1.121.069.651)

30. ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

The Group's other comprehensive income/(expense) during the years ended 31.12.2025 and 31.12.2024 comprised:

Other comprehensive income (expense) that will not be reclassified to profit and loss	01 January - 31 December 2025	01 January - 31 December 2024
Actuarial Gain / Loss	(17.530.729)	19.148.917
Deferred tax income / expenses	4.382.682	(4.787.229)
Total	(13.148.047)	14.361.688

31. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES

Tax income /expenses in the statement of income during the years ended 31.12.2025 and 31.12.2024 comprised:

	01 January - 31 December 2025	01 January - 31 December 2024
Current tax expense / income	--	--
Deferred tax income / expense	48.552.542	29.548.749
Deferred tax reflected in Equity	(185.354.183)	(154.116.693)
Total	(136.801.641)	(124.567.944)

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

31. INCOME TAXES INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (Cont’d)

Current Tax

In Turkey, the corporate tax rate is applied as 25% for 2025 in accordance with the Corporate Tax Law No. 5520.

Current Year Tax Provisions, Net

None. (31.12.2024: None)

Assets Related to Current Period Tax

	Dec 31 2025	Dec 31 2024
Prepaid Taxes and Funds	5.357.724	1.032.974
TOTAL	5.357.724	1.032.974

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, 2025, and 2024 are given in the financial statements as follows,

	31.12.2025	31.12.2024
Deferred Tax Assets	1.155.862.239	1.701.154.393
Deferred Tax Liabilities	(19.269.486)	(33.245.469)
Deferred Tax Assets / Liabilities, Net	1.136.592.753	1.667.908.924

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of December 31, 2024, and 2025 are as follows:

Deferred tax assets / Liabilities	Temporary Differences		Deferred tax assets / (Liabilities)	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Other Deferred Tax Assets/Liabilities	10.584.313	75.482.003	2.646.078	18.870.501
Rediscounts	115.536.721	89.675.846	28.884.180	22.418.961
Inventory	(192.573.145)	(132.197.950)	(48.143.286)	(33.049.488)
Other liabilities and accrued expenses	181.004.145	180.988.723	45.251.036	45.247.181
Tangible and intangible fixed assets depreciation differences	(6.582.894.642)	(6.276.318.595)	(1.645.723.660)	(1.569.079.649)
Employment termination benefits and annual leave provision	53.592.031	30.436.426	13.398.008	7.609.107
Reduced Corporate Tax Rate Right from Investment (*)	--	--	2.611.378.481	2.758.818.592
Cash Flow Hedging Gains/Losses	--	--	128.901.916	417.073.719
Total	(6.414.750.577)	(6.031.933.547)	1.136.592.753	1.667.908.924

(*) 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.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

As of December 31, 2025, the indexed remaining investment allowance amount is 2.479.659.391 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.

32. EARNINGS PER SHARE

	01 January - 31 December 2025	01 January - 31 December 2024
Net profit / (Loss)	<i>(1.708.553.002)</i>	<i>(1.613.939.840)</i>
Weighted average number of common share	<i>7.000.000.000</i>	<i>3.058.767.679</i>
Profit / (Loss) per share with a nominal value of 1 TL	(0,244079)	(0,527644)

33. REPORTING IN HYPERINFLATIONARY COUNTRIES

In accordance with the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities that apply TFRSs 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, 2023. 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, 2023 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, 2023. 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, 2025, the indices and adjustment factors used in the restatement of the consolidated financial statements are as follows

Date	Index	Adjustment Coefficient
31.12.2025	3.513,87	1
31.12.2024	2.684,55	1,308923

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

34. FINANCIAL INSTRUMENTS

Short term financial liabilities

As of December 31, 2024 and 2025 short-term financial debts are as follows:

	31.12.2025	31.12.2024
Bank loan	559.548.040	--
Liabilities from leasing	54.895.187	10.440.492
Deferred leasing costs (-)	(2.407.973)	(1.135.137)
Loan principal instalments and interest	52.936.560	72.827.166
Other financial liabilities	13.180.557	3.557.245
Short term financial liabilities – Net	678.152.371	85.689.766

Long term financial liabilities

	31.12.2025	31.12.2024
Bank loan	12.281.701	15.182.246
Liabilities from leasing	--	6.683.383
Deferred leasing costs (-)	--	(305.077)
Long term financial liabilities – Net	12.281.701	21.560.552

	31.12.2025	31.12.2024
Other financial liabilities	13.180.557	3.557.245
Total	13.180.567	3.557.245

Loan repayment schedule:

Long term loans	31.12.2025	31.12.2024
2026	--	15.182.246
2027	12.281.701	--
Total	12.281.701	15.182.246

Long term loans	31.12.2025	31.12.2024
1-2 Years	--	15.182.246
2-3 Years	12.281.701	--
3-4 Years	--	--
4-5 Years	--	--
5 Years and above	--	--
Total	12.281.701	15.182.246

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

34. FINANCIAL INSTRUMENTS(Cont’d)

	<u>Annual interest rate %</u>		<u>Value in foreign currency</u>		<u>TL</u>	
	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
TL Loans	40%-46,14%	14,52%-37,26%	--	--	559.548.040	--
Short term Loans			--	--	559.548.040	--
TL Loans	40%-46,14%	14,52%-37,26%	--	--	52.936.560	72.827.166
Short Term Loan principal installments and interests					52.936.560	72.827.166
Short term Loans in total			--	--	612.484.600	72.827.166
TL Loans	40%-46,14%	18,3844%-37,26%	--	--	12.281.701	15.182.246
Long term Loans in total					12.281.701	15.182.246

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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, 2025, as follows:

31.12.2025	Receivables				Deposits at banks	Derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Third party	Related party	Third party			
Minimum credit risk exposed as of reporting date (A+B+C+D+E)	14.696.682	1.223.875.552	27.377.491	280.876.707	509.335.129	--	110.482.590
- The section of the minimum risk taken under assurance	--	--	--	--	--	--	--
A. Carrying amount of financial assets not overdue or not impaired	14.696.682	1.223.875.552	27.377.491	280.876.707	509.335.129	--	110.482.590
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired	--	--	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--	--	--
D. Carrying amount of assets impaired	--	3.131.222	--	--	--	--	--
-Overdue (gross book value)	--	(3.131.222)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
-Undue (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
E. Off-balance sheet items carrying credit risk	--	--	--	--	--	--	--

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

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

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			
Minimum credit risk exposed as of reporting date (A+B+C+D+E)	87.875	2.443.069.771	1.300.594.912	24.389.647	205.979.069	--	188.973.816
- The section of the minimum risk taken under assurance	--	--	--	--	--	--	--
A. Carrying amount of financial assets not overdue or not impaired	87.875	2.443.069.771	1.300.594.912	24.389.647	205.979.069	--	188.973.816
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue but not impaired	--	--	--	--	--	--	--
C. Carrying amount of financial assets overdue but not impaired	--	--	--	--	--	--	--
D. Carrying amount of assets impaired	--	15.149.782	--	--	--	--	--
-Overdue (gross book value)	--	(15.149.782)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
-Undue (gross book value)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Net value guaranteed	--	--	--	--	--	--	--
E. Off-balance sheet items carrying credit risk	--	--	--	--	--	--	--

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

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Foreign Currency Risk

FOREIGN EXCHANGE POSITION				
	31.12.2025			
	TL (Functional Currency)	USD	EUR	GBP
1. Trade Receivables	730.323.795	16.767.277	237.007	--
2a. Monetary Financial Assets (Cash, Banks included)	5.001.377	99.149	14.976	3
2b. Non-Monetary Financial Assets	75.766.428	839.836	791.137	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	811.091.600	17.706.262	1.043.120	3
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	1.808.822.744	42.217.136	--	--
5. Trade Receivables	1.808.822.744	42.217.136	--	--
9. Total Assets (4+8)	2.619.914.344	59.923.398	1.043.120	3
10. . Trade Payables	(236.813.881)	(2.186.792)	(2.837.641)	--
11. Financial Liabilities	(44.587.169)	--	(885.079)	--
12a. Other Monetary Financial Liabilities	--	--	--	--
12b. Other Non-Monetary Financial Liabilities	--	--	--	--
13. . Current Liabilities (10+11+12)	(281.401.050)	(2.186.792)	(3.722.720)	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	(281.401.050)	(2.186.792)	(3.722.720)	--
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Liabilities Hedged	--	--	--	--
20. Net foreign currency asset liability position (9-18+19)	2.338.513.294	57.736.606	(2.679.600)	3
21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	453.924.122	14.679.634	(3.470.737)	3
22. Net asset / liability position of off-balance sheet derivatives	--	--	--	--
23. Export	47.471.801	1.188.391	--	--
24. Import	--	--	--	--

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

FOREIGN EXCHANGE POSITION				
	31.12.2024			
	TL (Functional Currency)	USD	EUR	GBP
1. Trade Receivables	791.152.767	22.101.749	310.223	--
2a. Monetary Financial Assets (Cash, Banks included)	7.617.309	199.355	15.891	5
2b. Non-Monetary Financial Assets	133.607.103	2.450.862	1.283.201	--
3. Other	--	--	--	--
4. Current Assets (1+2+3)	932.377.179	24.751.966	1.609.316	5
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. Non-Current Assets (5+6+7)	1.656.476.846	35.870.622	--	--
5. Trade Receivables	1.656.476.846	35.870.622	--	--
9. Total Assets (4+8)	2.588.854.026	60.622.588	1.609.316	5
10. . Trade Payables	(421.960.277)	(5.362.560)	(6.315.540)	--
11. Financial Liabilities	--	--	--	--
12a. Other Monetary Financial Liabilities	--	--	--	--
12b. Other Non-Monetary Financial Liabilities	--	--	--	--
13. . Current Liabilities (10+11+12)	(421.960.277)	(5.362.560)	(6.315.540)	--
14. Trade Payables	--	--	--	--
15. Financial Liabilities	--	--	--	--
17. Non-Current Liabilities (14+15+16)	--	--	--	--
18. Total Liabilities (13+17)	(421.960.277)	(5.362.560)	(6.315.540)	--
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--
19a. Total Amount of Assets Hedged	--	--	--	--
19b. Total Amount of Liabilities Hedged	--	--	--	--
20. Net foreign currency asset liability position (9-18+19)	2.166.893.748	55.260.028	(4.706.224)	5
21. Net foreign currency asset / liability position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	376.809.799	16.938.544	(5.989.425)	5
22. Net asset / liability position of off-balance sheet derivatives	--	--	--	--
23. Export	143.866.758	1.339.779	2.827.378	--
24. Import	--	--	--	--

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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

Foreign Exchange Position Analysis Chart

Exchange Rate Sensitivity Analysis Chart				
31.12.2025				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TRY;				
1- USD net (liabilities)/assets	69.283.927	46.189.285	--	--
2- Hedging amount of USD (-)	--	--	--	--
3- USD Net Effect (1+2)	69.283.927	46.189.285	--	--
If the EUR had changed by 10% against the TRY;				
4- EUR net (liabilities)/assets	(3.215.520)	(2.143.680)	--	--
5- Hedging amount of EUR (-)	--	--	--	--
6- EUR Net Effect (4+5)	(3.215.520)	(2.143.680)	--	--
If the GBP had changed by 10% against the TRY;				
7- Other Currencies net (liabilities)/assets	3	3	--	--
8- Hedging amount of other currencies (-)	--	--	--	--
9- GBP Net Effect (7+8)	3	3	--	--

Exchange Rate Sensitivity Analysis Chart				
31.12.2024				
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TRY;				
1- USD net (liabilities)/assets	66.312.033	44.208.022	--	--
2- Hedging amount of USD (-)	--	--	--	--
3- USD Net Effect (1+2)	66.312.033	44.208.022	--	--
If the EUR had changed by 10% against the TRY;				
4- EUR net (liabilities)/assets	(5.647.469)	(3.764.979)	--	--
5- Hedging amount of EUR (-)	--	--	--	--
6- EUR Net Effect (4+5)	(5.647.469)	(3.764.979)	--	--
If the GBP had changed by 10% against the TRY;				
7- Other Currencies net (liabilities)/assets	6	4	--	--
8- Hedging amount of other currencies (-)	--	--	--	--
9- GBP Net Effect (7+8)	6	4	--	--

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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.

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.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

37. SUBSEQUENT EVENTS

The capital increase process relating to the increase of the Company's issued share capital from 7,000,000,000 TRY to 10,000,000,000 TRY by way of a cash capital contribution amounting to 3,000,000,000 TRY corresponding to 42.85714% of the existing issued share capital, was completed in February 2026. The application to the Capital Markets Board of Türkiye in connection with the amendment to the Articles of Association has been made.

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, 2025, 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 569.210.594.

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

None.

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

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	01.01-31.12.2025	01.01-31.12.2024
A. CASH FLOWS FROM OPEARING ACTIVITIES		(1.738.166.101)	3.393.245.286
Profit/Loss For The Period		(1.708.553.002)	(1.613.939.840)
Adjustments To Reconcile Net Profit/Loss For The Period		(971.067.026)	2.766.096.818
Adjustments related to amortization and depreciation expenses	11-12-14-23-24	2.026.180.373	1.967.312.850
Adjustments Related to Impairment (Reversal) of Receivables	7	(12.018.560)	12.252.611
Adjustments Related to Employees Benefits Provision (Cancellation)	19	12.307.521	26.091.007
Adjustments Related to Lawsuit Provision (Reversal)	18	2.073.089	(1.601.622)
Adjustments Regarding Provisions Allocated (Reversal) within Framework for Sectoral Requirements	18	(59.627)	(112.487)
Deferred Finance Expenses arising from Credit Purchases	7-8	20.894.520	3.172.353
Unearned Finance Income arising from Credit Sales	7-8	(70.523.127)	(117.066.166)
Adjustments Regarding Interest Expenses	20	59.079.159	73.589.737
Adjustments Regarding Interest Income	20	(26.863.155)	(665.370.696)
Adjustments Related to Tax Expense/Income	31	531.316.171	918.220.503
Adjustments Related to Fair Value Losses (Gains)	38	1.132.637.307	1.726.012.114
Minority Share		740.953.319	91.357.993
Adjustments Related to Monetary (Loss)/Gain		(5.387.044.017)	(1.267.761.378)
Changes In Business Capital		954.601.975	2.226.726.619
Adjustments Regarding Increase/Decrease in Inventories	9	748.387.213	329.349.836
Increase/Decrease in Trade Receivables from Related Parties	6	(14.608.807)	831.469.949
Increase/Decrease in Trade Receivables from non-related Parties	7	1.045.561.119	(743.501.521)
Decrease (Increase) in Other Receivables from Related Parties	6	1.289.059.119	(1.285.840.910)
Decrease (Increase) in Other Receivables from non-related Parties	8	(259.917.514)	(14.127.905)
Change in Other Assets	20	697.856.902	751.277.193
Increase (Decrease) in Trade Payables to Related Parties	6	2.031.641	--
Increase (Decrease) in Trade Payables to non-related Parties	7	(206.593.065)	475.970.779
Change in Prepaid Expenses	10	10.864.520	270.307.277
Changes in Employee Benefits	19	(17.412.447)	(33.065.370)
Increase (Decrease) in Other Payables Related to Operations to Related Parties	6	39.148.025	(28.781.667)
Increase (Decrease) in Other Payables Related to Operations to Non-Related Parties	8	(242.645.106)	29.504.022
Provisions for Employee Benefits	19	17.123.882	1.872.863
Increase (Decrease) in Deferred Revenues	10	(2.217.585.925)	2.217.585.926
Change in Other Obligations	20	63.332.420	(575.293.852)
Cash Flows from Operations		(1.725.018.054)	3.378.883.598
Other Loss/Gain	21	(13.148.047)	14.361.688

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

As the date of 31.12.2025 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

	31.12.2025	31.12.2024
Cash	--	6.604
Bank	509.335.129	205.979.069
-Demand deposit	7.521.435	11.659.270
-Time deposit	501.813.694	194.319.799
Other liquid assets	22.670	3.121
Total	509.357.799	205.988.794

As of December 31, 2025, the Group has no blocked deposits (31.12.2024: None).

ÇAN2 TERMİK A.Ş.
Explanatory Notes to the Consolidated Financial Statements
For the Period 1 January 2025 – 31 December 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TL”) in terms of the purchasing power of the Turkish Lira as of December 31, 2025)

42. CASH AND CASH EQUIVALENTS(Cont'd)

As of December 31,2025 and 2024 details of time deposit are as follows:

Currency	Maturity	Interest Rate	31.12.2025 TL
TL	02.01.2026	37,00%	214.800.000
TL	02.01.2026	37,00%	100.000.000
TL	02.01.2026	36,50%	82.400.000
TL	02.01.2026	38,50%	63.555.749
TL	02.01.2026	36,25%	33.689.202
TL	02.01.2026	38,50%	5.700.000
TL	02.01.2026	37,84%	784.762
TL	02.01.2026	37,84%	870.754
TL	06.02.2026	30,00%	13.227
			501.813.694

Currency	Maturity	Interest Rate	31.12.2025 TL
TL	02.01.2025	42,50%	114.262.935
TL	02.01.2025	43,50%	785.354
TL	02.01.2025	43,50%	77.488.258
TL	02.01.2025	48,17%	721.219
TL	02.01.2025	48,17%	800.248
TL	02.01.2025	40,00%	261.785
			194.319.799

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.