

**HEDEF ARAÇ KİRALAMA
VE SERVİS A.Ş.**

CONDENSED FINANCIAL
STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2022
AND AUDITOR'S
REVIEW REPORT

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**To the Board of Directors of
Hedef Araç Kiralama ve Servis A.Ş.**

Introduction

We have reviewed the accompanying condensed statement of financial position of Hedef Araç Kiralama ve Servis A.Ş. ("the Company"), as of 30 June 2022, and the related condensed statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the six month interim period then ended. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standards 34 ("IAS 34"), "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

DRT Bağımsız Denetim ve Servis A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 16 November 2022

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

CONTENTS OF THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

	PAGE
CONDENSED STATEMENT OF FINANCIAL POSITION	1-2
CONDENSED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	3
CONDENSED STATEMENT OF CHANGES IN EQUITY	4
CONDENSED STATEMENT OF CASH FLOWS.....	5
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	6-42
NOTE 1 ORGANISATION AND THE NATURE OF OPERATIONS.....	6
NOTE 2 BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES	6-19
NOTE 3 FINANCIAL RISK MANAGEMENT.....	19-24
NOTE 4 CASH AND CASH EQUIVALENTS	24
NOTE 5 TRADE RECEIVABLES.....	24-26
NOTE 6 BALANCES AND TRANSACTIONS WITH RELATED PARTIES	26-27
NOTE 7 INVENTORIES.....	27
NOTE 8 FAIR VALUE HEDGES / FIRM COMMITMENT HEDGE.....	28
NOTE 9 DERIVATIVE FINANCIAL INSTRUMENTS	28-29
NOTE 10 OTHER CURRENT ASSETS, NON-CURRENT ASSETS.....	29
NOTE 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	30
NOTE 12 ASSETS USED IN OPERATIONAL LEASES	30
NOTE 13 RIGHT-OF-USE ASSET	31
NOTE 14 PROPERTY AND EQUIPMENT.....	32
NOTE 15 INTANGIBLE ASSETS	33
NOTE 16 BORROWINGS	34-35
NOTE 17 TRADE PAYABLES.....	36
NOTE 18 OTHER CURRENT LIABILITIES	36
NOTE 19 TAXES ON INCOME	36-38
NOTE 20 RESERVE FOR EMPLOYMENT TERMINATION BENEFITS	38
NOTE 21 SHARE CAPITAL	39
NOTE 22 REVENUE.....	39
NOTE 23 COST OF REVENUE.....	40
NOTE 24 GENERAL AND ADMINISTRATIVE EXPENSES	40
NOTE 25 MARKETING AND SELLING EXPENSES.....	40
NOTE 26 OTHER INCOME AND EXPENSES.....	41
NOTE 27 FINANCIAL INCOME AND EXPENSES.....	41-42
NOTE 28 EARNINGS PER SHARE	42
NOTE 29 COMMITMENTS AND CONTINGENT LIABILITIES	42
NOTE 30 SUBSEQUENT EVENTS.....	42

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

STATEMENT OF CONDENSED FINANCIAL POSITION AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

	Notes	30 June 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	147,738,222	114,469,587
Trade receivables	5	131,946,833	123,596,049
Inventories	7	33,982,807	37,337,320
Firm commitment hedge	8	302,883	3,796,090
Derivative instruments	9	37,916,551	32,093,858
Right-of-use assets	13	8,776,648	23,795,136
Other current assets	10	62,833,745	45,975,334
Total current assets		423,497,689	381,063,374
Non-current assets			
Assets used in operational lease	12	4,782,599,601	4,818,264,889
Property and equipment	14	16,234,853	19,513,262
Right-of-use assets	13	1,397,265	3,480,857
Intangible assets	15	5,622,094	7,763,876
Investments accounted for using the equity method	11	--	36,209,506
Other non-current assets	10	3,955,570	6,289,119
Total non-current assets		4,809,809,383	4,891,521,509
Total assets		5,233,307,072	5,272,584,883

The condensed financial statements as at and for the 30 June 2022 have been approved and signed by Önder Erdem and Ersan Öztürk, Managing Directors of the Company on 16 November 2022.

The board of directors has the authority to make changes on the financial statements.

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

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**STATEMENT OF CONDENSED PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

	Notes	30 June 2022	31 December 2021
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Borrowings	16	1,020,104,383	1,295,398,610
Trade payables	17	199,421,294	335,653,938
Lease liabilities	13	9,031,213	25,645,429
Derivative instruments	9	--	984,150
Other current liabilities	18	88,797,876	138,568,358
Total current liabilities		1,317,354,766	1,796,250,485
Non-current liabilities			
Borrowings	16	1,027,295,348	1,384,078,942
Lease liabilities	13	3,093,779	5,121,987
Reserve for employment termination benefits	20	2,121,096	1,492,621
Deferred tax liability	19	692,884,175	582,706,644
Total non-current liabilities		1,725,394,398	1,973,400,194
Total liabilities		3,042,749,164	3,769,650,679
Shareholders' equity			
Share capital	21	248,624,740	31,464,314
Adjustment to share capital	21	210,919,651	176,359,935
Total paid-in share capital	21	459,544,391	207,824,249
Actuarial adjustment on post-employment benefit obligation		(3,540,177)	(3,859,529)
Effect of merger involving entities under common control		(1,072,106,178)	(1,071,464,685)
Revaluation reserve		394,595,242	499,772,028
Cash flow hedge reserves		33,071,343	25,675,086
Retained earnings		1,699,085,192	784,047,991
Net profit for the year		679,908,095	1,060,939,064
Total shareholders' equity		2,190,557,908	1,502,934,204
Total liabilities and shareholders' equity		5,233,307,072	5,272,584,883

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

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**STATEMENT OF CONDENSED PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

	Notes	30 June 2022	30 June 2021
Revenue	22	1,219,884,064	1,894,074,212
Cost of sales	23	(722,707,944)	(1,171,625,459)
Gross profit		497,176,120	722,448,753
General administrative expenses	24	(77,293,548)	(68,958,020)
Marketing and selling expenses	25	(16,589,415)	(35,354,866)
Other income	26	24,724,666	20,995,248
Other expenses	26	(5,456,784)	(27,935,598)
Share of net profit of subsidiaries accounted for using the equity method		(36,209,506)	--
Operating profit		386,351,533	611,195,517
Finance income	27	9,087,386	27,669,058
Finance costs	27	(254,346,229)	(254,805,831)
Foreign exchange gain/(loss), net	27	(15,032,006)	(59,146,163)
Monetary gain / (loss)		690,319,139	197,581,946
Profit before tax		816,379,823	522,494,527
Deferred and current income taxes	19	(136,471,728)	(181,663,617)
Net profit for the year		679,908,095	340,830,910
Profit per share		4.835	6.074
Other comprehensive income:			
Cash flow hedge reserves		9,245,321	(243,144)
Deferred tax		(1,849,064)	48,629
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		7,396,257	(194,515)
Actuarial adjustment on post employment benefit obligation	20	319,352	46,703
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		319,352	46,703
Total comprehensive income		687,623,704	340,683,098

The accompanying notes form an integral part of these condensed financial statements

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

STATEMENT OF CONDENSED CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

	Notes	Paid-in share capital		Effect of merger involving entities under common control	Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods			Total equity
		Share capital	Total paid-in share capital			Cash flow hedge reserve	Actuarial adjustment on post-employment benefit obligation	Revaluation Reserve	
Previously reported		31,414,314	31,414,314	--	1,326,915	1,914,782	213,708,031	266,263,458	508,478,854
Balance at 1 January 2021	19	207,740,571	207,740,571	--	(2,570,453)	(3,709,248)	--	784,047,992	985,508,862
Total comprehensive income/(loss)		--	--	--	(194,515)	46,703	--	340,830,910	340,683,098
Balance at 30 June 2021	19	207,740,571	207,740,571	--	(2,764,968)	(3,662,545)	--	1,124,878,902	1,326,191,960
Balance at 1 January 2022	19	207,824,249	207,824,249	(1,071,464,685)	25,675,086	(3,859,529)	499,772,028	1,844,987,055	1,502,934,204
Balance at 1 January 2022	19	207,824,249	207,824,249	(1,071,464,685)	25,675,086	(3,859,529)	499,772,028	1,844,987,055	1,502,934,204
Effect of merger involving entities under common control		--	--	(641,493)	--	--	--	641,493	--
Transfers		251,720,142	251,720,142	--	--	--	--	(251,720,142)	--
Transfer from disposal of assets		--	--	--	--	--	(105,176,786)	105,176,786	--
Total comprehensive income/(loss)		--	--	--	7,396,257	319,352	--	679,908,095	687,623,704
Balance at 30 June 2022	19	459,544,391	459,544,391	(1,072,106,178)	33,071,343	(3,540,177)	394,595,242	2,378,993,287	2,190,557,908

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

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

STATEMENT OF CONDENSED CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

	Notes	30 June 2022	30 June 2021
Net income		679,908,095	340,830,910
Adjustments for:			
Taxation expense	19	136,471,728	181,663,617
Depreciation and amortisation	12,13,14	13,465,308	21,030,276
Provision for employment termination benefits	20	568,995	537,649
Provision for unused vacation and personnel bonus		(7,461,298)	(8,702,955)
Provision for impaired trade receivables	5	-	21,207,400
Impairment of leased assets	12, 26	(187,721)	(1,111,058)
Net change in firm commitment fair value hedge	9	3,493,207	62,990,776
Amortisation of ROA	13	1,047,948	1,939,598
Foreign exchange loss on borrowings	27	11,924,252	28,023,365
Provision for litigation	26	(1,158,015)	3,630,330
Fair value measurement of derivatives	9	(2,628,315)	(8,532,389)
Interest income	27	(9,087,386)	(27,669,058)
Interest expense	27	254,346,229	254,805,831
Net change in investments accounted for using the equity method	11	36,209,506	--
Gain on sale of investments		(16,718,978)	--
Interest accrual net		5,686,923	(18,589,299)
Effect of changes in foreign currency exchange rate on cash and cash equivalents		(7,938,298)	(8,361,058)
Net cash generated from operating activities before changes in operating assets and liabilities		1,097,942,180	843,693,935
Purchase of assets used in operational lease	12	(677,827,095)	(1,110,471,626)
Proceeds from the sale of assets used in operational lease		671,023,599	647,441,335
Net decrease/ (increase) in other assets	10	(2,950,714)	(19,768,967)
Net (increase)/decrease in blocked time deposits	4	(8,116,788)	55,928,660
Net (increase)/decrease in accounts receivable		(22,444,029)	(40,743,606)
Net (increase)/decrease in inventories		37,337,320	337,845,092
Net increase in other liabilities	18	(50,776,085)	70,554,832
Net (decrease)/increase in accounts payables	17	(136,232,644)	(112,343,046)
Employee termination benefits paid	20	(325,382)	(166,947)
Personnel bonus payments		(9,365,234)	(4,626,648)
Collection of doubtful receivable	5	14,093,245	3,448,800
Net cash used in operating activities		912,358,373	670,791,814
Cash flows used in investing activities:			
Purchase of property and equipment net of disposals	14	(96,325)	(4,993,805)
Disposals of equity investments	10,26	19,052,527	--
Purchase of intangible assets net of disposals	15	(510,763)	(3,228,779)
Interest received	27	9,087,386	27,669,058
Net cash used in investing activities		27,532,825	19,446,474
Cash flows from financing activities:			
Proceeds from bank borrowings, net		(644,002,073)	(442,676,679)
Payments to right of use assets liability		(18,642,424)	(3,055,468)
Interest paid		(260,033,152)	(236,216,532)
Net cash provided from financing activities		(922,677,649)	(681,948,679)
Effect of change in foreign exchange rate on cash and cash equivalents		7,938,298	8,361,061
Net (decrease)/increase in cash and cash equivalents		25,151,847	16,650,670
Cash and cash equivalents at the beginning of the period	4	97,891,980	243,415,650
Cash and cash equivalents at end of the period	4	123,043,827	260,066,320

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

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 1 - ORGANISATION AND THE NATURE OF OPERATIONS

Hedef Araç Kiralama ve Servis A.Ş. (“the Company” or “Hedef Filo”), was established in 2003 in Istanbul. The Company’s shares have been acquired in 2006 by TCAR S.A.R.L (“TCAR”) based in Luxembourg.

As of 5th of October 2021 the shareholders of Hedef Filo, Ersan Öztürk and Önder Erdem, has established a new company with equal 50% shares, HDF Cars Araç Kiralama Hizmetleri A.Ş. (HDF Cars), which became 86% shareholder of the Company as of 24th November 2021.

As per the resolution of Board of the Directors dated 3 December 2021, the shares owned by Önder Erdem, (2,199,002 number of shares with a par value of TRY 1 each), and the shares owned by Ersan Öztürk, (2,199,002 number of shares with a par value of TRY 1 each), were transferred to HDF Cars Araç Kiralama Hizmetleri A.Ş. After the conclusion of the share transfers HDF Cars Araç Kiralama Hizmetleri A.Ş. became 100% owner of the shares. HDF Cars was established solely for the purpose of these share purchase transactions, and merged with Hedef Filo on 31 March 2022, with the decision of the board of directors No 3, dated 29 March 2022. With this merger, HDF Cars was transferred to Hedef Filo with all its assets and liabilities, and this transfer was registered with the announcement numbered 72843 in the Trade Registry Gazette, dated 5 April 2022 and numbered 10552. With this merger realized as of 31 March 2022, the share capital of Hedef Filo was increased from TRY 31,414,314⁽¹⁾ to TRY 248,624,740⁽²⁾, TRY 217,160,426⁽³⁾ of which was covered from revaluation reserve and TRY 50,000⁽⁴⁾ from HDF Cars' paid-in capital. After this merger and capital increase, shares of Önder Erdem and Ersan Öztürk in Hedef Filo became % 50 for both shareholders.

¹ Restated as TRY 207,740,570 with the current purchasing power of functional currency.

² Restated as TRY 459,544,391 with the current purchasing power of functional currency.

³ Restated as TRY 251,740,142 with the current purchasing power of functional currency.

⁴ Restated as TRY 83,679 with the current purchasing power of functional currency.

The Company primarily operates in the operational fleet rental business of all brands of motor vehicles. Total number of employees of the Company is 173 as of 30 June 2022 (31 December 2021: 181).

Registered address of the Company is as follows: Ofishane, Merkez Mah. Cendere Cad No: 22 Kat: 12-13, Kağıthane, İstanbul/Turkey.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation of condensed financial statements

a. Financial reporting standards

The principal accounting policies applied in the preparation of these condensed financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These condensed financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (“IFRS”), including International Accounting Standards (“IAS”) and Interpretations issued by the International Accounting Standards Board (“IASB”). The Company maintains its books of account and prepares its statutory condensed financial statements in Turkish Lira based on the Turkish Commercial Code, tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These condensed financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS. Consequently, the condensed financial statements are prepared under the historical cost convention other than vehicles held for lease.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation of condensed financial statements (Continued)

a. Financial reporting standards (Continued)

The preparation of condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the year-end condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management’s best knowledge of current event and actions, actual results ultimately may differ from those estimates.

Entities are free to prepare their interim condensed financial statements as a full set or as a summary in accordance with IAS 34 standard. In this context, the Company preferred to prepare condensed financial statements in the interim periods.

The significant accounting policies used by the Company while preparing the condensed financial statements for the year ended 30 June 2022 are consistent with the accounting policies explained in detail in the condensed financial statements for the year ended 31 December 2021 except restatement of financial statements due to the IAS 29 Financial Reporting in Hyperinflationary Economies. Therefore, these interim condensed financial statements should be read together with the Company's financial statements dated 31 December 2021.

b. Basis of consolidation

Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi “Tiktak” was established as of 1 June 2021. Tiktak provides mobility solutions for individuals and corporates. Hedef Filo owns 33.35% of the shares.

Tiktak, is an associate that Hedef Filo has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

The details of the Company’s investment in associates at 30 June 2022 and 31 December 2021 are as follows:

Name of Associate	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company		Principal Activity
		2022	2021	
Tiktak A.Ş.	Turkey	33.35 %	33.35 %	Rental Business

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of presentation of condensed financial statements (Continued)

b. Basis of consolidation (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these condensed financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or a joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or a joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

c. Functional and Presentation Currency

Items included in the condensed financial statements of the Company are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The condensed financial statements are presented in Turkish Lira (“TRY”), which is both functional and presentation currency of the Company.

2.2 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018-2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Amended Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2022 (Continued)

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Amended Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2022 (Continued)

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Company assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Company’s condensed financial statements.

b) New and revised TFRSs in issue but not yet effective

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (Continued)

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The Company evaluates the effects of these standards, amendments and improvements on the condensed financial statements.

2.3 Critical accounting estimates and judgments in applying accounting policies

The outlines of IAS 29 indexing operations are as follows:

- As of the balance sheet date, all items except those shown with current purchasing power are indexed using the relevant price index coefficients. Amounts from prior years are also indexed in the same way.
- Monetary assets and liabilities are not indexed since they are expressed in current purchasing power at the balance sheet date. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, associates and similar assets are indexed over their purchase values, not exceeding their market values. Depreciations are similarly adjusted. The amounts included in the shareholders' equity have been restated as a result of the application of the general price indices in the periods when these amounts are included in the Company or occurred within the Company.
- Except for the non-monetary items in the balance sheet that have an impact on the statement of income, all items in the income statement are indexed with the coefficients calculated over the periods in which the income and expense accounts are initially reflected in the financial statements.
- The gain or loss on the net monetary position as a result of general inflation is the difference of adjustments made to non-monetary assets, equity items and statement of income accounts. This gain or loss calculated on the net monetary position is included in the net profit.

The effect of applying IAS 29 Financial Reporting in Hyperinflationary Economies is summarized below:

Restatement of Statement of Financial Position and Statement of Changes in Equity

The Company has restated all its non-monetary items as of 1 January 2021, in order to show the impact of the inflation accounting reporting it has applied, and presented it with current purchasing power. As a result, the restated non-monetary items are Assets used in operational lease, Property, plant and equipment, Intangible assets, Inventories, Investments in certain associates, and Equity items. Each item must be restated from the date of initial recognition or last revaluation in the Company's equity. Monetary items are not restated as they are expressed in current purchasing power as of 30 June 2022.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Critical accounting estimates and judgments in applying accounting policies (Continued)

Restatement of Statement of Income and Statement of Cash Flow

Income and expense items in the statement of profit or loss should be restated in terms of current purchasing power from the date they are first recognized. The Company restated these items by applying the changes in the monthly general price index. Financial gains/losses related to exchange rate and accrued interest are determined in real terms, adjusted for inflationary effects.

The effect of inflation on monetary position is included under other financial income/expense in the statement of profit or loss.

Statement of cash flow items should also be restated in terms of current purchasing power at the closing date. IAS 29 paragraph 33 states that all items in the statement of cash flows are expressed in terms of current purchasing power at the end of the reporting period. Restatement of the statements of cash flow has an impact on the statement of income, and this impact is eliminated from the statement of cash flow because it is not considered as cash or cash equivalent.

2.4 Comparatives and adjustment of prior periods’ financial statements

Changes and Errors in the Accounting Estimate

Accounting estimates are made based on reliable information and reasonable estimation methods. However, if there are changes in the conditions related to the estimation, new information is obtained, or circumstances change, the estimations are reviewed. If the changes in accounting estimates only apply to one period, then they are applied in the current period when the change occurred; if the changes also apply to future periods, they are applied in both the period when the change occurred and in the future periods. These changes are also reflected in the financial tables when determining the period profit or loss.

The nature and amount of a change in the accounting estimate which is expected to have an effect on the activity results of the current period or future periods are shown in the notes of the condensed financial statement, except in situations where the effect on future periods cannot be estimated. There are no significant changes in the accounting policies for the year ended 30 June 2022.

Comparative Information and Correction of Prior Period Financial Statements

The Company’s interim condensed financial statements for the current period are prepared in comparison with the previous periods in order to be able to determine the financial position and performance trends. The comparative information is reclassified, when necessary, with the aim of ensuring consistency with the presentation of the current period’s condensed financial statements. The Company has no restatements in its previous financial statements except the impact of inflation accounting.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Comparatives and adjustment of prior periods’ financial statements (Continued)

Comparative Information and Correction of Prior Period Financial Statements (Continued)

The effect of restatement on the financial statements for the year ended 31 December 2021 is as follows:

ASSETS	31 December 2021	
	Previously reported	Restated
Current assets		
Cash and cash equivalents	80,367,716	114,469,587
Trade receivables	82,011,329	123,596,049
Inventories	26,228,523	37,337,320
Firm commitment hedge	2,666,657	3,796,090
Derivative instruments	22,545,123	32,093,858
Right-of-use assets	16,715,480	23,795,136
Other current assets	724,761,612	45,975,334
Total current assets	955,296,440	381,063,374
Non-current assets		
Assets used in operational lease	3,384,709,137	4,818,264,889
Property and equipment	7,416,269	19,513,262
Right-of-use assets	2,445,214	3,480,857
Intangible assets	3,989,998	7,763,876
Investments accounted for using the equity method	20,864,385	36,209,506
Other non-current assets	2,919,142	6,289,119
Total non-current assets	3,422,344,145	4,891,521,509
Total assets	4,377,640,585	5,272,584,883

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.4 Comparatives and adjustment of prior periods' financial statements (Continued)****Comparative Information and Correction of Prior Period Financial Statements (Continued)**

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2021	
	Previously reported	Restated
Current liabilities		
Borrowings	909,984,738	1,295,398,610
Trade payables	18,015,265	335,653,938
Lease liabilities	168,646,532	25,645,429
Derivative instruments	691,341	984,150
Other current liabilities	99,418,576	138,568,358
Total current liabilities	1,196,756,452	1,796,250,485
Non-current liabilities		
Borrowings	972,280,427	1,384,078,942
Lease liabilities	3,598,066	5,121,987
Reserve for employment termination benefits	1,048,528	1,492,621
Deferred tax liability	407,785,623	582,706,644
Total non-current liabilities	1,384,712,644	1,973,400,194
Total liabilities	2,581,469,096	3,769,650,679
Shareholders' equity		
Share capital	31,414,314	31,414,314
Adjustment to share capital	334,748	176,409,935
Total paid-in share capital	31,749,062	207,824,249
Actuarial adjustment on post-employment benefit obligation	(2,711,222)	(3,859,529)
Effect of merger involving entities under common control	--	(1,071,464,685)
Revaluation Reserve	932,929,056	499,772,028
Retained earnings	414,517,562	784,047,991
Cash flow hedge reserves	18,036,098	25,675,086
Net profit for the year	401,650,933	1,060,939,064
Total shareholders' equity	1,796,171,489	1,502,934,204
Total liabilities and shareholders' equity	4,377,640,585	5,272,584,883

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.4 Comparatives and adjustment of prior periods’ financial statements (Continued)****Comparative Information and Correction of Prior Period Financial Statements (Continued)**

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	30 June 2021	
	Previously reported	Restated
Revenue	1,025,644,254	1,894,074,212
Cost of sales	(637,575,675)	(1,171,625,459)
Gross profit	388,068,579	722,448,753
General administrative expenses	(36,831,382)	(68,958,020)
Marketing and selling expenses	(19,094,005)	(35,354,866)
Other income	11,390,062	20,995,248
Other expense	(15,241,555)	(27,935,598)
Operating profit	328,291,699	611,195,517
Finance income	14,949,360	27,669,058
Finance costs	(137,669,451)	(254,805,831)
Foreign exchange gain/(loss), net	(31,956,175)	(59,146,163)
Monetary gain / (loss)	--	197,581,946
Profit before tax	173,615,433	522,494,527
Deferred and current income taxes	(65,034,782)	(181,663,617)
Net profit for the year	108,580,651	340,830,910
Other comprehensive income:		
Cash flow hedge reserves	(405,323)	(243,144)
Deferred tax	184,263	48,629
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(221,060)	(194,515)
Actuarial adjustment on post employment benefit obligation	(135,704)	46,703
Deferred tax	(13,356,752)	--
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	(13,492,456)	46,703
Total comprehensive income	94,867,135	340,683,098

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Comparatives and adjustment of prior periods' financial statements (Continued)

Comparative Information and Correction of Prior Period Financial Statements (Continued)

ASSETS	1 January 2021	
	Previously reported	Restated
Current assets		
Cash and cash equivalents	190,838,322	369,685,218
Trade receivables	44,472,744	86,151,020
Inventories	174,401,862	337,845,092
Firm commitment hedge	39,790,299	77,080,354
Derivative instruments	446,666	--
Right-of-use assets	2,095,897	--
Other current assets	27,797,328	54,713,262
Total current assets	479,843,118	925,474,946
Non-current assets		
Assets used in operational lease	1,982,742,296	3,840,897,944
Property and equipment	6,566,716	18,596,240
Right-of-use assets	4,541,112	12,856,978
Intangible assets	11,396,946	15,796,154
Firm commitment hedge	1,009,016	1,954,630
Other non-current assets	1,265,004	3,277,145
Total non-current assets	2,007,521,090	3,893,379,091
Total assets	2,487,364,208	4,818,854,037

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.4 Comparatives and adjustment of prior periods' financial statements (Continued)****Comparative Information and Correction of Prior Period Financial Statements (Continued)**

LIABILITIES AND SHAREHOLDERS' EQUITY	1 January 2021	
	Previously reported	Restated
Current liabilities		
Borrowings	824,553,783	1,597,296,298
Trade payables	3,164,526	378,939,154
Lease liabilities	195,615,374	6,130,207
Derivative instruments	7,175,078	13,899,306
Other current liabilities	76,220,925	147,652,468
Total current liabilities	1,106,729,686	2,143,917,433
Non-current liabilities		
Borrowings	733,312,592	1,420,547,104
Lease liabilities	5,927,843	11,483,207
Reserve for employment termination benefits	662,448	1,283,271
Deferred tax liability	132,252,785	256,114,163
Total non-current liabilities	872,155,668	1,689,427,745
Total liabilities	1,978,885,354	3,833,345,178
Shareholders' equity		
Share capital	31,414,314	31,414,314
Adjustment to share capital	334,748	176,326,255
Total paid-in share capital	31,749,062	207,740,569
Actuarial adjustment on post-employment benefit obligation	(1,914,782)	(3,709,248)
Revaluation Reserve	213,708,031	--
Retained earnings	170,592,216	(2,570,453)
Cash flow hedge reserves	(1,326,915)	503,195,311
Net profit for the year	95,671,242	280,852,680
Total shareholders' equity	508,478,854	985,508,859
Total liabilities and shareholders' equity	2,487,364,208	4,818,854,037

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Comparatives and adjustment of prior periods' financial statements (Continued)

Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The Company's significant accounting policies that are used for the preparation of condensed financial statements for the six months period ended 30 June 2022 are consistent with accounting policies presented in the year-end condensed financial statements as of 31 December 2021.

NOTE 3 - FINANCIAL RISK MANAGEMENT

a) Currency risk

Foreign currency denominated assets and liabilities give rise to foreign currency exposure. Since the Company's functional currency is Turkish Lira, the Company is exposed to foreign currency risk because some of the lease receivables and financial liabilities denominated in currencies other than TRY. The Company's policy is to hedge all material foreign exchange risk associated with firm commitments in foreign currencies.

The table below summaries the Company's exposure to foreign currency exchange rate risk at 30 June 2022. Included in the table are the Company's assets and liabilities at carrying amounts in TRY, categorized by currency:

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

a) Currency risk (Continued)

30 June 2022	TRY Equivalent of USD	TRY Equivalent of EUR	TRY	Total
Cash and due from banks	1,559,246	27,349,552	118,829,424	147,738,222
Trade receivables short-term	1,100,432	--	130,846,401	131,946,833
Inventories	--	--	33,982,807	33,982,807
Firm commitment hedge (short term)	--	302,883	--	302,883
Other current assets	--	--	62,833,745	62,833,745
Other non-current assets	--	--	3,955,570	3,955,570
Total assets (*)	2,659,678	27,652,435	350,447,947	380,760,060
Borrowings (short term)	--	9,921,482	1,010,182,901	1,020,104,383
Trade payables	34,588,175	10,147,546	154,685,573	199,421,294
Lease liabilities (short term)	--	--	9,031,213	9,031,213
Other current liabilities	--	--	88,797,876	88,797,876
Borrowings (long term)	--	9,307,879	1,017,987,469	1,027,295,348
Deferred tax liability	--	--	692,884,175	692,884,175
Lease liabilities (Long term)	--	--	3,093,779	3,093,779
Reserve for employment termination benefits	--	--	2,121,096	2,121,096
Total liabilities (*)	34,588,175	29,376,907	2,978,784,082	3,042,749,164
Future minimum lease receivables under non cancellable operating leases not recognised at balance sheet (excluding VAT) (Note 5)	--	148,873	1,414,578,663	1,414,727,536

Net currency position after

future lease receivables & forwards (31,928,497) (1,724,472) (2,628,336,135) (2,661,989,104)

(*) Fair values of derivatives are excluded from the foreign currency position of the balance sheet and disclosed with notional amounts.

As of 30 June 2022; if the TRY had weakened/strengthened by 20% against USD and EUR with all other variables held constant net income for the period would have been lower/higher by TRY 6,730,594 as a result of foreign exchange (losses)/gains of funds borrowed and lease obligations and cash and cash equivalents after taking into consideration the related fair value changes in the hedged item.

At 30 June 2022, assets and liabilities denominated in foreign currency were translated into Turkish lira using foreign exchange rates of TRY 16.6690 = USD 1 and TRY 17.5522 = EUR 1.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2021 in TRY. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by currency:

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

a) Currency risk (Continued)

31 December 2021	TRY Equivalent of USD (**)	TRY Equivalent of EUR (**)	TRY (**)	Total
Cash and due from banks	24,402,667	45,860,922	44,205,998	114,469,587
Trade receivables short-term	--	--	123,596,049	123,596,049
Inventories	--	--	37,337,320	37,337,320
Firm commitment hedge (short term)	--	3,796,090	--	3,796,090
Other current assets	--	--	45,975,334	45,975,334
Other non-current assets	--	--	6,289,119	6,289,119
Total assets (*)	24,402,667	49,657,012	257,403,820	331,463,499
Borrowings (short term)	--	20,980,764	1,274,417,846	1,295,398,610
Trade payables	--	--	335,653,938	335,653,938
Lease liabilities (short term)	--	--	25,645,429	25,645,429
Other current liabilities	--	--	138,568,358	138,568,358
Borrowings (long term)	--	14,054,755	1,370,024,187	1,384,078,942
Deferred tax liability	--	--	582,706,644	582,706,644
Lease liabilities (Long term)	--	--	5,121,987	5,121,987
Reserve for employment termination benefits	--	--	1,492,621	1,492,621
Total liabilities (*)	--	35,035,519	3,733,631,010	3,768,666,529
Future minimum lease receivables under non cancellable operating leases not recognised at balance sheet (excluding VAT) (Note 5)	--	2,221,158	1,565,393,711	1,567,614,869
Derivatives	--	(1,362,845)	--	(1,362,845)
Net currency position after future lease receivables & forwards	24,402,667	15,479,806	(1,910,833,479)	(1,870,951,006)

(*) Fair values of derivatives are excluded from the foreign currency position of the balance sheet and disclosed with notional amounts.

(**) Restated with the current purchasing power of functional currency

As of 31 December 2021; if the TRY had weakened/strengthened by 20% against USD and EUR with all other variables held constant net income for the period would have been lower/higher by TRY 7,976,495 as a result of foreign exchange (losses)/gains of funds borrowed and lease obligations and cash and cash equivalents after taking into consideration the related fair value changes in the hedged item.

At 31 December 2021, assets and liabilities denominated in foreign currency were translated into Turkish lira using foreign exchange rates of TRY 12.9775 = USD 1 and TRY 14.6823 = EUR 1.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity risk

A major objective of the Company's asset and liability management is to ensure that sufficient liquidity is available to meet the Company's commitments to creditors and to satisfy the Company's own liquidity needs.

The table below analyses financial liabilities of the Company into relevant maturity groupings based on the remaining term at the balance sheet date to the contractual maturity dates with undiscounted cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

30 June 2021	Book Value	Contractual Cash Flows				Total
		Demand and up to 3 months	3 to 12 months	1 to 5 years	No maturity	
Borrowings	2,047,399,731	430,047,426	988,360,768	872,364,559	96,181,495	2,386,954,248
Trade payables	199,421,294	199,421,294	--	--	--	199,421,294
Lease liabilities	12,124,992	6,626,937	4,187,123	2,998,860	--	13,812,920
Total liabilities	2,258,946,017	636,095,657	992,547,891	875,363,419	96,181,495	2,600,188,462

31 December 2021	Book Value	Contractual Cash Flows				Total
		Demand and up to 3 months	3 to 12 months	1 to 5 years	No maturity	
Borrowings	1,882,265,165	446,785,828	1,261,002,604	1,090,975,770	570,505,197	3,369,269,399
Trade payables	168,646,532	168,646,532	--	--	--	168,646,532
Lease liabilities	21,613,330	3,816,632	22,545,788	6,216,981	1,160,503	33,739,904
Total liabilities	2,072,525,028	619,248,992	1,283,548,392	1,097,192,751	571,665,700	3,571,655,835

c) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, should one exist. The Company has estimated fair values of financial instruments by using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

c) Fair value of financial instruments (Continued)

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

The carrying values of trade receivables along with the related allowances for collection are estimated to be their fair values.

Financial liabilities

The fair values of long-term financial liabilities are determined by discounting contractual cash flows with current market interest rate.

The carrying values of trade payables along with the related allowances for collections are estimated to approximate their fair values.

	30 June 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Borrowings	2,047,399,731	2,138,607,588	2,679,477,552	3,255,892,121

Fair value hierarchy

Recurring fair value measurements at 30 June 2022:

	Level 1	Level 2	Level 3
Derivative financial instruments, net FVTPL (Note 9)	--	2,628,315	--
Private sector bills and shares (Note 10)	--	--	4,955,570
Derivative financial instruments, net subject to cash flow hedge accounting (Note 9)	--	35,288,236	--
Assets held for lease, (Note 12)	--	--	4,782,599,601

Recurring fair value measurements at 31 December 2021:

	Level 1	Level 2	Level 3
Private sector bills and shares (Note 10)	--	--	8,068,543
Derivative financial instruments, net subject to cash flow hedge accounting (Note 9)	--	32,093,858	--
Assets held for lease (Note 12)	--	--	4,818,264,888

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 3 - FINANCIAL RISK MANAGEMENT (Continued)

c) Fair value of financial instruments (Continued)

Fair value hierarchy (Continued)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The Company's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Time deposits in banks	52,829,585	34,563,523
Demand deposits in banks	94,908,637	79,906,064
	147,738,222	114,469,587

At 30 June 2022, demand deposits in banks amounting to TRY 24,694,395 are blocked in connection with funds borrowed from banks (31 December 2021: TRY 16,577,607).

Cash and cash equivalents included in the statements of cash flows for the 30 June 2022 and year ended 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Deposits in banks (excluding blocked deposits)	123,043,827	97,891,980
	123,043,827	97,891,980

NOTE 5 - TRADE RECEIVABLES

	30 June 2022	31 December 2021
Trade receivables	117,766,832	105,463,676
Doubtful receivables	62,372,726	86,915,437
Less: Provision for impaired receivables	(48,192,725)	(68,783,064)
	131,946,833	123,596,049

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES (Continued)

Guarantee letters held in support of trade receivables are as follows:

	30 June 2022	31 December 2021
Guarantee letters	323,000	1,847,398
Total	323,000	1,847,398

Aging of past due receivables which are not impaired as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Up to 3 months	8,006,418	10,622,946
3-6 months	217,175	436,611
More than 6 months	362,664	649,148
	8,586,257	11,708,705

Past due but not impaired receivables consist of lease receivables from customers who had payment extensions.

Movement in provision for impairment in trade receivables is as follows:

	30 June 2022	30 June 2021
Balance at 1 January	68,783,064	63,845,216
Amounts recoveries during the period	(14,093,245)	(3,448,800)
Impairment expense during the period	13,794,014	14,569,387
Monetary gain/loss	(20,487,743)	(4,976,028)
IFRS 9 expected credit loss provisions	196,635	6,638,014
Balance at the period end	48,192,725	76,627,789

The main business activity of the Company is operating lease of vehicles. The future lease payments receivable under non-cancellable operating leases (excluding VAT) related with the lease receivables is as follows:

30 June 2022	EUR	USD	TRY	Total
Within one year	148,873	--	646,601,918	646,750,791
1-2 years	--	--	427,404,092	427,404,092
2-3 years	--	--	247,851,743	247,851,743
More than 3 years	--	--	92,720,910	92,720,910
	148,873	--	1,414,578,663	1,414,727,536

At 30 June 2022, trade receivables denominated in foreign currency were translated into Turkish Lira using foreign exchange rates of TRY 16.6690 = USD 1 and TRY 17.5221 = EUR 1.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES (Continued)

31 December 2021	EUR (*)	TRY	Total
Within one year	2,221,158	786,589,699	788,810,857
1-2 years	--	507,411,892	507,411,892
2-3 years	--	210,298,396	210,298,396
More than 3 years	--	61,093,724	61,093,724
	2,221,158	1,565,393,711	1,567,614,869

(*) Restated with the current purchasing power of functional currency

At 31 December 2021, trade receivables denominated in foreign currency were translated into Turkish Lira using foreign exchange rates of TRY 12.9775 = USD 1 and TRY 14.6823 = EUR 1.

NOTE 6 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The balances and transactions with related parties can be seen as follows:

a) Balances with related parties

	30 June 2022			
	Receivables			
	Short term		Long term	
	Trade receivables	Other	Trade receivables	Other
Balances with related parties				
<u>Shareholders</u>				
Önder Erdem	--	6,000,895	--	--
Ersan Öztürk	--	3,556,884	--	--
<u>Affiliates</u>				
Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi	77,087,831	--	--	--
Total	77,087,831	9,557,779	--	--

	31 December 2021			
	Receivables			
	Short term		Long term	
	Trade receivables	Other	Trade receivables	Other
Balances with related parties				
<u>Shareholders</u>				
Önder Erdem	--	1,165,803	--	--
Ersan Öztürk	--	1,165,803	--	--
TCAR S.A.R.L.	--	325,992	--	--
<u>Affiliates</u>				
Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi	51,373,401	--	--	--
Total	51,373,401	2,657,598	--	--

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 6 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continues)

	1 January - 30 June 2022			
	Lease revenue	Charge back income	Charge back expense	Car sharing charge back
Transactions with related parties				
<u>Affiliates</u>				
Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi	85,893,990	64,711,459	(3,555,357)	(42,559,794)

	1 January - 30 June 2021			
	Lease revenue	Charge back income	Charge back expense	Car sharing charge back
Transactions with related parties				
<u>Affiliates</u>				
Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi	4,665,236	5,223,003	(17,032,324)	--

The remuneration of key management personnel is follows:

	30 June 2022	31 December 2021
Remuneration of key management personnel and directors	26,985,856	22,099,713
Total	26,985,856	22,099,713

NOTE 7 – INVENTORIES

	30 June 2022	31 December 2021
Inventories	33,982,807	37,337,320
Total	33,982,807	37,337,320

Motor vehicles returned at the end of contracted lease terms and held for sale have been classified from "assets used in operational leases" to inventories (Note 12). Net realizable value is a metric that is used in the lower cost or market method of accounting reporting. There is no net realizable value decrease as of 30 June 2022 (31 December 2021: None).

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 8 – FAIR VALUE HEDGES / FIRM COMMITMENT HEDGE

	30 June 2022	31 December 2021
Short-term firm commitment hedge - assets	302,883	3,796,090
Total	302,883	3,796,090

The Company is exposed to foreign exchange risk because of its lease receivables is denominated in currencies other than TRY. The Company's policy is to hedge all material foreign exchange risk associated with firm commitments in foreign currency.

In order to comply with the Company's foreign exchange risk management strategy, the foreign exchange risk arising from the future foreign currency denominated lease receivables is hedged with foreign currency borrowings.

The above balances represent the cumulative change in the fair value of the firm commitments to collect foreign currency denominated lease receivables against providing operating lease service attributable to the foreign currency risk subsequent to the fair value hedge relationship designation. The short or long-term classification is based on the contractual payment dates of the related cash inflows.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

a) Derivatives held for trading

Assets	30 June 2022		31 December 2021	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Currency derivatives (*)	2,289,585	2,628,315	--	--
Total		2,628,315		--
Liabilities				
	Notional Amount	Fair Value	Notional Amount	Fair Value
Cross currency swaps	--	--	3,777,699	984,150
Forward	--	--	--	--
Total		--		984,150

(*) Foreign exchange loss protected deposit accounts

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

b) Derivatives held for cash flow hedges

Assets	30 June 2022		31 December 2021	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest rate swaps	336,968,083	35,288,236	479,687,151	32,093,858
Total		35,288,236		32,093,858

The Company has started to apply hedge accounting under IFRS 9 for the floating rate TRY borrowings according to its financial risk management strategies. These borrowings have been designated as hedged item and corresponding (floating to fixed) interest rate swaps have been designated as hedging instrument. Critical terms of the hedged items and hedging instruments perfectly match with each other. Hence, no ineffectiveness has been recognized. Effective portion is recognized under OCI (as cash flow hedge reserve). The effective portion will be recycled from OCI to PL when the interest payments on borrowings take place. Total cash flow hedge reserve recognized under OCI (net of tax) as of 30 June 2022 is 33,071,343 (31 December 2021: 25,675,086).

NOTE 10 - OTHER CURRENT ASSETS, NON-CURRENT ASSETS

Other current assets	30 June 2022	31 December 2021
Prepaid expenses	31,806,959	27,870,865
Advances given to and rebate receivables from service providers	18,885,671	1,671,190
Receivables from related parties (*)	9,557,779	2,657,598
Private sector bills	1,000,000	1,779,424
VAT and other prepaid taxes	346,831	7,922,373
Income accruals	63,815	67,233
Other	1,172,690	4,006,651
	62,833,745	45,975,334

(*) Disclosed in Note 6.

Other non-current assets	30 June 2022	Share %	31 December 2021	Share %
-Volt Lines B.V.	3,955,570	2.08%	6,289,119	4.24%
Total	3,955,570		6,289,119	

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 11 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Hedef Filo owns 33.35% of Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi shares. Details of investments of associates for the 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	Share %	31 December 2021	Share %
<i>-Tiktak Yeni Nesil Ulaşım Çözümleri ve Araç Kiralama Anonim Şirketi</i>	--	33.35%	36,209,506	33.35%
	--		36,209,506	

NOTE 12 - ASSETS USED IN OPERATIONAL LEASES

Cost	30 June 2022	30 June 2021
Opening amount	4,989,795,420	4,270,600,065
Additions	677,827,095	1,110,471,626
Impairment reversal of lease assets	187,721	1,111,058
Disposals	(725,402,943)	(999,487,635)
Total cost	4,942,407,293	4,382,695,114
Accumulated depreciation		
Opening amount	(171,530,531)	(99,272,568)
Additions (Note 23)	(7,396,762)	(12,716,344)
Disposals	53,102,408	21,268,653
Total accumulated depreciation	(125,824,885)	(90,720,259)
Net book value of assets used in operational lease - subject to lease contract	4,816,582,408	4,291,974,855
Transfers to inventories (Note 7)	(33,982,807)	(165,540,892)
Net book value of assets used in operational lease	4,782,599,601	4,126,433,963

Transfers to inventories are related to vehicles returned from rental and transferred to inventories in order to sold. For the period ended 30 June 2022 and 31 December 2021, total depreciation charge has been reflected to cost of revenue (Note 23).

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 13 – RIGHT-OF-USE ASSET

Right of use asset is consists of long-term lease liabilities of the Company from office leases and short-term vehicle leases as a lessee. Upon lease commencement the Company recognizes a lease liability and right of use asset. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

30 June 2022	Opening	Additions	Disposals	Monetary gain/loss	Closing
Cost					
Buildings	16,281,503	--	--	(4,844,158)	11,437,345
Motor Vehicles	20,811,545	15,285,317	(23,224,150)	(6,191,962)	6,680,750
Total cost	37,093,048	15,285,317	(23,224,150)	(11,036,120)	18,118,095
Accumulated depreciation					
Buildings	(9,817,055)	(1,047,948)	--	2,920,821	(7,944,182)
Motor Vehicles	--	--	--	--	--
Total accumulated depreciation	(9,817,055)	(1,047,948)	--	2,920,821	(7,944,182)
Net book value	27,275,993	14,237,369	(23,224,150)	(8,115,299)	10,173,913

30 June 2021	Opening	Additions	Disposals	Monetary gain/loss	Closing
Cost					
Buildings	22,156,017	--	--	(1,726,816)	20,429,201
Total cost	22,156,017	--	--	(1,726,816)	20,429,201
Accumulated depreciation					
Buildings	(9,299,039)	(1,939,598)	--	792,525	(10,446,112)
Total accumulated depreciation	(9,299,039)	(1,939,598)	--	792,525	(10,446,112)
Net book value	12,856,978	(1,939,598)	--	(934,291)	9,983,089

For the period ended 30 June 2022 and 2021 depreciation charge has been presented under general administrative expenses (Note 24).

Lease Liabilities

	30 June 2022	31 December 2021
Current	9,031,213	25,645,429
Non-current	3,093,779	5,121,987
Total lease liability	12,124,992	30,767,416

Leased assets and liabilities disclosed above, include only assets and liabilities related to operating lease agreements for the office buildings and short-term vehicle lease agreements used for the Company's operations. Finance lease liabilities are disclosed under borrowings.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 14 - PROPERTY AND EQUIPMENT

30 June 2022	Opening	Additions	Disposals	Closing
Cost				
Furniture and fixtures	37,697,125	148,448	(52,123)	37,793,450
Leasehold improvements	13,726,114	--	--	13,726,114
Total cost	51,423,239	148,448	(52,123)	51,519,564
Accumulated depreciation				
Furniture and fixtures	(21,836,926)	(2,672,075)	41,267	(24,467,734)
Leasehold improvements	(10,073,051)	(743,926)	--	(10,816,977)
Total accumulated depreciation	(31,909,977)	(3,416,001)	41,267	(35,284,711)
Net book value	19,513,262			16,234,853
30 June 2021	Opening	Additions	Disposals	Closing
Cost				
Furniture and fixtures	32,164,088	6,282,681	(1,288,876)	37,157,893
Leasehold improvements	13,726,115	--	--	13,726,115
Total cost	45,890,203	6,282,681	(1,288,876)	50,884,008
Accumulated depreciation				
Furniture and fixtures	(18,721,189)	(2,469,381)	677,223	(20,513,347)
Leasehold improvements	(8,572,777)	(743,972)	--	(9,316,749)
Total accumulated depreciation	(27,293,966)	(3,213,353)	677,223	(29,830,096)
Net book value	18,596,237			21,053,912

For the period ended 30 June 2022 and 2021 depreciation charge has been presented under general administrative expenses (Note 24).

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira (“TRY”), unless otherwise indicated.)

NOTE 15 - INTANGIBLE ASSETS

Intangible Assets

30 June 2022	Opening	Additions	Closing
Cost			
Software programmes	71,428,934	510,763	71,939,697
Total cost	71,428,934	510,763	71,939,697
Accumulated depreciation			
Software programmes	(63,665,058)	(2,652,545)	(66,317,603)
Total accumulated depreciation	(63,665,058)	(2,652,545)	(66,317,603)
Net book value	7,763,876		5,622,094
30 June 2021	Opening	Additions	Closing
Cost			
Software programmes	72,577,267	3,228,779	75,806,046
Total cost	72,577,267	3,228,779	75,806,046
Accumulated depreciation			
Software programmes	(56,781,111)	(5,100,579)	(61,881,690)
Total accumulated depreciation	(56,781,111)	(5,100,579)	(61,881,690)
Net book value	15,796,156		13,924,356

For the period ended 30 June 2022 and 2021, total amortization charge has been booked under general administrative expenses (Note 24).

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 16 - BORROWINGS**a) Funds borrowed - short-term**

	30 June 2022		Weighted average interest rate
	Original currency	TRY	
Borrowings in EUR	2,086	36,557	3.64%
Borrowings in TRY	56,958,690	56,958,690	23.98%
Current maturities of long-term bank borrowings:			
Borrowings in EUR (-)	564,140	9,884,925	4.07%
Borrowings in TRY (-)	953,224,211	953,224,211	23.58%
		1,020,104,383	
31 December 2021			
	Original currency	TRY (*)	Weighted average interest rate
Borrowings in EUR	3,311	69,202	4.14%
Borrowings in TRY	43,844,933	43,844,933	21.02%
Current maturities of long-term bank borrowings:			
Borrowings in EUR (-)	1,000,514	20,911,561	4.85%
Borrowings in TRY (-)	1,230,572,914	1,230,572,914	21.65%
		1,295,398,610	

(*) Restated with the current purchasing power of functional currency.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 16 – BORROWINGS (Continued)**b) Funds borrowed - long-term**

	30 June 2022		Weighted average interest rate
	Original currency	TRY	
Borrowings in EUR	1,095,348	19,192,804	2.64%
Borrowings in TRY	1,971,211,680	1,971,211,680	24.23%
Current maturities of long-term bank borrowings:			
Borrowings in EUR (-)	(564,140)	(9,884,925)	4.07%
Borrowings in TRY (-)	(953,224,211)	(953,224,211)	23.58%
		1,027,295,348	
	31 December 2021		Weighted average interest rate
	Original currency	TRY (*)	
Borrowings in EUR	1,672,964	34,966,317	3.97%
Borrowings in TRY	2,600,597,099	2,600,597,099	20.98%
Current maturities of long-term bank borrowings:			
Borrowings in EUR (-)	(1,000,514)	(20,911,562)	4.85%
Borrowings in TRY (-)	(1,230,572,912)	(1,230,572,912)	21.65%
		1,384,078,942	

*Restated with the current purchasing power of functional currency.

The redemption schedules of the long-term funds borrowed at 30 June 2022 and 31 December 2021 and are as follows:

	30 June 2022	31 December 2021
13-24 Months	646,858,500	876,974,177
25-36 Months	289,147,994	444,002,213
37-48 Months	90,984,005	62,697,123
49 Months and above	304,849	405,429
	1,027,295,348	1,384,078,942

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 17 - TRADE PAYABLES

	30 June 2022	31 December 2021
Vehicle and service providers	128,927,548	236,245,321
Insurance suppliers	70,493,746	99,408,617
	199,421,294	335,653,938

Trade payables mainly consist of payables related with motor vehicle purchases, repair and maintenance expense payables and insurance premium payables. As of 30 June 2022, maturity of trade payables is 45 days (31 December 2021: 45 days).

NOTE 18 - OTHER CURRENT LIABILITIES

	30 June 2022	31 December 2021
Unearned revenues	36,603,469	39,999,437
Advances received	17,998,243	37,025,372
Deposits and guarantees received	15,892,804	28,636,766
Provision for personnel bonuses	6,456,142	13,628,616
Taxes and funds payable	4,630,094	2,162,440
Provision for litigation	3,134,365	4,292,380
Provision for unused vacation	1,710,984	1,999,808
Social security premiums payable	1,212,757	1,317,787
Provision for operating expenses	4,082	6,222,925
Other	1,154,936	3,282,827
	88,797,876	138,568,358

NOTE 19 - TAXES ON INCOME

The Corporate Tax Law was amended by Law No.5520 dated 13 June 2006. Most of the articles of the new Corporate Tax Law in question, No.5520, have come into force effective from 1 January 2006. Corporation tax is payable at a rate of 25% (2021: 22%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19.8%, calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61). The Law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 22% to 23% for the year 2022. Therefore, deferred tax assets and liabilities shall be measured at the tax rate of 23% that are expected to apply to these periods when the assets are realized or the liability is settled, based on the Law that have been enacted. For the periods 2022 and after, the reversals of temporary differences will be measured by 20%. Since the accounts subject to deferred tax will be realized in the long term, the deferred tax rate has been used as 20% by the company.

Turkish tax legislation imposes 15% withholding tax on dividend distributions from Turkish companies to non-resident companies and individuals. However, the dividend withholding tax rate may be reduced to 10% based on double tax treaty signed between Turkey and Luxembourg. Under Luxembourg tax treaty, the dividend withholding tax rate reduces to 10% for shareholders who hold a more than 25% stake in the Company.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 19 - TAXES ON INCOME (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 25% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

There is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25th day of the 4th month following the month when the accounting period. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment. According to Turkish tax legislation, financial losses on the returns can be offset against annual income for up to five years. However, financial losses cannot be offset against previous years' profits.

The investment renewal fund is an implementation that provides the advantage of tax deferral by deducting the profit resulting from the sale of depreciable economic assets from the depreciation of the same type of economic assets indicated by tax authorities.

Income tax recognized in profit or loss:

	1 January- 30 June 2022	1 January- 30 June 2021
Corporate tax expense	--	--
Deferred tax expense	(136,471,728)	(181,663,617)
Total tax expense	(136,471,728)	(181,663,617)

The reconciliation between the expected and the actual taxation charge is stated below:

	1 January- 30 June 2022	1 January- 30 June 2021
Profit / (Loss) before tax	816,379,823	522,494,527
Corporate tax rate	23%	25%
Calculated tax expense	(187,767,359)	(130,623,632)
- tax rate difference effect	45,176,382	--
- additions	--	(52,118,651)
- deductions	5,244,754	4,134,380
- disallowable expenses	(3,641,202)	(3,055,715)
- other	4,515,697	--
Total tax expense	(136,471,728)	(181,663,617)

Deferred taxes

Deferred tax asset and liability represents the tax effect of temporary differences arising due to the different treatment of certain items of income and expenses included in the condensed financial statements compared to the local tax return, in accordance with the applicable tax law.

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 19 - TAXES ON INCOME (Continued)

The movement of the deferred income taxes can be analyzed as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Deferred tax assets	2,447,860	11,716,722
Deferred tax liabilities	(694,941,819)	(594,423,366)
Deferred tax liabilities, net	(692,884,175)	(582,706,644)

NOTE 20 - RESERVE FOR EMPLOYMENT TERMINATION BENEFITS

Under the Turkish Labor Law, the Company is 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 after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY 10,849.59 for each year of service as of 30 June 2022 (31 December 2021: TRY 8,284.51⁽¹⁾).

¹ Restated as TRY 11,793.32 with the current purchasing power of functional currency.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The following actuarial assumptions were used in the calculation of the total liability:

	30 June 2022	31 December 2021
Discount rate (%)	3.87%	3.48%
Turnover rate to estimate the probability of retirement (%)	83.64%	82.39%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Since the liability cap for each year of service is adjusted once quarterly the maximum amount of TRY 15,371.40 which is effective from 1 July 2022 (1 January 2022: TRY 10,847.59) has been considered in the calculation.

Movements in the reserve for the employment termination benefits during the year are as follows:

	<u>30 June 2022</u>	<u>30 June 2021</u>
Balance at 1 January	1,492,621	1,283,271
Current service cost	283,021	286,692
Interest cost	285,974	250,957
Paid during the year	(325,382)	(166,947)
Monetary gain/loss	704,214	189,077
Remeasurement difference of post-employment benefit obligations	(319,352)	(46,703)
Balance at period-end	2,121,096	1,796,347

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 21 - SHARE CAPITAL

At 30 June 2022, the Company's authorized share capital consists of TRY 459,544,391 (31 December 2021: TRY 207,824,249) shares with a par value of TRY 1 each.

At 30 June 2022 and 31 December 2021, the shareholders of the Company and their percentage ownership are as follows:

	30 June 2022		31 December 2021	
Önder Erdem	124,312,370	50	--	--
Ersan Öztürk	124,312,370	50	--	--
Hdf Cars Araç Kiralama Hizmetleri A.Ş.	--	--	31,464,314	100
Historical share capital	248,624,740	100	31,464,314	100
Adjustment to share capital	210,919,651		176,359,935	
Total	459,544,391	100	207,824,249	100

As per the resolution of Board of the Directors dated 3 December 2021, the shares owned by Önder Erdem, (2,199,002 number of shares with a par value of TRY 1 each), and the shares owned by Ersan Öztürk, (2,199,002 number of shares with a par value of TRY 1 each), were transferred to HDF Cars Araç Kiralama Hizmetleri A.Ş. After the conclusion of the share transfers HDF Cars Araç Kiralama Hizmetleri A.Ş. became 100% owner of the shares. HDF Cars was established solely for the purpose of these share purchase transactions, and merged with Hedef Filo on 31 March 2022, with the decision of the board of directors No 3, dated 29 March 2022. With this merger, HDF Cars was transferred to Hedef Filo with all its assets and liabilities, and this transfer was registered with the announcement numbered 72843 in the Trade Registry Gazette, dated 5 April 2022 and numbered 10552. With this merger realized as of 31 March 2022, the share capital of Hedef Filo was increased from TRY 31,414,314⁽¹⁾ to TRY 248,624,740⁽²⁾, TRY 217,160,426⁽³⁾ of which was covered from revaluation reserve and TRY 50,000⁽⁴⁾ from HDF Cars' paid-in capital. After this merger and capital increase, shares of Önder Erdem and Ersan Öztürk in Hedef Filo became % 50 for both shareholders.

¹ Restated as TRY 207,740,570 with the current purchasing power of functional currency.

² Restated as TRY 459,544,391 with the current purchasing power of functional currency.

³ Restated as TRY 251,740,142 with the current purchasing power of functional currency.

⁴ Restated as TRY 83,679 with the current purchasing power of functional currency.

Adjustment to share capital represents the restatement effect of the cash contributions to share capital in 30 June 2022 equivalent current purchasing power of functional currency.

NOTE 22 - REVENUE

	30 June 2022	30 June 2021
Second-hand sales revenue	795,063,082	1,321,894,512
Lease revenue	424,820,982	572,179,700
Total	1,219,884,064	1,894,074,212

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 23 - COST OF REVENUE

Cost of revenue	30 June 2022	30 June 2021
Cost of vehicles sold	603,552,476	986,636,776
Repair and maintenance costs	32,881,789	33,525,057
Rent expense for relief vehicles	21,769,970	9,588,766
Motor vehicle taxes	21,457,224	33,342,869
Insurance costs	19,550,954	61,663,245
Tire expenses	8,518,405	8,360,427
Depreciation expense	7,396,762	12,716,344
Other	7,580,364	25,791,975
	722,707,944	1,171,625,459

NOTE 24 - GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2022	30 June 2021
Personnel expenses	52,445,407	45,996,917
Depreciation and amortization expense (Notes 13,14,15)	7,116,494	10,253,530
Communication and IT expenses	6,926,652	7,116,102
Professional service and notary expenses	4,306,865	2,991,885
Transportation expenses	1,304,332	197,859
Office expenses	954,685	838,742
Fuel expenses	876,170	321,608
Stamp tax expenses	808,678	557,616
Cleaning expense	418,174	299,782
Stationery and archiving expenses	148,951	193,654
Cargo and postage expense	48,444	61,170
Other	1,938,696	129,155
	77,293,548	68,958,020

NOTE 25 - MARKETING AND SELLING EXPENSES

	30 June 2022	30 June 2021
Personnel expenses	11,358,903	15,976,289
Advertising expenses	3,133,890	18,182,668
Marketing expenses	2,096,622	1,195,909
	16,589,415	35,354,866

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022**

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 26 - OTHER INCOME AND EXPENSES

Other income	30 June 2022	30 June 2021
Income from sale of investments	16,718,978	--
Income from excess mileage usage	5,102,308	17,148,208
Income from early terminations	1,369,619	2,112,455
Provision income for litigation accruals	1,158,015	--
Impairment reversal of leased assets (Note 12)	187,721	1,111,058
Provision income for trade receivables (Note 5)	102,596	--
Other	85,429	623,527
	24,724,666	20,995,248
Other expenses	30 June 2022	30 June 2021
Reconciliation differences	(2,459,447)	--
Provision expense for trade receivables (Note 5)	--	(17,758,601)
Provision expense for litigation accruals	--	(3,630,330)
Other	(2,997,337)	(6,546,667)
Total	(5,456,784)	(27,935,598)

NOTE 27 - FINANCIAL INCOME AND EXPENSES

Interest income	30 June 2022	30 June 2021
Interest income on time deposits	8,117,924	24,611,366
Late payment interest income	969,462	3,057,692
	9,087,386	27,669,058
Interest expense	30 June 2022	30 June 2021
Interest income from other receivables	(7,773,129)	(9,976,762)
Interest expenses on bank loans	(246,573,100)	(244,829,069)
	(254,346,229)	(254,805,831)

HEDEF ARAÇ KİRALAMA VE SERVİS A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2022

(Amounts expressed in Turkish lira ("TRY"), unless otherwise indicated.)

NOTE 27 - FINANCIAL INCOME AND EXPENSES (Continued)

Foreign exchange gain/(loss). net	30 June 2022	30 June 2021
Fx gain loss from current accounts, net (**)	(12,417,548)	5,156,992
Unrealized foreign exchange gain/(loss) on borrowings	(11,924,252)	(28,023,365)
Realised fx gain from derivatives, net	(5,154,609)	2,052,358
Foreign exchange (loss)/gain on firm commitment hedge. net	(2,218,247)	(56,830,876)
Realized foreign exchange gain/(loss) on loan repayments	(912,220)	(32,253,709)
Foreign exchange gain from sales revenue (*)	2,914,783	59,284,825
Unrealised fx gain from derivatives, net	14,680,087	(8,532,388)
Foreign exchange (loss)/gain on firm	(15,032,006)	(59,146,163)
Financial expenses. net	(260,290,849)	(286,282,936)

(*) The Company recognizes foreign exchange gains of the future lease receivables by applying fair value hedge accounting to its non-cancellable foreign exchange lease receivables (Note 8).

(**) Includes net fx gains from cash at banks and trade receivable/ payable accounts.

NOTE 28 - EARNINGS PER SHARE

	30 June 2022	31 December 2021
Net profit attributable to shareholders	679,908,095	1,060,939,064
Weighted average number of issued shares	140,619,556	31,414,314
(Loss)/earnings per share	4.835	33.772

NOTE 29 - COMMITMENTS AND CONTINGENT LIABILITIES

As of balance sheet date the Company has given guarantee letters to courts amounting to TRY 1,641,751 (31 December 2021: TRY 280,918), to suppliers amounting to TRY 16,360,000 (31 December 2021: TRY 9,253,002), to customers TRY 323,000 (31 December 2021: TRY 1,080,503).

Assets used in operational leases amounting to TRY 3,017,461,048 (31 December 2021: TRY 4,197,757,232) are pledged to the counterparty banks as collateral for the bank borrowings.

NOTE 30 - SUBSEQUENT EVENTS

None.