Hürriyet Gazetecilik ve Matbaacılık A.Ş.

Activity Report of the Board of Directors

March | 2020

1 January-31 December 2019

Hürriyet

DEMİRÖRENMEDYA

CONTENTS

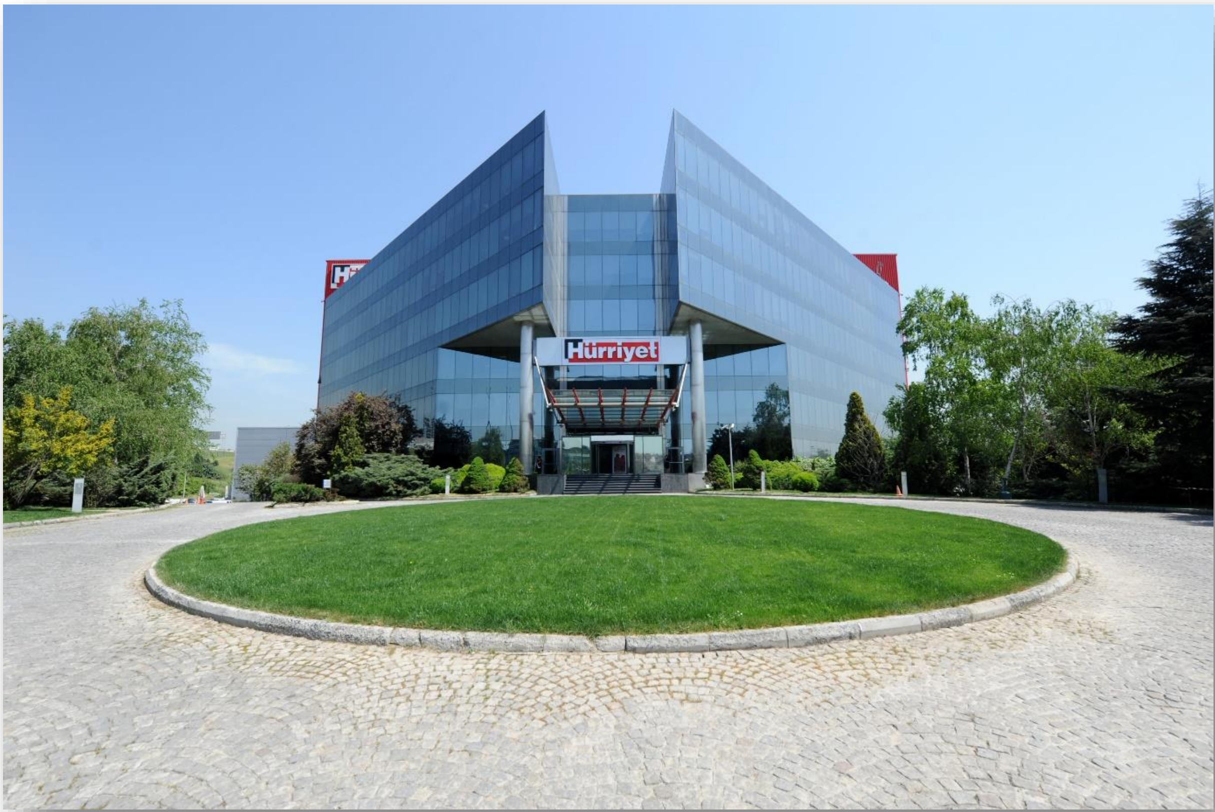
"This Activity Report was drawn up under article 8 of the "Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market" of the Capital Markets Board ("CMB"), which entered into force by being published on the Official Gazette no. 28676, dated 13.06.2013; and it is aimed at assessing and informing our investors of our Company's activities as of our Company's accounting period from 01.01.2019 to 31.12.2019.

1. GENERAL INFORMATION

1.A. Accounting Period to Which the Report is Related

This Activity Report is in respect of the activities of the accounting period from 01.01.2019 to 31.12.2019.

1.B. The Company's Trade Name, Trade Registration Number, and Contact Details of its Head Office and Branches



Trade Name:	Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company")
Trade Registry Office:	Istanbul Chamber of Commerce
Trade Registration Number:	78044/19200
Address:	Demirören Medya Center 100. Yıl Mah. 2264. Sokak No:1 34204 Bağcılar Istanbul/Turkey
Telephone:	0(212) 677 00 00
Fax:	0(212) 677 01 82
Corporate Website:	http://www.hurriyetkurumsal.com

1.B. The Company's Trade Name, Trade Registration Number, and Contact Details of its Head Office and Branches (Continued)

PRINTING FACILITIES IN TURKEY


Istanbul DPC


Ankara DPC


İzmir DPC


Adana DPC


Antalya DPC

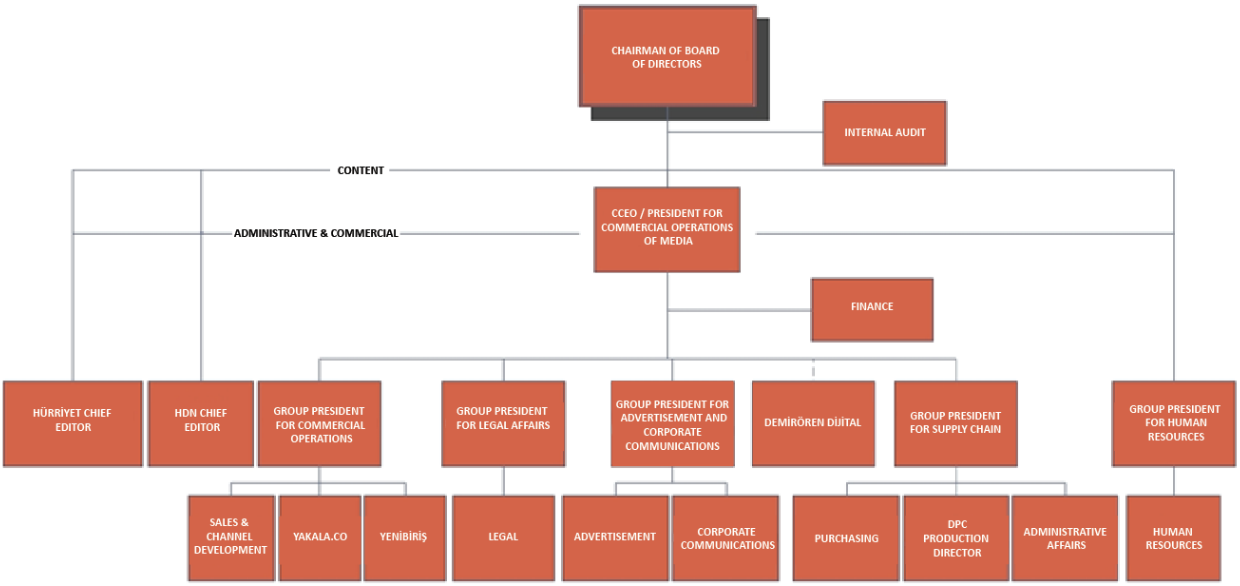

Trabzon DPC

	Printing Facilities, Regional Offices	**Phone**
Istanbul (Head Office)	Demirören Medya Center, 100. Yıl Mahallesi , 2264. Sokak No:1 Bağcılar / Istanbul	0 212 6770000
Istanbul Printing Facility (DPC)	Orhangazi Mahallesi, 1650 Sokak, No:2 Demirören Medya Tesisleri 34850 Esenyurt / Istanbul	0 212 6222800
Ankara Printing Facility (DPC)	Osmangazi Mahallesi, Özal Bulvarı, No:120, Esenboğa Yolu Üzeri 15. Km 06150 Sarayköy Pursaklar / Ankara	0 312 3069100
Ankara Regional Office	Söğütözü Mah. Dumlupınar Bulvarı No:102, Çankaya / Ankara	0 312 2070000
Izmir Regional Office	Şehitler Cad. No:16/1 35230 Alsancak / Izmir	0 232 4886500
Izmir Printing Facility (DPC)	Fatih Mahallesi Ege Cad. No: 36 35414 Gaziemir Sarnıç / Izmir	0 232 2982200
Bursa Regional Office	Odunluk Mahallesi Akpınar Caddesi Green White Plaza No:5 Kat:6 D:16 Nilüfer / Bursa	0 224 2500252
Adana Printing Facility (DPC) Regional Office	Yenidoğan Mahallesi Girne Bulvarı No:275/A Adana-Ceyhan Karayolu 5. Km. 01260 Yüreğir / Adana	0 322 3461600
Antalya Printing Facility (DPC) Regional Office	Yenigöl Mah., Serik Cad., No:80 Havalimanı Yolu 8. Km 07300 Muratpaşa / Antalya	0 242 3403838
Trabzon Printing Facility (DPC) Regional Office	Nuroğlu Mah. Organize Sanayi Bölgesi, 10. Cad, No:1 Arsin Yolu 61900 Arsin / Trabzon	0 462 7112500
Frankfurt Printing Facility	An Der Brücke 20-22 D-64546 Mörfelden - Walldorf Frankfurt / Deutschland	496105327130

1.C. Organizational Structure and Capital and Shareholding Structure of the Company, and Changes in the Accounting Period in Relation to Capital and Shareholding Structure

1.C.1 Organizational Structure of the Company

Organizational structure of the Company as of December 31, 2019 is as outlined below:



1.C.2 Capital and Shareholding Structure

As of Tuesday, December 31, 2019, the Company's registered capital ceiling is 800,000,000 Turkish Liras, and its issued capital is 592,000,000 Turkish Liras.

As per the resolution no 21/655 of the CMB dated July 23, 2010, which was amended by the resolution no 31/1059 dated October 30, 2014, according to the entries of the Central Securities Depository of Turkey ("CSD"); as of December 31, 2019, shares corresponding to 16.54% of the capital of Hürriyet (December 31, 2018: 20.81%) are regarded to be in circulation.

Shares are traded in Borsa İstanbul A.Ş. with the transaction symbol of HURGZ.

Shareholder	**December 31, 2019 (Turkish Lira)**	**Share (%)**	**December 31, 2018 (Turkish Lira)**	**Share (%)**
Demirören Medya Yatırımları Ticaret A.Ş.	468,732,788	79.18	468,732,788	79.18
Other Shareholders (BİAŞ and other shareholders)	123,267,212	20.82	123,267,212	20.82
Total	**592,000,000**	**100.00**	**592,000,000**	**100.00**

1.D. Explanations in Relation to Preference Shares and Voting Rights Attached to Shares

Each share in the Company has one voting right. No upper limit is set for the voting right of any shareholder. Implementations making it difficult to exercise the voting right are avoided; and each shareholder is given the opportunity to exercise its voting right in the easiest and most convenient manner. No preference is granted on the Company's shares.

1.E. The Company's Direct or Indirect Affiliates and their Share Percentages

Subsidiaries

Subsidiaries and their shareholding percentages as of December 31, 2019 and December 31, 2018, are shown below:

		Voting rights of Hürriyet and its Subsidiaries (%)		Active shareholding percentages (%)	
	Subsidiaries	**December 31 2019**	**December 31 2018**	**December 31 2019**	**December 31 2018**
1	Yenibiriş	100	100	100	100
2	Hürriyet Zweigniederlassung	100	100	100	100
3	Hürriyet Invest	100	100	100	100
4	TME(1)	97.29	97.29	97.29	97.29
5	SporArena	100	100	100	100
6	ID Impress Media LLC	91	91	88.53	88.53
7	Mirabridge International B.V.	100	100	97.29	97.29
8	OOO Pronto Samara	100	100	97.29	97.29
9	OOO Rukom (2)	100	100	97.29	97.29
10	OOO Pronto Media Holding Ltd	100	100	97.29	97.29
11	OOO SP Belpronto	60	60	58.37	58.37
12	OOO Rektcentr(3)	100	100	97.29	97.29
13	Publishing House Pennsylvania Inc	100	100	97.29	97.29
14	Publishing International Holding BV	100	100	97.29	97.29

(1) The relevant subsidiary was removed from London Stock Exchange list as of January 2, 2020.

(2) The relevant subsidiary is in liquidation as of June 25, 2019.

(3) The relevant subsidiary entered into liquidation process as of August 6, 2019.

Affiliates	**Direct and indirect shares by Hürriyet and its Subsidiaries (%)**	**Direct and indirect shares by Hürriyet and its Subsidiaries (%)**
	December 31, 2019	**December 31, 2018**
Demirören Media International GmbH ("Demirören Media")(*)	42.42	42.42

1.F. Information on the Company's Own Shares Acquired by Itself

The Company has not acquired any of its own shares in the accounting period from 01.01.2019 to 31.12.2019.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel

1.G.1 The Board of Directors and Committees

The new Board Members were appointed at the Extraordinary General Assembly meeting of the Company held on June 6, 2018, to hold office for a period of 3 years. In addition, on 16.07.2018, with the decision of the Board of Directors no 2018/34, dated 16.07.2018, it was decided to appoint Mehmet Koray Yanç as a Board Member to fill the vacancy due to death of Erdoğan Demirören who had been elected as the Chairman of the Board of Directors by the Decision of Extraordinary General Assembly, and with the decision of the Board of Directors no 2018/36, dated 16.07.2018, it was decided to appoint Yıldırım Demirören as the Chairman, Meltem Oktay as the Deputy Chairman, and Mehmet Soysal as Managing Director. At the Ordinary General Assembly Meeting held on March 29, 2019, membership and term of office of Mehmet Koray Yanç who was elected as a Board Member with the decision no 2018/34 dated 16.07.2018 of the Board of Directors, were approved by the General Assembly. (Please find the document for the Ordinary General Assembly Meeting dated March 29, 2019, at www.hurriyetkurumsal.com).

Detailed biographies of our Board Members who were holding office as of the date of the activity report, can be found at our corporate website "www.hurriyetkurumsal.com". The relevant Board members and their offices are as follows:

Name and Surname	Title	Explanation
Yıldırım Demirören	Chairman	Has No Executive Function
Meltem Oktay	Deputy Chairman	Has No Executive Function
Fikret Tayfun Demirören	Member	Has No Executive Function
Mehmet Soysal*	Member	Has an Executive Function
Mehmet Koray Yanç	Member	Has No Executive Function
Alaattin Aykaç	Independent Member	Has No Executive Function
Orhan Kırca	Independent Member	Has No Executive Function

** Terms of offices of Mr. Mehmet SOYSAL as Chief Executive Officer and Managing Director expired as of 02.09.2019. Mr. Mehmet SOYSAL continues to serve as a Board Member in our Company.*

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Detailed biographies of our Board Members who were holding office as of the date of the activity report, can be found at our corporate website "www.hurriyetkurumsal.com". The relevant Board members and their offices are as follows:

Adı Soyadı	Unvanı	Açıklama	Son Durum itibariyle Ortaklık Dışında Aldığı Görevler
Yıldırım Demirören	Chairman	Has No Executive Function	Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Meltem Oktay	Deputy Chairman	Has No Executive Function	Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Fikret Tayfun Demirören	Member	Has No Executive Function	Board Member at Demirören Holding A.Ş. and Demirören Medya Yatırımları Ticaret A.Ş. and Group Companies
Mehmet Soysal	Managing Director	Has an Executive Function	Board Member and Executive Committee Chairman at Group Companies
Mehmet Koray Yanç	Member	Has No Executive Function	Board Member and Executive Committee Member at Group Companies
Orhan Kırca	Independent Member	Has No Executive Function	Senior executive at non-Group Company, Independent Board Member at Group Companies
Alaattin Aykaç	Independent Member	Has No Executive Function	Independent Board Member at Group Companies

** Terms of offices of Mr. Mehmet SOYSAL as Chief Executive Officer and Managing Director expired as of 02.09.2019. Mr. Mehmet SOYSAL continues to serve as a Board Member in our Company.*

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

As of the date of the report, there was no circumstance within our knowledge which caused the Independent Board Members to lose their independent status. The statements of independence of the Independent Board Members who took office after June 6, 2018 are given below:

Date: 09.05.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik Ve Matbaacılık A.Ş.,

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Best regards,
ORHAN KIRCA
(signature)

Date: 09.05.2018

STATEMENT OF INDEPENDENCE

To the Chairmanship of the Board of Directors of Hürriyet Gazetecilik Ve Matbaacılık A.Ş.,

I hereby declare that, as a nominee Independent Board Member of Hürriyet Gazetecilik ve Matbaacılık A.Ş., I have the required qualifications of "independent board membership" designated by the Capital Markets Law, the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board, Resolutions of the Capital Markets Board and other legislation and the Articles of Association of your Company; and if I am elected, as soon as I become aware that I no longer have the aforementioned independence qualifications, I will immediately inform your Board of Directors, act in accordance with the decision of your Board, and resign from my office in case deemed necessary.

Best regards,
ALAATTİN AYKAÇ
(signature)

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

As of the date of the report, there was no circumstance within our knowledge which caused the Independent Board Members to lose their independent status. In the accounting period from 01.01.2019 to 31.12.2019, meetings of the Board of Directors were held by 93% participation in average of the members and 24 resolutions were adopted.

Freedom of the Company's Board Members to take other office(s) outside of the Company was made subject to certain rules as per article 14 of the Company's Articles of Association.

Audit Committee

The Company's Audit Committee Members were elected with the decision of the Board of Directors no 2019/13 dated 09.05.2019, to hold office until the Ordinary General Assembly where the activity results of the year 2019 will be discussed, and the names of these members and their offices are specified below.

Name and Surname	Office	Explanation
Alaattin Aykaç	Chairman	Independent Member / Has No Executive Function
Orhan Kırca	Member	Independent Member / Has No Executive Function

The audit committee carries out its activities in accordance with the "Audit Committee Regulations" which sets out its working procedures and principles, the Capital Market Law, Communiqués and regulations/decisions of CMB, and convenes at least 4 times a year and presents the decisions of its meetings to the Board of Directors in writing. The Audit Committee convened 6 times in 2019. The Audit Committee presented a written report to the Board of Directors 7 times in 2019.

Duties and Working Principles of the Audit Committee are given below.

Hürriyet Gazetecilik ve Matbaacılık A.Ş.
Duties and Working Principles of the Audit Committee

1. Purpose

The Audit Committee (Committee) of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the Company) shall assist the Board of Directors in supervision of the Company's functioning and effectiveness in relation to its accounting and reporting, finance and independent audit and internal control system. The Committee shall review and evaluate the systems and processes developed by the Company in relation to financial reporting and public disclosure; financial, operational and operating risks; internal control and internal and independent external audit and compliance with laws and regulations, and make suggestions to the Board of Directors.

2. Basis

These principles for the duties and working principles of the Audit Committee were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

3. Authority and Scope

The Committee is formed and authorized by the Board of Directors. The Committee is authorized by the Board of Directors to invite to the Committee meetings, and to obtain information from, the Company's employees and representatives of the persons and organizations associated with the Company including affiliates, internal and external auditors (Auditors) and those persons who are experts in their area, and to receive external legal and professional advice when required.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Audit Committee (Continued)

The Committee acts within the framework of its authority and responsibility and makes consultative recommendations to the Board of Directors, but the final decision and implementation responsibility always belong to the Board of Directors.

4. Organization

Membership

4.1. The Committee is formed in accordance with the Company's articles of association.
4.2. The Committee's Chairman is elected from among the independent Board Members.
In cases where this is not possible, the Committee's Chairman may be elected from among those third persons who are experts in their area, to the extent allowed by the legislation.
4.3. Those expert persons who have a business experience of at least eight years in the areas of accounting, finance, auditing and law etc. may take office in the Committee.
4.4. The Committee consists of at least two members.
4.5. The Committee members are elected from among those persons who have no executive function. Chairman of the Company's Executive Committee cannot take office in this Committee.
4.6. When necessary, persons who are not a Board of Directors member, and who are experts in their area may also be assigned to the Committee.
4.7. Representatives who are responsible for the financial and internal audit affairs of the Company's public affiliates, or companies having a significant position in the Company's consolidated financial statements although they are not public may also be a Committee member.
4.8. The Committee is re-appointed annually at the first meeting of the Board of Directors to be held after the Ordinary General Assembly meeting.
4.9. The Committee convenes with the attendance of one more than half of the number of its members, and takes decisions with the majority of the attendees.
4.10. The Committee's clerical procedures are fulfilled by the secretariat of the Board of Directors.
4.11. The Committee utilizes independent expert opinions on the matters it deems necessary in relation to its activities. The fees of the consultancy services needed by the Committee are borne by the Company.

Attendance at Meetings

4.12. Except for obligatory circumstances, the Committee convenes, as a principle, at least four times a year, in quarterly periods, at the Company's head office, upon the invitation to be made by the Committee's Chairman through the Secretariat of the Board of Directors. The Committee's Chairman may change the date, time and place of the meeting by informing the Committee members in advance.
4.13. In case they deem it necessary, the Auditors may hold a special meeting, by informing the Committee's Chairman through the Secretariat of the Board of Directors.
4.14. The decisions taken at the Committee meetings are recorded in writing, signed by the members of the Committee and duly kept.
4.15. Meetings of the Committee may be held at the Company's head office or at another place easily accessible by the Committee members.

5. Liability

Internal Control

5.1. The Committee reviews whether the Company's management is informing the Company's employees of the significance of internal control and risk management and whether a correct "control culture" is established within the Company.
5.2. The Committee makes consultative recommendations to the Board of Directors for robust operation of the internal control infrastructure in all the Company's affiliates, for its comprehension by the employees and for provision of support to it by the management.
5.3. The Committee ensures that internal control processes are put in writing and updated periodically to ensure that their effectiveness is maintained.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Audit Committee (Continued)

5.4. The Committee oversees the robust performance of the coordination and communication between the Company's affiliates and the Internal Control department.

5.5. The Committee reviews the accountability of the management regarding the security and operation of the Company's computer system, and the crisis plans for recording and protection of the transactions, in case the computer system's complete failure.

5.6. The Committee investigates whether the warnings and recommendations made by Auditors in relation to internal control have been implemented.

Financial Reporting

a) General

5.7. Together with the Auditors, the Committee develops recommendations on internal control or similar issues, which ensure that the events causing any misconduct, breach of laws and regulations or deficiency can be identified.

5.8. The Committee reviews important accounting and reporting issues and legal issues and investigates their impact on financial statements.

5.9. The Committee obtains opinions of the Company's management and the Auditors on the plans in relation to identification of the areas which may pose a financial risk, and elimination of weaknesses.

5.10. The Committee gives particular importance to review of complex and extraordinary transactions, including particularly derivative transactions etc.

5.11. The Committee reviews the transactions, of which the entry into the accounting records is up to the consideration and decision of the Company's management, such as valuation of assets and resources; guarantees and surety-ships; performance of social responsibilities; provisions for legal actions; other obligations and contingent events.

5.12. The Committee reviews;

-Significant differences between the financial results realized in the interim period and the budgeted or estimated financial results,

-Significant changes in financial ratios, and whether these changes are consistent with the changes in the Company's operations, and the financing practices,

-Whether any realized or planned change is in question in the accounting or financial reporting practices,

-Whether there is any extraordinary or significant transaction,

-Whether the disclosures made to public in relation to financial information contain sufficient and proper information.

b) Financial Statements, Announcements and Presentations

5.13. The Committee obtains the opinions of the Company's responsible managers and independent auditors regarding the compliance of the financial statements and their footnotes to be disclosed to the public, with the accounting principles followed by the Company and the relevant facts, and the accuracy of such financial statements and footnotes, and informs the Board of Directors of the same in writing by submitting also its own evaluations.

5.14. The Committee reviews the activity report to be disclosed to the public and whether the information therein are accurate and consistent with the information available to the Committee.

5.15. The Committee checks whether the analyst presentations and disclosures to be made to the public with regard to the financial information, are made in compliance with the Company's "information policy", and particularly with the provisions of the regulations of the Capital Markets Board and other legislation.

5.16. The Committee investigates to what extent the disclosures to be made to the public with regard to financial information have been controlled by the Auditors, and how the aforementioned announcements and presentations are prepared.

Internal Audit

5.17. The Committee reviews the practices and organizational structure of the internal control department, and informs and makes recommendations to the Board of Directors in relation to the matters which restrict or constitute an impediment to the practices of internal auditors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Audit Committee (Continued)

5.18. The Committee may make recommendations to the Board of Directors in relation to appointment, change of position and dismissal of the personnel employed at the internal control department, by taking into consideration also the qualifications of those persons.
5.19. The Committee reviews the "Duties and Working Principles of Internal Audit Directorate" which is prepared by the internal control department, and submits it to the approval of the Board of Directors.
5.20. The Committee reviews the effectiveness of internal control activities.
5.21. The Committee meets the internal control officials separately, and discusses with them those issues that the Committee or the auditors specifically require(s) to be discussed.
5.22. The Committee ensures that the important issues found during or as a result of the audits carried out by internal control department and its recommendations for elimination of these issues are communicated to and discussed by the Committee on time.
5.23. The Committee ensures that the recommendations made by the internal control department are communicated to and discussed and answered by the Company's management.

Independent External Audit

5.24. Election of external audit entity, preparation of audit contracts by the relevant departments of the Company and commencement of external audit process, as well as the activities of external audit entity in all phases, are conducted under the supervision of the Committee.
5.25. The Committee reviews the audit scope and approach proposed by the independent external auditors, and informs and makes recommendations to the Board of Directors in relation to the matters which restrict or constitute an impediment to their practices.
5.26. The Committee evaluates the performance of independent external auditors.
5.27. By taking into consideration the consultancy services obtained from the independent audit company or its related organizations as well, the Committee decides on the independence of the independent external auditors.
5.28. The Committee meets the independent external auditors separately, and discusses with them those issues that the Committee or the auditors specifically require(s) to be discussed.
5.29. The Committee ensures that the important issues found during or as a result of the audits carried out by independent external auditors and their recommendations for elimination of these issues are communicated to and discussed by the Committee on time.
5.30. The independent external auditors submit to the information of the Committee the significant issues in relation to the Company's accounting policy and practices; the alternative practices and public disclosure options under the international accounting standards which were previously communicated to the Company's management, possible consequences thereof and recommendations for implementation, and in addition, the significant correspondence with the Company's management.
5.31. The Committee ensures that the recommendations made by the independent external auditors are communicated to and discussed and answered by the Company's management.

Compliance with Laws and Regulations

5.32. The Committee reviews the monitoring system developed by the Company for compliance with laws and regulations, and the outcomes of investigations and proceedings filed by the Company's management on misconduct, unjust enrichment, failure to comply with laws and regulations etc., including disciplinary penalties.
5.33. The Committee reviews the significant complaints communicated to the Company on the Company's accounting, internal control system and independent external audit etc., ensures their finalization, and ensures that notifications by the Company's employees in this respect are communicated to the Company's management within the principle of confidentiality.
5.34. On a quarterly basis, the Committee obtains and examines a periodic report from the Company's management, its in-house legal professionals or outsourced legal consultants, in respect of the lawsuits filed against the Company, the provisions allocated and required to be allocated for such lawsuits, provisions no longer required, and the total risk that may arise.
5.35. The Committee obtains and evaluates the necessary information regarding the Company's compliance with the provisions of the legislation applicable to the Company, in preparation of the financial statements and the footnotes thereof.
5.36. The Committee presents information and recommendations to the Board of Directors in relation to the conflicts of interest that may arise and misuse of the Company's trade secrets.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Audit Committee (Continued)

5.37. The Committee reviews the results of the audits and investigations carried out by the regulatory authorities, and presents information and recommendations to the Board of Directors.

Compliance with the Internal Regulations

5.38. The Committee ensures that the internal regulations are put into writing, and develops measures which will ensure that they are communicated to all the employees.
5.39. The Committee evaluates whether the internal regulations and acceptable code of ethical conduct have been communicated to the employees by the Company's management with a proper method of communication.
5.40. The Committee evaluates the activities carried out by the Company's management in relation to monitoring of the compliance with the internal regulations.
5.41. The Committee oversees the compliance with the internal regulations which prevent the conflicts of interests that may arise between the Board members, managers and other employees, and misuse of the information with a nature of a trade secret.
5.42. The Committee develops and presents to the information of the Board of Directors recommendations ensuring protection of the assets of the Company and of its affiliates against incorrect and unauthorized use.
5.43. The Committee obtains a periodic report from the Company's management once a year in relation to compliance by the employees with the internal regulations.

Reporting Responsibility

5.44. The Committee ensures that the Board of Directors is informed on the matters falling within the scope of its authority and responsibility.
5.45. The Committee puts into writing and records all the activities carried out by it.
5.46. The Committee compiles its practices and recommendations into a report and submits it to the Board of Directors.

Other Responsibilities

5.47. The Committee performs the other overseeing and monitoring activities required by the Board of Directors.
5.48. In case it deems necessary, the Committee may initiate special investigations and appoint experts at the Company's expense, as consultants to provide assistance to it in these investigations.
5.49. In case it deems necessary, the Committee may ensure that certain issues are put on the agenda of the Company's General Assembly meetings.
5.50. The Committee regularly reviews its own performance.
5.51. The Committee makes recommendations to the Board of Directors, but these recommendations do not discharge the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

6. Budget

The Committee is given an annual budget in order for it to perform its activities effectively and efficiently, which is approved by the Board of Directors.

7. Entry into Force

The duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Corporate Governance Committee

With the decision of our Board of Directors no 2019/13 dated 09.05.2019, it was found appropriate for the Corporate Governance Committee to hold office until the first meeting of the Board of Directors to be held following the Ordinary General Assembly Meeting where the activity results of the year 2019 will be discussed, and for the Corporate Governance Committee to undertake the duties of the "Nomination Committee" and the "Remuneration Committee" as well, as set out by the "Corporate Governance Communiqué" of the CMB (II-17.1). Members of the Corporate Governance Committee and their offices as per the decision of the Board of Directors no 2019/13 dated 09.05.2019 are specified below.

Name and Surname	Office	Explanation
Alaattin Aykaç	Chairman	Independent Member / Has No Executive Function
Orhan Kırca	Member	Independent Member / Has No Executive Function
Semih Metin*	Member	Has No Executive Function

*Semih Metin retired from all his offices in the Company as of 16.01.2020. Murat Öztürk was appointed as Investor Relations Department Manager and Corporate Governance Committee Member on 14.02.2020.

The Corporate Governance Committee convened 5 times in the accounting period from 01.01.2019 to 31.12.2019.

Duties and Working Principles of the Corporate Governance Committee are given below.

Duties and Working Principles of the Corporate Governance Committee

1. Purpose

The Corporate Governance Committee (Committee) of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the Company) shall support and assist the Board of Directors by carrying out activities in relation to the Company's compliance with corporate governance principles, appointment, remuneration, rewarding and performance evaluations and career planning of the Board members and senior managers, investor relationships and public disclosure. The Committee shall review and evaluate the systems and processes created or to be created by the Company in implementing the management practices increasing the Company's performance, and make recommendations in relation thereto.

2. Basis

These principles for the duties and working principles of the Corporate Governance Committee were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

3. Authority and Scope

The Committee is formed and authorized by the Board of Directors. The Committee is authorized to invite to the Committee meetings, and to obtain information from, the Company's employees and representatives of the persons and organizations associated with the Company including affiliates, internal and external auditors (Auditors) and those persons who are experts in their area, and to receive external legal and professional advice when required. In this case, cost of the consultancy services needed by the Committee shall be borne by the Company. The Committee acts within the framework of its authority and responsibility and makes consultative recommendations to the Board of Directors, but the final decision and responsibility always belong to the Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Corporate Governance Committee (Continued)

4. Organization

Membership

4.1. The Committee is formed in accordance with the Company's articles of association.

4.2. The Committee's Chairman is elected, as a rule, from among the independent Board Members. In cases where this is not possible, the Committee's Chairman may be elected from among those third persons who are experts in their area.

4.3. Those expert persons who have a business experience of at least eight years in the areas of accounting, finance, auditing and law, management etc. may take office in the Committee.

4.4. The Committee consists of at least two members.

4.5. The Committee members are, within the bounds of possibility, elected from among those persons who have no executive function. Chairman of the Company's Executive Committee cannot take office in this Committee.

4.6. When necessary, persons who are not a Board of Directors member, and who are experts in their area may also be assigned to the Committee.

4.7. The Committee is re-appointed annually at the first meeting of the Board of Directors to be held after the Ordinary General Assembly meeting.

4.8. The Committee convenes with the attendance of one more than half of the number of its members, and takes decisions with the majority of the attendees.

4.9. The Committee's clerical procedures are fulfilled by the secretariat of the Board of Directors.

4.10. In case it is deemed necessary, the Committee members may become a member of the Corporate Governance Committees of the Company's public affiliates.

Attendance at Meetings

4.11. Except for obligatory circumstances, the Committee convenes, as a principle, at least four times a year, in quarterly periods, at the Company's head office, upon the invitation to be made by the Committee's Chairman through the Secretariat of the Board of Directors.

4.12. The Committee's Chairman may change the date, time and place of the meeting by informing the Committee members in advance.

4.13. The decisions taken at the Committee meetings are recorded in writing, signed by the members of the Committee and duly kept.

5. Liability

Compliance with Corporate Governance Principles

5.1. The Committee evaluates whether the Company's management informs the Company's employees of the significance of having good governance practices and whether an effective and efficient "corporate governance culture" is established within the Company.

5.2. The Committee makes recommendations to the Board of Directors for robust operation of the internal control infrastructure for management practices aimed at increasing the Company's performance, in all the Company's affiliates, for its comprehension and adoption by the employees and for provision of support to it by the management.

5.3. The Committee identifies whether or not the corporate governance principles are implemented, and if not, the reason therefor and the conflicts of interest that arise due to the failure to fully comply with these principles, and makes recommendations to the Board of Directors to improve the practices.

Governance Control

5.4. The Committee obtains opinions of the management and the related parties on the plans in relation to identification of the areas which may pose a governance risk and weakness, and elimination of deficiencies.

5.5. The Committee reviews the significant complaints communicated to the Company on management, ensures their finalization, and ensures that notifications by the employees in this respect are communicated to the management within the principle of confidentiality.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Corporate Governance Committee (Continued)

Disclosures to be Made to Public

5.6. The Committee reviews the activity report to be disclosed to the public and whether the information therein are accurate and consistent with the information available to the Committee.

5.7. The Committee develops recommendations which ensure that the analyst presentations and disclosures to be made to the public are made in compliance with the Company's "information policy", and particularly with the laws and regulations.

Compliance with the Internal Regulations

5.8. The Committee ensures that the internal regulations are put into writing, and that they are communicated to all the employees.

5.9. The Committee evaluates whether the internal regulations and acceptable code of ethical conduct have been communicated to the employees by the Company's management with a proper method of communication.

5.10. The Committee evaluates the activities carried out by the Company's management in relation to monitoring of the compliance with the internal regulations.

5.11. The Committee oversees the compliance with the internal regulations which prevent the conflicts of interests that may arise between the Board members, managers and other employees, and misuse of the information with a nature of a trade secret.

Determination of the Nominees to be Elected to the Board of Directors

5.12. The Committee carries out efforts for creation of a transparent system for determination of suitable nominees to the board of directors and senior management and for development of policies and strategies in this respect. Performance Evaluation, Remuneration and Rewarding Policy and Career Planning of the Board Members and Managers

5.13. The Committee carries out efforts aimed at determination of the approaches, principles and practices on performance evaluation, remuneration and rewarding policy and career planning of the board members and senior managers.

5.14. The Committee develops recommendations on the number of Board members and managers.

5.15. In case it deems necessary, the Committee obtains opinions and suggestions of the Human Resources Committee.

6. Investor Relations Department

6.1. The "Shareholders Relations Department" (the Department) was established for the purpose of monitoring all the relations between the shareholders and the investors and ensuring that the requirements of their right to information are satisfied in full, by acting within the body of the Committee and reporting to the Committee's Chairman.

6.2. The Department consists of sufficient number of expert personnel.

6.3. The Department;

-Satisfies the information requests of shareholders and investors under the legislation, articles of association, corporate governance principles and information policy;

- Holds periodic investor information meetings at home and in abroad under the legislation, articles of association, corporate governance principles and information policy, or attends such meetings held;

- Makes the necessary efforts to make the website an active communication platform for domestic and foreign investors,

- Oversees and monitors realization of the process in relation to public disclosure in compliance with the legislation,

-Ensures that the records in relation to shareholders are kept reliably, safely and in an up-to-date manner,

-Ensures that the activity reports are prepared as prescribed by the legislation and the Corporate Governance Principles of CMB,

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Corporate Governance Committee (Continued)
-Monitors the duly realization of the General Assembly meetings,
-Prepares the documents to be submitted to the shareholders at the General Assembly meetings,
-Makes the necessary efforts for the purpose of duly taking the minutes of the meetings.

7. Secretariat of the Board of Directors
7.1. Before, during and after the meetings of the Board of Directors, planning and performance of the meetings in a way to ensure highest level of efficiency and monitoring processes in this respect are made by the "Secretariat of the Board of Directors" (the Secretariat).
7.2. Basically, the Secretariat ensures communication among the Board members, makes preparations of the meetings of the Board of Directors and Committees, takes the minutes of meetings, and regularly archives the correspondence made including the announcements of the Board of Directors.
7.3. Timely access by the Board members to any information is ensured under the Secretariat's coordination.
7.4. Records kept by the Secretariat are always kept available to the review of the board members.
7.5. The Secretariat consists of a secretary within the body of Business Development and Investor Relations Coordinatorship.

8. Reporting Responsibility
8.1. The Committee ensures that the Board of Directors is informed on the matters falling within the scope of its authority and responsibility.
8.2. The Committee puts into writing and records all the activities carried out by it.
8.3. The Committee compiles its practices and recommendations into a report and submits it to the Board of Directors.
8.4. The Committee follows up the developments in the literature on corporate governance and researches their effect on the Company's governance.
8.5. The Committee performs the other activities required by the Board of Directors, which can be regarded to be within the framework of corporate governance.
8.6. In case it deems necessary, the Committee may initiate special reviews and appoint experts as consultants to provide assistance to it in these reviews.
8.7. The Committee regularly reviews its own performance.

9. Budget
The Committee is given an annual budget in order for it to perform its activities effectively and efficiently, which is approved by the Board of Directors.

10. Entry into Force
The duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Investor Relations Department

With the decision of our Board of Directors no 2019/5 dated 04.03.2019, it was decided to appoint Semih Metin, who was understood to have satisfied the minimum requirements under article 11 titled "Investor Relations Department" of the Corporate Governance Communiqué No. II-17.1 ("Communiqué") of the Capital Markets Board, which entered into force by being published on the Official Gazette No. 28871 dated 03.01.2014, as the Investor Relations Department Manager and Corporate Governance Committee Member. Investor Relations Department's officials are specified below.

Name and Surname	Title
Semih Metin*	Investor Relations Department Manager
Elif Özcan	Investor Relations Department Official

*Semih Metin retired from all his offices in the Company as of 16.01.2020. Murat Öztürk was appointed as Investor Relations Department Manager and Corporate Governance Committee Member on 14.02.2020.

Committee for Early Detection of Risk

As per the decision no 2019/13 dated 09.05.2019 of the Board of Directors and Article 378 of Turkish Commercial Code and "Corporate Governance Communique" of CMB (II-17.1); members of the Committee for Early Detection of Risk were selected as follows, to take office until the Ordinary General Assembly Meeting where the activity results of 2019 will be discussed:

Name and Surname	Title	Explanation
Alaattin Aykaç	Chairman	Independent Board Member / Has No Executive Function
Ayşe Özlem Ertürk	Member	Vice President for Legal Affairs
Hüseyin Emrah Kurtoğlu	Member	Newspaper Group President for Commercial Operations And Executive Committee Member

The Committee for Early Detection of Risk carries out its activities in accordance with the "Committee for Early Detection of Risk Regulations" which sets out its working procedures and principles, the Capital Market Law, and the communiqués and regulations/decisions of CMB, and convenes at least 6 times a year and presents the decisions of its meetings to the Board of Directors in writing. The Committee for Early Detection of Risk convened 6 times in 2019 and presented 6 written reports to the Board of Directors.

Duties and Working Principles of the Committee for Early Detection of Risk are given below.

Duties and Working Principles of the Committee for Early Detection of Risk

1. Purpose

The purpose of the Committee for Early Detection of Risk (the "Committee"), which holds office within the body of Hürriyet Gazetecilik Ve Matbaacılık A.Ş. (the "Company"), is to develop policies necessary for early detection of operational, strategic, financial and compliance risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, taking and implementing the necessary precautions in relation to the risks detected, and performance of the risk management processes, and to manage and report the risks in accordance with the Company's risk taking profile.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Duties and Working Principles of the Committee for Early Detection of Risk (Continued)

2. Basis

These principles for the duties and working principles of the Committee for Early Detection of Risk were set out by the decision of the Board of Directors no 2019/02 dated 14.01.2019 in accordance with the Company's Articles of Association, Article 378 of the Turkish Commercial Code no 6102 and the Communiqué on Corporate Governance No. II-17.1 of the Capital Markets Board.

3. Structure of the Committee and Members

The Committee is constituted and authorized by the Board of Directors in compliance with the Company's articles of association and with the relevant legislation. The Committee performs a situation assessment with the report that it shall present to the Board of Directors in every two months, points out the dangers if any, and indicates the remedies.

It carries out efforts for the purpose of early detection of the risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, implementation of the necessary precautions in relation to the risks detected, and management of risk.

It reviews the risk management systems at least once a year.

Attention shall be paid not to allow the Board members who are also members of this Committee to have a membership in other committees. The Committee consists of members who are competent in evaluation of operational, financial, compliance and strategic risks. The Committee may invite guest attendees to its meetings from among the relevant employees according to the agenda items. The Committee may also utilize independent expert opinions on the matters it deems necessary in relation to its activities. The fees of the consultancy services needed by the Committee are borne by the Company.

4. Sub-Working Groups

For the purpose of increasing the efficiency of its practices, the Committee for Early Detection of Risk may constitute sub-working groups consisting of persons having sufficient experience and knowledge in Corporate Risk Management, which it will elect from among its members and/or externally.

5. Meeting and Reporting

The Committee convenes at least six times a year, once in every two months, before the meetings of the Board of Directors. The Committee may convene in cases where it deems necessary for the efficiency of its practices. The timing of the Committee meetings is scheduled, as far as possible, in line with the timing of the Board meetings.

All practices of the Committee are put into writing with minutes, which are signed by the members of the Committee and kept. In cases of emergency, the Committee for Early Detection of Risk may hold an extraordinary meeting upon the call of the Chairman of the Board of Directors or the Chairman or any member of the Committee for Early Detection of Risk.

The Committee's Chairman presents a written report to the Board of Directors following the Committee meeting, on the activities of the Committee, and informs the Board members and the auditor of the summary of the Committee meeting in writing, or ensures that they are informed of the same. In cases where it is deemed necessary, the Committee may hold separate discussions and meetings with the Company's senior management and the Company's employees at any level, within the principle of confidentiality.

6. Duties and Responsibilities

Duties and responsibilities of the Committee for Early Detection of Risk are:

- *To carry out efforts for the purpose of early detection of the risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, implementation of the necessary precautions in relation to the risks detected, and management of risk,*

1.G.1 The Board of Directors and Committees (Continued)
Duties and Working Principles of the Committee for Early Detection of Risk (Continued)

- *Based on the risk management strategies and in line with the opinions of the Board of Directors, to design efficient internal control systems for the purpose of ensuring identification and implementation of and compliance with the risk management policies, application methods and systems,*
- *To design and monitor the implementation of the necessary measures and actions in relation to the risks identified,*
- *To monitor the risk management practices on company basis for the sake of identification and efficient management of risks,*
- *For the purpose of performing the risk monitoring function efficiently, to request information, opinions and reports from the relevant departments when deemed necessary,*
- *To review and evaluate the risk management system at least once a year,*
- *To periodically (once in every two months) inform the Board of Directors of the risk management practices,*
- *To perform the other duties given/to be given to the Committee pursuant to the relevant legislation.*

The Committee makes recommendations to the Board of Directors, but these recommendations do not discharge the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

7. Entry into Force
These rules governing the duties and working principles of the Committee and the amendments thereto enter into force upon the decision of the Board of Directors.

Evaluation of the Board of Directors in Relation to the Working Principles and Efficiency of the Audit Committee, the Corporate Governance Committee and the Committee for Early Detection of Risk:

With its decision no 2019/13 dated 09.05.2019, our Board of Directors decided that the committees constituted to assist the activities of the Board of Directors in accordance with the relevant provisions of the Turkish Commercial Code, Capital Market Law, the Regulations and Resolutions of the Capital Markets Board ("CMB") and the Company's Articles of Association, shall be constituted to hold office until the Ordinary General Assembly where the activity results of 2019 will be discussed, except for the Corporate Governance Committee. With this decision, it was decided to elect the Independent Member Alaattin Aykaç as the Chairman and the Independent Member Orhan Kırca as the member of the Audit Committee, and the Independent Member Alaattin Aykaç as the Chairman, and the Independent Member Orhan Kırca and the Investor Relations Department Manager Semih Metin as the members of the Corporate Governance Committee. It was decided to elect the Independent Member Alaattin Aykaç as the Chairman, and Demirören Medya Vice President for Legal Affairs Ayşe Özlem Ertürk and Executive Committee Member Responsible for Human Resources and Administrative Affairs Hüseyin Emrah Kurtoğlu as the members of the Committee for Early Detection of Risk.

In the accounting period from 01.01.2019 to 31.12.2019, the Committees of the Board of Directors have performed their duties and responsibilities that they are required to perform in accordance with the Corporate Governance Principles, and they have carried out their activities efficiently. In the accounting period from 01.01.2019 to 31.12.2019, meetings have been held for efficiency of employees, and the decisions taken at these meetings have been presented to the Board of Directors in writing.

1.G. Information on the Management Body, Senior Managers and the Number of Personnel (Continued)

1.G.1 The Board of Directors and Committees (Continued)

Evaluation of the Board of Directors in Relation to the Working Principles and Efficiency of the Audit Committee, the Corporate Governance Committee and the Committee for Early Detection of Risk:
The "Audit Committee", which is responsible for taking all the measures for performance of any internal controls and independent audits in a sufficient transparency as well as implementing the internal control system efficiently, has overseen the internal audit and internal control system processes that it is obliged to carry out within the framework of Capital Market Legislation. It has overseen the compliance of the Company with the Corporate Governance Principles and works of the Investor Relations Department. The Committee for Early Detection of Risk, which carries out efforts for the purpose of early detection of risks which may endanger the Company's existence, improvement and continuation, implementation of the necessary precautions in relation to the risks detected, and management of risk, has also reviewed the Company's risk management systems in accordance with Corporate Governance Principles and the Regulation of the Committee for Early Detection of Risk. In addition, the Committee submits a report to the Board of Directors through the Committee's Decisions once in every two months, which report must be prepared pursuant to Article 378 of the Turkish Commercial Code no 6102.

1.G.2 Senior Managers

As of December 31, 2019, the Company's senior managers are as follows:

Name and Surname	Office
Ahmet Hakan Coşkun	Chief Editor
Aydemir Özbek	Demirören Medya Group President for Supply Chain
Elif Karacaoğlu	Demirören Medya Group President for Human Resources
Hüseyin Emrah Kurtoğlu	Group President for Commercial Operations Responsible for the Newspaper Group
Mehtap Yılmaz	Demirören Medya Group President for Legal Affairs
Metin Sezici	Demirören Medya President for Commercial Operations
Mustafa Çelik	Newspaper Group Finance Director
Selim Gülmen	Demirören Medya Newspaper Group President for Advertisement
Semih Metin*	Capital Market Director for Legal Affairs

**Semih Metin retired from all his offices on 16.01.2020.*

1.G.3 Number of Personnel
Number of personnel of the Company and its subsidiaries as of December 31, 2019 is 1.053.
(December 31, 2018: 1,135).

1.H. Information on the Transactions carried out by the Members of the Company's Board of Directors with the Company On their Own Behalf and On Behalf of Others, within the scope of the Permission Granted by the Company's General Assembly, and their Activities within the Scope of the Non-Competition Rule
The General Assembly's permission is obtained to enable the Board members of Hürriyet to carry out the transactions written in articles 395 and 396 of the Turkish Commercial Code (TCC), other than in relation to those matters prohibited by TCC. According to the information kept by the Company, the Board Members did not carry out any commercial activity on their own behalf in the areas falling within the scope of activity of Hürriyet, in the accounting period from 01.01.2019 to 31.12.2019.

1.I. Administrative and Judicial Sanctions Imposed on the Company and the Members of the Board of Directors due to Practices which are In Breach of Legislative Provisions

No administrative or judicial sanctions have been imposed within the relevant period on the Company and the members of the Board of Directors due to practices which are in breach of legislative provisions.

1.J. Amendments Made in the Relevant Period to the Articles of Association, and the Reasons Therefor

The Board of Directors of our Company convened on 03.01.2019 and decided as follows;

Based upon the authority granted to our Board of Directors by article 9 of our Company's Articles of Association, as per the decision taken by our Company's Board of Directors dated 19.11.2018, our Company's issued capital of TL 552,000,000 (Five hundred fifty two million Turkish Liras) divided into 552.000.000 (Five hundred fifty two million) shares each at a nominal value of TL 1.00, which is within the Company's registered capital ceiling of TL 800,000,000 (Eight hundred million Turkish Liras), was decided to be raised to TL 592,000,000 (Five hundred ninety two million Turkish Liras) by being increased by TL 40,000,000 (Forty million Turkish Liras) (7.24%), to be fully covered by cash, and the certificate of issuance in respect of the capital increase was approved by the Decision no 63/1446 dated 13.12.2018 of the Capital Markets Board. Since, upon examination of the capital increase procedures which were commenced in this way, it was understood that the shares issued representing the capital increase of TL 40,000,000 which was increased in cash, were fully sold to Demirören Medya Yatırımları Ticaret A.Ş., with their prices having been fully paid up in cash, under the conditions specified in the certificate of issuance,

Article 9 of our Company's Articles of Association which was amended due to the increase of its issued capital from TL 552,000,000 to TL 592,000,000 was approved by the Capital Markets Board on 10.01.2019.

2. FINANCIAL RIGHTS GRANTED TO BOARD MEMBERS AND SENIOR MANAGERS

All financial rights, benefits and remunerations granted to the Board members are determined annually at the Company's Ordinary General Assembly Meeting. The Company designated its key management personnel as Board Members and Executive Committee Members. Benefits granted to the key management personnel consist of remuneration, premium, health insurance, transportation and post- employment benefits.

At the Ordinary General Assembly meeting held on March 29, 2019, it was unanimously decided not to pay any remuneration/attendance fee to the Board members (including the Independent Board members). There is no performance-based rewarding mechanism for the Board members.

	January 1 - December 31, 2019	**January 1 - December 31, 2018**
Remunerations and other short term benefits	5,953,974	12,494,912
Post-employment termination benefits	1,380,268	2,142,096
	7,334,242	**14,637,008**

3. RESEARCH AND DEVELOPMENT ACTIVITIES

Under 1501 – TÜBİTAK Industrial R&D Projects Support Program, our Company has made an application with its project no 3170089 titled “Development of an Engine for Analytical Measurement and Estimation of User Behavioral Patterns through Machine Learning and Techniques”, and the approval was notified to our Company by the Project Support Decision Letter no 58820078/115.02.01/87217 dated August 24, 2017. The application of our Company for R&D Center was accepted with the approval letter of the General Directorate of Science and Technology of the Ministry of Science, Industry and Technology, no 63413363 – 206.99E.4177, dated October 30, 2017.

Our Company has continued to benefit from the relevant R&D incentives until March 5, 2019. It was notified in the letter no 63413363-206.02.99E.985 dated April 5, 2019, of the General Directorate of R&D Incentives of the Ministry of Industry and Technology of the Republic of Turkey, that the R&D Center certificate was canceled pursuant to the Company’ petition dated March 5, 2019, and the Company will not be able to benefit from the incentives and supports in relation to this center from March 5, 2019 onwards.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES

4.A. The Company’s Field and Sector of its Activities and its Position in this Sector

PRINTED MEDIA

HÜRRİYET GAZETESİ (NEWSPAPER HÜRRİYET)


FENERBAHÇE SOCAR OLMAYACAK
41 MAÇ SONRA
SUUDİLERDEN ANTİ-OSMANLI DİZİ
Saat 03.32 ONU BIRAKIN
Hürriyet
2.5 YIL DAHA FİLTRESİZ
BACALAR 'ZEHİR' TUTUYOR
CHP'LİLERE 'NİYE YOKTUN' ELEŞTİRİSİ
KAPANMASIN ÇÖZÜLSÜN DİYE ERTELEDİK
DİPSİZ GÖL'E TAŞIMA SU
Cumhurbaşkanlığımı ortaya koyuyorum
'CAM'IN SAĞ OLSUN MUSK
İSRAFTAN KAÇININ sokakta rahat yürüyün
ÇALINTI ESERLERLE LONDRA'DA SERGİ

Since 1948 when it was incorporated, the Newspaper Hürriyet has been continuing on its path in journalism as the leading organization of Turkish media. What lies behind this success is an accurate, reliable and impartial journalism understanding maintained within the framework of universal media principles.

Hürriyet draws its power of setting the agenda, from its news covering every aspect of life from economy to policy and from magazine to sports, and from its efficient writer staff.

Having been always among the leaders of innovations and modern initiatives in Turkish media, Hürriyet has carried its power in printed media also to the digital platform with the development of technology, and taken the lead there as well. Thanks to hürriyet.com.tr which is in publication for more than 20 years, reliable news reach out to millions of people far more rapidly.

News produced by Hürriyet’s staff can be viewed 7 days a week and 24 hours a day through the newspaper, hürriyet.com.tr, and social media. Thus, readers who do not want to get lost in the ‘news pollution’ in the Internet environment consider Hürriyet as the safest harbor. Likewise, based on this reality, advertisers also prefer Hürriyet to reach their target audience.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET İK & Yeni Ekonomi

Hürriyet İK, the one and only human resources newspaper of Turkey, which has been distributed every Sunday together with the Turkey edition of the Newspaper Hürriyet for 25 years, has become the name of change in the new world order where large amount of initiatives are talked about and technology is brought to the forefront. The developing new world dynamics and the transformation that economy has experienced together with digital innovations, have lead to a great change in Hürriyet İK, the one and only human resources newspaper of Turkey. The newspaper distributed on Sundays and which was modernized with the name of "Hürriyet İK & Yeni Ekonomi", has started to set the agenda with its significant content in relation to human resources and new economy.

HÜRRİYET KİTAP SANAT

Hürriyet Kitap Sanat unites with its readers every week since February 3, 2017, with its content feeling the pulse of the literature and art world. Hürriyet Kitap Sanat, which introduces and evaluates new books and the latest works of art of the literature world every Friday, and the content of which extends to every sphere of art and creativity from music to ballet, painting and sculpture, from photography to architecture, has become a source followed both by the readers and big names that influence the world of literature and art from the first day it was launched.

Articles of literature, jazz, classical music, plastic arts, architecture, cinema and theater carry the signatures of names who are experts in their area such as Doğan Hızlan, A.Ömer Türkeş, Metin Celâl, Haydar Ergülen, Ömer Erdem, Fatih Özgüven, Ayşegül Sönmez, Elif Türkölmez, Efnan Atmaca, Murat Özer, Sevin Okyay, Yücel Kayıran, Burcu Pelvanoğlu, Eda Solmaz, Fırat Karadeniz, Elvin Vural, Evrim Altuğ, İhsan Yılmaz, Bahar Çuhadar and Erkan Aktuğ. By introducing to its readers all the colors of the world of art ranging from newly published books to exhibitions, theater plays and concerts, with the commentaries of the competent names, it has proven its unrivaled position in a short time The most significant values behind the success of Hürriyet Kitap Sanat, are the trust placed in the content created by its editorial offices, its rich content, and the fact that the news/advertisement ratio is kept at an optimum level. The contribution made by it to the prestige of the newspaper from this aspect is also supported by the level of circulation achieved throughout Turkey.

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET KELEBEK

For 45 years, "Kelebek", a magazine and life newspaper, has been introducing to the readers of Hürriyet various content which will move them away from the stress of daily life and color up their life. Having an editorial team consisting of writers such as Cengiz Semercioğlu, Onur Baştürk, Ömür Gedik, Savaş Özbey and Cihan Şensözlü, Kelebek provides its readers with the most up-to-date news on a wide range of issues from magazine to fashion, and from night life to the television world.

HÜRRİYET CUMARTESİ

Saturday is a day when people want to make plans with their family, children and friends, participate in the city life, and go shopping. **Hürriyet Cumartesi** guides its readers on weekends with those writers who are experts in their job such as Uğur Vardan, Vedat Milor, Savaş Özbey, Tolga Akyıldız, Bahar Çuhadar and Elçin Yahşi. Published as a culture, art, shopping and events journal with its content ranging from cinema to music, from theater to book and from style to television, Hürriyet Cumartesi makes reviews with a star system and embellishes and enriches the weekend as a city guide with its "best of" lists, special interviews, reviews, and dynamic design.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET PAZAR

When it comes to Sunday fun, the first thing that comes to mind is Hürriyet Pazar. Names who are the most famous and successful ones in their areas such as Vedat Milor, Dr. Mehmet Öz, Ebru Erke and Hakan Gence are uniting with the readers of Hürriyet Pazar, which contains files setting the agenda, arguments, special interviews with the most famous names of the world and Turkey, special news, and remarkable topics as well as articles on humor, foods and beverages, nature, technology and life style. Being one of the most prestigious brands of Turkey, Hürriyet Pazar ensures continuation of the habit of reading newspaper on Sundays, with its content which is talked about for the whole week.


Hürriyet
pazar
DEMET ÖZDEMİR:
PARTNERİNLE İYİ ANLAŞIYOR OLMAK BİR ARTI
İBRAHİM ÇELİKKOL:
PASLAŞABİLMEK ÖNEMLİ AMA BU, ELEKTRİK GEREKTİRMEZ
GÖZÜ KULAĞI MECLİS'TE...
FOTOĞRAFLARIMA İYİCE BAKIN


ASTROLOJİ
YENİ ZELANDA
EN İYİLER
Hürriyet
seyahat
Seyahatin kanununu yazsam yeniden...

HÜRRİYET SEYAHAT

Hürriyet Seyahat, which provides a guide on travel trends and culture, makes you dream about these, and presents the best locations and most suitable recommendations to realize these dreams, creates a desire in its readers to explore the world. Having reached its readers every Sunday since 2011, the newspaper recommends new routes from within the country and from abroad, informs its readers of the opportunities in tourism sector, and contains global trends.

With the advices of writers who are experts in their area such as Saffet Emre Tonguç, Ebru Erke, and Özge Altınok Lokmanhekim, it becomes possible to view a city from a quite different perspective, to experience tastes from around the world, and to make traveling with children easier and entertaining. Hürriyet Seyahat, which has an active presence also on the Internet and social media with its content, leads the way to travelers of every age with its 'best of' selections suggested by experts.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET REGIONAL NEWSPAPERS

A renewal process was started in October 2016 in all the regional newspapers, with the projection of "New Era in Regional Journalism". Separate coordination meetings were held in Istanbul and in the relevant regions. With periodical meetings and regular communication; logos, columns, page layouts/frames, 1st pages and back covers of regional newspapers etc. were renewed.


BURSA'DA YENİ YILDA BUNLAR OLMALI
SİZİN SESİNİZ OLDUK
TAKİPÇİSİ OLACAĞIZ
www.hurriyet.com.tr/bursa
BURSA
Hürriyet
İNEGÖL TALİHLİDEN 'HAYIR' BEKLİYOR
2019 MODEL TİMSAH
110 ÖĞRENCİNİN DİLEĞİ KABUL OLDU
ULUDAĞ'A AKIN ETTİLER
10 NUMARA İSTEDİ
Yeni yılın ilk bebeği
Yeni hedef 50 fuar
12 KİŞİ KURTARILDI

NEW FACES, NEW COLUMNS

The columns such as "Hürriyet Writes, Problems Solved", "Football Council", "Magazine in Business"; magazine-social life pages, and city and sports pages, which do not require any additional cost, were launched in the regions.


TURİZM AYIBI KALDIRILDI
www.hurriyet.com.tr/ankara
ANKARA
Hürriyet
YENİ YILA YENİ METRO
KABUĞUNU KIRACAK
Evdeki tartışma KANLI BİTTİ
Türk dünyası el ele
OKURLARIYLA OMUZ OMUZA
ZABITA DENETİMDE

HÜRRİYET ANKARA

Having started to be published on March 31, 2006 with the slogan "the Newspaper Which Experiences its City", Hürriyet Ankara took the pulse of the capital city also last year. Following the local elections of March 31, it has provided its readers with the first messages of all mayors of Ankara Metropolitan Municipality and district municipalities, with its article series "Mayors are Speaking Following the Election", and set the agenda with the explanations of the ministers who visited the offices of Hürriyet Ankara. With its "WhatsApp City Line" and readers' column named "Reader is a Writer Here", Hürriyet Ankara is continuing to lead the way in city journalism.

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)


ANTALYASPOR'DA GÖZTEPE MESAİSİ
SEZON HAZIRLIĞI
OKÇULUĞUN YILDIZI
GÖKLERDE ASPENDOS TANITIMI
SALDA DOLDU TAŞTI
AKDENİZ 30
Hürriyet
ELEKTRİKLİ TEHLİKE
DÜNYA DEVLERİ GERİDE KALDI
Antalya Havalimanı, Avrupa'da en hızlı büyüyen havalimanları listesinde Paris, Moskova, Madrid gibi dünyanın en popüler turizm kentlerini geride bırakarak 2'nci sıraya yerleşti.
GOLF TURİZMİNDE DESTEK SÜRECEK
BURDUR'DA KAZA
SAHİLLERE HÜCUM
KEMERLER SES GETİRİYOR
3. YAŞTA ALANYA FARKI
Okur Köşesi
KARDEŞİNE HAYAT VERDİ
NÜFUSLARI İKİYE KATLANDI
BELDİBİ'NDE ÇÖP REZALETİ
EN TEHLİKELİ YEMEK SAATİ

HÜRRİYET MEDITERRANEAN (HÜRRİYET AKDENİZ)

With its distribution region of Antalya, Burdur, Isparta and Fethiye, Hürriyet Akdeniz celebrated its 30th year as of 2019, and crowned its 30th year with a special supplement of 32 pages. In addition, Hürriyet Akdeniz renewed its content according to the current developments in media sector. Having started to unite the leading names of the region with the readers every month with its section "Hürriyet Akdeniz Editor Desk", Hürriyet Akdeniz has brought to the agenda of the city the works carried out in the region, the problems, and solution offers, with those special interviews prepared by experienced reporters and editors in current areas such as education, tourism, economy, politics, art and sports. With its column "What Does the Citizen Say?", which has been continuing since 2012, all the problems in its region of publication have been brought to the attention of the relevant institutions and a solution opportunity has been provided. Hürriyet Akdeniz has been honored with 2 different awards in 2019 in the areas of Tourism and Economy, by Antalya Association of Journalists (AGC) which is the most efficient media organization in the region.

HÜRRİYET AEGEAN (HÜRRİYET EGE)

Hürriyet Ege first started its publication life on October 2, 1985. Hürriyet Ege has also left a mark in history as the first regional newspaper published nationally. Being published on every weekday in a broad geography extending from Çanakkale to Antalya, Hürriyet Ege continues to be the voice, ear, and spokesperson of 20 million people living in Aegean Region. Having a broad staff of writers who are known well by people of the region, Hürriyet Ege attracts the attention of the readers also with its thematic supplements on many issues ranging from economy to sports. Hürriyet Ege is prepared by an experienced editorial staff at the head office in Izmir Alsancak.


Servetini eğitime bağışladı
Çok önemli ÜRETİM
www.hurriyet.com.tr/ege
EGE
Hürriyet
HER ŞEY BARIŞ İÇİN
BU GÜLÜŞ ÖMRE BEDEL
En güzel yarışma
Üniversite-ihracatçı İŞBİRLİĞİ
41 kere maşallah
Sanayici kaygılı
DAIKIN
KAMPANYA
Bize sormadan klima almayın!
özler klima
Su pahalı mı ucuz mu?
Kooperatif köprüsü
DENİZ SİPAHİ

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)


TAKIMDA BİTİRİCİ OYUNCU YOK
ORHANGAZİ'DE YENİ BAŞKAN CİL
TOFAŞ gözünü lige çevirdi
BURSA
Hürriyet
TAKAS BAŞLIYOR
BURSA KUMAŞI dünya modasına YÖN VERECEK
KIR ÇİÇEKLERİ PASTA YAPTI
5 ÇOCUK BÖYLE KURTARILDI
En tatlı birincilik
ÖLÜ DOĞAN ZAM
KESMEKESİN ÇÖZÜMÜ KAMULAŞTIRMA
Hürriyet yazıyor SORUNLAR ÇÖZÜLÜYOR
Babanın iki acısı

HÜRRİYET BURSA

Having started to be published on April 19, 2004, Hürriyet Bursa has undergone a revision 7 years after it has started its publication life, and became a more of a local regional newspaper specific to Bursa. It is distributed in Bursa, Bandırma and Susurluk. With its resources being based in the Bursa region, pages of Health, Education, PET, Districts, Yalova, Football Council, Bandırma and Maritime have been launched in the newspaper. In 2019, a long-running article series was started on the innovative HR implementations of the leading companies of Bursa.

HÜRRİYET ÇUKUROVA-GAP

Hürriyet Çukurova started to be published on October 29, 1989. In 2019, it celebrated its 30th year and published a supplement of 36 pages in relation to its 30th year.
Hürriyet Çukurova started to be published 3 days a week on October 8, 2003, and 7 days a week on May 3, 2004. GAP started its publication life on April 10, 2006. After a while, Mersin also started its publication life. Thereafter, publication alone as GAP has been abandoned, the Mersin supplement has been discontinued from publication, and it has continued to be published under the name Hürriyet Çukurova-GAP.

It is distributed to 25 provinces extending from Anamur to Van. Having earned a reputable position, Hürriyet Çukurova-GAP is the voice of the region.


KMÜ, Mersin ve Adana'da tanıtıldı
ÇOKDUYGULU KGK temsilcisi oldu
Kadına şiddeti protesto ettiler
ÇUKUROVA-GAP
Hürriyet
SAĞANAK YAĞIŞ HAYATI FELÇ ETTİ
Bölgemizde ve özellikle Adana'da önceki gün gece saatlerinde başlayıp aralıklarla etkili olan sağanak nedeniyle cadde ve sokaklar göle döndü. Baskınların yaşandığı bölgelerde çok sayıda araç suda mahsur kaldı, okullar tatil edildi.
ASKİ'den anında müdahale
MERSİN'DE EKİPLER TEYAKKUZDA
Adana'da sele kapılan çocuk kurtarıldı

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

OTHER REGIONAL NEWSPAPERS

Apart from the above-specified daily regional newspapers, special newspapers and local pages are also published in Black Sea, Kayseri, Konya and Eskişehir, weekly and depending upon the advertisement projections. The newspapers of these regions are prepared and made ready to printing fully in Ankara.

Also in Bursa, East Marmara (Yalova, Sakarya and Kocaeli) newspapers are prepared depending on the advertisement-taking rate. Special separate supplements are also being published in Aegean and Mediterranean regions and in Adana for the different cities in the region, in coordination with advertisement.

PRIVATE SECTOR NEWSPAPERS

In addition, separate special newspapers on Education, Building-Construction, Economy, and Marriage, and supplements and magazines for special occasions such as Valentine's Day and New Year etc., are also prepared in the regions.

ÖZLEDİĞİNİZ YAZ kahvaltısı

ANADOLU KAYSERİ Hürriyet

MİNİK AYŞEGÜL ARTIK ÖZGÜR

Kayseri İl Emniyet Müdürlüğü Toplum Destekli Polislik Şube Müdürlüğü tarafından koordine edilen 'Emniyetle Engelsiz Yarınlar Projesi' kapsamında, 8 yaşındaki Ayşegül Doğanay'a akülü araç hediye edildi.

Oyun parkını pencereden izliyordu

İKİ ADAY YARIŞACAK

ERCİYES'TE dağ koşusu

AT SIRTINDA asker yolunda

24 öğretmen TATBİKATTA

GUZEL ATLAR DIYARI'NDA FESTİVAL ZAMANI

Kaplumbağa mesaisi

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET DAILY NEWS

Lions out to defend cushion

Scientists dig for five millenia old city

Ghost musical on Istanbul stage

Hürriyet DAILY NEWS

EBRD: Economy plan is good, practice to matter

Turkey and Moldova agree on Gagauz rights

FAREWELL TO ARA GÜLER WITH A LAST GAZE AT HIS WORK

Saudi probe extends to Istanbul forest

Tomato farmers flock to newly opened Troy museum

Ex-staff unveil drug firm fraud

With its characteristics of being the earliest and most effective English publication of Turkey, Hürriyet Daily News has undertaken a significant mission in 2019 as well, and continued to be the "window to the world" of Demirören Medya Holding .

Being shown among the most prestigious publications in relation to Turkey and the region with its journalism in international standards and experience of almost up to 60 years, Hürriyet Daily News has continued to communicate the developments in the country and in its vicinity to the world all year round, in the fastest and most efficient manner.

With the journalism approach it has shown in relation to the rises and falls in the relations between Turkey and USA, developments in relation to procurement of S400, Local Elections of 2019, and the Operation Peace Spring conducted by Turkey to clear Syria from the elements of terrorism, which all put their mark on the agenda in this period, it has continued to be an international reference source.

Having increased its revenues in 2019 by 28% compared to the previous year, Hürriyet Daily News has also decreased its expenses by 10% in the same period.

With the impact of its effective publishing, Hürriyet Daily News continued to grow in 2019 on the digital platform as well. Having increased its number of individual visitors by 7.49%, hurriyetdailynews.com has for the first time in its history reached 8.34 million users in total.

The economic developments which occurred in 2019 have once again revealed the significance of explaining Turkey to the world in a correct manner, and brought to the forefront again the impact of Hürriyet Daily News in this respect and the growth potential of such publication especially on the digital platform.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET GERMANY (HÜRRİYET ALMANYA)

Having been carrying on business also in Europe with the publication center and printing facility established in Mörfelden-Walldorf, which is in the vicinity of the city of Frankfurt of the Federal Republic of Germany, Hürriyet united with its readers in Germany in 1960s, a while after the first labor migration to Europe started. The newspapers which were brought to Munich by plane, have been transported and distributed from here to the regions where Turks were living extensively. Upon the increase in Turkish population and after those who came as guest workers have started to settle in Germany, it was decided to produce the newspaper at a printing house in Germany. On April 17, 1969, Hürriyet was started to be published in Munich and made available to the readers by being sent to the newspaper and magazine dealers particularly in Germany, and also in various Western European countries.

Hürriyet

GÖÇMENLERLE DÜNYA ŞAMPİYONU OLDUK

ŞİMDİ ELEMELERİ BİLE GEÇEMEYİZ

DUR DEMEK YETMEZ

BAKIN NİYE 'DOĞRUDUR' DEDİM

GÜLEDA'NIN HAYALLERİNİ YOK ETTİLER

ESTETİK FACİASI

GAZLA UYUTUP YAKIYORMUŞ

SAVCI 800 KİŞİYİ DNA İÇİN ÇAĞIRDI

Perileri havadan seyretti

BİZ DEĞİŞİK BİR YAPIYIZ

From those years onwards, Hürriyet, through its European editions, has been the longest-running Turkish newspaper which provided uninterrupted service to Turkish citizens and people of Turkish origin living in Europe, and it is offered for sale at around 8 thousand sales points throughout Germany and at 10 thousand sales points in total together with the other European countries.

The newspaper reinforces its services in Turkish language on the website of the main newspaper, on the sub page "hurriyet.com.tr/avrupa". This page contains news that appeal to everyone living in Europe and speaking Turkish.

With this high level of reach which was attained by printed newspapers and the Internet, Hürriyet maintains its superiority in impartial news and interpretation in Europe. With its experienced journalists in its office in the Capital City Berlin and reporters of Demirören Haber Ajansı in various cities, Hürriyet continues to take the pulse of news in Europe for many years.

Hürriyet, which is the most powerful newspaper of Turkey, maintains its publishing and advertisement practices in Europe under the umbrella of Demirören Media International GmbH which carries on business as Demirören Medya Group's window to Europe. By expanding its area of activity in digital journalism with the news website "hurriyet.de" in German, the Company has aimed to reach those new generation Turks and Turkish-origin people living in Europe in those countries where German is spoken and who express themselves better in German language, as well as Germans. The editorial staff at the head office of the news website process the reports and photos of the reporters of the group's news agency and of international agencies such as Deutsche Presse Agentur and inform the readers of the website of the news from the world of politics, economy, magazine, medicine, science/technique and sports from Turkey and Germany, and of course, from around Europe and the world.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

HÜRRİYET GERMANY (Continued)

Being the most renowned Turkish media brand in Germany, Hürriyet also pioneers in the area of corporate social responsibility with the social campaigns it organizes jointly with non-governmental organizations such as Turkish-German Health Foundation and German Foundation of Compliance. It gives support to various projects including in particular in education, health and sports; cultural events such as Frankfurt Film Festival and Turkish Theater Festival, and youth-related projects of Frankfurt Consulate General of the Republic of Turkey and associations such as Germany Turkish Community or Hessen Turkish Community.

On the other hand, the printing facility which prints approximately 30 publications in four different alphabets and seven different languages, is carrying on business as the Germany Branch of Hürriyet. Ensuring short printing intervals with its machine park structure using single-width spool, this facility is ideal for international and ethnic publications with low and mid-size circulation.

In the facility where each of the three printing machines can make 24 pages of colored production and has the capacity to include 6 supplements in the master newspaper; the editions of the English international daily economy newspaper "The Financial Times", prepared for Germany and countries in its vicinity; the Ren/Main Region and Frankfurt City Center circulations of German "Bild", the most-read newspaper of Europe from Axel Springer Printing House; Continental Europe editions of the American publications "USA Today" and "Stars&Stripes"; "Sportwelt" which sets the agenda for German horse-riding sports; "Asharq Al-Awsat" from Arabian world; Western Europe publications of "Sözcü", "Sabah" and "Milli Gazete"from our country, as well as the global edition of "China Daily" from China in English are also printed in addition to the "Newspaper Hürriyet".

"Bild am Sonntag", "Welt am Sonntag" and "Welt am Sonntag kompakt" from Germany, "Info&Tips" from Poland, "Express" from Japan in German, Chinese representatives "China Weekly" in English, "Chinesische Handelszeitung" in Chinese, "Global Times" in Chinese/English, "Mega Crossword", free publications "Trigonal", "Hayat" and "Nokta", and "The Security Times" which is accepted as a significant resource among opinion leaders as well as "New Europe" are among the periodical productions of the printing house. Being active 7 days a week, the printing house's daily printing circulation exceeds 330 thousand pcs. on average.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

DIGITAL MEDIA

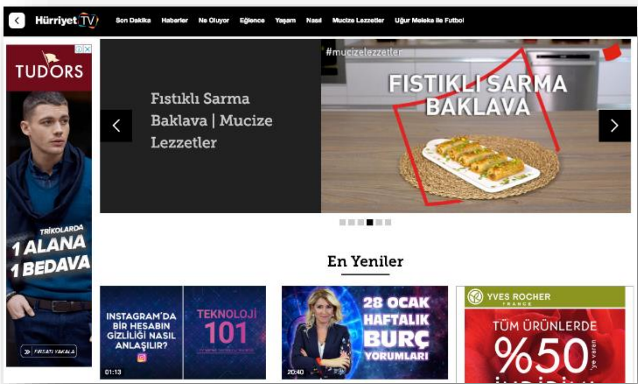
Hurriyet.com.tr

Being a leading media organization of Turkey, Hürriyet became one of the first newspapers of Turkey carried into Internet environment, with hurriyet.com.tr that it launched in 1997. Starting from 2000, hurriyet.com.tr went beyond being a publication of the Newspaper Hürriyet, and started to provide service as a news portal which publishes the daily developments 24 hours nonstop.

Continuing to be leader on digital platform with the innovations it made in mobile and e-newspaper and its power in social media, and having adopted providing opportunity of access to its users from all devices, as a principle, Hürriyet remained among the global leaders of digital media also in the 21st year of its Internet journalism with its monthly visitor and page-view numbers. With the most widely read, shared and talked-about news, hurriyet.com.tr continued to be the leader among the media organizations in digital sphere. Also with its digital channels, Hürriyet continued to carry its new generation journalism and digital innovation projects into effect during 2018.

Having a powerful position in digital publishing, hurriyet.com.tr's number of individual visitors reached in 2019 to 5 million daily and 70 million monthly, and its average daily page-view reached to 40 million. Monthly average number of active users of Hürriyet Mobile application reached to 418 thousand.

Hürriyet TV

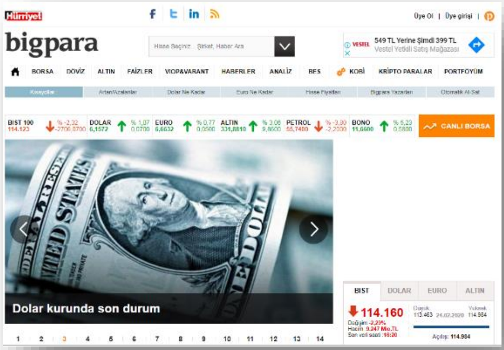


Being both a video broadcasting portal and the video infrastructure platform of hurriyet.com.tron its own, Hürriyet TV produces 1400 videos on average every month. In addition to its Agenda and News contents, Hürriyet TV satisfies any and all needs of the visitors with its entertaining, informative and creative video contents.

Broadcasting in 8 main categories, Hürriyet TV reached to an average monthly video viewing rate of 40 million in 2019 and created a significant audience group. With its special content formats, expert videos, sponsored video broadcasts, hot news contents on the agenda and up-to-date sports videos, Hürriyet TV will continue its mission of being informative, entertaining and useful also in 2020 and diversify its revenue models with its new formats which will appeal to different brands and different areas of interest of the audience.

4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)



Bigpara.com

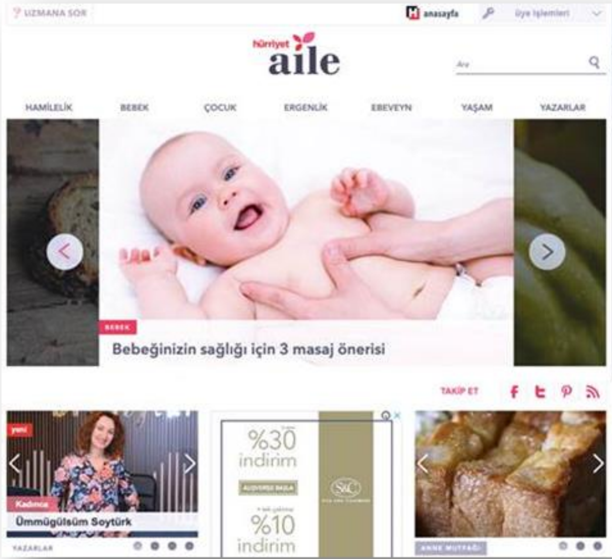
Having continued its publication life for approximately 20 years, bigpara.comhas been providing service to its users with market data, various technical analyzes and finance and economy news as well as original and high-quality contents from writers who are experts in their area, and increased its number of individual visitors by approximately 45 percent in the past two years.

Having increased its recognition in 2019 by strengthening its brand perception under hurriyet.com.tr , Bigpara's monthly average number of individual visitors has reached to 7 million, and the number of its page-viewing has reached to 46 million. The platform which succeeded in satisfying the needs of its readers with the valuable writers who joined the Bigpara family in 2019, has also completed the preparations of its projects for 2020 which will make a tremendous impact.

Bigpara plans to provide its readers with the best end-to-end experience in the 2nd quarter of 2020, which will meet all their needs in relation to both BIST and gold and foreign exchange rates, and it is continuing its efforts in this respect. Bigpara, which plans to enrich its contents with new writers, videos and special articles, is planning to increase its recognition and revenues in 2020 compared to the previous years, by gaining more new readers.

Hurriyetaile.com

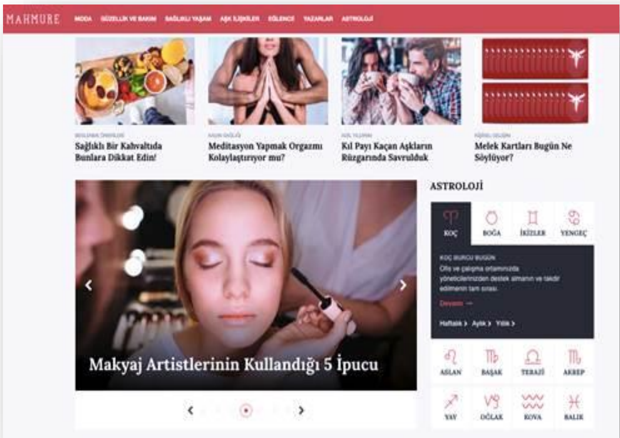
Hürriyet Aile (Hürriyet Family), which is a complete family portal with its original contents it provides in relation to pregnancy period, mother and baby health, and child development and psychology, makes a difference with its powerful writers team consisting of names who are experts in their area. It provides contents on any matter touching upon family life from a to z, focusing on woman, mother and baby health, from general health issues to psychology, from nutrition to exercise, from sexual health to adolescence, and from baby and child foods to recommendations that make life easier. 2020 target of Hürriyet Aile is to reinforce its brand image, to take part in sponsored projects by prioritizing the expectations of readers, and to continue its publications without compromising on its content quality while increasing its target audience.



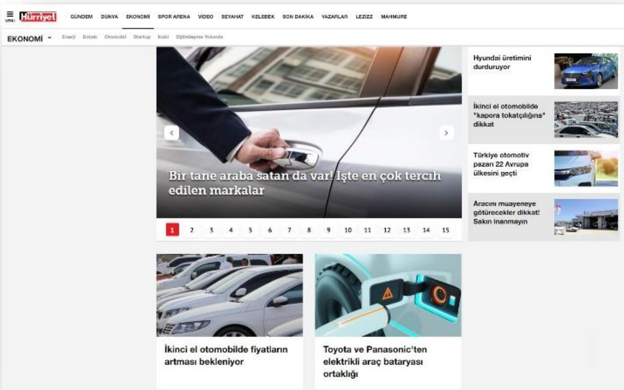
4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)

Mahmure.com



The first women portal of Turkey, Mahmure.com appeals to its reader group with its expert writers team on many different issues with its content extending from fashion to good life, from beauty and care to decoration, and from astrology to nutrition and diet. Just like in 2019, Mahmure.com will continue its publications with a women-focus, its original contents, and sponsored projects, also in 2020 with its renewed face. Among its targets for 2020 are increasing interaction with the reader, addressing broader audiences, and continuing a useful, informative and entertaining publication strategy in the triangle of Brand-Channel-Reader.

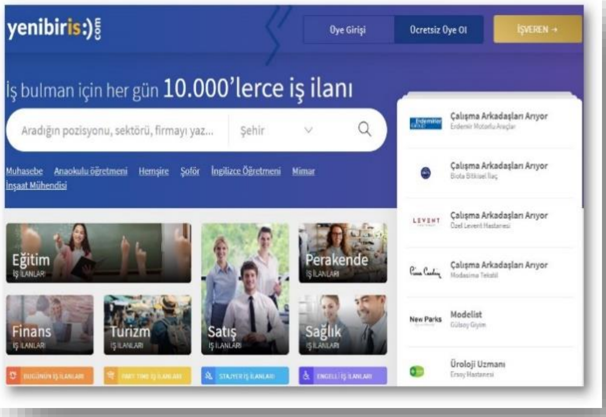


Hurriyetoto.com

Hürriyetoto.com has ceased its operations in the first quarter of 2019, and it continues its works under Automobile, which is a sub-category of Hurriyet.com.tr. Hurriyet.com.tr has been managed by Economy and Automotive Editors Burak Taşçı and Kübra Genç since 2019. With its new publication policy, it publishes news intended for a target audience interested in the automotive sector, with its video contents, photo gallery and automobile tests. A monthly average of 6 million viewing is achieved. It is among the most clicked automobile categories of Turkey and aimed to be the biggest in its area.

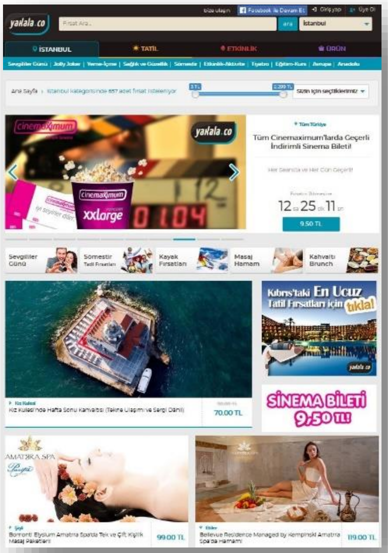
4. ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS IN RELATION TO THE ACTIVITIES (Continued)

4.A. The Company's Field and Sector of its Activities and its Position in this Sector (Continued)



Yenibiris.com

Yenibiris.com is the first market place of Turkey which unites applicants with companies. By continuously modernizing itself in the area of employment technologies over 20 years, it ensures that both applicants and companies set themselves apart in the employment processes. In addition to digital employer brand consultancy, it also provides services to companies in the areas such as digital marketing services and employee candidates process management.



yakala.co

Being included in the group purchasing category of the e-trade field, and defined, in general, as an "opportunity site / discount site / coupon site", yakala.co both allows individual users to live their social life under more economic conditions, and provides "online advertisement and direct sales" opportunity to those local-global companies which it cooperates with, in increasing their recognition and revenues.

Turkey-wide and city-based opportunities of yakala.co consist of many elements and sub-categories such as domestic-abroad holiday packages, city hotels, restaurants, spas, beauty centers, entertainment venues, events on theater-cinema-concert basis, courses, activities embellishing the life, various technological and need-based products, means of transport (sea bus, seaplane, helicopter and intercity bus services) and car rental services.

yakala.co, which follows the international trends on digital platforms, ensures its technological compatibility simultaneously with the developments, for reliable, fast and easy shopping. Having always kept up-to-date with its desktop-mobile views and Android-iOS applications, yakala.co has achieved the value it has created from 2010 up to date by continuously increasing it.

In addition to all its technological activities aimed at sales, yakala.co reflects a sensible service mentality for answering questions and resolving problems in terms of satisfaction of users, by using telephone, website live support, e-mail, and social media channels. According to 2019 data, yakala.co published 6.186 new opportunities (cooperation - sales contract), made more than 247.000 coupon sales, and gained 120.000 new subscribers (users).

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein; General Capacity Utilization Rate; Developments in Manufacturing of the Goods and Services Covered by the Area of Activity, and Comparison of the Quantities, Quality, Versions and Prices with the Previous Periods' Figures

DEMİRÖREN PRINTING CENTER

Carrying on business in the areas of journalism, printing, advertisement, advertising and Internet publishing, Hürriyet has 7 printing facilities in Istanbul, Ankara, Izmir, Adana, Antalya, Trabzon and Germany.

The DPC Facilities which undertake printing of Hürriyet Group's newspapers are located in Turkey in Istanbul, Ankara, Izmir, Adana, Antalya and Trabzon. The printing activities in abroad are being carried out in Frankfurt, within the body of Hürriyet's Germany Branch (Hürriyet Zweigniederlassung GmBH). While all the investment expenditures of Hürriyet Gazetecilik ve Matbaacılık A.Ş. from 1997 to 2013 are approximately 484.2 million USA Dollars, the amount of the investment expenditures made for DPC facilities in the same period is approximately 296.7 million USA Dollars.

At Demirören Printing Center (DPC) Facilities; in addition to the Newspaper Hürriyet and Hürriyet Daily News and the supplements thereof, contracted intra-group and external newspapers and the supplements thereof are printed daily, weekly and monthly.

The most widespread printing facility network in our country belongs to DPC. DPC has significant competitive advantages with its qualified man-power, machine park, and technical infrastructure. Its qualifications such as the ability to put the products on the market in time, to rush the latest news to printing, and to significantly decrease the transportation costs, are the fundamental superiorities of DPC which bring it to its target of becoming the common printing center of Turkey.

DPC Istanbul

This is the largest newspaper printing facility of Turkey with a closed area of approximately 18.000 m² and a storage area of 15.000 m². With its capacity and machine park, DPC Istanbul has been ranked among the first three largest newspaper printing facilities of Europe, at the time when it was established. The DPC Istanbul Facility, where all the mechanical and electrical installation systems are controlled by building automation system, has an installed transformer capacity of 10.000 KVA and an existing generator output of 11.000 KVA. Daily average paper use of the facility in 2019 was 39 tons. Share of DPC Istanbul Facility within the total print is 43.2%. In 2012, with the furnaces added to two Man Colorman printing machines, DPC Istanbul Facility gained the capability of making on-demand dry printing on enamel paper and/or newsprint paper. Thus, both blotch of hands with ink from newspaper was prevented and the quality was increased. Like in all the regions, the page width of newspaper has been reduced from 38 cm to 35 cm in Istanbul as well in 2012, and prints have been continued in this size until 2017. In 2017, the page width of newspaper has been further narrowed by 1.5 cm, and is thus reduced from 35 cm to 33.5 cm, again simultaneously with all the regions. Again in 2017, together with the paper sizes, the mould sizes have also been narrowed at DPC Istanbul Facility. Significant saving has been made with the narrowing of newspaper page width and narrowing of mould width.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein; General Capacity Utilization Rate; Developments in Manufacturing of the Goods and Services Covered by the Area of Activity, and Comparison of the Quantities, Quality, Versions and Prices with the Previous Periods' Figures (Continued)

DPC Istanbul (Continued)

In July 2017, 2 down-level GOSS HT 70 printing machines in DPC Istanbul facility were deactivated, and all production was shifted to MAN and GOSS Uniliner machines which are more modern. With these three machines, 6 publications can be printed at the same time in a compatible configuration, and additional and commercial inserts can be placed in the products printed online.

DPC Ankara

This is the facility that is established on the widest area following the DPC Istanbul Facility. Being located on the Esenboğa Airport highway and established on an area of approximately 58.000 m², DPC Ankara Facilities have a closed area of approximately 16.000 m². The facility was constructed in steel construction. In 2018, 5 units have been dismantled from the Goss Universal printing machines at the facility and sent to the Germany printing house. The Facility is currently continuing its production with 115 units and 4 folding.

With its printing machine which is designed in a way to be capable of printing 4 newspapers at the same time with its 4 folding, the Facility is capable of producing 180 thousand newspapers in an hour. The facility has 3 automatic inserting machines which were installed in 2007. The Facility has an installed transformer capacity of 4.500 KVA and an existing generator output of 4.500 KVA. Daily average paper use of the facility in 2019 was 15 tons. Share of DPC Ankara Facility within the total print is 17%. In 2018, we launched the mould width narrowing project in DPC Ankara Facility with our own means to make saving from mould costs. In August 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Ankara region were downsized by 4.32%.

DPC Izmir

DPC Izmir Facility moved to its new buildings in January 2007. The new DPC Facility is at a distance of 20 km to Izmir city center and 2 km to Izmir Adnan Menderes Airport. The facility is constructed on an area of approximately 35.000 m². Having a closed area of 16.000 m² in total, the facility has a green area of approximately 12.000 m². The Facility has an installed transformer capacity of 5 MVA. It has 2 transformers with a capacity of 2.500 KVA and 2 generators with a capacity of 2 thousand KVA and 2.500 KVA, respectively. At the time when it was established, it had one of the longest Goss Universal printing machine lines in the world. In 2018, 4 units have been dismantled from the Goss Universal printing machines at the facility and sent to the Germany printing house. The Facility is currently continuing its production with 116 units and 4 folding. With its printing machine which is designed in a way to be capable of printing 4 newspapers at the same time with its 4 folding, the Facility is capable of producing 180 thousand newspapers in an hour. The facility has 3 automatic inserting machines which were installed in 2007.

Daily average paper use of the facility in 2019 was 18 tons. Share of DPC Izmir Facility within the total print is 20.5%.

In 2018, we launched the mould width narrowing project with our own means to make saving from mould costs. In October 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Izmir region were downsized by 4.32%.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein; General Capacity Utilization Rate; Developments in Manufacturing of the Goods and Services Covered by the Area of Activity, and Comparison of the Quantities, Quality, Versions and Prices with the Previous Periods' Figures (Continued)

DPC Antalya

DPC Antalya Facility is constructed on a land of approximately 11.000 m², with a closed area of 4.900 m² in total. The Facility has a transformer capacity of 2.500 KVA and an existing generator output of 2.500 KVA. The Tensor T1400 printing machine which is installed in the Facility, is capable of making 40 pages of newspaper printing, 32 of which are colored, and one of the Goss Community printing machines is capable of making 40 pages of newspaper printing, 28 of which are colored, and the other one is capable of making 32 pages of newspaper printing, 24 of which are colored. DPC Antalya Facility is capable of printing 3 different newspapers at the same time. Using the 3 folding in the machine park, 105 thousand newspapers can be produced in an hour. Daily average paper use of the facility in 2019 was 5 tons. Share of DPC Antalya Facility within the total print is 5.4%. In 2011, DPC Antalya Facility fulfilled the necessary obligations and obtained an "Environmental Permit Certificate" from Antalya Provincial Directorate of Environment and Forestry, which is valid for five years. In 2019, narrow-size moulds were put into use step by step. With this practice, mould used in Antalya region were downsized by 4.32%.

DPC Adana

Having been constructed on a land of approximately 11.000 m², DPC Adana Facility makes production in a closed area of 5.800 m² in total. The Facility has an installed transformer capacity of 2.500 KVA and it has two generators, being 1.600 KVA and 2.000 KVA DPC Adana Facility has 3 Tensor printing machines, having a maximum printing capacity of 35 thousand prints in an hour. From among these machines, the first line can print a newspaper with a total of 40 pages, 28 of which are colored, the second line can print a total of 36 pages, 28 of which are colored, and the third line can print a total of 40 pages, 32 of which are colored. Daily average paper use of the facility in 2019 was 8 tons. Share of DPC Adana Facility within the total print is 9.2%. In 2019, narrow-size moulds were put into use step by step. With this practice, mould used in Adana region were downsized by 4.32%.

DPC Trabzon

Being the first facility constructed during DPC's organization, DPC Trabzon Facility carries on business on a land of approximately 15.000 m², with a closed area of 3.500 m² in total. The Facility has a transformer capacity of 2.000 KVA and an existing generator output of 1.054 KVA. 1 Goss Community printing machine is capable of printing a newspaper of 40 pages in total, 32 of which are colored. 2 Goss Community printing machines are capable of printing a newspaper of 40 pages in total, 28 of which are colored. The Facility is capable of producing up to 70 thousand newspapers.

As of the end of 2012, installation of 4 CTPs (computer to plate) has been completed. Daily average paper use of the facility in 2019 was 4 tons. Share of DPC Trabzon Facility within the total print is 4.7%.

In 2018, we launched the mould width narrowing project with our own means to make saving from mould costs. In July 2018, narrow-size moulds were put into use step by step. With this practice, mould used in Trabzon region were downsized by 4.30%.

4.B. Qualifications and Capacity Utilization Rates of the Company's Manufacturing Units and the Developments Therein; General Capacity Utilization Rate; Developments in Manufacturing of the Goods and Services Covered by the Area of Activity, and Comparison of the Quantities, Quality, Versions and Prices with the Previous Periods' Figures (Continued)

Capacity Utilization Rates at DPC's

Capacity utilization rates for 2019 are given below on regional basis:

Region	2019 (%)	2018 (%)
Istanbul	55	56
Ankara	45	54
Izmir	51	56
Adana	41	54
Antalya	27	33
Trabzon	41	43

The developments in production of goods and services can be monitored from the number of pages printed which is shown below:

Production activity	2019	2018
Total number of pages	7,833 million	12,417 million

Number of pages produced decreased 37% compared to the previous year. Number of pages produced consists of the number of pages of the Company's newspapers Hürriyet and Hürriyet Daily News and those newspapers which are provided with contract services. The decrease in the number of printing arises from the reduction in the circulation of the company and of the printing customers to which it provides contract services, due to the shrinking in Turkish newspaper market.

While average daily newspaper sales throughout Turkey was 2,998 thousand in 2018, it was 2,383 thousand in 2019, with a decrease of 21% in the market. Number of daily average net sales of the Newspaper Hürriyet, which was 288 thousand in 2018, was 231 thousand in 2019.

Paper, which constitutes the most significant portion of the expenses of costs of the goods sold, is being imported predominantly from USA, Canada, Northern European countries and Russia, and its cost is affected both by the paper prices in the world and by the rate of exchange of US Dollar/Turkish Lira. While the prices of paper used in production of the newspaper was 578 US Dollars per ton in average in 2018, it was 701 US Dollars in 2019 with an increase of 21%. On the other hand, while the average number of pages of the Newspaper Hürriyet was 49.90 in 2018, it was 39.20 in 2019 with a decrease of 21%. While the paper used for newspaper was 27 thousand tons in 2018, it regressed to 17 thousand tons in 2019 due to the decrease in circulation numbers and number of pages.

4.C. Prices of the Goods and Services Covered by the Area of Activity; Sales Revenues, Sales Conditions and the Developments Observed Therein Within the Year; Developments in the Yield and Productivity Coefficients, and the Reasons for the Significant Changes Therein Compared to Previous Years

Breakdown of the incomes from consolidated sales of Hürriyet Gazetecilik ve Matbaacılık A.Ş., on category basis, is as follows:

Incomes	2019 (Thousand ₺)	Share (%)	2018 (Thousand ₺)	Share (%)
Advertising	158,273	44%	227,321	54%
Circulation and Printing	167,235	47%	165,850	39%
Other Incomes	31,927	9%	28,893	7%
Total	**357,435**		**422,063**	

As it can be seen from the above table; 44% of the Company's consolidated incomes arise from printed media and Internet advertisement incomes. The trend of downsizing of the share of printed media in the developed countries in the advertisement pie chart shows its impact also in our country and in those countries where our subsidiaries are located.
In parallel with this, advertisement incomes decreased by 30% in 2019 compared to 2018.

4.D. Information and Evaluations as to Whether or Not the Targets Defined in Previous Periods were Achieved, Whether or Not the General Assembly Decisions were Enforced, and the Reasons in Case the Targets were not Achieved and the Decisions were not Enforced
The Company fulfilled all the decisions of the General Assembly in the relevant accounting period.

4.E. Predictions on the Company's Development

In the domestic printed media activities, the Company continues to concentrate on product development and on the efforts of productivity in production and distribution. In its digital activities, it maintains its leading position in Turkey as Hürriyet.com.tr in the area of Internet journalism. In addition to this, it provides to its users the richness of printed sub-publications and much more, in the Internet environment. The goal is to be in the leading position in also those areas other than news, and to become a content portal touching upon every aspect of life and appealing to all segments of the society. For this purpose, digital contents and product development in various verticals were focused on. Working specifically for every vertical; product and content projects which will bring the user's experience to perfection are put into practice.

4.F. Predictable Risks in Relation to the Activity

These risks can be summarized as the risks to occur in the Company's business plan due to global developments in import-based raw material price and supply; the possibility of increase in the exchange rates due to imported inputs; the scenario of a more-than-expected adverse effect on the advertisement incomes against a stagnation arising from external or internal reasons; possibility of deterioration to arise in ability of collection of receivables from agencies and advertisers in case of economic stagnation; operational risks such as ensuring business continuity in cases of emergency, and risks which might occur in relation to protecting the brand value. The relevant departments are closely monitoring the developments in these areas and taking the necessary measures.

4.G. Information on the Investments Made by the Company in the Relevant Accounting Period

Consolidated tangible and intangible fixed asset investments of Hürriyet and its Subsidiaries for 2019 are at an amount of 8,4 million Turkish Liras (except for immovable properties for investment purposes). (2018: 14,8 million Turkish Liras)

4.H. Information on the Lawsuits Brought Against the Company which may Affect the Financial Position and Operations of the Company, and the Possible Outcomes Thereof

As of December 31, 2019 total claim amount in the lawsuits filed against the Group is TL 12,270,306. Provisions set aside for these lawsuits as of December 31, 2019 are at an amount of TL 9,092,050.

4.İ. Information on Extraordinary General Assembly

No Extraordinary General Assembly meeting was held within the period.

4.J. Remarks on the Private Audit and Public Audit Conducted During the Accounting Period

No private and/or public audit was made in 2019 accounting period.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects

Hürriyet Group donated TL 133,263 in 2019 to various foundations and associations for the public weal.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES
Projects of Hürriyet in the Areas of Environment Protection and Environmental Sustainability

Sustainability may be referred to as the ability to be permanent. According to the definition made in 1987 by the Environment and Development Commission of United Nations; it is "provision of the daily needs of mankind and having the ability to make the development sustainable, without jeopardizing the ability to meet the needs of future generations". Environmental sustainability is defined as the process of ensuring that the relationship established with the environment is based on preserving the environment in its pure state as far as possible.

Due to its respect to mankind, Hürriyet Group regards protection of the environment for healthy future of mankind and wildlife, as one of its primary missions. In line with the sustainability policies, endeavors are being implemented for protection of the environment and correct use of resources in compliance with all the regulations and laws in relation to environmental protection.

It is considered that high-quality products can be produced in reliable and clean environments. From this point of view, in order to have a healthy environment and to carry this to future generations, a policy is pursued to consume less consumables and less energy in every stage of production from project and equipment selection to personnel who gained an environmental consciousness, and to daily manufacturing activities, and to adopt and implement environment-friendly manufacturing equipment and techniques insofar as circumstances permit.

In this context, having developed a policy focusing on not to pollute the nature and environment from the early production stages, to place importance on human and environmental health and to leave a green world to the future generations, Hürriyet Gazetecilik ve Matbaacılık A.Ş. established and operated an "Environmental Management Department" in the past for the printing facilities (DPC) within its body. As of 2019, Environmental Consultancy Service is being procured and endeavors are being implemented aimed at preventing and reducing the environmental effects which might arise as a result of production activities, and increasing the environmental consciousness of employees.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES (Continued)

- In its terms of office, the Environmental Management Department continuously monitored the renewed and updated Environmental Legislation and made environmental practice improvements in the activities carried out at printing houses and offices.
- Starting from 2015, separate Environmental Consultancy Services and General Environmental Coordinatorship Services are being procured for the printing facilities (DPC), the renewed and updated Environmental Legislation is continuously being monitored, and all the obligations are being fulfilled and environmental consciousness is always being increased.

Various energy activities, including in particular efficient equipment use, are being implemented in all units for the purpose of reducing consumption of energy resources such as electricity and natural gas, and in addition, various endeavors for reducing CO_2 emission are also being maintained.

Environmental Permits and Licenses

Under the Environmental Legislation, Environmental Permit and License processes of industrial facilities (those which are included in the relevant scope) are being carried out under the Environmental Permit and License Regulation (Abolished: Regulation on the Permits and Licenses Required to be Obtained Under the Environmental Law) published on the Official Gazette no 29115 dated 10.09.2014, which is in force following a few amendments.

Istanbul, Antalya and Trabzon DPCs satisfied all the relevant conditions under this regulation and obtained Environmental Permit and License Certificate from Directorates of Environment and Urbanization, which is valid for 5 years.

Istanbul DPC facility obtained the environmental permit for “Air Emission” on July 31, 2015 and is satisfying the environmental permit conditions.

Antalya DPC facility renewed the environmental permit for “Waste Water Discharge” on June 01, 2016 and is satisfying the environmental permit conditions.

Since Trabzon DPC discharges its waste water to the channel of the Organized Industrial Zone where it is located; instead of the environment permit for “Waste Water Discharge”, it obtained from the Organized Industrial Zone a channel connection certificate and became exempted from the Environmental Permit. It additionally fulfills the obligations of legislation.

Management of Water Use

Within the scope of environmental sustainability activities, for the purpose of using water efficiently, water consumption is being monitored by instructions, warning labels, and daily water consumption reports at production and office floors.

Prevention of Environmental Pollution

Hürriyet Gazetecilik takes actions with a continuous improvement philosophy, in order:

- To comply with all the legal legislation and standards in relation to environment, to pay attention to protection of the environment and wildlife beyond the legal requirements,
- To control the environmental factors arising from all the processes within the frame of approaches preventing and correcting their effects on climate change, air, soil and water and to reduce their negative effects. While carrying this philosophy into effect, it takes its power from full participation of its employees, line management, and the environmental officials who are an expert in their area, from whom it procures services.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL ACTIVITIES (Continued)

The practices for reduction of the wastes from the Company's activities at source are continuously questioned, and improving practices are being made in this respect. Accordingly, effective production planning, minimum stock use and practices for improving the working methods are being made.

In this context; pursuant to the Packing Wastes Regulation, in 2011, for the purpose of collection according to their quota, and recycling, of the packing materials put on the market by Hürriyet Group, which have been declared on the online system of the Ministry of Environment and Urbanization in the declaration periods from 2005 up until today, a transfer of authority was made with the authorized organization TUKÇEV Foundation (the Foundation for Consumers and Environmental Education). Major practices being carried out in this field are as follows:

- First of all, creating an awareness for lesser waste production,
- Placing paper recycling boxes on the office floors,
- Placing paper, glass, plastic, composite and waste battery collection units at office and production areas,
- Placing contaminated materials collection units at production areas, and collecting the valuable wastes separate from hazardous wastes,
- Placing HP toner and cartridge collection containers,
- Placing packing waste collection containers.

Waste Management, Disposal and Recycling

In the studies made for waste management, the following activities are planned:

- Preventing creation of wastes at source,
- Reusing wastes in process,
- Recovery of wastes.

Istanbul DPC and Antalya DPC are inspected regularly every month, and other facilities at certain intervals, by authorized companies serving as Environmental Consultant.

The facilities in all the regions periodically prepare "Industrial Waste Management Plans" for their hazardous and non-hazardous wastes created as a result of their activities, and submit these plans for approval of the relevant Provincial Directorate of Environment and Urbanization.

Approved "Temporary Hazardous Waste Storage Areas" have been set up in the regions. Wastes collected in these storages are being sent for evaluation to the authorized disposal or recycling companies licensed by the Ministry of Environment and Urbanization, and their records are being kept. In addition, under guidance of the Environmental Consultants, continuous improvement endeavors are made at the existing waste storages. For indemnification of third persons for the damages they may incur due to temporary hazardous waste storages, the "Compulsory Financial Liability Insurance for Hazardous Substances and Hazardous Wastes", which must be place as required by law, is taken out every year and renewed on expiry. Every year, wastes sent in the previous year to the recycling and/or disposal companies are reported to the Ministry of Environment and Urbanization through the Hazardous Wastes Declaration System (TABS).

Audits by the Authorized Body

On certain dates and upon the applications made by the facilities in the relevant matters, the authorized body performed many audits. The last audit was the Joint Audit at Istanbul DPC, which was performed on December 9, 2017. Istanbul DPC passed this audit where a detailed document and site examination was made, with no shortfall. No significant unfavorable findings were detected on the audits of other facilities.

4.K. Information on the Donations and Aids that the Company has Made within the Year, and Expenses Made within the Framework of Social Responsibility Projects (Continued)

ENVIRONMENTAL PERMIT CERTIFICATES OF OUR FACILITIES

ANTALYA DPC

T.C.
ÇEVRE VE ŞEHİRCİLİK
BAKANLIĞI

T.C.
ANTALYA VALİLİĞİ
Çevre ve Şehircilik İl Müdürlüğü

ÇEVRE İZİN BELGESİ

Belge No	: 62821
Çevre İzninin Başlangıç Tarihi	: 01/07/2016
Çevre İzninin Bitiş Tarihi	: 01/07/2021
İşletmenin/Faaliyetin Adı	: HÜRRİYET GAZETECİLİKVE MATBAACILIK A.Ş. (ANTALYA DPC TESİSİ)
İşletmenin/Faaliyetin Adresi	: DPC HÜRRİYET BASKI TESİSLERİ HAVAALANI YOLU 8. KM. ANTALYA MURATPAŞA / ANTALYA
İşletmenin/Faaliyetin Vergi Dairesi ve No'su	: BÜYÜK MÜK. VD. B/4640061273
Çevre İzninin Konusu	: Atıksu Deşarjı

Yukarıda adı ve açık adresi belirtilen işletme/faaliyete bu belgenin ekinde yeralan izin koşulları çerçevesinde çalışması için 2872 sayılı Çevre Kanunu gereğince hazırlanmış Çevre İzin ve Lisans Yönetmeliği kapsamında **ÇEVRE İZNİ** verilmiştir.

Bu belge 01/07/2016 tarih ve 62821 sayılı yazı ile birlikte geçerlidir. Ayrı kullanılamaz.

TEVFIK ALTINAY
İl Müdürü

EK: İzin Koşulları

ISTANBUL DPC

T.C.
ÇEVRE VE ŞEHİRCİLİK
BAKANLIĞI

T.C.
İSTANBUL VALİLİĞİ
Çevre ve Şehircilik İl Müdürlüğü

ÇEVRE İZİN BELGESİ

Belge No	: 54159
Çevre İzninin Başlangıç Tarihi	: 31/07/2015
Çevre İzninin Bitiş Tarihi	: 31/07/2020
İşletmenin/Faaliyetin Adı	: HÜRRİYET GAZETECİLİKVE MATBAACILIKA.Ş.-İSTANBUL DPC ŞUBESİ
İşletmenin/Faaliyetin Adresi	: Orhangazi Mah. 1650. Sok No:2 Esenyurt/ İSTANBUL ESENYURT / İSTANBUL
İşletmenin/Faaliyetin Vergi Dairesi ve No'su	: Büyük Mükellefler/4640061273
Çevre İzninin Konusu	: Hava Emisyon

Yukarıda adı ve açık adresi belirtilen işletme/faaliyete bu belgenin ekinde yeralan izin koşulları çerçevesinde çalışması için 2872 sayılı Çevre Kanunu gereğince hazırlanmış Çevre İzin ve Lisans Yönetmeliği kapsamında **ÇEVRE İZNİ** verilmiştir.

Bu belge 31/07/2015 tarih ve 54159 sayılı yazı ile birlikte geçerlidir. Ayrı kullanılamaz.

YAŞAR GÜVENÇ
İl Müdürü

EK: İzin Koşulları

4.L. Legal Transactions Made by the Company for the Benefit of the Controlling Company or Group of Companies, and Actions Taken or Avoided from Being Taken for the Benefit of the Group of Companies

The Company has no legal transactions carried out with the controlling company, with a company affiliated to the controlling company, or with the direction of the controlling company in favor of it or a company affiliated to it, or any precautions taken or avoided or any transaction which should be offset in the previous activity period in favor of the controlling company or a company affiliated to it.

4.M. Whether the Company Obtained a Proper Consideration in the Legal Transactions Mentioned in Sub-paragraph (4.L), Whether the Action Taken or Avoided from Being Taken Caused any Damage to the Company, and if the Company Incurred any Damage, Whether this was Offset

Our Company has no transaction which should be offset.

5. FINANCIAL POSITION

5.A. The analysis and Evaluation Of The Board of Directors With Regard To Financial Position and Results of Activities Carried Out, the Extent to which the Planned Activities were Realized, and the Company's Position in Relation to the Strategic Targets Determined

The printed media advertisement revenues in our country are going into a decline in parallel with the trend in the developed and developing countries in the world. It is predicted that the market has shrunk by around 30% in 2019. The Company is maintaining its position of being the newspaper with the largest share in the market. Against the possibility that the loss of income in the market may continue, growth is targeted in those areas other than the printed media.

5.B. In Comparison with the Previous Years, the Company's Sales During the Year, its Efficiency, its Capacity to Generate Income, its Profitability, Debt/Equity Ratio and Information on Other Matters That May Give an Idea on the Results of the Company's Operations, and Prospective Expectations

According to the data of the Press Announcement agency, while average daily newspaper sales throughout Turkey was 2.998 thousand in 2018, it occurred as 2.383 thousand in 2019. Turkish newspaper market experienced a shrinkage of 21% in 2019 compared to the previous year. Number of daily average net sales of the Newspaper Hürriyet, which was 288 thousand in 2018, occurred as 231 thousand in 2019.

5. FINANCIAL POSITION (Continued)
Key Indicators and Ratios

SUMMARY STATEMENT OF FINANCIAL POSITION	December 31, 19 (Thousand TL)	December 31, 18 (Thousand TL)
Current Assets	292,118	378,731
Fixed Assets	604,790	495,438
TOTAL ASSETS	**896,908**	**874,169**
Short Term Liabilities	147,971	156,672
Long Term Liabilities	94,357	77,334
Shareholders' Equity	654,580	640,164
TOTAL LIABILITIES	**896,908**	**874,169**
NET LIABILITIES	**December 31, 19**	**December 31, 18**
	(Thousand TL)	**(Thousand TL)**
Short-term financial liabilities	11,713	15,583
Long-term financial liabilities	0	11,733
Total Financial Liabilities	**11,713**	**27,316**
Cash and Cash Equivalents (-)	(14,156)	(56,868)
NET LIABILITIES - NET CASH	**(2,443)**	**(29,552)**

SUMMARY PROFIT OR LOSS STATEMENT	January 1- December 31, 19 (Thousand TL)	January 1- December 31, 18 (Thousand TL)
NET SALES	357,435	422,063
GROSS PROFIT	42,583	116,195
REAL OPERATING PROFIT/(LOSS)	(51,736)	(36,191)
(LOSS)/PROFIT BEFORE TAX FROM ONGOING ACTIVITIES	(50,926)	310,526
NET PROFIT/(LOSS) OF THE PERIOD	(49,452)	268,509
RATIOS	**2019**	**2018**
Current Ratio	1.97	2.42
Liabilities/Shareholders' Equity	37%	37%
Gross Profit Margin	12%	28%
Real Operating Profit Margin	(14)%	(9)%

5.C. Nature and Amount of the Issued Capital Market Instruments

As per the decision adopted by the Board of Directors dated November 19, 2018, the Company's issued capital of TL 552,000,000, divided into 552.000.000 shares each at a nominal value of TL 1.00, which is within the Company's registered capital ceiling of TL 800,000,000, was decided to be raised to TL 592,000,000 by being increased by TL 40,000,000 (7.24%), to be fully covered by cash, and the certificate of issuance in respect of the capital increase was approved by the Decision no 63/1446 of the Capital Markets Board dated December 13, 2018. By collecting TL 40,000,000 in cash from Demirören Medya, the capital increase transaction was completed on December 21, 2018, and the capital increase was registered by Istanbul Trade Registry Office on January 15, 2019.

5.D. Determination and Management Body's Evaluations on Whether or Not the Company's Capital Became Uncovered or Whether the Company is Financially Insolvent

The Company's capital did not become uncovered and it is not heavily in debt.

5.E. Precautions Intended to be Taken to Improve The Company's Financial Structure

While we are working on the efforts to create alternative income, on the one hand, against the decrease in the Company's advertisement incomes, we are on the other hand reviewing the areas of saving in raw materials, services, personnel, office and operating expenses, and taking the necessary measures. The balance between payments and collections is monitored and improvement efforts are carried out in this area.

5.F. Information on Dividend Distribution Policy and, If No Dividend will be Distributed, the Reason Therefor, and Suggestions as to How the Undistributed Profit will be Used

Our Company distributes the profits by taking into consideration the provisions of Turkish Commercial Code ("TCC"), Capital Markets Legislation and Regulations of the Capital Markets Board ("CMB"), Corporate Tax Law, Income Tax Law and other relevant legislation, and our Company's Articles of Association and our "Profit Distribution Policy" which we have made public.

Our Company's Board of Directors resolved with the unanimous votes of the meeting attendees "that, according to the Consolidated Financial Statements of the fiscal period from 01.01.2019 to 31.12.2019 which have been prepared in conformity with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") as per the "Communiqué on Principles of Financial Reporting in Capital Markets" ("II-14.1") of SPK, and of which principles of presentation have been determined pursuant to the Decisions of SPK in this regard, and which have undergone an independent audit; a "Net Period Loss" of 49,397,250 Turkish Lira emerged, when the "Deferred Tax Income", "Period Tax Expense", "Post-Tax Period Loss of Discontinued Operations" and "Non-controlling Shares of Consolidated Equity of Participations" are taken into account all together; and when "Previous Years' Losses" of (358,306,962) Turkish Lira, which was calculated as per the SPK Profit Share Guide announced in SPK's Weekly Bulletin No. 2014/2 dated 27.01.2014, is also taken into account, no dividend can be distributed in the fiscal period from 01.01.2019 to 31.12.2019 in accordance with SPK's regulations on dividend distribution; and it has been decided to inform the shareholders in this respect and to present this issue to the General Assembly for approval; that in our financial records for the fiscal period from 01.01.2019 to 31.12.2019, kept under the Tax Legislation and according to the Uniform Chart of Accounts published by the Ministry of Finance of the Republic of Turkey, a "Loss for the Period" of TL 62,665,983.29 occurred, and that this amount be transferred to the 'Losses From Previous Years' account; that in addition, pursuant to provision of sub-paragraph 1-e of article 5 of the Corporate Tax Law no 5520, TL 21,282,840.00 from the aforementioned sales of real estates and TL 364,288.08 from the aforementioned sales of shares have been kept in liabilities in a special fund account until the end of the fifth year following the year in which such transactions have been made, and that the total amount of TL 21,647,128.08 be transferred to the "Extraordinary Reserves" account, and that these circumstances be submitted to approval of the General Assembly".

6. RISKS, AND ASSESSMENTS OF THE BOARD OF DIRECTORS

6.A. Information on the Company's Internal Control System and Internal Audit Activities, and Views of the Board of Directors in This Respect

Our financial statements are prepared under the "Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market" of the Capital Markets Board ("CMB") and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting And Auditing Standards Authority, and the principles of presentation thereof are designated pursuant to the regulations and decisions of CMB. Our financial statements are put to independent audit in accordance with the Independent Audit Standards which are a part of Turkish Audit Standards, and they are examined by our Audit Committee and approved by our Board of Directors, by also obtaining the opinions of those managers who are responsible for preparation of the financial statements.

On the other hand, studies are ongoing for establishment of a group level internal audit activity.

6.B. The Risk Management Policy to be Implemented by the Company Against the Predictable Risks

Our Company's risk management is carried out by the "Committee for Early Detection of Risk". The purpose of the Committee is to develop policies necessary for early detection of operational, strategic, financial and compliance risks which may endanger the Company's existence, improvement and continuation, calculation of their impact and possibility, taking and implementing the necessary precautions in relation to the risks detected, and performance of the risk management processes, and to manage and report the risks in accordance with the Company's risk taking profile.

6.C. Practices and Reports of the Committee for Early Detection of Risk

The Committee for Early Detection of Risk makes practices for the purpose of early detection of the risks which may endanger the Company's existence, improvement and continuation, implementation of the necessary precautions in relation to the risks detected, and management of risk, makes improvements and arrangements in accordance with the report presented to it every two month, and presents the results thereof the Board of Directors.

6.D. Prospective Risks in Sales, Efficiency, Capacity to Generate Income, Profitability, Debt/Equity Ratio and Similar Subjects

As in all over the world, the advertisement sector is significantly affected by the economic mobility and stagnation in our country as well. Possible basic income losses occur for this reason. Another significant risk is the changes in the channel preferences of advertisers. Technological developments and the rapid increase of the share of global companies in the advertisement market pie chart, significantly affect the income potentials of local companies. With the reorganization that it has made in its digital channels, the Company aims to be at the forefront in the competition in this area. In addition to this, we have shrunk the activities of unproductive foreign operations and aimed to eliminate their adverse financial impacts.

7. DETAILS OF THE CONTROLLING COMPANY

7.A. Capital Increases/Decreases in Subsidiaries and the Reasons Therefor

No capital increase/decrease occurred in our subsidiaries in 2019.

7.B. Information on the Shares of the Enterprises Included in the Group, in the Parent Company's Capital

Our controlling shareholder is Demirören Medya Yatırımları Ticaret A.Ş.; and our Company has no share in the capital of our controlling shareholder.

7.C. Explanations on the Group's Internal Audit and Risk Management Systems with Respect to the Process of Preparation of Consolidated Financial Statements

Our consolidated financial statements are prepared under the "Communiqué no II-14.1 on Principles for Financial Reporting in Capital Market" of the Capital Markets Board ("CMB") and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards published by Public Oversight, Accounting And Auditing Standards Authority, and the principles of presentation thereof are designated pursuant to the regulations and decisions of CMB. Our financial statements are put to independent audit in accordance with the Independent Audit Standards which are a part of Turkish Audit Standards, and they are examined by our Audit Committee and approved by our Board of Directors, by also obtaining the opinions of those managers who are responsible for preparation of the financial statements.

Our Company's risk management is carried out by the "Committee for Early Detection of Risk".

7.D. Information on the Reports Prescribed by Article 199 of TCC

The Company's Activity Report and Affiliation Report are drawn up in accordance with the provisions of Turkish Commercial Code. The Board members made no request under article 199/4 of TCC.

8. OTHER ISSUES

You may find the information on the Related Party Transactions and balances on the footnote 33 of our Company's consolidated financial statements for the accounting period which ended on December 31, 2019.

Our Company has no conflict of interest or dispute with the companies from which it procured services in relation to investment consultancy, rating and other issues in the period from 01.01.2019 to 31.12.2019. In accordance with the Company's Code of Ethical Conduct, we meticulously observe the principle of avoiding any conflict of interest both in the contracts made and in our internal working order.

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers

Human Resources

As it has been the case for 70 years, within the framework of new needs of new generation, digital world's values and changing sense of leadership, 2019 Human Resources strategy was formed without deviating from the aim of introducing new talents to the organization, on the one hand, and on the other hand, by focusing on optimization of the company's organizational structure following the purchasing transaction that occurred. For the sake of increasing the agility and productivity of the organization under the roof of Demirören Medya, we have conducted studies for consolidation and coordination of units in common. The discretion and evaluation processes of those teams doing the same job under different brands and in different channels have been reviewed, and the necessary revisions and improvements have been made in accordance with the needs.

While carrying out practices for reduction of different organizational cultures, processes and functions, into a single standard, organizational structures were also reviewed. In 2019, we have started working towards the Human Resources ERP system, and we switched to Bilin Humanist system as of July 2019.

In addition to this, a total of 67 persons have been hired as full time employees in 2019 for the new and substituting positions created within the body of Hürriyet's organizations. In order to bring correct human resources in the organization; in addition to traditional hiring methods, we used different channels specific to the digital sector followed by the target audience and aimed at efficient and rapid finalization of the hiring process. With these new channel preferences, while the periods for hiring were reduced, improvement was also achieved at the same time in the rates of reach to the correct applicants at first attempt. In social media communications, Linkedin, Facebook, and Instagram applications for existing employees, have been used.

Main titles of the 2019 activities of Hürriyet's Human Resources Directorate can be summarized as follows:

Hiring

With the digital technologies developing every passing day, it was made possible for the users to have different experiences, and the new media understanding where they can interact independent of the time and space, maintained its effect. The need for different experiences and different competencies continued in 2019 as well. In order to bring correct human resources in the organization; in addition to traditional hiring methods, we used different channels specific to the digital sector followed by the target audience, where interaction is faster and more intense, and aimed at efficient and rapid finalization of the hiring process. With these new channel preferences, while the periods for hiring were reduced, improvement was also achieved in the rates of reach to the correct applicants at first attempt.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Workers (Continued)

Hiring (Continued)

As is the case every year, university and high school students have been given the opportunity of internship in 2019 as well during both the summer and winter periods, and a total of 139 students have served their internship in the World of Hürriyet. The interns who displayed a high performance during the internship are preferentially evaluated in the hiring process in case there is a proper position. In order to make the dynamic and agile structure of the Newspaper Hürriyet, focused on continuous development and success, known to large audiences and to bring correct human resources in the organization, 360 degree employer brand strategies continued in 2019 as well. In accordance with this target, we participated as speakers and audience into conferences where the most up-to-date implementations, problems and opportunities in the area of Human Resources were discussed, and made serious contributions to strengthening of our employer brand by sharing with the sector's professionals the role of HR in the digital transformation of Hürriyet and in creating employer brand, and the changing management of employer brand, as well as talent management and employee experience in hiring process.

Training

With reference to the principle of "Learning Organization", internal or external trainings were held in 2019 for the purpose of increasing the level of knowledge, ability and competence of all our employees, wide-spreading the knowledge and expertise, and developing the communication between teams.

Within the frame of accelerated practices for collaboration of our newspaper and digital publishing teams, our internal instructors provided Social Media, SEO, Google Analytics, Digital Content-CMS Information and Video trainings to all our publishing teams.

Apart from the domestic trainings that we have provided to our employees, our employees have in addition participated in many foreign seminars and conferences such as Inma, Digiday Publishing Summit and Javascript Emerging, in order to closely monitor the global developments.

Social Media Management

Number of followers of the World of Hürriyet Human Resources Facebook page, which was formed as part of employer brand practices for the purpose of creating a perception by the target audience of Hürriyet as "dynamic, modern, focused on continuous development and the best company to work with", has reached to 16,419, and number of followers of the Linkedin corporate page has reached to 43,773. Number of followers of the Instagram account, which was formed in order to increase the interaction between employees and the sense of belonging to the Company, has reached to 3.072. All the followers were gained by an organic growth.

Occupational Health and Safety Trainings, which include the risks which might be encountered in working life and the measures which can be taken against these risks and which aim to inform and raise awareness of our employees in respect of their legal rights and responsibilities, are continuing online.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Employees (Continued)

Orientation Period

The Orientation Program, which is carried out for the purpose of ensuring adaptation in the shortest time of all the newly-hired employees of Hürriyet and its affiliates by learning the mission, vision, purposes, functioning and procedures of the organization, has also continued in 2019.

Rewarding

The "Best of" rewarding program designated every month for employees of Publishing Group in the best page, photo and news categories, has continued in 2019 as well.

Hürweb

Information-sharing through Hürweb has continued, and raffles for cinema, theater and concert tickets have also continued in 2019 as well.

Practices for Business Processes

Within the scope of improvement and optimization of business processes, we made interviews with department managers and issued a process document for each department. We made descriptions of business processes, created proposals for processes, and identified the KPIs for monitoring the performance of the processes of the departments. In addition to this, in order for gathering the similar functions of different brands under a single management and functioning understanding, we also carried out organizational restructuring practices.

8. OTHER ISSUES (Continued)

8.A. Personnel and Labor Movements, Collective Bargaining Implementations, and Rights and Benefits Granted to Personnel and Employees (Continued)

Human Resources Policy

1. While establishing the hiring policies and making career plans, we adopt the principle of providing equal opportunities to those persons under equal conditions. In cases where change of managing positions is predicted to cause interruption in the company's management, we prepare a succession planning for designation of those managers to be newly appointed.

2. The criteria in relation to hiring of personnel are determined in writing and these criteria are complied with. Hiring processes are described by procedures.

3. We treat employees fairly in terms of all the rights granted to them, and carry out training and improvement programs and establish training policies aimed at increasing the knowledge, ability and competency of the employees.

Meetings are held about occupational health and safety . Digital environments are provided where the employees may share their demands, complaints and proposals in writing.

4. Measures are taken in order not to make any discrimination based on race, religion, language and gender among the employees and to protect the employees against the intra-company physical, mental and emotional ill-treatment.

5. Employees are provided with a safe working environment and conditions in accordance with the principles of the Occupational Health and Safety regulation.

9. STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Company") adopted the universal principles of the Corporate Governance Principles such as equality, transparency, accountability and responsibility, and aims to comply in its activities to the maximum extent with the Capital Markets Law ("CML"), the Regulations and Decisions of CMB, the Corporate Governance Communiqué no II-17.1 of CMB (the "Communiqué") and the Corporate Governance Principles of CMB. Within the frame of this target, having been included in the Corporate Governance Index ("XKURY") of Borsa Istanbul A.Ş. ("Borsa Istanbul") starting from November 4, 2009, our Company is being subjected to a corporate governance rating every year by the rating agency SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. ("SAHA"), which has an operating license to make rating in Turkey in accordance with the methodology approved by CMB. The Corporate Governance Rating and Corporate Governance Principles Compliance Report can be accessed from the Company's Corporate Website ("www.hurriyetkurumsal.com"). The Company's Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2019 to 31.12.2019, were prepared in accordance with the principles of presentation which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and the "Corporate Governance Communiqué" no II-17.1 of CMB.

The Corporate Governance Principles Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the period from 01.01.2019 to 31.12.2019, can be accessed from the Company's Corporate Website ("www.hurriyetkurumsal.com"), on the "Corporate Governance"/"Corporate Governance Principles Compliance Report" section and from the Corporate Website (www.kap.org.tr) of the Public Disclosure Platform ("PDP"). Our Corporate Governance Committee is continuing with its practices aimed at improving our corporate governance implementations. In our Company's operating period which ended on 31.12.2019, all the "mandatory" principles of CML, the Regulations and Decisions of CMB and the Communiqué have been complied with. We are paying maximum attention to compliance with the non-mandatory principles, and with regard to the matters where full compliance has not been achieved yet, we consider that no significant conflict of interest shall arise in the current situation.
Best regards,

Yıldırım DEMİRÖREN	**Meltem OKTAY**
Chairman of the Board of Directors	**Deputy Chairman of the Board of Directors**

Access Link
1) Corporate Governance Compliance Report ("URF") https://www.kap.org.tr/tr/Bildirim/824654

2) Corporate Governance Information Form ("KYBF") https://www.kap.org.tr/tr/Bildirim/824656

10. RESOLUTION OF THE BOARD OF DIRECTORS FOR ACCEPTANCE OF FINANCIAL REPORTS, ACTIVITY REPORT AND CORPORATE GOVERNANCE STATEMENT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DECISION OF THE BOARD OF DIRECTORS

Date of Meeting **:** 05.03.2020
Decision No **:** 2020 / 05
Place of Meeting **:** The Company's Head Office

AGENDA:
About discussion and acceptance of the Consolidated Financial Report, Activity Report, Corporate Governance Compliance Report and Corporate Governance Information Form for the period from 01.01.2019 to 31.12.2019.

RESOLUTION:

The Board of Directors of our Company convened at the address and on the date specified above with participation of its members whose signatures are appended below, and resolved on the following matters;

It was decided to accept the Consolidated Financial Report for the period from 01.01.2019 to 31.12.2019, which was submitted to our Board of Directors with the assent of our Audit committee and relevant managers with their correction recommendations, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, and which was comparative with the previous period,

To accept the Activity Report for the period from 01.01.2019 to 31.12.2019, which was submitted to our Board of Directors with the assent of our Audit committee and relevant managers with their correction recommendations, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto, and which was put to independent audit,

To accept the Corporate Governance Compliance Report ("URF") which shows our Company's compliance with the voluntary principles pursuant to the decision no 2/49 dated 10.01.2019 of the Capital Markets Board and the Corporate Governance Information Form ("KYBF") which gives information on our existing corporate governance implementations, for the period from 01.01.2019 to 31.12.2019, which were announced on 05/03/2020, and which can be accessed from the Corporate Governance Compliance Report and Information Form for 2019 from our Company's Public Disclosure Platform page, under the tab of Corporate Governance Principles Compliance Report.

Chairman of the Board of Directors Yıldırım Demirören	**Deputy Chairman of the Board of Directors** Meltem Oktay	**Board Member** Fikret Tayfun Demirören	**Board Member** Mehmet Soysal
	Board Member Mehmet Koray Yanç	**Independent Board Member** Alaattin Aykaç	**Independent Board Member** Orhan Kırca

11. DECISION OF THE CORPORATE GOVERNANCE COMMITTEE

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

DECISION OF THE CORPORATE GOVERNANCE COMMITTEE

DATE **:** 04.03.2020

SUBJECT **:** Discussion and evaluation of the Activity Report and the Corporate Governance Compliance Report and the Corporate Governance Information Form for the period from 01.01.2019 to 31.12.2019.

The Activity Report for the period from 01.01.2019 to 31.12.2019, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto for the period from 01.01.2019 to 31.12.2019, which is prepared in accordance with the provisions of the relevant legislation and will be submitted to the approval of the general assembly, and which was put to independent audit, and the Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2019 to 31.12.2019, the principles of presentation of which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and in this framework, which were prepared in accordance with the "Corporate Governance Communiqué" no II-17.1 of CMB, were examined by also obtaining the opinions of those managers who are responsible for preparation of the Company's Activity Report, URF and KYBF; and limited to the information which we have and which were communicated to us, our opinion in relation to the aforementioned Reports was communicated to those managers who are responsible for preparation of these Reports; and in this framework, it was concluded that the Activity Report, URF and KYBF are reflecting the factual situation on the Company's operating results, they don't contain a significant deficiency which will cause them to be misleading, and they are in compliance with TCC and the regulations of the Ministry and CMB.

Alaattin AYKAÇ	**Orhan KIRCA**
Chairman	Member

12. DECISION OF AUDIT COMMITTEE

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
DECISION OF AUDIT COMMITTEE

DATE : 04.03.2020

SUBJECT **:** Discussion and evaluation of the Financial Report for the period from 01.01.2019 to 31.12.2019.

The Consolidated Financial Report for the period from 01.01.2019 to 31.12.2019, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, and which was comparative with the previous period, was examined by also obtaining the opinions of those managers who are responsible for preparation of the Company's Financial Reports.

Limited to the information which we have and which were communicated to us, our opinion in relation to the aforementioned Consolidated Financial Report was communicated to those managers who are responsible for preparation of the financial statements and the footnotes thereto which constitute the Financial Report; and within the frame of this opinion, it was concluded that the aforementioned Financial Report is reflecting the factual situation on the Company's operating results, that it does not contain a significant deficiency which will cause it to be misleading, and it is in compliance with TCC and the regulations of CMB.

Alaattin AYKAÇ	**Orhan KIRCA**
Chairman	Member

13. STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORT AND THE BOARD OF DIRECTORS' ACTIVITY REPORT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
DECISION OF THE BOARD OF DIRECTORS FOR ACCEPTANCE OF FINANCIAL REPORT AND ACTIVITY REPORT

DATE OF DECISION : 05.03.2020
DECISION NO : 2020 / 05

STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF SECTION TWO OF THE COMMUNIQUE NO II-14.1 OF THE CAPITAL MARKETS BOARD

The Consolidated Financial Report of Hürriyet Gazetecilik ve Matbaacılık A.Ş. for the period from 01.01.2019 to 31.12.2019, which was prepared under the provisions of the "Communiqué on Principles for Financial Reporting in Capital Market" of the CMB ("II-14.1") in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight, Accounting And Auditing Standards Authority ("KGK") and 2016 Turkish Accounting Standards Taxonomy, principles of presentation of which were in compliance with the procedure which was developed by KGK based on sub-paragraph (b) of article 9 of the Decree Law no 660 and designated and made public with the Decision no 30 dated 02.06.2016 of KGK, and in addition, which was determined with the Decision no 22/805 dated 15.07.2016 of CMB and made public on the Weekly Bulletin no 2016/22 dated 15.07.2016 of CMB, which was put to independent audit, its Activity Report for the period from 01.01.2019 to 31.12.2019, which was prepared in accordance with Turkish Commercial Code ("TCC"), the "Regulation on Determination of the Minimum Content of the Annual Activity Reports of Companies" of the Ministry of Customs and Trade (the "Ministry") and the "Communiqué on Principles for Financial Reporting in Capital Market" no II-14.1 of CMB, which is consistent with the financial statements and the footnotes thereto for the period from 01.01.2019 to 31.12.2019 which will be submitted to the approval of the general assembly, and which was put to independent audit, and its Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") for the period from 01.01.2019 to 31.12.2019, the principles of presentation of which were designated by the Decision no 2/49 dated 10.01.2019 of CMB and announced on the Weekly Bulletin no 2019/02 dated 10.01.2019 of CMB, and in this framework, which were prepared in accordance with the "Corporate Governance Communiqué" no II-17.1 of CMB, were examined by us, and within the frame of the information which we have in our area of responsibility;

it was identified that, the Consolidated Financial Report, the Activity Report, the Corporate Governance Compliance Report and the Corporate Governance Information Form do not contain any incorrect explanation on significant matters or any significant deficiency which will cause the explanation to be misleading as of the date when it was made,

the Consolidated Financial Report, which was prepared in accordance with the Financial Reporting Standards in force, honestly reflects the facts in relation to the Company's assets, liabilities, profit and loss and financial position, and the Activity Report honestly reflects the development and performance of the Company's business and its financial position, together with the significant risks and uncertainties it is faced with.

Alaattin AYKAÇ Chairman of the Audit Committee	**Orhan KIRCA** Member of the Audit Committee
Hüseyin Emrah KURTOĞLU Group President for Commercial Operations	**Mustafa ÇELİK** Finance Director

14. DECISION OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT AND TABLE OF DISTRIBUTION OF PROFIT

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.
DECISION OF THE BOARD OF DIRECTORS

Date of Meeting **:** 05.03.2020
Decision No. **:** 2020 / 06
Place of Meeting **:** The Company's Head Office

AGENDA:
Discussion and acceptance of the Profit Distribution Proposal for the fiscal period from 01.01.2019 to 31.12.2019

RESOLUTION:

By taking into consideration the provisions of the Turkish Commercial Code ("TCC"), Capital Market Legislation and the Regulations of the Capital Markets Board ("SPK"), Corporate Tax, Income Tax and the other applicable legislation, as well as the relevant provisions of our Company's Articles of Association and our publicly disclosed "Dividend Distribution Policy";

our Company's Board of Directors resolved with the unanimous votes of the meeting attendees "that, according to the Consolidated Financial Statements of the fiscal period from 01.01.2019 to 31.12.2019 which have been prepared in conformity with the Turkish Accounting Standards ("TAS") and the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") as per the "Communiqué on Principles of Financial Reporting in Capital Markets" ("II-14.1") of SPK, and of which principles of presentation have been determined pursuant to the Decisions of SPK in this regard, and which have undergone an independent audit; a "Net Period Loss" of 49,397,250 Turkish Lira emerged, when the "Deferred Tax Income", "Period Tax Expense", "Post-Tax Period Loss of Discontinued Operations" and "Non-controlling Shares of Consolidated Equity of Participations" are taken into account all together; and when "Previous Years' Losses" of (358,306,962) Turkish Lira, which was calculated as per the SPK Profit Share Guide announced in SPK's Weekly Bulletin No. 2014/2 dated 27.01.2014, is also taken into account, no dividend can be distributed in the fiscal period from 01.01.2019 to 31.12.2019 in accordance with SPK's regulations on dividend distribution; and it has been decided to inform the shareholders in this respect and to present this issue to the General Assembly for approval; that in our financial records for the fiscal period from 01.01.2019 to 31.12.2019, kept under the Tax Legislation and according to the Uniform Chart of Accounts published by the Ministry of Finance of the Republic of Turkey, a "Loss for the Period" of TL 62,665,983.29 occurred, and that this amount be transferred to the 'Losses From Previous Years' account; that in addition, pursuant to provision of sub-paragraph 1-e of article 5 of the Corporate Tax Law no 5520, TL 21,282,840.00 from the aforementioned sales of real estates and TL 364,288.08 from the aforementioned sales of shares have been kept in liabilities in a special fund account until the end of the fifth year following the year in which such transactions have been made, and that the total amount of TL 21,647,128.08 be transferred to the "Extraordinary Reserves" account, and that these circumstances be submitted to approval of the General Assembly".

Annex: Profit Distribution Table

Chairman of the Board of Directors Yıldırım Demirören	**Deputy Chairman of the Board of Directors** Meltem Oktay	**Board Member** Fikret Tayfun Demirören	**Board Member** Mehmet Soysal
	Board Member Mehmet Koray Yanç	**Independent Board Member** Alaattin Aykaç	**Independent Board Member** Orhan Kırca

ANNEX: PROFIT DISTRIBUTION TABLE

	HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş. TABLE OF DISTRIBUTION OF PROFIT FOR 2019 (Turkish Lira)		
1	**Issued Capital**	**592,000,000.00**	
2	**General Legal Reserve (According to Legal Records)** [1]	**59,265,973.00**	
	If distribution of profit involves any privilege pursuant to the articles of association, information on the aforementioned privilege	N/A.	
		According to CMB	**According to Legal Records (LR)**
3	**Profit/Loss for the Period (+/-)** [2]	**-50,926,354.00**	**-62,665,983.29**
4	**Taxes (+/-)** [3]	**-1,734,699.00**	**0.00**
	Non-Controlling Consolidated Equity of Participations (-)	**-55,044.00**	**0.00**
	Post-Tax Period Profit / Loss of Discontinued Operations (+/-) [4]	**3,208,759.00**	**0.00**
5	**Net Profit/Loss for the Period (+/-)**	**-49,397,250.00**	**-62,665,983.29**
6	**Losses from Previous Years (-)** [5]	**-358,306,962.00**	**0.00**
7	**General Legal Reserve (-)**	**0.00**	**0.00**
	“Profit from Sales of Shares and R&D Incentive” Taken into a “Special Fund” Temporarily in Order not to be Put Through Distribution (According to Legal Records (-)	**0.00**	**0.00**
8	**NET DISTRIBUTABLE PROFIT/LOSS FOR THE PERIOD (+/-)**	**-407,704,212.00**	**-62,665,983.29**
9	**Donations Made within the Year (+)**	**133,263.00**	
10	**Net distributable profit/loss for the period inclusive of donations (+/-)** [6]	**-407,570,949.00**	
11	**First Dividend Distribution to Shareholders**	**0.00**	
	Cash	0.00	
	Bonus	0.00	
	Total	0.00	
12	**Dividend Distributed to Shareholders Holding Preference Shares**	**0.00**	
13	**Other Dividends Distributed**	**0.00**	
	To Board Members	0.00	
	To Employees	0.00	
	To Non-Shareholders	0.00	
14	**Dividend Distributed to Holders of Dividend Right Certificates**	**0.00**	
15	**Second Dividend Distribution to Shareholders**	**0.00**	
16	**General Legal Reserve**	**0.00**	
17	**Statutory Reserves**	**0.00**	
18	**Special Reserves**	**0.00**	
19	**EXTRAORDINARY RESERVES**	**0.00**	**0.00**
20	**Other Sources of Funds Envisaged to be Distributed**	**0.00**	**0.00**
	Profits From Previous Years	0.00	0.00
	Extraordinary Reserves	0.00	0.00
	Other Reserves Distributable Pursuant to TCC and Articles of Association	0.00	0.00

(1) “Inflation Differences” were not included.
(2) Consists of the total of “Pre-Tax Loss From Ongoing Activities”.
(3) Consists of the total of "Period Tax Expense” and "Deferred Tax Income".

(4) The post-tax net income, arising from cessation of operations of the digital platforms carrying on business within the body of Pronto Media Holding which is resident in Russia, which is the indirect subsidiary of Trader Media East Ltd, is shown.

(5) Calculated as per the CMB Profit Share Guide announced in CMB's Weekly Bulletin No. 2014/2 dated 27.01.2014. Consists of the portion which remained after addition of “Premiums for Shares” and “General Legal Reserve” to the “Accumulated Losses” .

(6) No distributable profit for the period occurred.

	GROUP	**TOTAL DIVIDEND DISTRIBUTED**		**TOTAL DIVIDEND DISTRIBUTED / NET DISTRIBUTABLE PROFIT FOR THE PERIOD**	**DIVIDEND CORRESPONDING TO A SHARE WITH A NOMINAL VALUE OF TL 1**	
GROSS		0.00	0.00	-	0.00000	0.00000
	TOTAL	**0.00**	**0.00**	-	**0.00000**	**0.00000**
		CASH (TL)	**BONUS (TL)**	**RATE (%)**	**AMOUNT (TL)**	**RATE (%)**
NET	**TOTAL**	0.00	0.00	0.00	0.00	0.00
		0.00	**0.00**	**0.00**	**0.00**	**0.00**

15. CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR REPORT FOR THE ACCOUNTING PERIOD FROM JANUARY 01, 2019 TO DECEMBER 31, 2019

HÜRRİYET GAZETECİLİK
VE MATBAACILIK A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR REPORT
FOR THE ACCOUNTING PERIOD FROM
JANUARY 1, 2019 TO DECEMBER 31, 2019

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATEDFINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY- 31 DECEMBER 2019

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hürriyet Gazetecilik ve Matbaacılık A.Ş.

A. Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hürriyet Gazetecilik ve Matbaacılık A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of balance sheet as at 3l December 2019 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TMS").

Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group 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.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
Investment properties are measured by using the fair value method As explained in Note 12, as of 3l December 2019, the Group's investment properties, which have a carrying amount of TRY 133,364,011 and represent a significant share of total assets, comprise of land and buildings. The accounting policy for investment properties used by the Group management is the "fair value method", as described in Note 2.2. The fair values of these assets are determined by independent valuation experts authorized by the Capital Markets Board ("CMB") and are recognised in the consolidated financial statements after being assessed by the Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. The reasoning of our focus in this area; • The quantitative materiality of the investment properties in the financial statements, • When determining the fair values of the investment properties, methods such as the benchmarking analysis approach, cost approach and direct capitalization approach are used, and these methods include variables that may lead to changes in the fair values.	We assessed the qualifications, competencies and İndependence of the Professional appraisers engaged by the management. Deeds and ownership ratios of investment properties were tested on a sample basis We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TFRS. We had no material findings in our audit procedures related to the investment properties accounted for using the fair value method.

Key Audit Matters	How our audit addressed the key audit matter
Fair value of land and buildings recognised using the fair value method As explained in Note 13, the Group recognised land and buildings accounted under property, plant and equipment at their fair value as of 31 December 2019. The fair value of land and buildings was TRY 444,901,907 as of 31 December 2019, and a fair value increase of TRY 82,459,473 was recognised under equity. The accounting policy Group management applies when recognizing these lands and buildings is the "fair value method", as described in detail in Note 2.2. The fair values of these assets are determined by independent valuation institutions authorized by the Capital Markets Board ("CMB") and are recognised in consolidated financial statements after being assessed by Group management. Fair values of the investment properties depend on the valuation method used as well as the input and assumptions in the valuation model. Fair values are directly affected by factors such as market conditions, specific characteristics, physical condition and the geographic location of each investment property. Reasons we emphasized this topic are as follows; • The significance of land and buildings in the financial statements in terms of amount • When determining the fair values of the land and buildings, methods such as the benchmarking analysis approach, cost approach and direct capitalization approach are used, and these methods include variables that can lead to changes in the fair values of the properties.	Valuation reports prepared by the independent property valuation institutions assigned by the Group are obtained and the property valuation accreditations and licenses of these institutions granted by the Capital Markets Board are checked based on Independent Audit Standards. Deeds and ownership ratios of land and buildings were tested on a sample basis We compared the consistency of the inputs which have a significant impact on the property value determined and were stated in the valuation reports, such as unit sales value, against observable market prices, and then tested whether the appraised values are within an acceptable range. Fair values stated in the valuation reports were compared with the disclosures in the consolidated financial statements to assess if the values in the disclosures and accounting records are consistent with the valuation report and the disclosures are sufficient based on the requirements of TFRS. We had no material findings in our audit procedures related to the land and buildings accounted for using the fair value method.

Other Matter

The consolidated financial statements of the Group as of December 31, 2016 and for the year then ended were audited by another audit firm whose audit report dated March 7, 2019 expressed an unqualified opinion.

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

The Group 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

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 SIA 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 consolidated financial statements.

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

· Identify and assess the risks of material misstatement in 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.

· Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

· Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

B. Other Responsibilities Arising from Regulatory Requirements

i. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
ii. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
iii. In accordance with subparagraph 4 Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 5 March 2020.

The name of the engagement partner who supervised and concluded this audit is Mehmet Akif AK.

İstanbul, 05 March 2020

VİZYON GRUP BAĞIMSIZ DENETİM A.Ş.
Member firm of AGN International

Mehmet Akif AK
Partner, YMM

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

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

	Note references	(Audited) Current Period 31 December 2019	(Audited) Prior Period 31 December 2018
ASSETS			
Current assets			
Cash and cash equivalents	4	14,156,497	56,867,896
Financial investments	5	68,478	72,133
Trade receivables			
- Trade receivables from related parties	33	91,340,933	59,248,328
- Trade receivables from non-related parties	7	76,040,408	103,180,193
Other receivables			
- Other receivables from related parties	33	80,876,536	117,323,015
- Other receivables from non-related parties	8	3,783,770	4,326,809
Inventories	10	15,964,915	17,527,084
Prepaid expenses	19	8,153,511	4,291,302
Other current assets	20	1,733,242	15,893,989
Total current asset		**292,118,290**	**378,730,749**
Non-current assets			
Financial investments	5	313,923	313,923
Other receivables			
- Other receivables from non-related parties	8	7,829,659	5,363,176
Investments accounted for using the equity method	11	2,693,603	4,479,950
Investment properties	12	133,364,011	197,465,641
Tangible assets	13	444,901,907	273,576,563
Intangible assets			
- Other intangible assets	14	13,086,985	11,954,109
Deferred tax asset	30	2,321,912	1,966,834
Other non-current assets	20	277,705	317,705
Total non-current assets		**604,789,705**	**495,437,901**
Total assets		**896,907,995**	**874,168,650**

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

CONVENIENCE TRANSLATION INTO ENGLISH OFCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

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

	Note references	(Audited) Current Period 31 December 2019	(Audited) Prior Period 31 December 2018
LIABILITIES			
Current liabilities			
Short-term borrowings	6	-	67,887
Short-term payables from rental services	6		
- Payables from rental services to related parties		3,678,679	-
- Payables from rental services to non-related parties		2.617.539	-
Short-term portion of long-term borrowings	6	11,713,065	15,582,708
Trade payables			
- Trade payables to related parties	33	23,320,504	15,420,957
- Trade payables to non-related parties	7	36,895,749	50,890,149
Employee benefit payables	9	3,121,129	2,993,159
Other payables			
- Other payables to non-related parties	8	4,808,536	4,656,574
Deferred income	19	10,716,689	10,460,323
Current income tax liabilities	30	169,198	527,292
Short-term provisions			
- Short-term provisions for employment benefits	18	17,148,260	14,164,860
- Other short-term provisions	16	9,092,050	6,740,806
Other short-term liabilities	20	24,689,718	35,166,801
Total current liabilities		**147,971,116**	**156,671,516**
Non-current liabilities			
Long-term borrowings	6	-	11,733,333
Long-term payables from rental services	6		
- Payables from rental services to related parties		11,419,997	-
- Payables from rental services to non-related parties		578,583	-
Deferred income	19	195,105	901,525
Long-term provisions			
- Long-term provisions for employment benefits	18	52,358,307	45,317,176
Deferred tax liability	30	29,804,588	19,381,541
Total non-current liabilities		**94,356,580**	**77,333,575**
Total liabilities		**242,327,696**	**234,005,091**

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

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

	Note references	(Audited) Current Period 31 December 2019	(Audited) Prior Period 31 December 2018
EQUITY			
Total equity		**654,580,299**	**640,163,559**
Equity attributable to equity holders of the parent company		**655,049,211**	**639,981,423**
Share capital	21	592,000,000	592,000,000
Inflation adjustment to share capital	21	77,198,813	77,198,813
Share premiums (discounts)	21	76,944	76,944
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of property	21	294,701,211	212,241,738
- Gain (loss) on remeasurement of defined benefit plans	21	(23,594,600)	(21,093,944)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	21	64,537,704	80,374,527
Restricted reserves	21	117,176,268	101,083,330
Retained earnings/Accumulated deficit		(417,649,879)	(671,268,213)
Net profit (loss) for the period		(49,397,250)	269,368,228
Non-controlling interests		**(468,912)**	**182,136**
Total liabilities and equity		**896,907,995**	**874,168,650**

These consolidated financial statements as at and for the period ended 31 December 2019 were approved by the Board of Directors on 5 March 2020.

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

CONVENIENCE TRANSLATION INTO ENGLISH OFCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THEPERIOD 1 JANUARY-31 DECEMBER 2019

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

	Note references	(Audited) Current Period 1 January - 31 December 2019	(Audited) Prior Period 1 January - 31 December 2018
Sales	22	357,434,718	422,063,269
Cost of sales (-)	22	(314,852,017)	(305,867,872)
Gross profit/(loss)		**42,582,701**	**116,195,397**
General administrative expenses (-)	23	(70,214,362)	(78,098,808)
Marketing expenses (-)	23	(61,459,638)	(83,013,259)
Other operating income	25	72,077,828	49,412,722
Other operating expenses (-)	26	(34,722,219)	(40,687,121)
Operating profit/(loss)		**(51,735,690)**	**(36,191,069)**
Share of (loss)/gain of investments accounted by the equity method	11	(1,716,208)	(4,651,220)
Income from investing activities	27	36,458,635	390,489,483
Expenses from investing activities (-)	28	(5,965,735)	(6,030,200)
Operating profit/(loss) before finance income/(expense)		**(22,958,998)**	**343,616,994**
Finance expenses (-)	29	(27,967,356)	(33,090,834)
Profit/(loss) before tax from continuing operations		**(50,926,354)**	**310,526,160**
Tax income/(expense) of continuing operations		**(1,734,699)**	**(20,134,331)**
Current tax income (expense)	30	(769,939)	(20,703,195)
Deferred tax income (expense)	30	(964,760)	568,864
Profit/(loss) for the period from continuing operations		**(52,661,053)**	**290,391,829**
Profit/(loss) for the period from discontinued operations		3,208,759	(21,883,168)
Net profit/(loss) for the period		**(49,452,294)**	**268,508,661**
Allocation of net profit/(loss) for the period			
Attributable to non-controlling interests		(55,044)	(859,567)
Attributable to equity holders of the parent company		(49,397,250)	269,368,228
Loss per share			
Attributable to shareholders of the parent company	32	(0.0834)	0.4851

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

CONVENIENCE TRANSLATION INTO ENGLISH OFCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THEPERIOD 1 JANUARY-31 DECEMBER 2019

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

	Note references	(Audited) Current Period 1 January - 31 December 2019	(Audited) Prior Period 1 January - 31 December 2018
Other comprehensive income statement			
Net profit (loss) for the period		**(49,452,294)**	**268,508,661**
Other comprehensive income			
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain/(loss) on revaluation of property	13	91,621,637	27,882,782
- Gain/(loss) on revaluation for defined benefits	18	(3,127,772)	(3,174,955)
Taxes related to other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain/(loss) on revaluation of property, tax effect	30	(9,162,164)	(3,419,854)
- Gain/(loss) on revaluation for defined benefits, tax effect	30	627,116	698,490
Other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
- Currency translation differences		(16,432,827)	8,363,713
- Other comprehensive income (expense) from cash flow hedges		-	1,098,340
Taxes related to other comprehensive income (expense) that will be subsequently reclassified to profit and loss			
Other comprehensive income from cash flow hedges, tax effect		-	(241,635)
Other comprehensive income (expense)		**63,525,990**	**31,206,881**
Total comprehensive income (expense)		**14,073,696**	**299,715,542**
Allocation of total comprehensive income (expense)			
Attributable to non-controlling interests		(651,048)	(828,762)
Attributable to shareholders of the parent company		14,724,744	300,544,304

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY -31 DECEMBER 2019

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

					Other comprehensive income or (expense) that will be subsequently reclassified to profit or loss		Other comprehensive income or (expense) that will not be subsequently reclassified to profit or loss			Accumulated profits				
	Note references	**Share capital**	**Inflation Adjustment to share capital**	**Share premium (discounts)**	**Hedge instrument gain (loss)**	**Currency translation differences [1]**	**Gain (losses) on property revaluation**	**Gain (losses) on remeasurement of defined benefit plan**	**Restricted reserves [2]**	**Retained earnings / (losses)**	**Net profit / (loss) for the period**	**Equity attributable to shareholders of the parent company**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2018	**21**	**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(494,582,896)**	**(264,505,378)**	**302,066,635**	**1,040,275**	**303,106,910**
Adjustments related to required changes in accounting policies (Note 2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,784,761)**	**-**	**(2,784,761)**	**(122,369)**	**(2,907,130)**
IFRS 9 policy change effect, net		-	-	-	-	-	-	-	-	**(2,784,761)**	-	**(2,784,761)**	**(122,369)**	**(2,907,130)**
Balances after adjustment		**552,000,000**	**77,198,813**	**76,944**	**(856,705)**	**72,041,619**	**187,778,810**	**(18,617,479)**	**191,532,907**	**(497,367,657)**	**(264,505,378)**	**299,281,874**	**917,906**	**300,199,780**
Transfers		-	-	-	-	-	-	-	(90,449,577)	(173,900,556)	264,505,378	155,245	-	155,245
Purchase or sale of subsidiary												-	(104,660)	(104,660)
Capital Increase		40,000,000										40,000,000		40,000,000
Gain (Loss) from share-based transactions		-	-	-	-	-	-	-	-	-	-	-	197,652	197,652
Total comprehensive income / (expense)		-	-	-	856,705	8,332,908	24,462,928	(2,476,465)	-	-	269,368,228	300,544,304	(828,762)	299,715,542
-Other comprehensive income (expense)		-	-	-	856,705	8,332,908	24,462,928	(2,476,465)	-	-	-	31,176,076	30,805	*31,206,881*
-Gain (loss) on remeasurement of defined benefit plans		-	-	-	-	-	-	(2,476,465)	-	-	-	*(2,476,465)*	-	*(2,476,465)*
-Gain (loss) on remeasurement		-	-	-	-	-	24,462,928	-	-	-	-	*24,462,928*	-	*24,462,928*
-Gain (loss) from cash flow hedges		-	-	-	*856,705*	-	-	-	-	-	-	*856,705*	-	*856,705*
-Currency translation differences		-	-	-	-	*8,332,908*	-	-	-	-	-	*8,332,908*	*30,805*	*8,363,713*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	269,368,228	*269,368,228*	(859,567)	*268,508,661*
Balances at 31 December 2018	**21**	**592,000,000**	**77,198,813**	**76,944**	**-**	**80,374,527**	**212,241,738**	**(21,093,944)**	**101,083,330**	**(671,268,213)**	**269,368,228**	**639,981,423**	**182,136**	**640,163,559**
Balances at 1 January 2019	**21**	**592,000,000**	**77,198,813**	**76,944**	**-**	**80,374,527**	**212,241,738**	**(21,093,944)**	**101,083,330**	**(671,268,213)**	**269,368,228**	**639,981,423**	**182,136**	**640,163,559**
Transfers		-	-	-	-	-	-	-	16,092,938	253,618,334	(269,368,228)	343,044	-	343,044
Total comprehensive income / (expense)		-	-	-	-	(15,836,823)	82,459,473	(2,500,656)	-	-	(49,397,250)	14,724,744	(651,048)	14,073,696
-Other comprehensive income (expense)		-	-	-	-	*(15,836,823)*	*82,459,473*	(2,500,656)	-	-	-	*64,121,994*	*(596,004)*	*63,525,990*
-Gain (loss) on remeasurement of defined benefit plans		-	-	-	-	-	-	(2,500,656)	-	-	-	*(2,500,656)*	-	*(2,500,656)*
-Gain (loss) on remeasurement		-	-	-	-	-	82,459,473	-	-	-	-	*82,459,473*	-	*82,459,473*
-Currency translation differences		-	-	-	-	*(15,836,823)*	-	-	-	-	-	*(15,836,823)*	*(596,004)*	*(16,432,827)*
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	*(49,397,250)*	*(49,397,250)*	*(55,044)*	*(49,452,294)*
Balances at 31 December 2019	**21**	**592,000,000**	**77,198,813**	**76,944**	**-**	**64,537,704**	**294,701,211**	**(23,594,600)**	**117,176,268**	**(417,649,879)**	**(49,397,250)**	**655,049,211**	**(468,912)**	**654,580,299**

(1) In accordance with the board decision dated 22 November 2017 of Pronto Media Holding, which is located in Russia as the indirect subsidiary of Trader Media East Ltd. of which of the Group owns 97.29% shares, the Group decided to discontinue the digital operations within its body and impairment losses of such operations have been recognized under "discontinued operations" in the in statement of profit/(loss). Additionally, currency translation differences recognized under equity attributable to TME activities will be transferred from equity to the statement of profit or loss when the necessary conditions are met.

(2) In 2019, Company has allocated general legal reserves amounting to TRY 15,749,892 from the profit of the year 2019 and R&D incentive grant amounting to TRY 343,046 to the restricted reserve.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THEPERIOD 1 JANUARY-31 DECEMBER 2019

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

	Note references	(Audited) Current Period 1 January - 31 December 2019	(Audited) Prior Period 1 January - 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**30,840,624**	**138,637**
Net profit (loss) for the period		**(49,452,294)**	**268,508,661**
Profit (loss) from continuing operations		(52,661,053)	290,391,829
Profit (loss) from discontinued operations		3,208,759	(21,883,168)
Adjustments to reconcile profit (loss) for the period		**91,678,954**	**(218,383,364)**
Adjustments related to depreciation and amortization expenses	13,14	20,400,394	20,084,015
Adjustments related to impairment (reversal)			
Adjustments related to impairment (reversal) of receivables	7	4,127,590	16,716,993
Adjustments related to provision for impairment of inventories	10	575,784	598,287
Adjustments related to impairment (reversal) of other intangible assets		-	4,458,033
Adjustments related to impairment (reversal) of tangible assets		-	824,683
Adjustments related to impairment (reversal) of investment property	12	(20,280,009)	(15,816,458)
Adjustments related to (reversal) of provision for employment benefits	18	12,793,112	9,098,282
Adjustments related to litigation and legal provisions (reversal)	16	6,107,073	2,099,682
Adjustment related to general provisions (reversals)		607,787	867,171
Adjustment related to other provisions (reversals)		353,048	4,825,487
Adjustments related to interest (income) expense			
Adjustments related to interest income	25	(847,270)	(1,842,697)
Adjustments related to interest expense	29	26,613,757	28,065,796
Unearned finance income due to term purchases	25	24,165,035	10,985,574
Unearned finance expense due to term sales	26	1,145,665	(547,161)
Adjustments related to undistributed profits of investments accounted at equity method	11	1,716,208	4,651,220
Adjustments related to tax (income) expense	30	1,734,699	20,134,331
Adjustments related to (gain) loss on sale of assets held for sale		-	(300,838,137)
Adjustments related to (gain) loss on sale of tangible assets	27,28	4,939,261	(1,163,727)
Adjustments related to profit (loss) confirmation		7,526,820	(21,584,738)
Changes in working capital		**5,969,384**	**(22,163,312)**
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties		(32,092,605)	(23,365,032)
(Increase) decrease in trade receivables from third parties		(9,681,806)	(5,988,991)
Adjustments related to (increase) decrease in inventories		1,366,422	(4,025,894)
(Increase) decrease in prepaid expenses		(3,862,209)	(1,599,466)
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties		7,899,547	(5,393,657)
Increase (decrease) in trade payables to third parties		(13,994,400)	11,256,474
Increase (decrease) in payables related to employee benefits		127,970	(1,217,503)
Increase (decrease) in deferred income		(450,054)	(7,264,615)
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities		48,724,707	(13,509,211)
Increase (decrease) in other liabilities related to operating activities		7,931,812	28,944,583

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THEPERIOD 1 JANUARY-31 DECEMBER 2019

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

	Note references	(Audited) Current Period 1 January - 31 December 2019	(Audited) Prior Period 1 January - 31 December 2018
Cash generated from operating		**48,196,044**	**27,961,985**
Employment benefits paid	18	(6,049,447)	(11,618,906)
Payments related to other provisions	16	(2,523,410)	(206,020)
Taxes returns (payments)	30	(1,128,033)	(21,948,934)
Other cash inflows (outflows)	7	1,838,679	5,950,512
CASH FLOWS FROM INVESTING ACTIVITIES		**(15,097,087)**	**217,288,928**
Cash inflows from the sale of asset held for sale		-	219,605,125
Cash inflows from sale of tangible and intangible assets	13,14	(4,903,063)	10,592,513
Cash outflows from purchase of tangible and intangible assets			
Cash outflows from purchases of tangible assets	13	(26,171,374)	(6,494,103)
Cash outflows from purchases of intangible assets	14	(46,920)	(8,258,504)
Cash inflows from sale of investment property	12	15,177,000	-
Interests received	25	847,270	1,842,697
Dividends received		-	1,200
CASH FLOWS FROM FINANCING ACTIVITIES		**(49,719,631)**	**(234,032,100)**
Cash inflows arising from issuance of shares and other equity instruments			
Cash inflows from share issuance		-	40,197,652
Cash inflows from borrowings			
Bank borrowings utilized	6	-	90,204,775
Payments of lease liabilities		(7,526,821)	-
Cash outflow related to payments of debt			
Bank borrowings paid	6	(15,582,708)	(336,365,310)
Interests paid	29	(26,613,757)	(28,065,796)
Other cash inflows (outflows)		3,655	(3,421)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		**(24,482,885)**	**(16,604,535)**
Effects of currency translation rate changes on cash and cash equivalents		(18,228,514)	7,525,664
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(42,711,399)**	**(9,078,871)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**56,867,896**	**65,946,767**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**14,156,497**	**56,867,896**

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Turkey. The Company undertakes journalism, printing, advertising, internet publishing activities and operates seven printing plants with locations in İstanbul, Ankara, İzmir, Adana, Antalya, Trabzon and Germany.

As stated in Note 21, Doğan Şirketler Grubu Holding A.Ş., which has 552.000.000 shares registered in its shares, representing 77.67% of the issued capital of Hürriyet, has transferred to Demirören Medya Yatırımları Ticaret A.Ş. ("Demirören Medya") on 16 May 2018. The share transfer was completed with the extraordinary general meeting held on 6 June 2018. As a result of this transaction, Demirören Media has become the main shareholder of the Company.

In addition, the issued capital of the Company was increased by TRY 40,000,000 (7.24%) from TRY 552,000,000 to TRY 592,000,000 in accordance with the decision of the Board of Directors dated November 19, 2018. Which is divided into 552,000,000 shares and each share has a nominal value of TRY 1,00 within the registered share capital of TRY 800,000,000. The issuance certificate for the capital increase was approved by the Capital Markets Board dated December 13, 2018 and numbered 63/1446., The capital increase transaction was completed with the cash payment of Demirören Medya on December 21, 2018 and the transaction was registered on 15 January 2019.

The ultimate shareholder of the company is the Demirören family.

The number of employees of the Group as of 31 December 2019 is 1,053 (31 December 2018: 1,135).

The address of the registered office is as follows:

100. Yıl Mahallesi, 2264 Sokak No:1 34204 Bağcılar/İstanbul Turkey

The Company is registered of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BİAŞ or "Borsa" or "BİST") since 25 February 1992. In accordance with the resolution numbered 21/655 on 23 July 2010 and amendment held on 30 October 2014 of CMB; according to the records of Central Securities of Depositary of Turkey (CSD); shares representing 16.54 % as of 31 December 2019 (31 December 2018: 20.81%) of Hürriyet are accepted as "in circulation". As of the date of the report, this ratio is 16.37% (Note 21).

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

NOTE 1 –ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

As of 31 December 2019, the name of the Company's subsidiaries ("Subsidiaries"), the nature of the business and geographic segments are as follows:

	Subsidiaries	Registered country	Geographic segment	Nature of business
1	Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş. ("Yenibiriş")	Turkey	Turkey	Internet Publishing
2	Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Printing newspaper
3	Hürriyet Invest B.V. ("Hürriyet Invest")	Netherland	Europe	Investment
4	Trader Media East Ltd. ("TME")	Jersey	Europe	Investment
5	Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Sporarena")	Turkey	Turkey	Internet Publishing
6	Mirabridge International B.V.	Netherland	Europe	Investment
7	OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
8	ID Impress Media LLC	Russia	Russia and EE	Publishing
9	OOO Rukom	Russia	Russia and EE	Internet publishing
10	OOO Pronto Media Holding Ltd.	Russia	Russia and EE	Newspaper and internet publishing
11	OOO Rektcentr	Russia	Russia and EE	Newspaper and internet publishing
12	Publishing House Pennsylvania Inc.	The United States of America	Russia and EE	Investment
13	OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
14	Publishing International Holding BV	Netherland	Europe	Investment

Joint Ventures	Registered country	Geographic segment	Nature of business
TOV E-Prostir	Ukraine	Europe	Internet Publishing
SP Pronto Kiev	Ukraine	Europe	Newspaper and internet publishing

Associates

Associates of the Company, registered countries, nature of businesses, geographic segments are as follows:

Associates	Registered country	Geographic segment	Nature of business
Demirören Media International GmbH. ("Demirören Media")	Germany	Europe	Newspaper Publishing

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation and presentation of financial statements

Statement of Compliance with TAS

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.1 Preparation and presentation of financial statements (Continued)

Statement of Compliance with TAS (Continued)

The accompanying consolidated financial statements are prepared in accordance with 2019TASTaxonomy based on the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No:14.1 "Basis of Financial Reporting in Capital Markets" and Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"),which is developed by POA and announced to the public by the decision of the POA on 15 April 2019 in accordance with paragraph 9(b) of Decree Law No. 660.

The Group records its statutory accounting records in accordance with the Tax Legislation and The Uniform Chart of Accounts (Accounting System Implementation General Communiqué) published by T.C. Ministry of Finance in Turkish Lira.

Consolidated financial tables are prepared on the historical cost basis except for lands, buildings, investment properties and derivative instruments.

2.1.2 Principles of consolidation method

(a) Subsidiaries

Subsidiaries comprise entities which Hürriyet directly and indirectly controls. Control is achieved when the Group:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes at least to one of the elements of control listed above.

The Group considers all the relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of voting rights of the other shareholders;
- Potential voting rights held by the Group and other parties;
- Rights arising from other contractual arrangements; and
- Any facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities (including voting patterns at previous shareholders' meetings)

Subsidiaries are consolidated by full consolidation method by the date the Group takes the control. From the date the control is over, subsidiaries are excluded from the consolidation scope. Proportion of effective ownership represents the share which the Group has through the shares held by Hürriyet and/or indirectly by its subsidiaries.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.2 Principles of consolidation method (Continued)

(a) Subsidiaries (Continued)

Subsidiaries acquired or disposed of during the accounting period are included in the consolidation from the date at which the control of operations are transferred to the Group and excluded from the consolidation when the control is lost. Even if non-controlling interests result in a deficit balance, total comprehensive income is attributed to the owners and to the non-controlling interests.

Income and expenses of a subsidiary, acquired or disposed of the during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in share capital of the Group's existing subsidiaries:

Changes in the Group's ownership interests in subsidiaries that do not result in the loss of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between

- i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39 "Financial instruments: recognition and measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.2 Principles of consolidation method (Continued)

(a) Subsidiaries (Continued)

The Subsidiaries and their effective ownership interests at 31 December 2019 and2018 are as follows:

		Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interest (%)	
	Subsidiaries	**31 December 2019**	**31 December 2018**	**31 December 2019**	**31 December 2018**
1	Yenibiriş	100,00	100,00	100,00	100,00
2	Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
3	Hürriyet Invest	100,00	100,00	100,00	100,00
4	TME (1)	97,29	97,29	97,29	97,29
5	SporArena	100,00	100,00	100,00	100,00
6	ID Impress Media LLC	91,00	91,00	88,53	88,53
7	Mirabridge International B.V.	100,00	100,00	97,29	97,29
8	OOO Pronto Samara	100,00	100,00	97,29	97,29
9	OOO Rukom (2)	100,00	100,00	97,29	97,29
10	OOO Pronto Media Holding Ltd	100,00	100,00	97,29	97,29
11	OOO SP Belpronto	60,00	60,00	58,37	58,37
12	OOO Rektcentr (3)	100,00	100,00	97,29	97,29
13	Publishing House Pennsylvania Inc	100,00	100,00	97,29	97,29
14	Publishing International Holding BV	100,00	100,00	97,29	97,29

(1) The subsidiary is delisted from the London Stock Exchange as of 2 January 2020.
(2) The subsidiary was liquidated as of 25 June 2019.
(3) The subsidiary is in liquidation process as of 6 August 2019

2.1.3 Comparative information and restatement of prior period financial statements

In order to allow for the determination of the financial situation and performance trends the Group's consolidated financial statements have been presented comparatively with the previous year. Where necessary, comparative figures have been reclassified to conform to the changes in presentation in the current period.

2.1.4 Significant accounting policies and changes in accounting estimates and errors and restatement of previously reported financial statements

Changes in accounting policies arising from the first-time adoption of a new TFRS are applied retrospectively or prospectively in accordance with the respective TFRS transition requirements, if any. Such changes are applied retrospectively and prior period financial statements are restated accordingly. If the changes in the accounting estimates are relevant to only one period, such changes have been applied for the current period. However, if the changes are relevant to future period, such changes have been applied for the current and future period

Except for the changes below, the accounting policies applied in these condensed consolidated financial statements are the same as those applied in the Group's last annual consolidated financial statements

The Group has adopted IFRS 16 "Leases" as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.4 Significant accounting policies and changes in accounting estimates and errors and restatement of previously reported financial statements (Continued)

The Group has applied a partial retrospective approach that results in an equal amount of the right of use asset and the lease liability. Since the Group has benefited from all facilitation provisions in the first application, the comparative information presented for 2018 has not been restated, under IAS 17 and related interpretations. The effects of this standard-led accounting policy changes are as follows:

a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRS Interpretation 4"Determining Whether an Arrangement contains a Lease". Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and IFRS Interpretation4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts that are effective as of 1 January 2019.

b) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases –i.e. these leases are on-balance sheet.

The Group has elected not to recognise right-of-use assets and lease liabilities or some leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

2.1 Basis of presentation (Continued)

2.1.4 Significant accounting policies and changes in accounting estimates and errors and restatement of previously reported financial statements (Continued)

b) As a lessee (Continued)

ii. Transition

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. The right-of-use assets for most leases were recognised based on the based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under TAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- As of 1 January 2019, applied the exemption not to recognise right-of-use assets and liabilities
- for leases with less than 12 months of lease term.
- Excluded initial direct costs in the measurement of the right of use asset
- Used hindsight when determining the lease term if the contract contains options to extend or
- terminate the lease.

For leases that were classified as finance leases under TAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under TAS 17 immediately before that date.

c) Impacts on the interim condensed consolidated financial statements

i. Impacts on transition

During the transition to IFRS 16, the transition effect of the additional right to use assets, including investment property and additional lease obligations, is summarized below:

TL	1 January 2019
Right-of-use assets presented in property, plant and equipment	22.354.541
Lease liabilities	(22.354.541)

ii. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognised TRY 17,388,940 of right-of-use assets (including investment property) and TRY 18,294,798 of lease liabilities as at 31 December 2019.

Also, in relation to those leases under IFRS 16, the Group has recognised depreciation, interest costs and foreign exchange loss instead of operating lease expense. During the twelve months ended 31 December 2019, the Group recognised TRY 4,965,601 of depreciation charges, TRY 3,726,722 of interest costs and TRY 373,194 foreign exchange loss from these leases.

2.1 Basis of presentation (Continued)

2.1.5 New and revised Turkish Financial Reporting Standards ("IFRS")

In the current period there is no such standard or interpretation affecting the Group's financial performance, statement of financial position, presentation or note disclosures. However, the details of standards and interpretations effective in the current period but have no impact on the consolidated financial statements and standards and interpretations not yet effective and have not been early adopted by the Group are set out below.

a) The new standards, amendments and interpretations which are effective for the financial statements as of 1 January 2019:

- IFRS 16 Leases
- Amendments to TAS 28 "Investments in Associates and Joint Ventures" (Amendments)
- TFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements – 2015–2017 Period
- Amendments to, Curtailment or Settlement" (Amendments to TAS 19)
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)

The amendments did not have a significant impact on the Group's financial position and performance except for IFRS 16. The effect of IFRS 16 is shown in Note 2.1.4.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17- The new Standard for insurance contracts

2.2 Summary of significant accounting policies

2.2.1 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

2.2 Summary of significant accounting policies (Continued)

2.2.1 Related parties (Continued)

(b) An entity is related to a reporting entity if any of the following conditions exists:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Demirören Medya Yatırımları A.Ş. directly or indirectly has participation, including any entities under common control; real persons and legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons or legal entities that are directly or indirectly controlled individually or jointly (Note 33).

2.2.2 Financial assets

Classification and measurement

The Group has categorized its financial assets into three accounts as financial assets accounted at amortized cost, financial assets whose fair value is reflected to the income statement and financial assets whose fair value is reflected to the other comprehensive income. Classification has been performed by considering business model according to the purpose of use and expected cash flow. Management classifies its financial assets at the date that the purchase is completed.

(a) Financial assets accounted at amortized cost:

Management, which adopted collection business model of cash flow as based on contract including only the payment of cash and the interest stemming from cash balance, classified the financial assets, which have certain and fixed payment, are not traded in active market and are not derivative instrument, at amortized cost. If the maturity of the financial asset is less than 12 months, it is called Current assets whereas if the maturity is more than 12 months, it is called Non-current assets. The financial assets accounted at amortized cost include 'Trade Receivable' 'Other Receivable' and 'Cash and Cash Equivalent'. In addition to that, the trade receivable which are taken from factoring firm is classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets (Continued)

Impairment

The Group uses the provision matrice by choosing simplified application method in the process of calculating the impairment of trade receivable because such receivables don't have significant funding component. In the case of unimpairment in the trade receivable due to any certain reasons, the Group considers expected credit loss to be equal to lifelong expected credit loss. The calculation of provision for expected credit loss has been performed using the expected credit loss ratio determined by considering historical credit loss experience and macroeconomic indicators

(b) Assets accounted at fair value

The assets which management adopted the collection or sale business model of cash flow resulted from contracts have been accounted at fair value. The assets as explained in previous sentence have been classified as the non-current asset if the management does not intend to sell within 12 months. The Group makes a decision about recording the fair value difference as equity investment in the statement of profit or loss or the other comprehensive income for the investment on the financial assets as based on equity in the process of first record. This decision cannot be changed.

i) The asset whose fair value is recorded in the statement of profit or loss

The assets whose fair value is recorded in the statement of profit or loss include the 'Derivative Instrument' accounts in the financial statement. Derivative instrument is recorded as an asset if its fair value is positive whereas derivative instrument is recorded as a liability if its fair value is negative. The derivative instruments of the Group consist of the operation of purchase and sale of currency with maturity.

ii) The asset whose fair value is recorded in the other comprehensive income

The assets whose fair value is recorded in the other comprehensive income include 'Financial Investment' and 'Derivative Instrument' accounts in the financial statement. Valuation difference has been classified in retained earnings in the case of the sale of the assets whose fair value difference is recorded in the other comprehensive income.

2.2.3 Trade receivables and provision for doubtful receivables

The Group's trade receivables from providing goods or services to customers are carried at net of unrealized finance income "unearned financial income due to sales with maturity". Trade receivables, net of unrealized finance income, are calculated by discounting future cash inflows of receivables carried at the original invoice amount using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Effective interest method is calculating the present value in accordance with the compound interest basis. The rate determined by compound interest basis and applied in this method is named "effective interest rate". Short term receivables with indefinite interest rate are carried at cost unless the effect of imputing interest is significant (Note 7).

2.2 Summary of significant accounting policies (Continued)

2.2.3 Trade receivables and provision for doubtful receivables (Continued)

When calculating the impairment of trade receivables, which are recognised based on the cost amortised in financial statements and do not include an important financing component, Group preferred to adopt "simplified approach" in TFRS 9 standard.

According to "simplified approach" of TFRS 9 Standard, loss provisions concerning trade receivables are calculated equal to "lifetime expected credit loss" if trade receivables are not impaired due to valid reasons as stated in TFRS 9.

TAS 39"Financial Instruments: Recognition and Measurement" valid before 1 January 2018: Instead of "realised credit losses model" in TAS 39, "expected credit loss model" was defined in TFRS 9 "Financial Instruments" Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

The Group uses "provision matrix" to calculate the expected credit losses of trade receivables. According to the overdue maturities of trade receivables, certain provision rates are calculated and these ratios are revised each reporting period, if necessary. The change related to the expected credit loss is recorded under other operating income/expense.

If there is a partial or whole collection over the doubtful receivable amount subsequent to the allocation of provision for doubtful receivables, the collected portion is recognised under the other operating income following the deduction from total provision amount

2.2.4 Impairment of assets excluding goodwill and intangible assets with indefinite useful lives

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income. As of 31 December 2019, the Group has classified the impairment loss of intangible assets related to discontinued operations in the current and prior period under "Loss of discontinued operations for the period after tax" in the statement of profit or loss as stated in Note 31.

2.2.5 Inventories

Inventories are valued at the lower of cost or estimated selling price less estimated costs necessary to make a sale (net realizable value). Cost elements included in inventory are purchase costs and other costs necessary to prepare the asset for its intended use. Cost elements included in inventories are materials, labor and production over heads. The unit cost of inventories is determined on the moving weighted average basis (Note 10).

2.2 Summary of significant accounting policies (Continued)

2.2.5 Inventories (Continued)

When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the consolidated statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial impairment. The management evaluates the inventory impairment amount (if any) as of the balance sheet dates (Note 10).

2.2.6 Investment properties

Investment properties are properties held to earn rentals and/or for value increase. Investment properties are measured initially at cost, including transaction costs. As of the date of the report, the properties held for a currently undetermined future use by the Group management, have been classified as investment properties.

Subsequent to initial recognition, at the end of each year when there is an indication of impairment, in accordance with the appraisal reports obtained from licensed real estate appraisal organizations under the Capital Market Legislation, investment properties are stated at fair value which reflects the market conditions as of the statement of financial position date. Gain or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Deferred tax liability/asset has been calculated from all the temporary differences from investment properties.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising from derecognition of the property is included in the statement of profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between cost value and fair value at the date of the change is recognized as revaluation fund in consolidated statement of other comprehensive income (Note 12).

2.2.7 Property, plant and equipment

Property, plant and equipment except for land and building are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 13). Depreciation is provided on property, plant and equipment on a straight-line basis (except land and building). The useful life of land is considered infinite.

2.2 Summary of significant accounting policies (Continued)

2.2.7 Property, plant and equipment (Continued)

The depreciation periods for property and equipment, which approximate the economic useful lives of assets concerned, are as follows:

Machinery and equipment	3-15 years
Furniture and fixtures	3-15 years
Motor vehicles	5 years
Leasehold improvements	2-20 years

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

An item of property, plant and equipment is derecognized in the consolidated statement of financial position upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount provided to allocate provision. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset plus the residual value of the related assets as of the consolidated statement of financial position date.

Regular repair and maintenance expenses are charged to the consolidated statement of profit or loss as they are incurred. Capital expenditures that increase the present value of the future cash flows expected to be derived from property, plant and equipment by increasing its capacity is added to the cost of tangible asset.

Lands and buildings are recorded with their fair values. The difference between the cost value and the fair value is recorded as "revaluation funds" account under the equity, net of deferred tax. The revaluation increase is recorded in the statement of profit or loss if there is a previously recognised impairment in the statement of profit or loss. A decrease in the book value of the land and buildings is recorded in the statement of profit or loss if it exceeds the value in the revaluation fund for the previous revaluation of that asset. When the revalued asset is used, the difference between the amortization calculated over the revalued amount and the amortization calculated over the initial cost amount is recorded in retained earnings after deducting the deferred tax effect.

2.2.8 Intangible assets and amortization

Intangible assets excluding goodwill and assets with infinite useful lives comprise trade names and licenses, customer lists, computer software and rights, internet domain names and other intangible assets. All trade names, customer lists and internet domain names have been identified as a result of independent valuations performed for the purchase price allocation related to the business combinations. Useful lives of certain trade names are determined to be infinite. Assets that have an infinite useful life are not subject to amortization and are tested for impairment annually (Note 14)

2.2 Summary of significant accounting policies (Continued)

2.2.8 Intangible assets and amortization (Continued)

Trademark	20 years
Customer lists	9-18 years
Computer software and rights	5-15 years
Internet domain names	3-20 years
Other intangible assets	5 years

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 14).

Intangible assets with finite useful lives are evaluated for impairment losses and if the book value exceeds the recoverable value, a provision is reserved to decrease the book value to recoverable value. Recoverable amount is considered to be the higher of future net cash flows of the intangible asset or the fair value less costs to sell. Impairment losses are recognized immediately in the statement of profit or loss.

The Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with infinite life may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).In the calculation of value in use, the discount rate before tax ,which reflects the value of money in use within current market conditions and risks related to estimates about the future cash flow is used.

Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 14). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

2.2.9 Taxes

Taxation on income includes current period income taxes and deferred taxes. Current year tax liability consists of tax liability on period income calculated according to currently enacted tax rates and tax legislation in force as of balance sheet date and includes adjustments related to the previous year's tax liabilities. Turkish tax legislation does not permit a parent company to file a consolidated tax return for its subsidiary and its joint venture. Therefore, tax provisions, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2.2 Summary of significant accounting policies (Continued)

2.2.9 Taxes (Continued)

Deferred tax liabilities are recognized when the Group is able to control the reversal of temporary differences, except in those cases where the likelihood of this difference to be recovered in the near future is low, and taxable temporary differences associated with investments in associates and interests in joint ventures calculated for all of the differences. Such investments and taxable temporary deferred tax assets arising from differences, obtaining sufficient profits subject to taxation in the near future it is highly likely that it will benefit from differences and that future related differences it is probable that it will be possible to remove.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 30).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority (Note 30).

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 30).

2.2.10 Financial borrowings and borrowing costs

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the amortised cost value is recognised in the statement of profit or loss as finance expense over the period of the borrowings. The borrowing costs which are directly related with the acquisition, manufacturing or production of a qualifying asset (means that a long period of time is required to make available for sale and use as purposed) are capitalized as a part of the related asset (Note 6).

2.2.11 Employment termination benefits

The Group is required to pay termination benefits to employees who is retired, whose employment is terminated without due causes in Labour Law, in accordance with the Law related with The Arrangement of the Relationships within the Employees in Press Sector (employees in media sector) and other laws.

The provision for employment termination benefit represents the present value of the actuarial assumption's total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 18).

2.2 Summary of significant accounting policies (Continued)

2.2.11 Employment termination benefits (Continued)

According to the amendment in TAS 19, the Group calculated employment benefit in accordance with the report prepared by the actuarial firm and recognised all actuarial loss and gains in the other comprehensive statement of profit or loss as of balance sheet date.

2.2.12 Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation or a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are assessed continually to determine whether an outflow of resources comprising economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs except in the extremely rare circumstances where no reliable estimation can be made.

In case the Group's contingent liabilities become probable but the reliable estimation of the amount of the resources containing economic benefits cannot be made, the related liability is presented in disclosures.

Assets that arisen from past events and whose existence will be confirmed only by the Group occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets. A contingent asset is disclosed where an inflow of economic benefit is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 16).

2.2.13 Share capital and dividends

Ordinary shares are classified as equity. Dividend income is recognised as income by the Group when right to obtain of dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 21).

2.2.14 Foreign currency transactions

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive profit or loss.

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

2.2 Summary of significant accounting policies (Continued)

2.2.14 Foreign currency transactions (Continued)

Foreign Group Companies

The results of Group undertakings using a different functional currency other than TRY are first translated into TRY by using the average exchange rate for the period. The assets and liabilities of such Group undertakings are translated into TRY by using the closing rate at the balance sheet date. Differences arising on retranslation of the opening net assets of such Group undertakings and differences between the average and period-end rates are included in currency translation reserve in the equity.

When disposing of Group companies abroad, the accumulated foreign currency translation differences of the related enterprise which are accounted for in other comprehensive income are reclassified from equity to profit or loss when the gain or loss arising from disposal is recognized.

The Group may derecognize its operations abroad in the form of sales, liquidation, repayment of capital or partial or abandonment of the entity. A reduction in the carrying amount of a foreign entity due to impairment, will not result in a partial disposal. Therefore, any gain or loss on exchange rate differences recognized in other comprehensive income is not reclassified to profit or loss when the impairment loss is recognized.

The Group has monetary receivables and payables from foreign operations which a group company has no intention or possibility to pay back. Foreign exchange differences arisen from these receivables accounted in currency translation differences under equity, and in case of sale of the subsidiary, the accumulated exchange differences will be classified to profit or loss.

A significant portion of the Group's foreign operations are performed in Russia, Eastern Europe and Eastern Europe countries (Note 3). Foreign currencies and exchange rates at 31 December 2019 and 31 December 2018 are summarized below:

Country	Currency	31 December 2019	31 December 2018
Russia	Ruble	0,0955	0,0753
Eurozone	Euro	6.6506	6,0280
United States of America	Dollar	5,9402	5,2609

2.2.15 Revenue recognition

When the Group fulfills its obligation to perform the assignment by transferring a promised good or service to the customer, the Group records revenue in the financial statements. When the control of an asset is taken (or passed) by the customer, the asset is transferred

The Group puts revenue into financial statements in accordance with the following five basic principles:

- Determination of customer contracts
- Determination of performance obligations in contracts
- Determination of transaction prices in contracts
- Distribution of the transaction price to performance obligations in the contract
- Recognizing revenue when each performance obligation is fulfilled

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

The Group recognizes a contract with the customer as a revenue if all of the following conditions are met:

- The parties to the agreement have endorsed the contract (in accordance with written, oral or other commercial conventions) and committed to their own performance,
- The Group can identify the rights of each party to the goods or services to be transferred,
- The Group is able to define the payment conditions for the goods or services to be transferred,
- The Convention is inherently commercial,
- It is probable that the Group will collect compensation for the goods or services to be transferred to the customers.

The Group considers only the ability of the customer to pay on time and the intention to do so when assessing whether the collectability of a consideration is probable.

At the beginning of the contract, the Group evaluates the goods or services it promises in the contract with the customer and defines each commitment for transfer to the customer as the obligation to act as follows:

a) different goods or services (goods or services package) or
b) a series of different goods or services that show great similarity and follow the same method at the time of transfer to the customer

A series of different goods or services is subject to the same cycle if the following conditions are met together:

a) Each different goods or service in the series which the Group is committed to assign to the customer constitutes a performance obligation to be completed over time, meeting the necessary conditions
b) In accordance with the related paragraphs of the Standard, the same method shall be used to measure the progress of the Group in respect of the fulfillment of the obligation of performance of each different goods or services constituting a unit.

When another party intervenes in the provisions of the goods or services to the customer the Group determines that it has a performance obligation to provide the goods or services itself (noble) in accordance with the nature of the commitment or to mediate such goods or services provided by another party (proxy). The group is noble if it controls the designated goods or services before transferring the goods or services to the customer. In the case of fulfillment of the obligation (or bringing it), the gross amount of the price that it waits for the transferred goods or services is taken on the financial statements as a revenue. The Group is a proxy if it acts as intermediary for the provision of goods or services for which the performance obligation has been set aside, and does not reflect the financial statement for the obligation as a revenue to fulfill the obligation.

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

The fulfillment obligations of the Group are explained below:

Obligation of Conduct	Context
Advertising Revenue	The Group's advertising revenues consist mainly of revenues from advertising in print media and digital media. As advertising is published, the simultaneous use and consumption of the clients' rights shows that the Group has transferred the control of the service overtime. Therefore, revenue is recognised in accordance with output method when the performance obligation is satisfied (as advertising is published). Unpublished portions of advertisements are recognized in the statement of financial position as a contractual obligation.
Subcontracted Printing Revenue	Subcontracted printing revenues consist of the printing services given to the companies within and outside the Group, using the printing facilities owned by the Group. Revenues generated under this service are accounted for "at a specific moment in time" when the newspaper is delivered for distribution.
Newspaper Sales (Circulation) Revenues	Circulation revenues consist of distribution company and revenue from mass sales and newspaper sales. The revenues generated under this service are accounted for "at a specific moment in time" on the date when the newspapers are shipped.

The Group is an agent for some of the products and services it provides in its "Yakala.co" contracts that companies have agreed to in accordance with their digital marketing strategies. When the Group fulfills the obligation of performance for these contracts which it considers to be an agent, it puts the net amount or commission it expects to deserve into the financial statement. The net amount is the remaining amount after the Group has paid the price or commission, the portals are provided with goods or services. However, in the case of cinema tickets sold in the "Yakala.co" site operating in the field of E-commerce, the Group has an inventory risk regarding the tickets and is principle because it has the discretion in determining the price for this service. Revenue from ticket sales is not a commission income, but is recognized as gross on the financial statements.

The Group considers contractual provisions and commercial practices to determine the transaction price. The transaction price is the amount that the Group expects to qualify for the goods or services it has pledged, other than the amounts collected on behalf of third parties (eg some sales tax), for the customer transfer. Committed to a contract with a client, the price may include fixed amounts, variable amounts, or both. Group contracts can have variable amounts due to turnover based reductions, repayments, points. If the commitment price is a variable amount, the Group determines the cost of the goods or services promised to the customer through the estimated cost to be eligible for the acquisition. It is highly probable that there will not be a significant cancellation of the cumulative gross receipts in the financial statements when the uncertainty related to the variable cost is eliminated in the future because the Group can include part or all of the variable cost amount estimated by the Group. The Group considers both the likelihood and the magnitude of the cancellation of revenue, inasmuch as it is highly probable that there will not be a significant reversal of the cumulative gross receipts in the financial statements when the uncertainty regarding the variable cost subsequently disappears.

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

Revenue-based premiums that the Group has associated with retroactive service acquisitions to media agencies are variable costs. Revenue-based discounts determined by the Group through estimation are accounted as "contractual obligation" in the statement of financial position.

The Group offers advertising services for advertising and other products and services. The barter of the goods or services with similar characteristics and value is not defined as income generating transactions while the exchange of the goods or services with different characteristics and value is defined as those that generate income. In order to determine the transaction price related to the contracts where the customers committed to make non-cash payment, the Group measures the non-cash price at fair value. In cases where the fair value of the goods or services obtained cannot be measured reliably, revenue is recognized as the fair value of the goods or services received, including cash and cash equivalents transferred.

The Group records revenue from barter ad sales as based on accrual. The Group's non-published advertising revenue is recognized as "contractual obligation" in the statement of financial position.

If a contract has offered the option of obtaining additional goods or services to the business customer, this option will result in a liability if the customer provides a material right not to be obtained unless the contract is signed by the contracting party. If the option gives the customer a material right, the entitled customer pays in advance for the goods or services that it will receive in the future, and the entity receives the financial statements when the goods or services to be delivered in the future are transferred or the option is terminated. If the stand-alone selling price of the customer's option to purchase additional goods or services cannot be directly observed, the entity determines this through estimation. This estimate reflects the discount that the customer would receive if he/she used the option in question, corrected for both of the following:

(a) a discount that the customer may receive if the customer does not use the option, and
(b) the likelihood of your choice being used.

After the customer receives a prepayment, the entity shall acquire a contractual obligation of prepayment amount in the financial statement in exchange for the obligation to transfer the goods or services in the future or prepare for the prepayment. When the entity realizes the transfer of the goods or services and therefore fulfills the obligation, the contract derives the obligation from the financial statements (and is included as revenue in the financial statements).

The awards given to the dealers and final sellers of the Group are recognized as a contractual obligation in the financial statements as the awards related to the dealership loyalty project are awarded by the customer as a party and cannot be obtained unless they are signed by the contractor. These prizes won under the Dealer Loyalty Project will be deducted from the contractual obligation and used as financial statements in the form of proceeds.

In cases where the Group has collected a customer's consideration and expects to repay part or all of the consideration to the customer in question, the Group takes the restitution obligation in the financial statements. The return obligation is measured at the cost (ie, the amounts not included in the transaction price) or at the price (or receivable) that the entity does not expect to receive. The return obligation (the change in the transaction price and therefore the contract obligation) is updated at the end of each reporting period, taking into account the changes in the terms.

2.2 Summary of significant accounting policies (Continued)

2.2.15 Revenue recognition (Continued)

The Group puts all of the following items into the financial statements in order to account for transfer of the goods and services which may be returned (together with some services provided by registration)

(a) gross receipts for products transferred at the amount that the entity is not entitled to receive (hence the revenue for the products that are expected to be returned is not included in the financial statements)
(b) a restitution obligation and
(c) an asset for which the entity is entitled to recover its products upon the fulfillment of the entity's obligation to return it (and an adjustment to be made in the cost of the sales accordingly).

An asset included in the financial statements within the scope of the right of withdrawal of the products from the customer for the fulfillment of the obligation of return shall be measured firstly from the previous carrying amount of the product, based on the amount to be found after deducting the expenses expected to be made within the scope of the withdrawal of these products. The Group returns the return obligation measurement at the end of each reporting period, reflecting the changes in the expected return amounts, and takes the necessary corrections as revenue (or rebates) financial statements.

The price specified for a goods or service is the selling price of that goods or service. If there are more than one good or services to be transferred to the contract, the Group distributes the transaction price to each performance obligation (or different goods or services) at a rate that indicates the price the customer expects to qualify for the transfer of the goods or services promised. In order to reach the purpose of distribution, the Group distributes the transaction price to each performance obligation determined on the contract at a relative individual selling price. To distribute the transaction price on a per-sale price basis relative to each performance obligation, the Group determines the independent sale price of the different goods or services underlying each performance liability in the contract at the beginning of the contract and distributes the transaction price in proportion to these individual selling prices.

When a party fulfills the contract, the entity presents the contract in the statement of financial position as a contractual asset or contractual obligation, depending on the relationship between the actuation of the entity and the payment of the customer. The entity separately displays unconditional rights for the cost as a receivable.

The Group represents a contractual obligation before the transfer of a good or service to the customer, in the event that the customer has a payment of the price of the customer or the price of the customer unconditionally, on the date when the payment is made or on due date, whichever is sooner. The contractual obligation is the obligation to transfer the goods or services to the customer in exchange for the amount that the entity has collected (or is entitled to collect) from the customer.

The Group presents the contract as a contractual asset, except for the amounts presented as receivables, in the event that the Group fulfills the performance by transferring the goods or services to the customer before the payment is made to. The contract asset is the right of collecting the price for the goods or services transferred to the customer.

The Group recognizes contractual assets and liabilities in the statement of financial position as "contractual asset" and "contractual obligation" in the balance sheet

2.2 Summary of significant accounting policies (Continued)

2.2.16 Profit / (loss) per share

Profit / (loss) per share disclosed in the consolidated statements of income are determined by dividing net profit / (loss) for the period by the weighted average number of shares that have been outstanding during the period concerned (Note 32).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares (Note 32).

2.2.17 Government grants

Government grants are not recognized in the financial statements until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants which are financial assets, should be recognized as deferred revenue in the consolidated statement of financial position rather than recognised in the statement of profit or loss to clarify the expenditure item that is financed and transferred to profit or loss on a systematic and rational basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates (Note 15).

2.2.18 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments without a significant risk over the change in their value, whose maturity at the time of purchase is three months or less (Note 4).

2.2.19 Events after the reporting period

In the case that events requiring a correction to be made occur subsequent to the balance sheet date, the Group makes the necessary corrections to the consolidated financial statements.

In the case that events not requiring a correction to be made occur subsequent to the balance sheet date, those events are disclosed in the notes of consolidated financial statement (Note 37).

2.2 Summary of significant accounting policies (Continued)

2.2.20 Reporting of cash flows

In the statement of cash flows, consolidated cash flows during the period are classified under operating, investing or financing activities.

The cash flows raised from operating activities indicate cash flows due to the Group's operations.

The cash flows due to investing activities indicate the Group cash flows that are used for and obtained from investments (investments in non-current assets and financial investments).

The cash flows due to financing activities indicate the cash obtained from financial arrangements and used in their repayment.

Cash and cash equivalents include cash and bank deposits and the investments that are readily convertible into cash and bears no risk of change in present value and highly liquid with 3 months or less to maturity (Note 4).

2.2.21 Non-current assets held for sale and discontinued operations

Assets held for sale are operations that the Group disposes of or classified as available for sale and cash flows which can be treated as a part separately from the Group. Non-current assets held for sale and discontinued operations represents a separate major line of business or geographical area of operations; is part of single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The Group must evaluate its discontinued operations with the lower of carrying value and fair values less costs to sell.

Discontinued operations are components of an entity that either have been disposed of or represented as a major part of an entity separately from the Group's operations and cash flows. Operating results as of the Group has ceased its control over its disposal groups are presented separately under "discontinued operations" in the consolidated statement of profit or loss. Prior period consolidated statement of profit or loss is restated for comparative purposes and the results of discontinued operations are also classified under the "discontinued operations" account

Cash flows of discontinued operations are presented as a separate line together with the correction of prior period cash flow for discontinued operations.

Gain/ (loss) and tax expense occurring from the sale are included to the results of operations of discontinued operations. Gain/ (loss) amount from the sale is calculated as the difference between the book value of net assets disposed and sales value.

2.2.22 Segment reporting

The chief operating decision maker of the Group is the Executive Committee and /or Board of Directors. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group has selected the geographical segment as the Group's primary segment reporting format based on the risks and returns in geographical areas reflecting the primary source of the enterprise's risks and returns (Note 3).

2.3 Significant Accounting Estimates, Assumptions and Decisions

During the implementation of accounting policies, the management has made the following comments, which have a significant impact on the amounts recognized in the financial statements:

Provision for doubtful receivable

The Group sets aside a doubtful receivable provision for trade receivables if there is an objective finding that there is no possibility of collection. The amount of this provision is the difference between the carrying amount of the receivable and the amount of the recoverable amount. The recoverable amount is the present value of expected cash inflows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the receivable originally formed.

The Group uses a provision matrix to measure expected credit losses for trade receivables. Depending on the number of days in which the maturities of trade receivables are exceeded, certain provision ratios are calculated and the rates are revised in each reporting period and revised where necessary. The change in expected credit loss provisions is accounted under other operating income / expenses in the statement of profit or loss (Note 7, 25, 26).

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary differences. The partially or fully recoverable amount of deferred tax assets is estimated under current conditions.

During the evaluation, future profit projections, current period losses, unused losses and other tax assets' expiration dates and tax planning strategies that may be used are taken into consideration. In the light of the data obtained, if the future taxable profit of the Company is not sufficient to cover all the deferred tax assets, provision is booked for all or part of the deferred tax asset.

Valuation of investment properties

The Company recognizes its investment properties at fair value and the fair values of these assets are determined by the independent valuation institutions authorized by the Capital Markets Board and are taken as the carrying value in the statement of financial position. The fair values of investment properties include significant assumptions and estimates based on the valuation method used and the inputs and assumptions in the valuation model.

Valuation of land and building

The Company recognizes its land and buildings at fair value, and the fair values of these assets are determined by independent valuation institutions authorized by the Capital Markets Board and are taken as the carrying value in the statement of financial position. The fair values of land and buildings include significant assumptions and estimates based on the valuation method used and the inputs and assumptions in the valuation model.

Provision for employee termination benefits

The present value of the provision for employment termination benefits is determined on an actuarial basis by using certain assumptions. These assumptions are used to determine the net expense (income) of the provision for employee termination and include the discount rate. Any change in the aforementioned assumptions affects the carrying amount of the provision for employee termination. The end of period employee termination benefits and actuarial calculations are performed by a third-party actuary company.

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

NOTE 3 – SEGMENT REPORTING

a) Segment analysis for the period between 1 January –31 December 2019:

	Turkey	Russia and EE (*)	Europe	Total
Sales	277,785,168	12,531,166	67,118,384	357,434,718
Cost of sales (-)	(239,238,720)	(8,256,575)	(67,356,722)	(314,852,017)
Gross profit/(loss)	**38,546,448**	**4,274,591**	**(238,338)**	**42,582,701**
Marketing expenses (-)	(61,366,454)	(93,184)	-	(61,459,638)
Losses from investments accounted by the equity method (-)	(1,716,208)	-	-	(1,716,208)
Net segment result	**(24,536,214)**	**4,181,407**	**(238,338)**	**(20,593,145)**
General administrative expenses (-)				(70,214,362)
Other operating income				72,077,828
Other operating expenses (-)				(34,722,219)
Finance expenses (-)				(27,967,356)
Income from investing activities				36,458,635
Expense from investing activities (-)				(5,965,735)
Profit (loss) before tax from continuing operations				**(50,926,354)**
Tax income (expense) for the period				(769,939)
Deferred tax income (expense)				(964,760)
Profit (loss) for the period from continuing operations				**(52,661,053)**

(*) The information related to the discontinued operations in Russia and EE and the financial investments classified as assets held for sale is disclosed in Note 31.

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

NOTE 3 – SEGMENT REPORTING (Continued)

b) Segment analysis for the period between 1 January –31 December 2018:

	Turkey	**Russia and EE (*)**	**Europe**	**Total**
Sales	364,693,060	11,501,395	45,868,814	422,063,269
Cost of sales (-)	(254,546,852)	(7,417,220)	(43,903,800)	(305,867,872)
Gross profit/(loss)	**110,146,208**	**4,084,175**	**1,965,014**	**116,195,397**
Marketing expenses (-)	(82,916,101)	(97,158)	-	(83,013,259)
Losses from investments accounted by the equity method (-)	(4,651,220)	-	-	(4,651,220)
Net segment result	**22,578,887**	**3,987,017**	**1,965,014**	**28,530,918**
General administrative expenses (-)				(78,098,808)
Other operating income				49,412,722
Other operating expenses (-)				(40,687,121)
Finance expenses (-)				(33,090,834)
Income from investing activities				390,489,483
Expense from investing activities (-)				(6,030,200)
Profit (loss) before tax from continuing operations				**310,526,160**
Tax income (expense) for the period				(20,703,195)
Deferred tax income (expense)				568,864
Profit (loss) for the period from continuing operations				**290,391,829**

(*) The information related to the discontinued operations in Russia and EE and the financial investments classified as assets held for sale is disclosed in Note 31.

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

NOTE 3 – SEGMENT REPORTING (Continued)

c) Segment assets:

	31 December 2019	31 December 2018
Turkey	809,697,757	785,041,897
Russia and EE	6,760,387	5,191,593
Europe	74,733,957	62,717,620
	891,192,101	**852,951,110**
Unallocated assets	3,022,291	16,737,590
Investments accounted by the equity method (Note 11)	2,693,603	4,479,950
Total assets per consolidated financial statements	**896,907,995**	**874,168,650**

d) Segment liabilities

	31 December 2019	31 December 2018
Turkey	94,563,814	101,727,757
Russia and EE	7,287,387	3,547,858
Europe	20,191,018	15,213,872
	122,042,219	**120,489,487**
Unallocated liabilities	120,285,477	113,515,604
Total liabilities per consolidated financial statements	**242,327,696**	**234,005,091**

e) Purchase and depreciation and amortization of property, plant and equipment, intangible assets and investment property:

Purchase of property, plant and equipment, intangible assets and investment property:

	1 January- 31 December 2019	1 January- 31 December 2018
Turkey	26,377,367	28,640,686
Russia and EE	930,959	356,730
Europe	342,194	13,546
Total	**27,650,520**	**29,010,962**

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

NOTE 3 – SEGMENT REPORTING (Continued)

Depreciation and amortization charges:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Turkey	17,283,568	19,004,628
Russia and EE	156,879	87,763
Europe	2,959,947	991,624
Total	**20,400,394**	**20,084,015**

There is not any depreciation and amortization charge into non-current assets classified as assets held for sale (31 December 2018: TRY 561,147).

f) Non-cash other income and expenses:

	1 January – 31 December 2019			
	Turkey	**Russia and EE (*)**	**Europe**	**Total**
Provision for impairment of tangible assets (Note 12)	20,280,009	-	-	20,280,009
Provision of employee termination benefit and unused vacation (Note 18)	(12,793,112)	-	-	(12,793,112)
Provision for doubtful receivables (Note 7)	(4,130,301)	2,711	-	(4,127,590)
Provision of legal claims (Note 16)	(6,107,073)	-	-	(6,107,073)
Provision of inventory (Note 10)	(575,784)	-	-	(575,784)
	(3,326,261)	**2,711**	**-**	**(3,323,550)**

	1 January – 31 December 2018			
	Turkey	**Russia and EE (*)**	**Europe**	**Total**
Provision for impairment of tangible assets (Note 14, 29)	(665,309)	-	(159,374)	(824,683)
Fair value adjustment of investment property (Note 12)	17,005,620	(1,189,162)	-	15,816,458
Provision of employee termination benefit and unused vacation (Note 18)	(9,098,282)	-	-	(9,098,282)
Provision for doubtful receivables (Note 7)	(15,974,679)	(44,360)	-	(16,019,039)
Provision of legal claims (Note 16)	(2,099,682)	-	-	(2,099,682)
Provision of inventory (Note 10)	(598,287)	-	-	(598,287)
	(11,430,619)	**(1,233,522)**	**(159,374)**	**(12,823,515)**

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

NOTE 3 – SEGMENT REPORTING (Continued)

g) Disclosures related to discontinued operations:

Discontinuing the operation of digital platform of Russia and EE

In accordance with the Board of Directors decision dated 22 November 2017 of Pronto Media Holding, which is located in Russia, as the indirect subsidiary of Trader Media East Ltd, of which the Group owns 97.29% shares, the Group decided to discontinue the operations of digital platforms within its body, due to the intensity of the competition in the operating market and the lack of operational performance and classified such operations as "discontinued operations. The impairment losses due to discontinued operations recognized under "Discontinued Operations" in the statement of profit or loss. Information related to discontinued operations are disclosed in Note 31.

NOTE 4 –CASH AND CASH EQUIVALENT

The details of cash and cash equivalents at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cash	1,694,381	1,883,731
Banks		
- time deposits	8,609,959	10,711,355
- demand deposits	3,852,157	44,272,810
Total	**14,156,497**	**56,867,896**

Cash and cash equivalents included in the consolidated statements of cash flows as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cash and banks	14,156,497	56,867,896
Total	**14,156,497**	**56,867,896**

The maturity analysis of time deposits is as follows:

	31 December 2019	31 December 2018
0-1 months	8,609,959	10,711,355
	8,609,959	**10,711,355**

The weighted average interest rate for TRY time deposits is 9.17 % as of 31 December 2019 (31 December 2018: 18.84 %) and it is fixed. Group has no time deposit in USD as of 31 December 2019 (31 December 2018: None).

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

NOTE 5 –FINANCIAL INVESTMENTS

Short-term financial investments:

Details of restricted bank balances at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Restricted bank balances	68,478	72,133
Total	**68,478**	**72,133**

Long-term financial investments:

The details of financial assets whose fair value are recognised in the other comprehensive income at 31 December 2019 and 2018 are as follows:

	Share (%)	31 December 2019	Share (%)	31 December 2018
Coats İplik Sanayi A.Ş.	0.50	257,850	0.50	257,850
Other	<1	56,073	<1	56,073
Total		**313,923**		**313,923**

NOTE 6 – SHORT TERM AND LONG-TERM BORROWINGS

The details of financial liabilities at 31 December 2019 and 2018 are as follows:

Short-term borrowings:	**31 December 2019**	**31 December 2018**
Short-term bank borrowings	-	67,887
Short-term lease liabilities	6,296,218	-
	6,296,218	**67,887**
Short term portion of long-term financial liabilities	11,713,065	15,582,708
Total	**18,009,283**	**15,650,595**

Long-term borrowings:	**31 December 2019**	**31 December 2018**
Long-term bank borrowings	-	11,733,333
Long-term lease liabilities	11,998,580	-
Total	**11,998,580**	**11,733,333**

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

NOTE 6 – SHORT TERM AND LONG-TERM BORROWINGS (Continued)

Bank borrowings:

The details of bank borrowings at 31 December 2019 and2018 are as follows:

	Effective interest rate (%)		Original currency		TRY	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Short-term bank borrowings						
- Euro	-	5.00	-	11,262	-	67,887
Sub-total					**-**	**67,887**
Short-term portion of long-term bank borrowings						
- TL	28.00	28.00	11,713,065	15,582,708	11,713,065	15,582,708
Sub-total					**11,713,065**	**15,582,708**
Total short-term bank borrowings					**11,713,065**	**15,650,595**
Long-term bank borrowings:						
- TL	-	28.00	-	11,733,333	-	11,733,333
Total long-term bank borrowings					-	**11,733,333**

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

NOTE 6 – SHORT TERM AND LONG-TERM BORROWINGS (Continued)

The repayment schedules of long-term bank borrowings are as follows:

Year	**31 December 2019**	**31 December 2018**
2020	-	11,733,333
Total	**-**	**11,733,333**

The sensitivity of the Group's borrowings to interest rate changes and the contractual repricing dates at balance sheet dates are as follows:

Period	**31 December 2019**	**31 December 2018**
Up to 6 months	7,801,954	7,828,373
6-12 months	3,911,111	7,822,222
1 – 5 years	-	11,733,333
Total	**11,713,065**	**27,383,928**

Carrying value of the financial liabilities is considered to approximate to their fair value since discount effect is not significant.

Group borrows loans on fixed interest rate. Distribution of fixed interest rate loans are presented in Note 34.1 (I).

As of 31 December 2019, the Group has no bank borrowings with floating interest rates (31 December 2018: None).

Net financial debt distribution

Net debt distribution as of 31 December 2019 and 2018 is as follows:

	31 December 2019	**31 December 2018**
Cash and cash equivalents	14,156,497	56,867,896
Borrowings - due within one year	(11,713,065)	(15,650,595)
Borrowings - due after one year	-	(11,733,333)
	2,443,432	**29,483,968**

2019	**Borrowings due within one year**	**Borrowings due more than one year**	**Total**
Financial borrowings as at 1 January	15,650,595	11,733,333	27,383,928
Cash flow effect	(3,911,111)	(11,733,333)	(15,644,444)
Other non-cash items	(26,419)	-	(26,419)
Financial borrowings as at 31 December	**11,713,065**	**-**	**11,713,065**

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

NOTE 6 – SHORT TERM AND LONG-TERM BORROWINGS (Continued)

2018	**Borrowings due within one year**	**Borrowings due more than one year**	**Total**
Financial borrowings as at 1 January	111,689,993	150,478,785	262,168,778
Cash flow effect	(107,415,083)	(138,745,452)	(246,160,535)
Currency translation differences	11,437,421	-	11,437,421
Other non-cash items	(61,736)	-	(61,736)
Financial borrowings as at 31 December	**15,650,595**	**11,733,333**	**27,383,928**

NOTE 7 – TRADE RECEIVABLEAND PAYABLES

Short-term trade receivables net-off of unearned finance income at 31 December 2019 and 2018 are as follows:

Short-term receivables from third parties:

	31 December 2019	**31 December 2018**
Trade receivables	148,387,934	166,410,199
Credit cards receivables	2,016,613	3,262,996
Notes receivable and cheques	2,040,057	6,883,518
Income accruals	393,601	1,001,388
Unearned finance income due from term sales	(705,324)	(2,240,276)
Less: Provision for doubtful receivables	(76,092,473)	(72,137,632)
Total	**76,040,408**	**103,180,193**

According to a revocable factoring agreement signed with Doruk Faktoring, trade receivables resulting from advertisements, amounting to TRY 60,358,393 (31 December 2018: TRY 80,054,333) are followed up by Doruk Faktoring. The Group has not transferred the risk of default of the receivables mentioned above and has continued to recognize its balance sheet. These receivables are related to commercial advertisements and classified ads. Weighted average maturity of the Group's sales followed up by Doruk Factoring is 61 days (31 December 2018: 63 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Faktoring is TRY 413,488 (31 December 2018: TRY 1,614,905) and the compound interest rate is 10.85% per annum (31 December 2018: 23.44%). The rate used in this method and determined on the basis of compound interest is called "effective interest rate"; the aforementioned rate has been determined taking into consideration the data of The Central Bank of the Republic of Turkey.

As of 31 December 2019, and 31 December 2018 the average maturity days of trade receivables that are not followed by Doruk Faktoring are less than 3 months.

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

NOTE 7 – TRADE RECEIVABLEAND PAYABLES (Continued)

The movements of provision for doubtful receivables are as follows:

	2019	**2018**
1 January	**(72,137,632)**	**(64,405,568)**
The opening effect of TFRS 9 (*)	-	(3,727,090)
Reporting	**(72,137,632)**	**(68,132,658)**
Additions during the period	(4,127,590)	(16,019,039)
Sale of subsidiary	-	6,410,789
Collections and reversals during the period	1,838,679	5,950,512
Expected credit loss	-	43,518
Collections and provisions related to assets held for sale and discontinued operations	-	(741,472)
Currency translation differences	(1,665,930)	350,718
31 December	**(76,092,473)**	**(72,137,632)**

(*) The effect of TFRS 9 amounting to TRY 1,961,036 on doubtful receivable is related to the sale of Glokal.

Short term trade payables to third parties:

Trade payables at 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
Short-term trade payables and notes payable	36,637,721	50,473,258
Expense accruals	577,809	1,456,270
Unrealized financial expenses due to term purchases	(319,781)	(1,039,379)
Total	**36,895,749**	**50,890,149**

As of 31 December 2019, average turnover date of Group's trade payables is 43 days (31 December 2018: 37 days). As of 31 December 2019, unrealized financial expense due to term purchases is TRY 319,781 (31 December 2018: TRY 1,039,379) and the compound interest rate is 10.85% per annum (31 December 2018: 22.44%).The compound interest used in the calculations are defined as the "effective interest rate"; the rate has been determined taking into consideration of data of The Central Bank of the Republic of Turkey.

Explanations about the nature and level of risks related to trade receivable and payables are provided in Note 34.

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

NOTE 8 – OTHER RECEIVABLE AND PAYABLES

Other short-term receivables from third parties:

Other short-term receivables at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Due from personnel	1,619,171	2,437,464
Other receivables related to sale of investment property	1,718,307	1,401,333
Deposits and guarantees given	446,292	488,012
Total	**3,783,770**	**4,326,809**

Other long-term receivables at 31 December 2019 and 2018 are as follows:

Other long-term receivables from third parties:

	31 December 2019	31 December 2018
Deposits and guarantees given (1)	7,829,659	5,363,176
Total	**7,829,659**	**5,363,176**

(1) Deposits and guarantees given consist of the deposits given for electricity and guarantees given for lawsuits.

Other short-term payables at 31 December 2019 and 2018 are as follows:

Short-term other payables to third parties:

	31 December 2019	31 December 2018
Taxes payable	3,520,120	3,779,885
Deposits and guarantees received	778,255	822,951
Other payables	510,161	53,738
Total	**4,808,536**	**4,656,574**

NOTE 9 – PAYABLES REGARDING BENEFITS PROVIDED TO EMPLOYEES

Payables stemming from employee benefits as of 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Social security premiums	2,638,872	2,278,110
Due to personnel	482,257	715,049
Total	**3,121,129**	**2,993,159**

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

NOTE 10 – INVENTORIES

	31 December 2019	31 December 2018
Raw materials and supplies	13,536,619	13,000,213
Finished and commercial goods and spare parts	5,919,270	7,052,521
Promotion materials [1]	1,083,659	1,853,236
	20,539,548	**21,905,970**
Provision for impairment of inventory (-)	(4,574,633)	(4,378,886)
Total	**15,964,915**	**17,527,084**

[1] Promotion materials include promotion materials such as books, CDs and DVDs provided to readers.

Provision for impairment of promotion inventories, raw materials and supplies and finished goods and merchandise goods amounting to TRY 4,574,633 (31 December 2018: TRY 4,378,886) and their movement during the period are as follows:

Movement of provision for inventory impairment

	2019	2018
1 January	**(4.378.886)**	**(3.958.180)**
Provision for promotion inventories	(257,781)	(220,459)
Reversal of provision for promotion materials	201,856	48,135
Provision for raw materials and supplies	(318.003)	(377,828)
Reversal of provision for raw materials and supplies	178.181	129,446
31 December	**(4,574,633)**	**(4,378,886)**

NOTE 11 – INVESTMENT ACCOUNTED BY EQUITY METHOD

As of 31 December 2019, and 2018, the corresponding portion of associate's and joint venture's current assets, non-current assets, short-term and long-term liabilities and shareholders' equity, which are consolidated with the equity method in accordance with TFRS 11 are as follows:

Associate	31 December 2019 percentage of shares, directly or indirectly owned by Hürriyet and its Subsidiaries (%)	31 December 2018 percentage of shares, directly or indirectly owned by Hürriyet and its Subsidiaries (%)
Demirören Media	42.42	42.42

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

NOTE 11 – INVESTMENT ACCOUNTED BY EQUITY METHOD (Continued)

The summary of Group's share of the financial statements of the investments accounted by the equity method at 31 December 2019 and 2018 is as follows:

1 January - 31 December 2019	**Total assets**	**Total liabilities**	**Net assets**	**Net sales**	**Net loss for the period**
Demirören Media	10,994,170	8,300,567	2,693,603	20,068,376	(1,716,208)
	10,994,170	**8,300,567**	**2,693,603**	**20,068,376**	**(1,716,208)**

1 January - 31 December 2018	**Total assets**	**Total liabilities**	**Net assets**	**Net sales**	**Net loss for the period**
Demirören Media	9,214,707	4,734,757	4,479,950	5,420,466	(4,651,220)
	9,214,707	**4,734,757**	**4,479,950**	**5,420,466**	**(4,651,220)**

The investment accounted by the equity method as of 31 December 2019 and 2018 is as follows:

	Share (%)	**31 December 2019**	**Share (%)**	**31 December 2018**
Demirören Media	42.42	2.693.603	42.42	4.479.950
		2.693.603		**4.479.950**

The summary of Group's share in the financial statements of the investments accounted by the equity method at 31 December 2019 and 2018 is as follows:

	2019	**2018**
1 January	**4,479,950**	**7,124,215**
Loss from associates	(1,716,208)	(4,651,220)
Currency translation differences	(70,139)	2,006,955
31 December	**2,693,603**	**4,479,950**

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

NOTE 12 – INVESTMENT PROPERTY

The movements in investment property as of 31 December 2019 and 2018 are as follows:

	Lands	Buildings (1)	Total
1 January 2019	**140,102,067**	**57,363,574**	**197,465,641**
Additions	-	1,432,226	1,432,226
Disposal	-	(15,177,000)	(15,177,000)
Change in fair value adjustment (Note 27, 28)	15,240,624	5,039,385	20,280,009
Transfer (2)	(53,435,352)	(17,201,513)	(70,636,865)
31 December 2019	**101,907,339**	**31,456,672**	**133,364,011**

	Lands	Buildings (1)	Total
1 January 2018	**120,218,265**	**52,261,081**	**172,479,346**
Additions	-	14,258,355	14,258,355
Disposal	-	(5,230,000)	(5,230,000)
Change in fair value adjustment (Note 27, 28)	19,883,802	(4,067,344)	15,816,458
Currency translation difference	-	141,482	141,482
31 December 2018	**140,102,067**	**57,363,574**	**197,465,641**

(1) Disposal and additions due to the sale of the investment properties occurred via barter agreement.

(2) Properties that were recognised as investment properties in prior periods, have been transferred to tangible assets due to the change in their usage.

As of 31 December 2019, mortgages have been established on the land and building, amounting to TRY 83.175.117, classified as investment property in the consolidated financial position (31 December 2018: TRY 146,496,537).

The Group's rent income from investment properties amounted to TRY 4,116,101 as of 31 December 2019 (31 December 2018: TRY 4,328,078). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 279,606 (31 December 2018: TRY 210,827).

The information and fair value hierarchy level classification of lands and buildings are as follows 31 December 2019 and 2018:

		Fair value as at reporting date		
	31 December 2019	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	101,907,339	-	101,907,339	-
Building	31,456,672	-	31,456,672	-

NOTE 12 – INVESTMENT PROPERTY (Continued)

		Fair value as at reporting date		
	31 December 2018	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	140,102,067	-	140,102,067	-
Building	57,363,574	-	57,363,574	-

Investment properties of the Group, have been valued by the CMB licensed Real Estate Appraisal Companies using the market comparison analysis approach, cost approach and direct capitalization approach methods. As a result, it was determined that the values calculated from different approaches is similar and consistent with the market comparison method and value has been determined according to the market comparison method. Real Estate Appraisal Companies are authorized by CMB and provide property valuation appraisal services in accordance with the capital markets legislation and have sufficient experience and qualifications regarding the fair value measurement of the real estate in related regions.

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2019 are as follows:

	1 January 2019	Currency Transition Differences	Additions	Disposals	Transfers [1]	Fair Value Adjustment	31 December 2019
Cost							
Land and land improvements	176,847,456	1,645,066	-	-	53,435,352	74,735,734	306,663,608
Buildings	60,695,465	2,302,219	50,332	-	17,200,588	16,885,903	97,134,507
Machinery and equipment	634,317,471	14,472,771	1,580,697	(203,513)	-	-	650,167,426
Motor vehicles	920,142	-		-	-	-	920,142
Furnitures and fixtures	44,758,396	586,687	1,308,759	(690,951)	-	-	45,962,891
Leasehold improvements	14,525,123	-	131,613	-	-	-	14,656,736
Operational lease assets	-	-	22,354,541	-	-	-	22,354,541
Other tangible assets	4,096,588	427,015	81,759	-	-	-	4,605,362
Construction in progress	3,866,795	2,796	663,673	-	(4,533,264)	-	-
	940,027,436	**19,436,554**	**26,171,374**	**(894,464)**	**66,102,676**	**91,621,637**	**1,142,465,213**
Accumulated amortization							
Machinery and equipment	(612,063,654)	(14,378,253)	(8,277,851)	203,715	-	-	(634,516,043)
Motor vehicles	(581,161)	-	(148,607)	-	-	-	(729,768)
Furnitures and fixtures	(40,886,193)	(613,575)	(1,671,004)	577,148	-	-	(42,593,624)
Leasehold improvements	(10,223,189)	-	(1,149,227)	-	-	-	(11,372,416)
Operational lease assets	-	-	(4,965,601)	-	-	-	(4,965,601)
Other tangible assets	(2,696,676)	(297,218)	(391,960)	-	-	-	(3,385,854)
	(666,450,873)	**(15,289,046)**	**(16,604,250)**	**780,863**	**-**	**-**	**(697,563,306)**
Net book value	**273,576,563**						**444,901,907**

[1] Properties that were recognised as investment properties in prior periods, have been transferred to tangible assets due to the change in their usage.

At 31 December 2019, there are mortgages on land and building classified under property, plant and equipment amounting to TRY 231,824,883 (31 December 2018: TRY 168,349,487).

At 31 December 2019 depreciation expense amounting to TRY 8,312,095 (31 December 2018: TRY 10,433,885) is accounted under cost of sales (Note 22), amounting to TRY 8,292,155 (31 December 2018: TRY 3,279,329) is accounted under marketing and general administrative expenses (Note 23). As of 31 December 2019, there is not any depreciation expense is classified to discontinued operations (31 December 2018: TRY 56,388).

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2018 are as follows:

	1 January 2018	Currency transition differences	Additions	Disposals	Transfers	Fair Value Adjustments (2)	Disposal of subsidiary (1)	31 December 2018
Cost								
Land and land improvements	159,445,990	3,667,756	-	(3,859,353)	-	17,593,063	-	176,847,456
Buildings	46,321,552	4,322,758	586,119	-	-	9,465,036	-	60,695,465
Machinery and equipment	604,411,584	34,842,124	1,222,317	(6,110,628)	-	-	(47,926)	634,317,471
Motor vehicles	6,877,448	-	-	(5,957,306)	-	-	-	920,142
Furnitures and fixtures	43,551,743	1,280,074	1,776,349	(522,509)	-	-	(1,327,261)	44,758,396
Leasehold improvements	14,250,572	-	1,022,197	-	-	-	(747,646)	14,525,123
Other tangible assets	3,057,957	1,025,115	13,516	-	-	-	-	4,096,588
Construction in progress	2,558,748	4,590	1,873,605	-	(570,148)	-	-	3,866,795
	880,475,594	**45,142,417**	**6,494,103**	**(16,449,796)**	**(570,148)**	**27,058,099**	**(2,122,833)**	**940,027,436**
Accumulated amortization								
Buildings	(1,877)	1,877	-	-	-	-	-	-
Machinery and equipment	(574,117,072)	(34,284,939)	(9,647,888)	5,955,215	-	-	31,030	(612,063,654)
Motor vehicles	(2,599,977)	-	(467,819)	2,486,635	-	-	-	(581,161)
Furnitures and fixtures	(38,575,655)	(1,165,988)	(2,284,124)	413,960	-	-	725,614	(40,886,193)
Leasehold improvements	(9,942,741)	-	(1,013,366)	-	-	-	732,918	(10,223,189)
Other tangible assets	(1,736,657)	(603,614)	(356,405)	-	-	-	-	(2,696,676)
	(626,973,979)	**(36,052,664)**	**(13,769,602)**	**8,855,810**	**-**	**-**	**1,489,562**	**(666,450,873)**
Net book value	**253,501,615**						**(633,271)**	**273,576,563**

(1) As explained in Note 31, the Group's subsidiary Glokal has been sold to Glocal Invest BV on 14 May2018by the decision of the Group Parent Company dated on 6 April 2018

(2) Amounting to TRY 824,683 of related balance has been accounted under expense from investing activities as impairment (Note 28) whereas amounting to TRY 27,882,782 of related balance has been accounted for in the other comprehensive income

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

NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2019 are as follows:

	1 January 2019	Currency Transition Differences	Additions	Disposals	Transfers	31 December 2019
Cost						
Trade names and licenses	50,830,995	(82,239)	15,000	-	-	50,763,756
Customer list	361,869,275	(2,290,840)	-	-	-	359,578,435
Computer software and rights	101,451,788	(618,217)	31,920	(30,000)	-	100,835,491
Internet domain names	7,467,610	-	-	-	-	7,467,610
Other intangible assets	12,709,838	-	-	(664,689)	4,533,264	16,559,351
	534,329,506	**(2,991,296)**	**46,920**	**(694,689)**	**4,533,264**	**535,204,643**
Accumulated amortization						
Trade names and licenses	(48,217,652)	230,252	(90,817)	-	-	(48,078,217)
Customer list	(361,869,275)	2,290,840	-	-	-	(359,578,435)
Computer software and rights	(96,978,495)	760,699	(1,507,018)	75,075	-	(97,649,739)
Internet domain names	(7,467,610)	-	-	-	-	(7,467,610)
Other intangible assets	(7,842,365)	-	(2,198,309)	697,017	-	(9,343,657)
	(522,375,397)	**3,281,791**	**(3,796,144)**	**772,092**	**-**	**(522,117,658)**
Net book value	**11,954,109**					**13,086,985**

Amortization expense amounting to TRY 1,900,352 has been included in cost of sales (Note 22) (31 December 2018: TRY 4,425,183) and TRY 1,895,792 in marketing and general administrative expenses as of 31 December 2019 (Note 23) (31 December 2018: TRY 1,384,471). As of 31 December 2019, there is not any depreciation expense is classified to discontinued operations (31 December 2018: TRY 504,759).

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NOTE 14 – INTANGIBLE ASSETS (Continued)

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2018 are as follows:

	1 January 2018	Currency Transition Differences	Additions	Disposals [2]	Transfers	Fair Value adjustment [4]	Provision for impairment classified to discontinued operations [3]	31 December 2018
Cost								
Trade names and licenses	44,153,511	11,135,517	-	-	-	(4,458,033)	-	50,830,995
Customer list	260,233,900	101,635,375	-	-	-	-	-	361,869,275
Computer software and rights	75,737,317	26,824,676	2,332,269	-	-	-	(3,442,474)	101,451,788
Internet domain names	15,789,329	5,795,475	-	(14,117,194)	-	-	-	7,467,610
Other intangible assets [1]	8,531,625	-	5,926,235	-	570,148	-	(2,318,170)	12,709,838
	404,445,682	**145,391,043**	**8,258,504**	**(14,117,194)**	**570,148**	**(4,458,033)**	**(5,760,644)**	**534,329,506**
Accumulated amortization								
Trade names and licenses	(38,832,743)	(9,369,680)	(15,229)	-	-	-	-	(48,217,652)
Customer list	(260,233,900)	(101,635,375)	-	-	-	-	-	(361,869,275)
Computer software and rights	(70,444,928)	(26,747,311)	(1,961,943)	-	-	-	2,175,687	(96,978,495)
Internet domain names	(12,921,283)	(5,294,212)	-	10,747,885	-	-	-	(7,467,610)
Other intangible assets	(3,735,495)	-	(4,337,241)	-	-	-	230,371	(7,842,365)
	(386,168,349)	**(143,046,578)**	**(6,314,413)**	**10,747,885**	**-**	**-**	**2,406,058**	**(522,375,397)**
Net book value	**18,277,333**						**(3,354,586)**	**11,954,109**

[1] As of 31 December 2018, website development costs amounting to TRY 1,500,783 were capitalized under "other intangible assets" and amortized on a straight-line basis over their useful life (31 December 2018: TRY 3,328,090).
[2] The disposal is related to the sale of website and traffic of Job.ru in the result of discontinuing the digital activities in Russia and EE region.
[3] As explained in Note 31, assets of Glokal, the Group's subsidiary, have been transferred to assets classified as held for sale by the Group with the decision dated 6 April 2018.
[4] As explained in Note 2.2.8, The Group has reviewed the carrying amount of its intangible assets and has accounted the impairment for under the discontinued operations (Note 31).

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NOTE 15 – GOVERNMENTGRANTS

The Group benefits under the scope of the social security institution and income tax, %5 of employer share promotion (Law no: 5510), employer share promotion (Law no: 5746), incentive of the minimum wage (Law no: 6661), disabled insured (Law no: 4857), priority provinces social security institution stock (Law no: 46486) and R&D income tax (Law no : 5746) are amounting to TRY 3,162,478 (31 December 2018: TRY 3,721,001).

NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2019, and 2018, short-term provisions are as follows:

Other short-term provisions:

Provisions:	**31 December 2019**	**31 December 2018**
Provisions for lawsuit and compensation	9,092,050	6,549,847
Provision for promotion	-	190,959
Total	**9,092,050**	**6,740,806**

The lawsuits against the Group are amounted to TRY 12,270,306 (31 December 2018: TRY 11,103,709).The Group recognises provision related to cases when there is a legal or valid liability resulting from past event and it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimation can be made of the amount of the obligation. As a result of these analysis, as of 31 December 2019 the Group has set a provision of TRY 9,092,050 for lawsuits (31 December 2018: TRY 6,549,847) but not sure about the payment maturity for the litigation.

As at 31 December 2019 and 2018, ongoing lawsuits against the Group are as follows:

	31 December 2019	**31 December 2018**
Legal lawsuits	8,037,837	9,959,404
Labor lawsuits	4,162,469	1,124,305
Commercial lawsuits	70,000	20,000
Total	**12,270,306**	**11,103,709**

Legal lawsuits

	2019	**2018**
1 January	**6,549,847**	**5,928,728**
Additions during the period	6,107,073	2,099,682
Payments related to provisions and compensation	(2,523,410)	(206,020)
Provision reversed	(1,105,594)	(947,444)
Additions related to discontinued operations	-	(421,666)
Currency translation differences	64,134	96,567
Total	**9,092,050**	**6,549,847**

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

NOTE 17 – COMMITMENTS

The Group's collaterals/pledge/mortgage ("CPM") position as of 31 December 2019 and 2018 are as follows:

	31 December 2019		31 December 2018	
	Foreign Currency	**TRY Equivalent**	**Foreign Currency**	**TRY Equivalent**
A. CPM's given in the name of its own legal personality				
-Collaterals				
TRY	2,544,204	2,544,204	2,661,793	2,661,793
-Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	166,265	25,000	150,700
-Mortgage				
US Dollar	2,500,000	14,850,500	2,500,000	13,152,250
B. Total amount of CPM's give on behalf of the fully consolidated companies [1]				
-Commitments				
TRY	357,505	357,505	3,092,505	3,092,505
US Dollar	2,500,000	14,850,500	2,500,000	13,152,250
Euro	-	-	-	-
C. Total amount of CPM's give on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM's give	-	-	-	-
Total		**32,972,911**		**32,413,435**

[1] Commitments given regarding to the borrowings obtained for the main operations of the Group, that are intended to meet various financial needs of subsidiaries

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

NOTE 17 – COMMITMENTS (Continued)

CPM's given by the Group

As given in the table below, there are no CPM's given to third parties. Commitments and contingencies which the management does not expect significant losses or liabilities are as follows:

As explained Note 21, shares belonging to the main shareholder of the Company were purchased by Demirören Media on 16 May 2018. Lenders have the right to place mortgages and pledges on the assets of the Company in the context of shareholder purchase agreement. There is no mortgage or pledge by the lender as of the reporting date

Commitments and contingencies which the management does not expect significant losses or liabilities are as follows:

Barter agreements:

The Group, as a common practice in the media sector, enters into barter agreements which involve the exchange of goods or services without cash collections or payments. As of 31 December 2019, the Group has unused publication of advertisements commitment amounting to TRY 6,088,118 (31 December 2018: TRY 5,703,480) within these barter contracts. The Group has TRY 1,829,584 amounted receivables as of 31 December 2019 (31 December 2018: TRY 2,747,675) which were invoiced and recognized to financial statements but not yet goods or services were received.

NOTE 18 – PROVISION FOR EMPLOYEEBENEFITS

Provision long-term provisions for employment termination benefits at 31 December 2019 and 2018 are as follows:

Provision for unused vacation

Movements of provisions for unused vacation rights during the periods ended 31 December 2019 and 2018 are as follows:

	2019	**2018**
1 January	**14,164,860**	**13,381,264**
Additions during the period	4,425,166	2,127,678
Payments related to provisions	(1,594,860)	(1,204,583)
Sale of subsidiary (Note 31)	-	(389,042)
Currency translation differences	153,094	249,543
31 December	**17,148,260**	**14,164,860**

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

NOTE 18 – PROVISION FOR EMPLOYEEBENEFITS (Continued)

Long-term provisions for employment termination benefits:

	31 December 2019	31 December 2018
Provision for employment termination benefits	52,358,307	45,317,176
Total	**52,358,307**	**45,317,176**

Except the legal requirements other than Turkey in which the Group operates, there are no pension plans and benefits.

Under the Turkish Labour 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. The maximum amount payable equals to one month of salary is TRY 6,379.86 as of 31 December 2019 (31 December 2018: TRY 5,434.42) for each year of service. In employee termination benefits provision calculation Group has taken into consideration the ceiling amount TRY 6,730.15 which is effective from 1 January 2020 (31 December 2018: TRY 6,017.60 effective from 1 January 2019).

On the other hand, the Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated due to any cause in accordance with the regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days' salary for each year of service. Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement probability of the employees of the Group.

TAS 19 Employee Benefits, requires companies to compute their liabilities by developing actuarial assumptions within defined benefit plans. According to the report prepared by Actuarial firm in order to calculate total liability, the assumptions below are used:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement probability of the employees.

Discount rate is applied as 11.70% (1) (31 December 2018: 16.00%), inflation rate applied as 7.90% (2) (31 December 2018: 11.30%) and rate of increase in wages applied as 7.90% (31 December 2018: 11.30%) in the calculation.

(1) The discount rate used in the calculation of severance payment is determined as 16.00% which is 10 years long term government bond's compound interest rate.

(2) The maximum range of inflation rate which is declared in 2019 report of Central Bank of Turkey has been used in retirement payment provision calculation.

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

NOTE 18 – PROVISION FOR EMPLOYEEBENEFITS (Continued)

Long-term provisions for employment termination benefits (Continued):

Age of retirement is based on considering the Company's historical operating data and taken as the average age of retirement from the Group.

The movements in provision for employment termination benefits during the periods ended at 31 December 2019 and 2018 are as follows:

	2019	2018
1 January	**45,317,176**	**46,184,398**
Actuarial gain / (loss)	3,127,772	3,174,955
Service cost during the period	1,171,609	3,024,927
Interest cost during the period	7,196,337	3,945,677
Payments and reversal of provisions during the period	(4,454,587)	(10,414,323)
Decrease related to sale of subsidiary (Note 31)	-	(598,458)
31 December	**52,358,307**	**45,317,176**

NOTE 19 – PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses at 31 December 2019 and 2018 are as follows:

Short-term prepaid expenses:

	31 December 2019	31 December 2018
Short term prepaid expenses (1)	8,153,511	4,291,302
Total	**8,153,511**	**4,291,302**

(1) Prepaid expenses mostly consist of the prepaid rents and insurance expenses.

Short-term deferred revenue:

	31 December 2019	31 December 2018
Contract liabilities (1)	10,632,026	10,205,032
Government incentives	84,663	255,291
Total	**10,716,689**	**10,460,323**

(1) The contractual obligations consist of sales of services, order advances received and sales return provision.

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

NOTE 19 – PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long-term deferred revenue:

	31 December 2019	31 December 2018
Contract liabilities [1]	195,105	901,525
Total	**195,105**	**901,525**

[1] The contractual obligations consist of the sale of service and the order advances received.

NOTE 20 – OTHER ASSETS AND LIABILITIES

Other Current Assets

Other current assets at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Prepaid taxes and funds	230,511	14,527,229
Advances given to personnel	638,523	830,537
Value added tax ("VAT") receivables	469,868	243,527
Other current assets	394,340	292,696
Total	**1,733,242**	**15,893,989**

Other Non-Current Assets:

	31 December 2019	31 December 2018
Advances given to personnel	277,705	317,705
Total	**277,705**	**317,705**

Other short-term liabilities

Other short-term liabilities at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Other miscellaneous liabilities [1]	24,689,718	35,166,801
Total	**24,689,718**	**35,166,801**

[1] As of 31 December 2019, TRY 24,394,779 of other short-term liabilities consists of prepayments made based on revocable factoring transactions. TRY 9,493,209 of the related balance has been paid as finance expense (Note 29).

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

NOTE 21 – EQUITY

The Company adopted the registered share capital system and set a ceiling on its registered share capital representing registered type shares with a nominal value of TRY1. There are no privileged shares. The Company's historical authorized and paid-in share capital at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Registered share capital	800,000,000	800,000,000
Paid-in share capital	592,000,000	592,000,000

The Companies in Turkey may exceed the limit for registered share capital in case of issuance of free capital shares to existing shareholders.

Doğan Şirketler Grubu Holding A.Ş., which has 552,000,000 units of shares registered by Central Securities Depository of Turkey, representing 77.67% of the issued capital of Hürriyet, has transferred to Demirören Medya. On May 16, 2018 the share transfer was completed with the extraordinary meeting held on 6 June 2018. As a result of this transaction, Demirören Media became the main shareholder of the Company. The ultimate shareholder of the Company is the Demirören Family.

In addition, in accordance with the decision of the Board of Directors dated November 19, 2018, the issued capital of the Company is TRY 552,000,000 divided into 552,000,000 shares, each having a nominal value of TRY1,00 in the registered capital ceiling of TRY 800,000,000to be increased by TRY 40,000,000 (7.24%) to TRY592,000,000 and the issuance certificate for the capital increase was decided by the Capital Markets Board dated 13 December 2018 and numbered 63/1446 approved. On 21 December 2018, the capital increase transaction was completed and registered on 15 January 2019 by the Istanbul Trade Registry Office.

Shareholders	31 December 2019	Share (%)	31 December 2018	Share (%)
Demirören Medya	468,732,788	79.18	468,732,788	79.18
Other shareholders (BİAŞ ve other shareholders)	123,267,212	20.82	123,267,212	20.82
Issued share capital	**592,000,000**	**100.00**	**592,000,000**	**100.00**
Adjustment to share capital	77,198,813		77,198,813	
Total	**669,198,813**	**100.00**	**669,198,813**	**100.00**

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 31/1059 30 October 2014 and Resolution No. 21/655 issued on 23 July 2010, it is regarded that 16.54% of the shares are in circulaton in accordance with CSD as of 31 December 2019 (31 December 2018: 20.81%) (Note 1). Shares in circulation rate is 16.37% as of reporting date

Adjustment to share capital represents the difference between balances which restatement effect of cash contributions to share capital equivalent purchasing power and balance before the inflation adjustment calculated.

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

NOTE 21 – EQUITY (Continued)

Premiums / (discounts) on shares

The share premium of public offering represents the difference between the nominal amount and the sales amount.

	31 December 2019	31 December 2018
Premium / (discounts) on shares	76,944	76,944
Total	**76,944**	**76,944**

Restricted reserves

Restricted reserves are reserved from the prior period profit due to legal or contractual obligations or for certain purposes other than the profit distribution (for example, to obtain the tax advantage of gain on sale of associates). Restricted reserves are in the scope of solo legal records in accordance with Turkish Commercial Code and Tax Procedure Law.

The legal reserves are appropriated out in accordance with the Article 519 of Turkish Commercial Code (TCC) and are used according to the procedures specified in this Article. Related amounts have to be classified in "Restricted Reserves" (except for inflation differences) in accordance with TAS.

In accordance with TAS, The Company's restricted reserves amounting to TRY 117,176,268 as of 31 December 2019 (31 December 2018: TRY 101,083,330) consist of legal reserves and gain on sale of real estate and affiliates and R&D incentive grant

Restricted reserves	31 December 2019	31 December 2018
Gain on sale of real estate (1)	56,728,014	56,728,014
General legal reserves (2)	59,265,973	43,516,081
Gain on sale of subsidiary	683,990	683,990
R&D incentive grant (3)	498,291	155,245
Total	**117,176,268**	**101,083,330**

(1) With the decision taken by the Group management, the real estate profit with the amount of TRY 86,647,154 occurred in statutory records from the gain of warehouse sale in Trabzon, sale of lands located in Gaziemir, Izmir and Esenyurt, Istanbul in 2014, gain from sale of investment property in AnkaraCinnah in 2016 and gain of land sale in Muğla Milas and Bağcılar, Istanbul in 2017, amounting to TRY 56,728,014 of total amount that benefits from the exemption referred to in Article 5-1/e of the Corporate Tax Law will not be involved in allocation of profits forperiods 1 January 2014 -31 December 2014, 1 January 2016 - 31 December 2016 and 1 January 2017 - 31 December 2017 in compliance with the Tax Legislation, Capital Market Legislation and any other fiscal legislations, and will be deposited in a special fund account in liabilities.

(2) In 2019, Group has classified the amount of TRY 15,749,882 from the profits of the period 2018 as General Legal Reserve.

(3) In the scope of R&D incentives under the Law No. 5746, it consists of grant support received to a special fund account which is not subject to profit distribution in legal records.

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

NOTE 21 – EQUITY (Continued)

Restricted reserves (Continued)

Accumulated other comprehensive income/(expenses)that will not be reclassified in profit and loss

Other comprehensive income/(expenses)occurred from the gain or losses based on revaluation and measurement and which are not to be reclassified in profit or loss, are related with the defined benefit plans and summarized below:

	31 December 2019	**31 December 2018**
Gain/(loss) from revaluation of property	294,701,211	212,241,738
Remeasurement gain (loss) in defined benefit plans	(23,594,600)	(21,093,944)
Total	**271,106,611**	**191,147,794**

Gain/(Loss) from revaluation of property

The Group management has started the revaluation method for the land and buildings that are classified into property, plant and equipment and investment properties. The revaluation fund presents the difference between the net book value on a cost basis after the deduction of deferred tax effect and the fair value of building and land.

Real estates recognised as property, plant and equipment in prior periods, can be transferred to investment property due to change in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. For that reason, valuation reports were taken as of 31 December 2019 and the effects of revaluation was accounted under revaluation fund.

The increase of TRY 294,701,211 in the fair value assessment for financial period of 31 December 2019 for consolidated financial statement has accounted under a shareholders' securities value increase fund under equity after its tax effect (31 December 2018: TRY 212,241,738).

Remeasurement gain/ (loss) in defined benefit plans

The employee termination benefit provision is calculated according to the value of the benefits that the Group is liable for with today's monetary value. The Group has accounted all the actuarial loss and gains regarding employee terminations under the other comprehensive income statement as other income and other expense. The value for reassessed estimation differences accounted under equity is TRY 23,594,600 (31 December 2018: TRY 21,093,944)

Accumulated other comprehensive income and (expenses) that will be reclassified in profit and loss

	31 December 2019	**31 December 2018**
Currency translation differences	64,537,704	80,374,527
Total	**64,537,704**	**80,374,527**

NOTE 21 – EQUITY (Continued)

Restricted reserves (Continued)

Gain / (loss) from cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and protected as financial derivatives of future cash flows are recognized directly in equity and in the inactive portion of profit or loss statement.

Capital Reserves and Retained Earnings

Subsequent to the first inflation adjusted financial statements, equity items such as; "Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves" are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity.

Based on the declaration of CMB, "Paid-in Capital", "Restricted reserves appropriated from profit" and "Share Premiums" is required to present by their amounts in statutory accounts. Differences arising from inflation adjustments:

"If the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital" following "Paid-in Capital";
"If the difference is due to the inflation adjustment of Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings". Other equity items shall be carried at the amounts valued in accordance with TAS Standards";

Capital adjustment differences can only be included to capital.

Dividend distribution

The Group takes dividend distribution decision in General Assembly by taking into account Turkish Commercial Code (TCC), Capital Markets Law (CMB) and Capital Market Regulations, Corporate Tax, Income Tax, other relevant legislations and relevant legislations of the Articles of Association of the Company and "Dividend Distribution Policy". The principles of dividend distribution are determined by Dividend Distribution Policy.

On the other hand,

a) In first adoption of TFRS, retained earnings resulted from redrafting of comparative financial statements in line with regulations,
b) "Equity inflation adjustment differences" resulting from restricted reserves without any record preventing dividend distribution,
c) Retained earnings resulting from first adoption of inflation adjustments, can be distributed to the shareholders as dividend.

Besides, in case "Equity Effect Related to the Share Purchase" account is in the consolidated financial statement of equity, aforementioned account item is not considered as discount or premium item while calculating the net distributable profit.

Disclosure of net profit after deducting accumulated losses in records, which are prepared in accordance with tax legislations of companies' and Uniform Chart of Accounts published by T.C. Ministry of Finance, and other resources which may be subject to profit distribution in the financial statements has been decided by CBM and as of balance sheet date, total net amount that can be subject to profit distribution according to legal records is TRY 416,659,426 (31 December 2018: TRY 337,148,639).

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

NOTE 22 – SALES AND COST OF SALES

Sales

The detail of sales for the years ended 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Advertising revenue	158,272,678	227,320,909
Circulation and publishing sales	167,235,254	165,849,776
Other	31,926,786	28,892,584
Net sales	**357,434,718**	**422,063,269**
Cost of sales (-)	(314,852,017)	(305,867,872)
Gross profit (loss)	**42,582,701**	**116,195,397**

	Printing Media 1 January- 31 December 2019	Digital Media 1 January- 31 December 2019	Printing Media 1 January- 31 December 2018	Digital Media 1 January- 31 December 2018
Domestic	229,623,021	48,162,147	297,006,392	67,686,668
Foreign	67,118,384	12,531,166	45,868,814	11,501,395
Total sales	**296,741,405**	**60,693,313**	**342,875,206**	**79,188,063**
Performance Obligations				
Circulation sales	133,515,975	-	121,576,078	-
Subcontracted printing sales	33,719,279	-	44,273,698	-
Advertising sales	110,110,531	48,162,147	159,634,241	67,686,668
Other sales	19,395,620	12,531,166	17,391,189	11,501,395
	296,741,405	**60,693,313**	**342,875,206**	**79,188,063**
Fulfillment of the performance obligations				
In time	186,630,874	12,531,166	183,240,965	11,501,395
At a specific moment in time	110,110,531	48,162,147	159,634,241	67,686,668
	296,741,405	**60,693,313**	**342,875,206**	**79,188,063**

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

NOTE 22 – SALES AND COST OF SALES (Continued)

Cost of Sales

The details of cost of sales for the periods ended 31 December 2019 and 2018 are as follows:

	1 January-31 December 2019	**1 January-31 December 2018**
Raw material	(136,554,610)	(134,741,330)
Paper	*(79,172,693)*	*(91,389,168)*
Printing and ink	*(29,894,173)*	*(32,160,826)*
Other	*(27,487,744)*	*(11,191,336)*
Personnel expenses	(119,683,744)	*(107,218,222)*
Depreciation Expenses (Note 13,14)	(10,295,856)	*(14,859,068)*
Agency expenses	(9,881,882)	*(9,551,426)*
Distribution, storage and travel expenses	(5,695,629)	*(6,319,951)*
Fuel, electricity, water and office expenses	(6,569,980)	*(4,583,490)*
Outsourced services	(3,181,831)	*(3,200,529)*
Communication expenses	(3,245,356)	*(3,157,677)*
Maintenance and repair expenses	(3,199,074)	*(2,991,373)*
Rent expenses	(1,301,080)	*(2,479,566)*
Packaging expenses	(1,744,006)	*(2,324,367)*
Other	(13,498,969)	(14,440,873)
Total	**(314,852,017)**	**(305,867,872)**

NOTE 23 – GENERAL ADMINISTRATIVEANDMARKETING EXPENSES

a) General administrative expenses

	1 January-31 December 2019	**1 January-31 December 2018**
Personnel expenses	(24,313,636)	(30,240,918)
Consultancy expenses	(9,758,503)	(10,900,385)
Rent expenses	(5,734,754)	(10,168,384)
Maintenance and repair expenses	(5,056,000)	(5,687,951)
Fuel, electricity, water and office expenses	(5,489,189)	(4,848,967)
Depreciation and amortization charges (Note 13, 14)	(8,588,441)	(4,363,603)
Outsourced services	(2,942,386)	(3,263,251)
Transportation, storage and travel expenses	(1,899,403)	(2,244,894)
Tax expenses	(1,982,507)	(2,015,951)
Other	(4,449,543)	(4,364,504)
Total	**(70,214,362)**	**(78,098,808)**

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

NOTE 23 – GENERAL ADMINISTRATIVEANDMARKETING EXPENSES (Continued)

b) Marketing expenses

	1 January- 31 December 2019	1 January- 31 December 2018
Personnel expenses	(20,493,436)	(28,117,857)
Transportation, storage and travel expenses	(12,484,757)	(21,525,526)
Advertisement expenses	(16,308,225)	(16,456,709)
Promotion expenses	(1,709,106)	(5,447,780)
Sponsorship and other marketing expenses	(3,506,982)	(4,774,929)
Consultancy expenses	(2,888,444)	(3,512,224)
Outsourced services	(2,469,181)	(2,878,037)
Depreciation and amortization charges (Note 13, 14)	(1,599,507)	(300,197)
Total	**(61,459,638)**	**(83,013,259)**

NOTE 24 – EXPENSES BY NATURE

	1 January- 31 December 2019	1 January- 31 December 2018
Payroll expenses	(164,490,816)	(165,576,997)
Depreciation and amortization charges	(20,400,395)	(19,522,868)
Total	**(184,891,211)**	**(185,099,865)**

NOTE 25 – OTHER OPERATING INCOME

The details of other operating income for the periods ended at 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Foreign exchange gains	34,710,511	28,134,055
Finance income due from term sales	24,130,994	9,217,744
Income due from doubtful trade receivables (Note 7)	1,838,679	5,950,512
Interest income on bank deposits	847,270	1,842,697
Unrealized finance expense due from term purchases	34,041	1,767,830
Reversal of provisions (Note 16)	3,629,004	1,153,464
Other	6,887,329	1,346,420
Total	**72,077,828**	**49,412,722**

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

NOTE 26 – OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended at 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Provision expense for doubtful receivables (Note 7)	(4,127,590)	(15,975,521)
Foreign exchange loses	(20,970,004)	(15,065,595)
Fines and compensation expense	(2,349,649)	(2,409,858)
Provision for lawsuits (Note 16)	(6,107,073)	(2,099,682)
Unrealized finance income due from term sales	1,145,665	(547,161)
Aids and donations	(133,263)	(279,953)
Other	(2,180,305)	(4,309,351)
Total	**(34,722,219)**	**(40,687,121)**

NOTE 27 – INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Gain on sale of subsidiary	-	294,939,894
Foreign exchange and other gains (1)	9,623,841	52,316,415
Gain on change in fair value of investment properties (Note 12)	20,433,009	17,120,957
Interest income from investing activities (2)	1,715,546	14,266,866
Gain on sale of financial investment	-	5,898,243
Rent income (Note 12)	4,116,101	4,328,078
Gain on sale of tangible assets and investment properties	570,138	1,617,830
Dividend income from financial investments	-	1,200
Total	**36,458,635**	**390,489,483**

(1) TRY 9,625,987 (Note 33) of the related balance is due to the valuation of the receivables of the Group from Demirören Media (31 December 2018: TRY 52,293,649).

(2) It includes the interest income stemming from the receivable from Demirören Media (Note 33).

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

NOTE 28 – EXPENSES FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Expenses related to investment properties	(303,336)	(3,446,505)
Provision for impairment of investment properties (Note 12)	(153,000)	(1,304,499)
Provision for impairment of tangible assets (Note 13)	-	(824,683)
Loss on the sale of tangible asset and investment properties	(5,504,399)	(454,103)
Other	(5,000)	(410)
Total	**(5,965,735)**	**(6,030,200)**

NOTE 29 – FINANCIAL INCOME / EXPENSES

The details of financial expenses for the periods ended at 31 December 2019 and 2018 are as follows:

	1 January- 31 December 2019	1 January- 31 December 2018
Interest expense on bank loan	(17,120,548)	(17,725,053)
Foreign exchange income/(losses), net	(377,727)	(3,944,806)
Loan commission, bank costs and factoring expense	(364,584)	(423,816)
Other (1)	(10,104,497)	(10,997,159)
Total	**(27,967,356)**	**(33,090,834)**

(1) As explained in Note 20, TRY 9,493,209 of related balance consists of financing payment due to prepayments received by Group based on revocable factoring transactions (31 December 2018: TRY 10,340,743).

NOTE 30 – INCOME TAXES

Assets related to current period tax:

	31 December 2019	31 December 2018
Corporate and income tax payable	769,939	20,703,195
Less: Prepaid taxes	(600,741)	(20,175,903)
Current income tax liabilities	**169,198**	**527,292**

Turkish tax legislation does not permit a parent company and its subsidiaries and associates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

The details of the effective tax laws in countries which Group has significant operations are stated below:

NOTE 30 – INCOME TAXES (Continued)

Turkey:

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Law on the Amendment of Certain Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22% (2018:22%). Therefore, deferred tax assets and liabilities as of 31 December 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (gain from associates' exemption, investment allowances etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, having representative office in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

Corporations are required to calculate advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is to be declared by the 14th day of the second month following each calendar quarter end and 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. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No: 5024 "Law Related to Changes in Tax Procedure Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, the income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of the Turkish Lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (TURKSTAT WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment has not been applied as these conditions were not fulfilled since 2005.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax authorities can review accounting records within five years and if they determine any errors on the accounting records, tax payable can be reassessed.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods. As publicly disclosed on 19 April 2011, the Company plans to make use of the requirements set out in relation to "Tax Base Increase" in Law No: 6111 "Restructuring of some receivables and Social Security and General Health Insurance Law and Other Law Amending Certain Laws and Decrees"; therefore, 50% of losses attributable to the periods that are subject to tax base increase will not be offset against the income to be obtained in 2010 and subsequent periods.

NOTE 30 – INCOME TAXES (Continued)

There are numerous exemptions in the Corporate Income Tax Law. This is one of the exceptions to the Company are described below:

Exemption for participation in subsidiaries:

Dividend income from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

Issued premiums exemption:

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for participation into foreign subsidiaries:

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (minimum corporate income tax applicable like in Turkey for those whose principal activity is finance assurance or insurance).

Exemption for sale of participation shares and property:

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and %50 of gains derived from sale of real property which have remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in liabilities and it must not be withdrawn from the entity for a period of 5 years. The sales consideration should be collected until the end of the second calendar year following the year the sale was realized.

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2018: 20%). This rate can be reduced according to special tax incentives (Special economic zones, investors entering private investment contract, regional incentive programs etc.).

Russian tax year is the calendar year and other fiscal year ends are not permitted. Profit tax is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice. Tax returns are filed till the 28th of March, following the close of the financial year.

The amendments introduce changes to the requirements on utilization of tax losses carried forward in the Russian Tax Code. In 2017-2020, taxable profits of any given year may be reduced by accumulated tax losses carried forward by no more than 50%. Additionally, tax losses may now be carried forward realized after 2007 for an unlimited period, not for 10 years maximum as was the case previously. The Group is evaluating the possible effects of new tax regulations.

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

NOTE 30 – INCOME TAXES (Continued)

Russian Federation (Continued)

Tax refunds are technically possible but are very difficult to obtain in practice. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Russia at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

In Russian Federation the tax regulations are subject to various comments and change frequently. Regarding to TME's operations the interpretation of tax regulations by tax authorities may differ from the management.

Belarus

The corporate tax rate effective in Belarus is 18% (2018: 18%).

The tax period is the calendar year. Profit tax is calculated as progressive total. Advance payments are made quarterly, on the basis of either the previous year results or expected current year profits. The annual corporate tax declaration is due by 20 March of the following year. Tax loss carry forward is not allowed to reduce taxable profits. Tax refunds are possible. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Belarus at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 12%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty. The Belarus tax regulations change frequently.

The tax rates at 31 December 2018, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	**Taxes Rate (%)**
Germany	28
Belarus	18
Russia	20
Netherland	25

Deferred Tax

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for Financial Reporting Standards announced by Public Oversight Authority and financial statements prepared in accordance with the tax legislation. These differences usually stem from the income and expense to be accounted in different period because of the difference between Financial Reporting Standards announced by Public Oversight Authority and Tax legislation.

Deferred taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in coming years under the liability method using tax rates enacted at the balance sheet dates.

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

NOTE 30 – INCOME TAXES (Continued)

Deferred Tax (Continued)

Deferred tax assets and liabilities are presented in net in the consolidated financial statements of the Group, since they are presented in net in the financial statements of subsidiaries and joint ventures, which are each individual tax payers. Temporary differences deferred tax assets and deferred tax liabilities at the table below are presented based on gross amounts.

	31 December 2019	31 December 2018
Deferred tax liabilities	(29,804,588)	(19,381,541)
Deferred tax assets	2,321,912	1,966,834
Deferred tax liabilities, net	**(27,482,676)**	**(17,414,707)**

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 31 December 2019 and 31 December 2018 are as follows:

	Total temporary differences		Deferred tax assets / (liabilities)	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Provision for employee termination benefits and unused vacation right	67,753,205	58,663,450	14,905,705	12,905,959
Difference between tax base an carrying value of trade receivables	33,258,509	35,240,250	7,316,872	7,752,855
Deferred income	3,531,291	3,429,868	776,884	754,569
Operational assets reclassification (IFRS 16)	1,528,760	-	336,327	-
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(311,134,498)	(216,666,897)	(38,897,301)	(29,092,972)
Investment properties fair value differences	(154,824,944)	(136,003,536)	(15,565,199)	(11,967,870)
Other, net	16,900,717	10,676,298	3,644,036	2,232,752
Total	**(342,986,960)**	**(244,660,567)**	**(27,482,676)**	**(17,414,707)**

As of 31 December 2019, carryforward tax losses for which deferred tax asset was not recognized amounted to TRY 352,177,102 (31 December 2018: TRY 348,616,132).

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

NOTE 30 – INCOME TAXES (Continued)

The maturity analysis of carry forward tax losses utilized is as follows:

Maturity of financial losses:

	31 December 2019	31 December 2018
2019	-	512,814
2020	-	-
2021	219,368	658,104
2022	2,064,086	2,371,057
2023	2,721,035	2,468,566
Indefinite (*)	347,172,613	342,605,591
Total	**352,177,102**	**348,616,132**

(*) Under the new tax regulations in Russia, the 10-year time limit for companies to carry past year's losses in the following periods has been cancelled.

The movements of net deferred tax liabilities for the periods ended 31 December 2019 and 2018 are as follows:

1 January	**(17,414,707)**	**(14,752,295)**
The opening effect of TFRS 9		819,961
Reported	**(17,414,707)**	**(13,932,334)**
Deferred tax income in consolidated statement of income	(964,760)	568,864
Accounted in equity	(8,535,048)	(2,962,999)
Currency translation differences	(671,475)	(1,219,484)
Tax effect of sale of subsidiary (Note 31)	103,314	131,246
31 December	**(27,482,676)**	**(17,414,707)**

The analysis of the tax expense/(income) for the periods ended at 31 December 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Current tax income/(expense)	(769,939)	(20,703,195)
Deferred tax income/(expense)	(964,760)	568,864
Total	**(1,734,699)**	**(20,134,331)**

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

NOTE 30 – INCOME TAXES (Continued)

The reconciliation of the current period tax expense in the consolidated statement of profit or loss for the periods ended at 31 December 2019 and 2018 and consolidated tax and the tax (income)/expense calculated with the current tax rate over income before tax and non-controlling interests are as follows

	1 January- 31 December 2019	**1 January- 31 December 2018**
Profit/(loss) before taxes and non-controlling interests [1]	(47,717,595)	288,511,746
Current period tax calculated at the effective tax rates of countries	10,497,871	(63,472,584)
Expenses not deductible for tax purposes	(65,388)	(905,621)
Effect of adjustments and carryforward tax losses that are not subject to deferred tax	(10,423,724)	(12,573,464)
Effects of discontinued operations and sale of subsidiary	-	131,246
Exemptions [2]	-	54,182,359
Other	(1,743,458)	2,503,733
Tax income/(expense)	**(1,734,699)**	**(20,134,331)**

[1] Comprised from total of tax losses of continuing and discontinued operation
[2] Comprised from the exemptions used during to the sale of Group's subsidiary, Glokal

NOTE 31 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS

a) *Discontinuing the digital operation in Russia and EE*

The Board of Directors of Pronto Media Holding which is located in Russia as the indirect subsidiary of Trader Media East Ltd. that owned by 97.29% by the Group, has decided to discontinue the digital operating in its territory on 22 November 2017 due to the operational performance below the desired level. In accordance with the decision, digital operations under Pronto Media Holding are classified as "Discontinued Operations". The impairment losses due to discontinued operations are recognized under "Discontinued Operations" in the statement of profit/loss.

	1 January- 31 December 2019	**1 January- 31 December 2018**
Sales	4,056,861	3,380,900
Cost of sales (-)	(1,988,100)	(1,996,882)
General administrative and marketing expense	(4,414,501)	(4,626,721)
Other operating income (expense), net	306,332	(2,128,638)
Finance expense, net	5,276,415	(13,596,455)
Expenses from investing activities, net	(316)	(4,528,588)
Loss before tax from discontinued operations for the period	**3,236,691**	**(23,496,384)**
Deferred tax income	(27,932)	-
Loss from the discontinued operation for the period	**3,208,759**	**(23,496,384)**

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

NOTE 31 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS (Continued)

a) *Discontinuing the digital operation in Russia and EE (Continued)*

The Group may derecognize its operations abroad in the form of sales, liquidation, repayment of capital or partial or complete abandonment of the entity. A reduction in the carrying amount of an overseas entity will not result in a partial elimination because of its own loss or impairment recognized by the investor. Therefore, any gain or loss on exchange rate differences recognized in other comprehensive income is not reclassified to profit or loss when the impairment loss is recognized.

The Group has monetary liabilities and receivables arising from foreign operations that are not part of the net investment in the foreign operations during the current period. Exchange differences arising from these transactions are recognized in equity under currency translation differences in the Consolidated Financial Statements and will be reflected profit or loss during sale or wholly liquidation of the net investment.

b) Assets classified as held for sale

Sale of subsidiary

Doğan Holding has decided to start necessary actions at the meeting as of 6 April 2018 and numbered 2018/14 in order to transfer Hurriyat's share which consists of 10,274,043 unit, covering 92%of paid-in capital, at Glokal to the Doğan Holding or its direct or indirect subsidiaries and has given the management necessary authority.

As of 31 March 2018, the assets of Glokal have been classified in the assets as held for sale whereas its liabilities have been categorized into the liabilities directly associated with assets classified as held for sale. Additionally, the results of Glokal have been classified as "Discontinued Operations". With the same decision, Doruk Faktoring, financial investment of the Group, has been transferred to assets classified as held for sale.

On 14 May 2018, the Group sold Glokal and its subsidiaries to Glocal Invest BV for USD 76,251,213 (TRY 330,000,000). The details of the assets subject to sale are given in the below.

	14 May 2018
Cash and cash equivalents	21,584,738
Trade receivables	31,725,222
Other receivables	141,610
Contract assets	529,040
Inventories	99,541
Prepaid expense	1,391,334
Other current assets	1,872,639
Tangible assets	633,271
Intangible assets	3,354,586
Deferred tax assets	653,313
Assets classified as held for sale	**61,985,294**

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

NOTE 31 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS (Continued)

b) Assets classified as held for sale (Continued)

	14 May 2018
Trade payables	12,489,491
Employee benefit payables	1,950,053
Other payables	522,042
Deferred income	10,578,027
Short term provisions	389,042
Other short-term liabilities	293,415
Long-term provisions for employment benefits	598,458
Liabilities directly associated with assets classified as held for sale	**26,820,528**
Net assets subject to sale	**35,164,766**

	1 January-14 May 2018
Sales	21,979,204
Cost of sales (-)	(3,010,770)
General administrative and marketing expenses	(17,843,063)
Other operating income (expense) from main operations, net	918,436
Financial expenses, net	(565,466)
Income (expense) from investing activities, net	3,629
Profit before tax from discontinued operations for the period	**1,481,970**
Deferred tax income	131,246
Profit from discontinued operations for the period	**1,613,216**

	14 May 2018
Sales amount	330,000,000
Net book value	(35,164,766)
Non-controlling interest	104,660
Gain on sale of subsidiary (Note 27)	**294,939,894**

Sale of financial investment

Doğan Holding has decided to start necessary actions at the meeting as of 6 April 2018 and numbered 2018/14 in order to transfer Hürriyet's share which consists of 2,044,076 unit, covering 5.11% of paid-in capital at Doruk Factoring to the Doğan Holding or a subsidiary of Doğan Holding and give necessary authority to the management within that context.

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

NOTE 31 – ASSETS CLASSIFIED AS HELD FOR SALE AND DISCOUNTINUED OPERATIONS (Continued)

b) Assets classified as held for sale (Continued)

In the consolidated financial statements prepared as of 31 March 2018, Doruk Factoring has been transferred to assets classified as held for sale. On 10 May 2018, the Group sold all of its shares in Doruk Factoring to Doğan Holding amounting to USD 1,620,888 (TRY6,928,140).

	10 May 2018
Sales amount	6.928.140
Net book value	(1.029.897)
Gain on sale of financial investment (Note 27)	**5.898.243**

DİPNOT 32 – EARNING PER SHARE

Loss per share as of 31 December 2019 and 2018 is as follows:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Net loss for attributable to equity holders of parent company	**(49,397,250)**	**269,368,228**
Number of ordinary shares in issue (with nominal value of TRY 1 each)	592,000,000	555,333,333
Loss from continuing operations attributable to equity holders of parent company	**(0.0834)**	**0.4851**

NOTE 33 –RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

	31 December 2019	**31 December 2018**
Demirören Reklam ve Yatırım A. Ş. (1)	37,667,010	29,788,304
Milliyet Gazetecilik ve Yayıncılık A.Ş. (5)	19,949,336	5,403,867
Demirören TV Holding A.Ş. (4)	11,005,086	4,522,327
Demirören Media (3)	9,951,184	3,725,870
Demirören Gazetecilik A.Ş. (2)	7,708,974	13,137,527
Demirören Teknoloji A.Ş.	1,355,763	672,013
Other	3,703,580	1,998,420
	91,340,933	**59,248,328**

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

NOTE 33 – RELATED PARTY DISCLOSURES (Continued)

(1) The balance is arising from sales of digital advertising to Demirören İnternet through websites. The Company's trade registry name "Doğan İnternet Yayıncılığı ve Yatırım A.Ş." has been changed as "Demirören Reklam ve Yatırım A.Ş." due to the change in parent company during 2019.
(2) Receivable arising from printing newspapers of Demirören Gazetecilik in the Group's printing houses. The Company's trade registry name "Doğan Gazetecilik A.Ş." has been changed as "Demirören Gazetecilik A.Ş." due to the change in parent companyduring2018.
(3) The balance arising from printing of newspaper of Demirören Media in Hürriyet Frankfurt Facility and advertisement given.
(4) The balance arising from expenses invoiced to Hürriyet Gazetecilik ve Matbaacılık A.Ş. which reflects Demirören TV Holding because Hürriyet shares the same building with Demirören TV Holding. The Company's trade registry name "Doğan TV Holding A.Ş." has been changed as "Demirören TV Holding A.Ş." due to the change in parent company during 2018.
(5) The balance arising from the printing of newspapers owned by Demirören Gazetecilik in Group's printing facilities and reflection of the expense related to common area usage to Milliyet.

b) Short term payables to related parties:

	31 December 2019	31 December 2018
Trade payables to related parties		
Demirören Media [(1)]	16,251,060	11,885,698
DTV Haber ve Görsel Yayıncılık A.Ş.	2,575,955	-
Demirören Holding A.Ş.	1,873,719	-
Demirören Medya Yatırımları A.Ş.	1,861,723	-
Eko TV Televizyon ve Radyo Yayıncılık A.Ş.	183,263	247,981
Demirören TV Digital Platform İşletmeciliği A.Ş.	58,910	392,632
Demirören Haber Ajansı A.Ş. [(2)]	-	2,611,011
Other	515,874	283,635
Total	**23,320,504**	**15,420,957**

(1) The amounts paid by Demirören Media in return for the printing of Demirören Media newspapers at the facilities of Hürriyet Frankfurt Germany.
(2) The balance consists of the Group's news service purchases. The Company's trade registry name "Doğan Haber Ajansı A.Ş." has been changed as "Demirören Haber Ajansı A.Ş" due to the change in parent company during 2018.

c) Other receivables from related parties:

	31 December 2019	31 December 2018
Other short-term receivables from related parties		
Demirören Medya Yatırımları A.Ş. ("Demirören Medya") [(1)]	80,876,536	117,323,015
Total	**80,876,536**	**117,323,015**

(1) Consist of receivables that the Group will receive from its parent company related to the sale of its subsidiaries. The Company has assigned these receivables to its main shareholder Demirören Medya with regard to the sales contract between Doğan Holding and Demirören Media. Notes receivables from Demirören Media are taken for the collection of related receivables, as the late interest rate is charged, the amount does not discount.

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

NOTE 33 – RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 December 2019 and 2018 are as follows:

d) Significant service and product sales to related parties:

	1 January- 31 December 2019	1 January- 31 December 2018
Demirören Reklam ve Yatırım A. Ş. (1)	45,788,220	35,426,322
Demirören Gazetecilik A.Ş. (2)	26,237,307	30,719,082
Milliyet Gazetecilik Yayıncılık A.Ş.	3,433,882	1,275,110
Demirören TV Holding A.Ş.	2,799,407	909,535
DTV Haber ve Görsel Yayıncılık A.Ş. (Yelda Haber)	1,833,200	544,989
Demirören Medya Yatırımları A.Ş.	1,453,852	-
Doruk Televizyon ve Radyo Yayıncılık A.Ş.	1,059,191	379,344
Demirören Teknoloji A.Ş.	765,090	-
Demirören Dağıtım Satış Pazarlama Matbaacılık (3) Ödeme Aracılık ve Tahsilat Sis. A.Ş.	458,967	106,126,181
Doğan Şirketler Grubu Holding Companies	-	880,629
Other	1,174,034	3,397,052
Total	**85,003,150**	**179,658,244**

(1) The sales of internet advertisements of the Group are carried out through Demirören İnternet.
(2) The newspapers owned by Demirören Gazetecilik are printed in the Group's printing facilities.
(3) The Group sells of daily newspapers to Demirören Dağıtım.

e) Significant service and product purchases from related parties:

	1 January- 31 December 2019	1 January- 31 December 2018
Demirören Medya Yatırımları A.Ş.	6,183,209	-
Demirören Teknoloji A.Ş.	5,639,290	-
Demirören Haber Ajansı A.Ş. (1)	5,567,242	6,713,524
Demirören Gazetecilik A. Ş. (3)	4,593,898	4,773,600
Demirören Reklam ve Yatırım A. Ş. (2)	3,820,450	3,797,945
Demirören Holding A.Ş.	2,675,367	-
Milliyet Gazetecilik Yayıncılık A.Ş.	1,830,837	247,196
Demirören TV Digital Platform İşletmeciliği A.Ş.	1,560,269	1,266,708
DTV Haber ve Görsel Yayıncılık A.Ş. (Yelda Haber)	1,316,509	293,921
Total Oil Türkiye A.Ş.	1,183,011	722,323
Demirören Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sis. A.Ş.	222,145	24,101,279
Doğan Şirketler Grubu Holding Companies	-	22,766,036
Other	1,189,413	1,209,292
Total	**35,781,640**	**65,891,824**

(1) The Group purchases agency service.
(2) The Group purchases internet advertising and infrastructure service.
(3) The balance is arising from rent, and security expenses related with building, which is used as Group headquarter.

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

NOTE 33 – RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued)

f) Other income from related parties:

	1 January- 31 December 2019	1 January- 31 December 2018
Demirören TV Holding A. Ş.	5,904,325	-
Milliyet Gazetecilik Yayıncılık A.Ş.	2,672,148	-
Demirören TV Digital Platform İşletmeciliği A.Ş.	2,065,932	-
Demirören Gazetecilik A. Ş.	1,837,059	-
Demirören Teknoloji A.Ş.	963,647	-
Demirören Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sis. A.Ş.	784,348	-
Demirören Haber Ajansı A.Ş.	716,513	-
Demirören Medya Yatırımları A. Ş.	496,224	14,266,866
Other	1,430,042	1,327,910
Total	**16,870,238**	**15,594,776**

As of 31 December 2019, amounting to TRY 16,870,238 of other income which totally amounts to TRY 563,799 consists of rent income which Hürriyet received from the Group companies (1 January - 31 December 2018: TRY 1,327,910).

Financial expense:	1 January- 31 December 2019	1 January- 31 December 2018
Demirören Haber Ajansı A.Ş.	302,845	-
Demirören TV Digital Platform İşletmeciliği A.Ş.	29,836	-
Demirören Gazetecilik	-	311,721
Doğan Şirketler Grubu Holding Companies	-	60,858
Other	8,550	18,863
Total	**341,231**	**391,442**

Financial income:	1 January- 31 December 2019	1 January- 31 December 2018
Demirören Medya Yatırımları A.Ş. ("Demirören Medya")	9,625,987	52,293,649
Total	**9,625,987**	**52,293,649**

iii) Key Management Personnel:

	1 January- 31 December 2019	1 January- 31 December 2018
Salaries and other short-term benefits	5,953,974	12,494,912
Post-employment benefits	1,380,268	2,142,096
Total	**7,334,242**	**14,637,008**

The Company determined the key management personnel as Board of Directors and Executive Committee. Benefits provided to key management personnel consisted of wage, premium, health insurance, transportation and post-employment benefits.

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

34.1 Financial Risk Management

(i) Interest rate risk

The Group's interest rate sensitive financial instruments are as follows:

	31 December 2019	31 December 2018
Financial instruments with fixed interest rate		
Bank deposits (Nott 4)	8,609,959	10,711,355
Financial liabilities (Note 6)	11,713,065	27,383,928

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Group management uses interest-bearing short-term assets within natural policy context to stabilize the maturity of the interest-bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings, by limited use of derivatives, such as interest rate swaps.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2019, and 2018, the Group does not have borrowings at floating rates.

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(ii) Liquidity Risk

31 December 2019	**Carrying Value**	**Total contractual cash outflow**	**Less than 3 months**	**3- 12 months**	**1- 5 years**	**More than 5 years**
Financial liabilities						
Short- and long-term liabilities (Note 6)	11,713,065	11,732,229	7,782,799	3,949,430	-	-
Payables from rental services	18,294,798	18,294,798	1,892,016	4,404,202	9,462,253	2,536,327
Trade payables						
-Related party (Note 33)	23,320,504	23,452,732	6,896,300	16,556,432	-	-
-Other (Note 7)	36,895,749	36,428,625	36,187,028	241,597	-	-
Other payables						
-Other (Note 8)	4,808,536	4,808,537	3,657,858	1,150,679	-	-
Payables within employee benefit						
-Due to personnel (Note 9)	482,257	482,257	482,257	-	-	-

31 December 2018	**Carrying Value**	**Total contractual cash outflow**	**Less than 3 months**	**3- 12 months**	**1- 5 years**	**More than 5 years**
Financial liabilities						
Short- and long-term liabilities (Note 6)	27,383,928	35,625,690	129,625	22,015,573	13,480,492	-
Trade payables						
-Related party (Note 33)	15,420,957	16,002,416	15,994,073	8,343	-	-
-Other (Note 7)	50,890,149	51,929,528	51,917,639	11,889	-	-
Other payables						
-Other (Note 8)	4,656,574	5,124,089	5,096,726	27,363	-	-
Payables within employee benefit						
-Due to personnel (Note 9)	715,049	715,049	715,049	-	-	-

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(ii) Liquidity Risk (Continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

Funding risk of current and future debt requirements is managed by continuance of sufficient and highly qualified creditor's access. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows of raw material purchase for the subsequent six-months.

The liquidity table demonstrates the Group's net financial liabilities in accordance with the redemption schedule. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2019, the Group has not any long-term bank borrowings (31 December 2018: TRY 11,733,333) (Note 6)

(iii) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the credit amount of any individual counterparty. The credit risk is generally highly spread due to the large number of entities comprising the customer bases.

<u>Aging analysis for trade receivables:</u>

As of 31 December 2019, there are past due trade receivables amounting to TRY 103,428,078 which are not considered as doubtful receivables (31 December 2018: TRY 90,611,000). The Group does not foresee any collection risk for the delay up to one month due to sector dynamics and conditions. The Group restructures the trade receivables by applying due date differences which are due over one month and/or the Group does not foresee any collection risk since they are under coverage of guarantees such as mortgage, indemnity or guarantee notes. As of 31 December 2019, the amount of mortgage and indemnity received is TRY 24,081,057 for the related receivables (31 December 2018: TRY 27,324,311).

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

As of 31 December 2019, and 2018, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 December 2019		31 December 2018	
	Related party	**Other**	**Related party**	**Other**
0-1 month	14,107,445	7,894,552	6,888,813	13,720,268
1-3 month	8,584,458	10,723,256	18,368,942	11,468,426
3-6 month	10,711,845	5,917,027	3,354,013	13,512,393
6-12 month	7,843,800	3,658,967	2,981,357	9,722,155
More than 1 year	24,086,462	9,900,266	248,814	10,345,819
	65,334,010	**38,094,068**	**31,841,939**	**58,769,061**

As of 31 December 2019, and 2018, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	**31 December 2019**	**31 December 2018**
Past due 0 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due 6 months and over	76,092,473	72.137.632
Less: Provision for impairment (Note 8)	**(76.092.473)**	**(72,137,632)**

There is no balance of related party receivables that are past due and impaired as of 31 December 2019 (31 December 2018: None). There is no trade receivable which is not over due and impaired as of 31 December 2019 (31 December 2018: None).

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2019 is as follows:

	Trade receivables		**Other receivables**		**Bank**	**Other**
31 December 2019	**Related party**	**Other**	**Related party**	**Oher**	**Deposits**	**Assets**
Maximum credit risk exposure as of balance sheet date	**91,340,933**	**76,040,408**	**80,876,536**	**11,613,429**	**12,462,116**	**68,478**
- The part of maximum credit risk under guarantee with collateral	**-**	***24,081,057***	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are not past due/impaired	26,006,923	37,946,340	80,876,536	11,613,429	12,462,116	68,478
- The part under guarantee with collateral	-	*17,410,220*	-	-	-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	65,334,010	38,094,068	-	-	-	-
- The part under guarantee with collateral	-	*6,670,838*	-	-	-	-
D. Net book value of				-		
impaired asset						
- Past due (gross carrying amount)	-	76,092,473	-	-	-	-
- Impairment (-)	-	(76,092,473)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not overdue (gross carrying value)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iii) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2018 is as follows:

	Trade receivables		Other receivables		Bank	Other
31 December 2018	**Related party**	**Other**	**Deposits**	**Assets**	**Deposits**	**Assets**
Maximum credit risk exposure as of balance sheet date	**59,248,328**	**103,180,193**	**117,323,015**	**9,689,985**	**54,984,165**	**72,133**
- The part of maximum credit risk under guarantee with collateral	**-**	***27,324,311***	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are not past due/impaired	27,406,389	44,411,132	117,323,015	9,689,985	54,984,165	72,133
- The part under guarantee with collateral	-	*3,901,684*	-	-	-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	31,841,939	58,769,061	-	-	-	-
- The part under guarantee with collateral	-	*23,422,627*	-	-	-	-
D. Net book value of impaired asset						
- Past due (gross carrying amount)	-	72,137,632	-	-	-	-
- Impairment (-)	-	(72,137,632)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not overdue (gross carrying value)						
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Financial Assets and Risk Management

Foreign currency risk

The Group is exposed to foreign exchange risk through the impact of rate changes in the translation of foreign currency denominated liabilities to TRY. These risks are monitored by the analysis of foreign currency position.

The foreign exchange risk mainly arises from the impact of rate changes in the translation of the Group's foreign currency denominated borrowings which are obtained to fund capital expenditures in domestic and overseas operations (The risk is monitored in regular meetings). The Group maintains a certain portion of its excess cash and cash equivalents in foreign currency to minimize the currency risk exposure.

The Group's risk management policy for currency risk is to maintain sufficient liquid assets for the anticipated cash flows of raw material purchase and borrowing repayment amounts in each major foreign currency for the subsequent three to six months. However, this policy should be revised by the management when deemed necessary, according to market condition.

TRY equivalents of assets and liabilities denominated in foreign currencies at 31 December 2019 and 31 December 2018 are as follow:

	31 December 2019	31 December 2018
Assets	110.005.146	120.613.880
Liabilities	(1.942.129)	(4.592.615)
Net foreign currency position	**108.063.017**	**116.021.265**

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2019: 5.9402 TRY= 1 US Dollar and 6.6506 TRY=1 Euro (31 December 2018: 5.2609 TRY= 1 US Dollar and 6.028 TRY=1 Euro)

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

The table summarizes the foreign currency position risk as of 31 December 2019 and 31 December 2018. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 December 2019	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	108,972,584	14,582,869	3,360,212	-
2a. Monetary Financial Assets	-	-	-	-
(Cash, Banks included)	1,032,562	18,13	7,274	876,535
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**110,005,146**	**14,600,992**	**3,367,486**	**876,535**
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**110,005,146**	**14,600,992**	**3,367,486**	**876,535**
10. Trade Payables	1,942,129	85,416	215,731	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**1,942,129**	**85,416**	**215,731**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	-	-	-	-
16b. Other Non-Monetary Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**-**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**1,942,129**	**85,416**	**215,731**	**-**
19. Net asset / liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**
19a. Off-balance sheet foreign currency derivative assets	**-**	**-**	**-**	**-**
19b. Off-balance sheet foreign currency derivative liabilities	**-**	**-**	**-**	**-**
20. Net foreign currency asset liability position (9-18+19)	**108,063,017**	**14,515,576**	**3,151,755**	**876,535**
21. Net foreign currency asset / liability position of monetary items	**-**	**-**	**-**	**-**
(1+2a+5+6a-10-11-12a-14-15-16a)	**108,063,017**	**14,515,575**	**3,151,755**	**876,535**
22. Fair value of foreign currency hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

31 December 2018	**TRY Equivalent**	**USD**	**Euro**	**Other**
1. Trade receivables	2,530,224	150,344	288,533	-
2a. Monetary Financial Assets	-	-	-	-
(Cash, Banks included)	118,082,503	22,398,672	14,960	155,153
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,153	219	-	-
4. Current Assets (1+2+3)	**120,613,880**	**22,549,235**	**303,493**	**155,153**
5. Trade receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**120,613,880**	**22,549,235**	**303,493**	**155,153**
10. Trade Payables	4,592,615	334,746	469,076	3,959
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**4,592,615**	**334,746**	**469,076**	**3,959**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary	-	-	-	-
Financial Liabilities	-	-	-	-
16b. Other Non-Monetary	-	-	-	-
Financial Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	**4,592,615**	**334,746**	**469,076**	**3,959**
19. Net asset / liability position of	-	-	-	-
off-balance sheet derivatives (19a-19b)	-	-	-	-
19a. Off-balance sheet foreign	-	-	-	-
currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign	-	-	-	-
currency derivative liabilities	-	-	-	-
20. Net foreign currency	-	-	-	-
asset liability position (9-18+19)	**116,021,265**	**22,214,489**	**(165,583)**	**151,194**
21. Net foreign currency asset / liability	-	-	-	-
position of monetary items	-	-	-	-
(1+2a+5+6a-10-11-12a-14-15-16a)	**116,020,112**	**22,214,270**	**(165,583)**	**151,194**
22. Fair value of foreign currency				
hedged financial assets	**-**	**-**	**-**	**-**

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.1 Financial Risk Management (Continued)

(iv) Foreign currency risk (Continued)

The Group is exposed to foreign currency risk of US Dollar, Euro and other foreign currency.

31 December 2019	**Profit/(Loss)**	
	Foreign currency appreciation	**Foreign currency depreciation**
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	17,244,855	(17,244,855)
Hedging amount of USD	-	-
USD net effect on (loss)/income	**17,244,855**	**(17,244,855)**
If the EUR had changed by 20% against the TRY		
Euro net (liabilities)/assets	4,192,212	(4,192,212)
Hedging amount of Euro	**-**	**-**
Euro net effect on (loss)/income	**4,192,212**	**(4,192,212)**
If other foreign currency had changed by		
Other foreign currency net (liabilities)/assets	175,427	(175,427)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	**175,427**	**(175,427)**

31 December 2018	**Profit/(Loss)**	
	Foreign currency appreciation	**Foreign currency appreciation**
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	23,373,411	(23,373,411)
Hedging amount of USD	-	-
USD net effect on (loss)/income	**23,373,411**	**(23,373,411)**
If the EUR had changed by 20% against the TRY		
Euro net (liabilities)/assets	(199,627)	199,627
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	**(199,627)**	**199,627**
If other foreign currency had changed by		
Other foreign currency net (liabilities)/assets	30,239	(30,239)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	**30,239**	**(30,239)**

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

NOTE 34 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

34.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in and to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders in accordance with the CMB regulations, issue new shares or sell assets to decrease borrowing. There are covenants related with the bank borrowings stated in Note 6 which the Group has to fulfill net debt / equity ratio as stated in the contracts of the related bank borrowings.

The net liability/total equity ratio at 31 December 2019 and 2018 are as follows:

	31 December 2019	**31 December 2018**
Total liability ([1]	30,007,863	27,383,928
Less: Cash and cash equivalents (Note 4)	(14,156,497)	(56,867,896)
Net liability	15,851,366	(29,483,968)
Equity	654,580,299	640,163,559
Net liability and Equity	670,431,665	610,679,591
Net liability / Total equity ratio	**%2**	**(%5)**

(1) It is calculated total of long-term and short-term liabilities.

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

NOTE 35 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2019	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	14,156,497	-	-	14,156,497	4
Trade receivables from non-related parties	76,040,408	-	-	76,040,408	7
Trade receivables from related parties	91.340.933	-	-	91,340,933	33
Other receivables from non-related parties	11,613,429	-	-	11,613,429	8
Other receivables from related parties	80,876,536	-	-	80,876,536	33
Financial investments	68,478	-	313,923	382,401	5
Financial liabilities					
Financial borrowings	-	30,007,863	-	30,007,863	6
Trade payables to non-related parties	-	36,895,749	-	36,895,749	7
Trade payables to related parties	-	23,320,504	-	23,320,504	33
Employee benefit payables	-	482,257	-	482,257	9
Other payables to non-related parties	-	4,808,536	-	4,808,536	8
Other short-term liabilities	-	24,689,718	-	24,689,718	20

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

NOTE 35 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2018	Assets at amortized cost	Financial liabilities at amortized cost	Financial assets at fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	56,867,896	-	-	56,867,896	4
Trade receivables from non-related parties	103,180,193	-	-	103,180,193	7
Trade receivables from related parties	59.248.328	-	-	59,248,328	33
Other receivables from non-related parties	9,689,985	-	-	9,689,985	8
Other receivables from related parties	117.323.015	-	-	117,323,015	33
Financial investments	72,133	-	313,923	386,056	5
Financial liabilities					
Financial borrowings	-	27,383,928	-	27,383,928	6
Trade payables to non-related parties	-	50,890,149	-	50,890,149	7
Trade payables to related parties	-	15,420,957	-	15,420,957	33
Employee benefit payables	-	715,049	-	715,049	9
Other payables to non-related parties	-	4,656,574	-	4,656,574	8
Other short-term liabilities	-	35,166,801	-	35,166,801	20

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

NOTE 35 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments

The fair value of financial assets and liabilities is assigned as below:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and.

- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

NOTE 36 – INTERESTS IN OTHER ENTITIES

Summary of the financial information of continued operations of TME, a subsidiary over which the Group has non-controlling shares, are stated below according to TFRS 12. This summarized financial information represents the amounts without considering the related party eliminations.

	31 December 2019	31 December 2018
Current Assets	6.382.418	5.173.746
Non-Current Assets	2.892.277	9.053.856
Current Liabilities	108.645.492	33.609.032
Non-Current Liabilities	2.459.771	30.598.479
Total Equity	(101.830.567)	(49.979.909)

	1 January- 31 December 2019	1 January- 31 December 2018
Revenue	12.531.166	10.015.006
Cost of sales	(8.256.574)	(6.494.484)
Gross profit (loss)	**4.274.592**	**3.520.522**
Net profit (loss) for the period	**(2.071.522)**	**(4.385.850)**

NOTE 37 – EVENTS AFTER THE REPORTING PERIOD

The consolidated financial statements for the period ended 31 December 2019 were approved by the Board of Directors on 5 March 2020.