

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2020**

(ORIGINALLY ISSUED IN TURKISH)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2020**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

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

		(Not Audited)	(Audited)
	Note	Current Period	Prior Period
	references	30 September 2020	31 December 2019
ASSETS			
Current Assets			
Cash and cash equivalents		7,908,487	14,156,497
Financial investments		105,601	68,478
Trade receivables			
-Trade receivables from related parties	20	153,650,401	91,340,933
-Trade receivables from non-related parties	5	50,653,105	76,040,408
Other receivables			
-Other receivables from related parties	20	50,701,291	80,876,536
-Other receivables from non-related parties		865,355	3,783,770
Inventories		16,653,529	15,964,915
Prepaid expenses		6,235,218	8,153,511
Other current assets		1,521,457	1,733,242
Total Current Asset		288,294,444	292,118,290
Non-current Assets			
Financial investments		313,923	313,923
Other receivables			
-Other receivables from non-related parties		8,719,616	7,829,659
Financial investments accounted for using the equity method	6	-	2,693,603
Investment properties	7	132,234,022	133,364,011
Tangible assets	8	455,902,885	444,901,907
Intangible assets			
-Other intangible assets	9	12,254,016	13,086,985
Deferred tax asset	18	1,979,025	2,321,912
Other non-current assets		277,705	277,705
Total Non-current Assets		611,681,192	604,789,705
Total Assets		899,975,636	896,907,995

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

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

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

	Note references	(Not Audited) Current Period 30 September 2020	(Audited) Prior Period 31 December 2019
LIABILITIES			
Current Liabilities			
Short-term lease liability			
-Lease payables to related parties	4	3,678,679	3,678,679
-Lease payables to others	4	511,899	2,617,539
Short-term portion of long-term borrowings	4	5,725,389	11,713,065
Trade payables			
-Trade payables to related parties	20	51,627,339	23,320,504
-Trade payables to non-related parties	5	51,402,951	36,895,749
Employee benefit payables		13,330,570	3,121,129
Other payables			
-Other payables to non-related parties		11,726,857	4,808,536
Deferred income		8,215,770	10,716,689
Current income tax liabilities	18	283,291	169,198
Short-term provisions			
-Short-term provisions for employment benefits	10	24,439,084	17,148,260
-Other short-term provisions	10	17,221,171	9,092,050
Other short-term liabilities		14,132,921	24,689,718
Total Current Liabilities		202,295,921	147,971,116
Non-current liabilities			
Long-term lease liabilities			
-Lease payables to related parties	4	10,460,020	11,419,997
-Lease payables to others	4	325,301	578,583
Deferred income		751,146	195,105
Long-term provisions			
-Long-term provisions for employment benefits	12	57,501,951	52,358,307
Deferred tax liability	18	27,670,847	29,804,588
Total Non-Current Liabilities		96,709,265	94,356,580
Total Liabilities		299,005,186	242,327,696

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

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

		(Not Audited)	(Audited)
	Note	Current Period	Prior Period
	references	30 September 2020	31 December 2019
EQUITY			
Total Equity		600,970,450	654,580,299
Equity attributable to Equity holders of the parent company		602,902,661	655,049,211
Share capital	13	592,000,000	592,000,000
Inflation adjustment to share capital	13	77,198,813	77,198,813
Share premiums (discounts)		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	13	294,701,211	294,701,211
- Gain (loss) on remeasurement of defined benefit plans	13	(23,594,600)	(23,594,600)
Other comprehensive income and expenses that may be reclassified subsequently to profit or loss			
- Currency translation differences	13	63,748,823	64,537,704
Restricted reserves	13	117,176,268	117,176,268
Retained earnings/Accumulated deficit		(467,047,129)	(417,649,879)
Net profit (loss) for the period		(51,357,669)	(49,397,250)
Non-controlling interests		(1,932,211)	(468,912)
Total Liabilities and Equity		899,975,636	896,907,995

These condensed consolidated interim financial statements as at and for the period ended 30 September 2020 were approved by the Board of Directors on 9 November 2020.

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2020**

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

	Note references	(Not Audited) Current Period 1 January - 30 September 2020	(Not Audited) Current Period 1 July - 30 September 2020	(Not Audited) Prior Period 1 January - 30 September 2019	(Not Audited) Prior Period 1 July - 30 September 2019
Sales	14	226,173,521	80,869,039	265,734,153	79,971,986
Cost of sales (-)	14	(217,965,484)	(74,477,708)	(236,136,274)	(75,927,461)
Gross profit (loss)		8,208,037	6,391,331	29,597,879	4,044,525
General administrative expenses (-)		(58,321,429)	(20,630,776)	(56,521,071)	(18,460,928)
Marketing expenses (-)		(43,625,207)	(15,209,761)	(45,950,081)	(15,790,297)
Other operating income		85,349,605	32,901,348	50,942,242	18,206,904
Other operating expenses (-)		(21,079,790)	(4,235,619)	(35,998,908)	(16,963,022)
Operating profit (loss)		(29,468,784)	(783,477)	(57,929,939)	(28,962,818)
Share of (gain) loss of investments accounted by the equity method	6	(2,608,307)	274,094	(3,494,683)	(990,321)
Income from investing activities	15	3,205,229	1,116,144	13,134,732	(723,527)
Expenses from investing activities (-)	16	(463,335)	6,244	(913,671)	(568,145)
Operating profit (loss) before finance income(expense)		(29,335,197)	613,005	(49,203,561)	(31,244,811)
Finance expenses (-)	17	(14,046,209)	(4,635,267)	(21,308,871)	(6,481,592)
Profit (loss) before tax from continuing operations		(43,381,406)	(4,022,262)	(70,512,432)	(37,726,403)
Tax income (expense) of continuing operations	18	4,249,875	380,097	4,521,926	1,842,050
Current tax income (expense)	18	(283,291)	(103,967)	(263,787)	129,648
Deferred tax income (expense)	18	4,533,166	484,064	4,785,713	1,712,402
Profit (loss) for the period from continuing operations		(39,131,531)	(3,642,165)	(65,990,506)	(35,884,353)
Profit (loss) for the period from discontinued operations		(13,020,733)	(1,071,011)	1,960,477	(3,244,128)
Net profit (loss) for the period		(52,152,264)	(4,713,176)	(64,030,029)	(39,128,481)
Allocation of net profit (loss) for the period					
Attributable to non-controlling interests		(794,595)	(87,843)	23,725	(98,496)
Attributable to equity holders of the parent company		(51,357,669)	(4,625,333)	(64,053,754)	(39,029,985)
Loss per share (TRY)					
Attributable to shareholders of the parent company (Losses)		(0.0868)	(0.0078)	(0.1082)	(0.0659)

The accompanying notes form an integral part of these condensed consolidated interim financial statement

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2020**

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

	(Not Audited)	(Not Audited)	(Not Audited)	(Not Audited)
	Current Period	Current Period	Prior Period	Prior Period
Note	1 January -	1 July -	1 January -	1 July -
references	30 September	30 September	30 September	30 September
	2020	2020	2019	2019
Other comprehensive income statement				
Net profit (loss) for the period	(52,152,264)	(4,713,176)	(64,030,029)	(39,128,481)
Other comprehensive income				
Other comprehensive income (expense) that will not be subsequently reclassified to profit and loss				
- Gain (loss) on revaluation of property	-	-	-	-
- Gain (loss) on revaluation for defined benefits	-	-	-	-
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	-	-	-	-
- Gain (loss) on revaluation for defined benefits, tax effect	-	-	-	-
Other comprehensive Income (expense) that will be subsequently reclassified to profit and loss				
- Currency translation differences	(1,457,585)	(6,363,521)	(11,624,959)	515,559
Other comprehensive income (expense)	(1,457,585)	(6,363,521)	(11,624,959)	515,559
Total comprehensive income (expense)				
Total comprehensive income (expense)	(53,609,849)	(11,076,697)	(75,654,988)	(38,612,922)
Allocation of total comprehensive Income (expense)				
Attributable to non-controlling interests	(1,463,299)	(617,218)	(339,905)	(628)
Attributable to shareholders of the parent company	(52,146,550)	(10,459,479)	(75,315,083)	(38,612,294)

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2020**

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

	Note references	Share capital	Inflation adjustment to share capital	Share premiums (discounts)	Other comprehensive Income (expense) that will be subsequently Reclassified to Profit or loss	Other comprehensive Income (expense) that will not be subsequently Reclassified to Profit or loss	Accumulated Profits						Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
					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					
Balances at 1 January 2019	13	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		-	-	-	-	-	-	15,749,892	253,618,336	(269,368,228)			-	-	-
Total comprehensive income / (expense)		-	-	-	(11,261,329)	-	-	-	-	(64,053,754)			(75,315,083)	(339,905)	(75,654,988)
-Other comprehensive income (expense)		-	-	-	(11,261,329)	-	-	-	-	-			(11,261,329)	(363,630)	(11,624,959)
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	(64,053,754)			(64,053,754)	23,725	(64,030,029)
Balances at 30 September 2019	13	592,000,000	77,198,813	76,944	69,113,198	212,241,738	(21,093,944)	116,833,222	(417,649,877)	(64,053,754)			564,666,340	(157,769)	564,508,571
Balances at 1 January 2020	13	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
Transfers		-	-	-	-	-	-	-	(49,397,250)	49,397,250			-	-	-
Total comprehensive income / (expense)		-	-	-	(788,881)	-	-	-	-	(51,357,669)			(52,146,550)	(1,463,299)	(53,609,849)
-Other comprehensive income (expense)		-	-	-	(788,881)	-	-	-	-	-			(788,881)	(668,704)	(1,457,585)
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	(51,357,669)			(51,357,669)	(794,595)	(52,152,264)
Balances at 30 September 2020	13	592,000,000	77,198,813	76,944	63,748,823	294,701,211	(23,594,600)	117,176,268	(467,047,129)	(51,357,669)			602,902,661	(1,932,211)	600,970,450

⁽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, The transfer is subjected to the restricted reserves.

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	Note Reference	(Not Audited) 1 January - 30 September 2020	(Not Audited) 1 January - 30 September 2019
CASH FLOWS FROM OPERATING ACTIVITIES		34,155,808	(9,626,569)
Net profit (loss) for the period		(52,152,264)	(64,030,029)
Profit (loss) from continuing operations		(39,131,531)	(65,990,506)
Profit (loss) from discontinued operations		(13,020,733)	1,960,477
Adjustments to reconcile profit (loss) for the period		72,749,188	55,544,498
Adjustments related to depreciation and amortization expenses	8, 9	11,891,216	24,857,016
Adjustments related to impairment / (reversal)			
Adjustments related to impairment (reversal) of receivables	5	3,183,163	3,514,105
Adjustments related to provision for impairment of inventories		654,094	467,438
Adjustments related to impairment (reversal) of investment property	7	304,989	-
Adjustments related to provision			
Adjustments related to (reversal) of provision for employment benefits	10, 12	16,084,689	9,587,239
Adjustments related to litigation and legal provisions (reversal)	10	9,808,843	4,237,338
Adjustment related to general provisions (reversals)		(530,231)	491,814
Adjustment related to other provisions (reversals)		(1,392,640)	1,352,758
Adjustments related to interest (income) expense			
Adjustments related to interest income		(162,708)	(728,921)
Adjustments related to interest expense	17	11,952,248	11,050,358
Deferred Financial Expense from Credit Purchases		19,370,979	(19,861,815)
Unearned Financial Income from Credit Sales		(1,119,697)	434,583
Adjustments related to undistributed profits of investments accounted at equity method	6	2,608,307	3,494,683
Adjustments related to tax (income) expense	18	(4,249,875)	(4,521,926)
Adjustments related to undistributed profits of investments accounted at equity method			
Adjustments related to undistributed profits of associates	8,9	-	264,381
Adjustments related to profit (loss) confirmation		4,345,811	20,905,447
Changes in working capital		17,664,753	4,407,146
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties		(62,309,468)	(16,816,434)
(Increase) decrease in trade receivables from third parties		2,558,886	32,486,067
Adjustments related to (increase) decrease in inventories		(1,039,671)	1,634,891
(Increase) decrease in prepaid expenses		1,918,293	(219,172)
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties		28,306,835	(2,992,295)
Increase (decrease) in trade payables to third parties		14,507,202	(11,988,662)
Increase (decrease) in payables related to employee benefits		10,209,441	3,517,287
Increase (decrease) in deferred income		(1,944,878)	(2,135,294)
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities		32,415,489	8,147,477
Increase (decrease) in other liabilities related to operating activities		(6,957,376)	(7,226,719)

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	Note Reference	(Not Audited) 1 January - 30 September 2020	(Not Audited) 1 January - 30 September 2019
Cash generated from operations		38,261,677	(4,078,385)
Employment benefits paid	10, 12	(4,081,163)	(5,464,062)
Payments related to other provisions	10	(234,195)	(440,000)
Taxes returns (payments)	18	(169,198)	(838,979)
Other cash inflows (outflows)	5	378,687	1,194,857
CASH FLOWS FROM INVESTING ACTIVITIES		(1,187,995)	2,501,294
Cash inflows from sale of tangible and intangible assets	8, 9	33,090	(145,871)
Cash outflows from purchase of tangible and intangible assets			
Cash outflows from purchases of tangible assets	8	(2,156,753)	(3,293,608)
Cash outflows from purchases of intangible assets	9	(52,040)	(1,921)
Cash inflows from sale of investment property	7	825,000	6,394,764
Cash outflows from purchases of investment property	7	-	(1,180,991)
Interests received		162,708	728,921
CASH FLOWS FROM FINANCING ACTIVITIES		(22,201,849)	(25,688,542)
Repayments of borrowings			
Cash outflow from rent agreements		(4,345,811)	(2,885,345)
Cash outflow related to payments of debt bank borrowings paid		(5,866,667)	(11,752,042)
Interests paid	17	(11,952,248)	(11,050,358)
Other cash inflows (outflows)		(37,123)	(797)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		10,765,964	(32,813,817)
Effects of currency translation rate changes on cash and cash equivalents		(17,013,974)	(10,695,322)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,248,010)	(43,509,139)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		14,156,497	56,867,896
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		7,908,487	13,358,757

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

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 13, 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 30 September 2020 is 1,236 (31 December 2019: 1,053).

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 Depository of Turkey (CSD); shares representing 20.82 % as of 30 September 2020 (31 December 2019: 16.54%) of Hürriyet are accepted as “in circulation”. As of the date of the report, this ratio is 20.82% (Note 13).

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NOTE 1 –ORGANISATION AND NATURE OF OPERATIONS (Continued)

Subsidiaries

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”)	Netherlands	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.	Netherlands	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	Netherlands	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 2019 TAS Taxonomy 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.

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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 entities are free to prepare the full-set or condensed interim financial statements in accordance with TAS 34 standards. In this framework, the Company has preferred to prepare the financial statements in the summary console in the interim periods. These interim periods condensed financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2019

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 Principle of consolidation and equity accounting methods

(a) Subsidiaries

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

The Subsidiaries and their effective ownership interests at 30 September 2020 and 31 December 2019 are as follows:

	Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interest (%)	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
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

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

2.1 Basis of presentation (Continued)

2.1.3 Comparative information and restatement of prior period financial statements

The Group's condensed consolidated financial statements are prepared comparatively with the previous period to allow for the determination of the financial position and performance trends. In the current period, in case of a necessity, prior period financial statements are reclassified in order to comply with the presentation of its current period consolidated financial statements and significant changes are explained.

2.1.4 Restatement and errors in the significant accounting policies and estimates

Any change in the accounting policies resulted from the first-time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

The accounting policies applied in these interim condensed consolidated financial statements are the same as those applied in the Group's last annual consolidated financial statements

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

The accounting policies adopted in preparation of the consolidated financial statements as at 30 September 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- Clarify the minimum requirements for a business;
- Remove the assessment of whether market participants are capable of replacing any missing elements;
- Add guidance to help entities assess whether an acquired process is substantive
- Narrow the definitions of a business and of outputs; and
- Introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

2.1 Basis of presentation (Continued)

2.1.5 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after 1 January 2020 provide certain reliefs for 4 fundamental matters in connection with interest rate benchmark reform. These reliefs are related to hedge accounting as follows:

- Highly probable requirement,
- Prospective Assessments,
- Retrospective Assessments and
- Separately identifiable risk components

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments will be applied for annual periods beginning on or after 1 January 2020. Early application is allowed

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

b. Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the 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)

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

2.1 Basis of presentation (Continued)

2.1.3 Comparative information and restatement of prior period financial statements (Continued)

2.1.5 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

The POA postponed the validity date of the amendments made in TFRS 10 and TAS 28 in December 2017, indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

In February 2019, the POA issued TFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted for businesses applying TFRS 9 Financial Instruments and TFRS 15 Revenue from Contract with Customers on or before this date. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

Amendments to TAS 1-Classification of Liabilities as Current and Non-Current Liabilities

12 March 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

Covid-19 related rent concession (Amendments to TFRS 16)

In May 2020, IASB issued Covid-19 related rent concession which amends TFRS 16 Leases which is issued by POA on 5 June 2020.

The amendments allow lessees not to account for rent concessions as lease modifications if they arise as a direct consequence of COVID-19.

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

2.1 Basis of presentation (Continued)

2.1.5 New and revised Turkish Financial Reporting Standards ("TFRS") (Continued)

The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021;
- no other substantive changes have been made to the terms of the lease.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The Group shall apply these amendments for annual periods beginning on or after 1 June 2020 with earlier application permitted.

2.2 Summary of significant accounting policies

The financial statements for the interim period ended on 30 September 2020 are prepared in accordance with TAS 34, "Interim Financial Reporting" for the preparation of TFRS interim period financial statements.

In addition, the financial statements as of 30 September 2020 have been prepared by applying the accounting policies consistent with the accounting policies applied during the preparation of the financial statements at 31 December 2019. Therefore, the financial statements in this attached interim summary should be evaluated together with the financial statements at the end of the year ended 31 December 2019.

2.2.1 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 5 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

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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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 to fulfill the obligation

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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.

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 reasonable 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 he/she does not use the option, and
- (b) the likelihood of your choice being used.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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.

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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.1 Revenue recognition (Continued)

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 or the payment is made. 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.

2.2.2 Financial assets

Classification and measurement

The Group has categorized its financial assets into three accounts financial assets accounted at amortized cost, financial assets whose fair value is reflected to the statement of income 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 classified 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 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 Equivalents". In addition to that, the trade receivables which are taken from factoring firm are classified in the financial assets accounted at amortized cost because its collection risk is not transferred.

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 do not have significant funding component. In the case of unimpairment in the trade receivable due to any certain reasons, the Group consider that expected credit loss to be equal to lifelong expected credit loss. The calculation of provision for expected credit loss has been performed such calculation using the expected credit loss ratio determined by considering historical credit loss experience and macroeconomic indicators.

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

2.2 Summary of significant accounting policies (Continued)

2.2.2 Financial assets (Continued)

(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 fixed 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 income statement 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 income statement

The assets whose fair value is recorded in the income statement include the "Derivative Instrument" accounts. 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.

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 5).

When calculating the impairment of trade receivables, which are recognised based on the amortised cost 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.

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

2.2 Summary of significant accounting policies (Continued)

2.2.3 Trade receivables and provision for doubtful receivables (Continued)

Instead of “realised credit losses model” of TAS 39, “Financial Instruments” standard which is valid before 1 January 2018, “expected credit loss model” was defined in accordance with 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, realized 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 recognized under other operating income following the deduction from total provision amount

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NOTE 3 - SEGMENT REPORTING

a) Segment analysis for the period between 1 January - 30 September 2020:

	Turkey	Russia and EE (*)	Europe	Total
Sales	172,445,642	4,112,802	49,615,077	226,173,521
Cost of sales (-)	(170,827,780)	(2,701,368)	(44,436,336)	(217,965,484)
Gross profit/(loss)	1,617,862	1,411,434	5,178,741	8,208,037
Marketing expenses (-)	(43,590,478)	(34,729)	-	(43,625,207)
Losses from investments accounted by the equity method (-)	(2,608,307)	-	-	(2,608,307)
Net segment result	(44,580,923)	1,376,705	5,178,741	(38,025,477)
General administrative expenses (-)				(58,321,429)
Other operating income				85,349,605
Other operating expenses (-)				(21,079,790)
Finance expenses (-)				(14,046,209)
Income from investing activities				3,205,229
Expense from investing activities (-)				(463,335)
Profit (loss) before tax from continuing operations				(43,381,406)
Tax income (expense) for the period				(283,291)
Deferred tax income (expense)				4,533,166
Profit (loss) for the period from continuing operations				(39,131,531)

b) Segment analysis for the period between 1 July - 30 September 2020:

	Turkey	Russia and EE (*)	Europe	Total
Sales	61,171,183	1,188,683	18,509,173	80,869,039
Cost of sales (-)	(58,452,404)	(519,710)	(15,505,594)	(74,477,708)
Gross profit/(loss)	2,718,779	668,973	3,003,579	6,391,331
Marketing expenses (-)	(15,201,780)	(7,981)	-	(15,209,761)
Losses from investments accounted by the equity method (-)	274,094	-	-	274,094
Net segment result	(12,208,907)	660,992	3,003,579	(8,544,336)
General administrative expenses (-)				(20,630,776)
Other operating income				32,901,348
Other operating expenses (-)				(4,235,619)
Finance expenses (-)				(4,635,267)
Income from investing activities				1,140,154
Expense from investing activities (-)				(17,766)
Profit (loss) before tax from continuing operations				(4,022,262)
Tax income (expense) for the period				(103,967)
Deferred tax income (expense)				484,064
Profit (loss) for the period from continuing operations				(3,642,165)

(*) 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 19.

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NOTE 3 - SEGMENT REPORTING (Continued)

c) Segment analysis for the period between 1 January - 30 September 2019:

	Turkey	Russia and EE ^(*)	Europe	Total
Sales	205,167,023	9,854,087	50,713,043	265,734,153
Cost of sales (-)	(188,021,271)	(6,501,517)	(41,613,486)	(236,136,274)
Gross profit/(loss)	17,145,752	3,352,570	9,099,557	29,597,879
Marketing expenses (-)	(45,887,487)	(62,594)	-	(45,950,081)
Losses from investments accounted by the equity method (-)	(3,494,683)	-	-	(3,494,683)
Net segment result	(32,236,418)	3,289,976	9,099,557	(19,846,885)
General administrative expenses (-)				(56,521,071)
Other operating income				50,942,242
Other operating expenses (-)				(35,998,908)
Finance expenses (-)				(21,308,871)
Income from investing activities				13,134,732
Expense from investing activities (-)				(913,671)
Profit (loss) before tax from continuing operations				(70,512,432)
Tax income (expense) for the period				(263,787)
Deferred tax income (expense)				4,785,713
Profit (loss) for the period from continuing operations				(65,990,506)

d) Segment analysis for the period between 1 July - 30 September 2019:

	Turkey	Russia and EE ^(*)	Europe	Total
Sales	62,197,645	2,374,906	15,399,435	79,971,986
Cost of sales (-)	(62,094,192)	(1,578,625)	(12,254,644)	(75,927,461)
Gross profit/(loss)	103,453	796,281	3,144,791	4,044,525
Marketing expenses (-)	(15,769,154)	(21,143)	-	(15,790,297)
Losses from investments accounted by the equity method (-)	(990,321)	-	-	(990,321)
Net segment result	(16,656,022)	775,138	3,144,791	(12,736,093)
General administrative expenses (-)				(18,460,928)
Other operating income				18,206,904
Other operating expenses (-)				(16,963,022)
Finance expenses (-)				(6,481,592)
Income from investing activities				(723,527)
Expense from investing activities (-)				(568,145)
Profit (loss) before tax from continuing operations				(37,726,403)
Tax income (expense) for the period				129,648
Deferred tax income (expense)				1,712,402
Profit (loss) for the period from continuing operations				(35,884,353)

(*) 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 19.

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NOTE 3 - SEGMENT REPORTING (Continued)

e) Segment assets:

	30 September 2020	31 December 2019
Turkey	794,508,941	809,697,757
Russia and EE	4,229,211	6,760,387
Europe	98,786,333	74,733,957
	897,524,485	891,192,101
Unallocated assets	2,451,151	3,022,291
Investments accounted by the equity method (Note 6)	-	2,693,603
Total assets per consolidated financial statements	899,975,636	896,907,995

f) Segment Liabilities

	30 September 2020	31 December 2019
Turkey	146,436,502	94,563,814
Russia and EE	5,147,885	7,287,387
Europe	14,579,065	20,191,018
	166,163,452	122,042,219
Unallocated liabilities	132,841,734	120,285,477
Total liabilities per consolidated financial statements	299,005,186	242,327,696

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 income statement. Information related to discontinued operations are disclosed in Note 19.

NOTE 4 - SHORT TERM AND LONG-TERM BORROWINGS

The details of financial borrowings at 30 September 2020 and 31 December 2019 are as follows:

Short-term borrowings:	30 September 2020	31 December 2019
Short-term lease liabilities	4,190,578	6,296,218
Total	4,190,578	6,296,218
Short term portion of long-term financial liabilities	5,725,389	11,713,065
Total	9,915,967	18,009,283
 Long-term bank borrowings	 30 September 2020	 31 December 2019
Long-term lease liabilities	10,785,321	11,998,580
Total	10,785,321	11,998,580

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NOTE 4 - SHORT TERM AND LONG-TERM BORROWINGS (Continued)

Bank borrowings:

The details of bank borrowings at 30 September 2020 and 31 December 2019 are as follows:

	Effective interest rate (%)		Original foreign currency		TRY	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Short-term portion of long-term bank borrowings						
- TRY	32.00	28.00	5,725,389	11,713,065	5,725,389	11,713,065
Total short-term bank borrowings					5,725,389	11,713,065

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NOTE 4 - SHORT TERM AND LONG-TERM BORROWINGS (Continued)

Bank borrowings (Continued):

The repayment schedules of bank borrowings are as follows:

Period	30 September 2020	31 December 2019
Up to 6 months	5,725,389	7,801,954
6- 12 months	-	3,911,111
Total	5,725,389	11,713,065

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

As of 30 September 2020, the Group has no bank borrowings with floating interest rates (31 December 2019: None).

DİPNOT 5- TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables net-off of unearned finance income at 30 September 2020 and 31 December 2019 are as follows:

Short-term receivables from third parties:

	30 September 2020	31 December 2019
Trade receivables	128,838,477	148,387,934
Notes receivable and cheques	477,123	2,040,057
Credit cards receivables	1,090,158	2,016,613
Income accruals	923,832	393,601
Unearned finance income		
due from term sales	(612,707)	(705,324)
Less: Provision for doubtful receivables	(80,063,778)	(76,092,473)
Total	50,653,105	76,040,408

According to a revocable factoring agreement signed with Doruk Faktoring, trade receivables resulting from advertisements, amounting to TRY 39,953,127 (31 December 2019: TRY 60,358,393) 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 Faktoring is 106 days. (31 December 2019: 113 days). The unearned finance income due from term sales related to the receivables followed up by Doruk Faktoring is TRY 472,536 (31 December 2019: TRY 413,488) and the compound interest rate is 12.76% per annum (31 December 2019: 10,85%). 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 30 September 2020, and 31 December 2019 the average maturity days of trade receivables that are not followed by Doruk Faktoring are less than 3 months.

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NOTE 5- TRADE RECEIVABLE AND PAYABLES (Continued)

The movements of provision for doubtful receivables are as follows:

	2020	2019
1 January	(76,092,473)	(72,137,632)
Additions during the period	(3,161,188)	(3,879,328)
Collections and reversals during the period	378,687	1,563,290
Collection and provisions for discontinued operations	(21,975)	-
Currency translation differences	(1,166,829)	(1,008,100)
30 September	(80,063,778)	(75,461,770)

Short term trade payables to third parties:

Trade payables at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Short-term trade payables and notes payable	49,578,563	36,637,721
Expense accruals	2,337,260	577,809
Unrealized financial expenses due to term purchases	(512,872)	(319,781)
Total	51,402,951	36,895,749

As of 30 September 2020, average turnover date of Group's trade payables is 44 days (31 December 2019: 43 days). As of 30 September 2020, unrealized financial expense due to term purchases is TRY 512,872 (31 December 2019: TRY 319,781) and the compound interest rate is 12.76% per annum (31 December 2019: 10.85%). 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.

NOTE 6 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD

As of 30 September 2020, and 31 December 2019, 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:

	30 September 2020 percentage of shares, directly or indirectly owned by Hürriyet and its Subsidiaries (%)	31 December 2019 percentage of shares, directly or indirectly owned by Hürriyet and its Subsidiaries (%)
Subsidiaries		
Demirören Media	42.42	42.42

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NOTE 6 - INVESTMENTS ACCOUNTED BY THE EQUITY METHOD (Continued)

The summary of Group's share of the financial statements of the investments accounted by the equity method at 30 September 2020 and 2019 is as follows:

1 January- 30 September 2020	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Demirören Media	9,666,579	11,016,731	(1,350,152)	9,588,773	(2,608,307)
	9,666,579	11,016,731	(1,350,152)	9,588,773	(2,608,307)

1 January- 30 September 2019	Total assets	Total liabilities	Net assets	Net sales	Net loss for the period
Demirören Media	7,919,697	6,828,270	1,091,427	3,970,469	(3,494,683)
	7,919,697	6,828,270	1,091,427	3,970,469	(3,494,683)

The investment accounted by the equity method as of 30 September 2020 and 31 December 2019 is as follows:

	Share (%) 30 September 2020	Share (%)	31 December 2019
Demirören Media	42.42	-	2,693,603
		-	2,693,603

NOTE 7 - INVESTMENT PROPERTY

The movements in investment property as of 30 September 2020 and 2019 are as follows:

	Lands	Buildings	Total
1 January 2020	101,907,339	31,456,672	133,364,011
Additions	-	-	-
Disposal	-	(825,000)	(825,000)
Change in fair value adjustment	-	(304,989)	(304,989)
30 September 2020	101,907,339	30,326,683	132,234,022

	Lands	Buildings	Total
1 January 2019	140,102,067	57,363,574	197,465,641
Additions	-	1,180,991	1,180,991
Disposal	-	(6,394,764)	(6,394,764)
30 September 2019	140,102,067	52,149,801	192,251,868

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NOTE 7 - INVESTMENT PROPERTY (Continued)

As of 30 September 2020, mortgage has been established on the land and building investment properties with a net book value of TRY 83,175,117 in the consolidated financial statements (31 December 2019: TRY 83,175,117).

The Group's rent income from investment properties amounted to TRY 3,101,656 as of 30 September 2020 (30 September 2019: TRY 3,265,791) (Note 15). The Group's direct operating expenses arising from the investment properties in the period amounted to TRY 25,037 (30 September 2019: TRY 221,527).

The information and fair value hierarchy level classification of lands and buildings are as follows 30 September 2020 and 31 December 2019:

	30 September 2020	Fair value as at reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	101,907,339	-	101,907,339	-
Building	30,326,683	-	30,326,683	-

	31 December 2019	Fair value as at reporting date		
		Level 1 TRY	Level 2 TRY	Level 3 TRY
Land	101,907,339	-	101,907,339	-
Building	31,456,672	-	31,456,672	-

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 September 2020 are as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	30 September 2020
Cost					
Land and land improvements	306,663,608	6,546,174	1,000,000	-	314,209,782
Buildings	97,134,507	9,161,176	102,350	-	106,398,033
Machinery and equipment	650,167,426	57,710,566	487,274	(3,342)	708,361,924
Motor vehicles	920,142	-	-	-	920,142
Furnitures and fixtures	45,962,891	1,864,212	474,566	(345,339)	47,956,330
Leasehold improvements	14,656,736	-	92,563	-	14,749,299
Operational Lease Assets	22,354,541	-	-	(124,347)	22,230,194
Other tangible assets	4,605,362	1,715,602	-	-	6,320,964
	1,142,465,213	76,997,730	2,156,753	(473,028)	1,221,146,668
Accumulated amortization					
Machinery and equipments	(634,516,043)	(54,806,177)	(4,233,707)	3,342	(693,552,585)
Motor vehicles	(729,768)	-	(111,454)	-	(841,222)
Furnitures and fixtures	(42,593,624)	(1,763,651)	(1,002,219)	312,249	(45,047,245)
Leasehold improvements	(11,372,416)	-	(872,594)	-	(12,245,010)
Operational Lease Assets	(4,965,601)	-	(3,671,910)	124,347	(8,513,164)
Other tangible assets	(3,385,854)	(1,329,677)	(329,026)	-	(5,044,557)
	(697,563,306)	(57,899,505)	(10,220,910)	439,938	(765,243,783)
Net book value	444,901,907				455,902,885

At 30 September 2020, there are mortgages on property, plant and equipment amounting to TRY 231,824,883 (31 December 2019: TRY 231,824,883)

At 30 September 2020 depreciation expense amounting to TRY 5,214,857 (30 September 2019: TRY 10,548,672) is added to cost of sales (Note 14), amounting to TRY 5,006,053 (30 September 2019: TRY 11,743,929) is added to marketing, selling and distribution and general administrative expenses. As of 30 September 2020, there are no depreciation expense is classified to discontinued operations (30 September 2019: None).

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 September 2019 are as follows:

	1 January 2019	Currency translation differences	Additions	Disposals	Transfers	30 September 2019
Cost						
Land and land improvements	176,847,456	411,134	-	-	-	177,258,590
Buildings	60,695,465	575,370	50,332	-	-	61,321,167
Machinery and equipment	634,317,471	3,580,617	1,721,757	(61,190)	-	639,558,655
Motor vehicles	920,142	-	-	-	-	920,142
Furnitures and fixtures	44,758,396	240,716	694,901	(580,610)	-	45,113,403
Leasehold improvements	14,525,123	-	98,267	-	-	14,623,390
Operational Lease Assets	-	-	18,202,666	-	-	18,202,666
Other tangible assets	4,096,588	104,257	63,471	-	-	4,264,316
Construction in progress	3,866,795	1,661	664,880	-	(4,533,336)	-
	940,027,436	4,913,755	21,496,274	(641,800)	(4,533,336)	961,262,329
Accumulated amortization						
Buildings	(612,063,654)	(3,318,211)	(5,200,861)	61,190	-	(620,521,536)
Machinery and equipments	(581,161)	-	(111,455)	-	-	(692,616)
Motor vehicles	(40,886,193)	(287,693)	(1,185,602)	462,100	-	(41,897,388)
Furnitures and fixtures	(10,223,189)	-	(859,992)	-	-	(11,083,181)
Leasehold improvements	-	-	(14,639,322)	-	-	(14,639,322)
Operational Lease Assets	(2,696,676)	(62,678)	(295,369)	-	-	(3,054,723)
	(666,450,873)	(3,668,582)	(22,292,601)	523,290	-	(691,888,766)
Net book value	273,576,563					269,373,563

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NOTE 9 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortization for the interim period ended 30 September 2020 are as follows:

	1 January 2020	Currency translation differences	Additions	Disposals	30 September 2020
Cost					
Trade names and licenses	50,763,756	8,680,097	-	-	59,443,853
Customer list	359,578,435	85,732,888	-	-	445,311,323
Computer software and rights	100,835,491	22,471,750	52,040	-	123,359,281
Internet domain names	7,467,610	-	-	-	7,467,610
Other intangible assets	16,559,351	-	-	(9,500)	16,549,851
	535,204,643	116,884,735	52,040	(9,500)	652,131,918
Accumulated amortization					
Trade names and licenses	(48,078,217)	(7,889,236)	(444,464)	-	(56,411,917)
Customer list	(359,578,435)	(85,732,888)	-	-	(445,311,323)
Computer software and rights	(97,649,739)	(22,477,314)	(533,888)	-	(120,660,941)
Internet domain names	(7,467,610)	-	-	-	(7,467,610)
Other intangible assets	(9,343,657)	-	(691,954)	9,500	(10,026,111)
	(522,117,658)	(116,099,438)	(1,670,306)	9,500	(639,877,902)
Net Book Value	13,086,985				12,254,016

Amortization expense amounting to TRY 852,215 has been included cost of sales (Note 14) (30 September 2019: TRY 1,213,460) and TRY 818,091 in marketing and general administrative expenses (30 September 2019: TRY 1,350,955) as of 30 September 2020 there are no classified amount into discontinued operations (30 September 2019: None).

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NOTE 9 - INTANGIBLE ASSETS (Continued)

The movements of intangible assets and related accumulated amortization for the interim period ended 30 September 2019 are as follows:

	1 January 2019	Currency translation differences	Additions	Disposals	Transfers	30 September 2019
Cost						
Trade names and licenses	50,830,995	(1,531,216)	-	-	-	49,299,779
Customer list	361,869,275	(16,576,513)	-	-	-	345,292,762
Computer software and rights	101,451,788	(4,405,291)	1,921	-	-	97,048,418
Internet domain names	7,467,610	-	-	-	-	7,467,610
Other intangible assets	12,709,838	-	-	-	4,533,336	17,243,174
	534,329,506	(22,513,020)	1,921	-	4,533,336	516,351,743
Accumulated amortization						
Trade names and licenses	(48,217,652)	1,528,176	(12,119)	-	-	(46,701,595)
Customer list	(361,869,275)	16,576,513	-	-	-	(345,292,762)
Computer software and rights	(96,978,495)	4,581,780	(470,225)	-	-	(92,866,940)
Internet domain names	(7,467,610)	-	-	-	-	(7,467,610)
Other intangible assets	(7,842,365)	-	(2,082,071)	-	-	(9,924,436)
	(522,375,397)	22,686,469	(2,564,415)	-	-	(502,253,343)
Net Book Value	11,954,109					14,098,400

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 September 2020, and 31 December 2019, short term provisions are as follows:

Short Term Provisions of Employment Termination Benefits:

Provision for unused vacation rights

	30 September 2020	31 December 2019
Provision for unused vacation rights	24,439,084	17,148,260
Total	24,439,084	17,148,260

Movements of provision for unused vacation rights during the periods ended at 30 September 2020 and 2019 are as follows:

	2020	2019
1 January	17,148,260	14,164,860
Additions during the period	8,262,560	1,221,232
Payments related to provisions	(1,402,678)	(1,356,717)
Currency translation differences	430,942	(40,699)
30 September	24,439,084	13,988,676

Other Short-Term Provisions:

Provision for lawsuit and compensation

	30 September 2020	31 December 2019
Provisions:		
Provision for lawsuit and compensation	17,221,171	9,092,050
Total	17,221,171	9,092,050

The lawsuits against the Group amounted to TRY 18,241,800 (31 December 2019: TRY 12,270,306). 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 30 September 2020 the Group has set a provision of TRY 17,221,171 for lawsuits (31 December 2019: TRY 9,092,050) but not sure about the payment maturity for the litigation.

As at 30 September 2020 and 31 December 2019, ongoing lawsuits against the group are as follows:

	30 September 2020	31 December 2019
Legal lawsuits	7,977,639	8,037,837
Labor lawsuits	10,194,161	4,162,469
Commercial lawsuits	70,000	70,000
Total	18,241,800	12,270,306

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NOTE 10 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Other Short-Term Provisions (Continued)

Provision for lawsuit and compensation (Continued)

Movements of provision for lawsuits for the periods ending 30 September 2020 and 2019 are as follows:

	2020	2019
1 January	9,092,050	6,549,847
Additions during the period	9,808,843	5,482,932
Payments related to provisions	(234,195)	(440,000)
Provision reversed	(1,468,290)	(1,245,594)
Currency translation differences	22,763	39,292
30 September	17,221,171	10,386,477

NOTE 11 – COMMITMENTS

CPM's given by the Group

As given in the table below, there are no CPM's given to third parties,

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 30 September 2020, the Group has unused publication of advertisements commitment amounting to TRY 6,340,809 (31 December 2019: TRY 6,088,118) within these barter contracts. The Group has TRY 831,685 amounted receivables as of 30 September 2020 (31 December 2019: TRY 1,829,584) which were invoiced and recognized to financial statements but not yet goods or services were received.

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NOTE 11 - COMMITMENTS (Continued)

The Group's collaterals/pledge/mortgage ("CPM") position as of 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020		31 December 2019	
	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	2,544,204	2,544,204
Russian Ruble ⁽²⁾			-	-
- Warranty notes				
TRY	203,937	203,937	203,937	203,937
Euro	25,000	228,203	25,000	166,265
- Mortgages				
US Dollar	2,500,000	19,520,000	2,500,000	14,850,500
B. Total amount of CPM's given on behalf of the fully consolidated companies ⁽¹⁾				
- Collaterals				
TRY	357,505	357,505	357,505	357,505
US Dollar	2,500,000	19,520,000	2,500,000	14,850,500
Euro				
Russian Ruble ⁽²⁾				
C. Total amount of CPM's given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM's given				
i) Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii) Total amount of CPM's given on behalf of other Group companies which are not in scope of B and C				
TRY	-	-	-	-
USD	-	-	-	-
US Dollar	-	-	-	-
Other	-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total		42,373,849		32,972,911

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NOTE 12- PROVISION FOR EMPLOYEE BENEFITS

Provision for employment termination benefits at 30 September 2020 and 31 December 2019 are as follows:

Long term provisions for employment termination benefits

	30 September 2020	31 December 2019
Provision for employment termination benefits	57,501,951	52,358,307
Total	57,501,951	52,358,307

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 7,117.17 as of 31 September 2020 (31 December 2019: TRY 6,379.86) for each year of service. In employee termination benefits provision calculation Group has taken into consideration the ceiling amount TRY 7,117.17 which is effective from 30 September 2020 (31 December 2019: TRY 6,730.15 effective from 1 January 2020).

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 30 September 2020, 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 2019: 11.70%), inflation rate applied as 7.90% ⁽²⁾ (31 December 2019: 7.90%) and rate of increase in wages applied as 7.90% (31 December 2019: 7.90 %) in the calculation.

⁽¹⁾ The discount rate used in the calculation of severance payment is determined as 11.7 % 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.

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NOTE 12 - PROVISION FOR EMPLOYEE BENEFITS (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 30 September 2020 and 2019 are as follows:

	2020	2019
1 January	52,358,307	45,317,176
Service cost during the period	3,245,017	2,968,755
Interest cost during the period	4,577,112	5,397,252
Payments and reversal of provisions during the period	(2,678,485)	(4,107,345)
30 September	57,501,951	49,575,838

NOTE 13 – 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 TRY 1. There are no privileged shares. The Company's historical authorized and paid-in share capital at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
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. 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.

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NOTE 13 - EQUITY (Continued)

Shareholders	30 September 2020	Share (%)	31 December 2019	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 20.82% of the shares are in circulation in accordance with CSD as of 30 September 2020 (31 December 2019: 16.54%) (Note 1). Shares in circulation rate is 20.82% 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.

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:

	30 September 2020	31 December 2019
Gain/(loss) from revaluation of property	294,701,211	294,701,211
Remeasurement gain (loss) in defined benefit plans	(23,594,600)	(23,594,600)
Total	271,106,611	271,106,611

The increase of TRY 294,701,211 in the fair value assessment for the financial period of 30 September 2020 for the consolidated financial statement has accounted under a shareholder's securities value increase fund under equity after its tax effect. A fair value assessment has not been taken for tangible assets for the period of 1 January 2020 and 30 September 2020.

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 income statement as other income and other expense. The value for reassessed estimation differences accounted under equity is TRY 23,594,600 (31 December 2019: TRY 23,594,600).

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NOTE 13 - EQUITY (Continued)

Accumulated other comprehensive income and (expenses) that will not be reclassified in profit and loss (Continued)

	30 September 2020	31 December 2019
Currency translation differences	63,748,823	64,537,704
Total	63,748,823	64,537,704

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 30 September 2020 (31 December 2019: TRY 117,176,268) consist of legal reserves and gain on sale of real estate and affiliates and R&D incentive grant.

	30 September 2020	31 December 2019
Gain on sale of real estate ⁽¹⁾	56,728,014	56,728,014
General legal reserves	59,265,973	59,265,973
Gain on sale of subsidiary	683,990	683,990
Research and development grant	498,291	498,291
Total	117,176,268	117,176,268

⁽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 Gazıemir, Izmir and Esenyurt, Istanbul in 2014, gain from sale of investment property in Ankara Cinnah 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 for periods 1 January 2014 - 31 December 2014, 1 January 2016 - 31 December 2016, 1 January 2017 - 31 December 2017, 1 January 2018 - 31 December 2018 and 1 January 2019 - 31 December 2019 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.

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NOTE 13 - EQUITY (Continued)

Dividend distribution

The Company 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 TAS/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 the first time 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.

NOTE 14 - SALES AND COST OF SALES

Sales

The detail of sales for the years ended 30 September 2020 and 2019 are as follows:

	1 January- 30 September 2020	1 July - 30 September 2020	1 January- 30 September 2019	1 July - 30 September 2019
Advertising revenue	90,058,814	30,813,118	117,232,869	34,121,096
Circulation and publishing sales	116,566,331	42,030,846	124,872,180	38,726,951
Other	19,548,376	8,025,075	23,629,104	7,123,939
Net Sales	226,173,521	80,869,039	265,734,153	79,971,986
Cost of sales (-)	(217,965,484)	(74,477,708)	(236,136,274)	(75,927,461)
Gross profit (loss)	8,208,037	6,391,331	29,597,879	4,044,525

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NOTE 14 - SALES AND COST OF SALES (Continued)

Sales (Continued)

	Printing Media 1 January- 30 September 2020	Digital Media 1 January- 30 September 2020	Printing Media 1 January- 30 September 2019	Digital Media 1 January- 30 September 2019
Domestic	125,841,176	46,604,466	169,878,879	35,288,144
Foreign	49,615,077	4,112,802	50,713,043	9,854,087
Total Sales	175,456,253	50,717,268	220,591,922	45,142,231

Performance Obligations

Circulation sales	90,055,783	-	99,958,741	-
Subcontracted printing sales	26,510,548	-	24,913,439	-
Advertising sales	43,454,348	46,604,466	81,944,725	35,288,144
Other sales	15,435,574	4,112,802	13,775,017	9,854,087
	175,456,253	50,717,268	220,591,922	45,142,231

**Fulfillment of the
Performance Obligations**

In time	132,001,905	4,112,802	138,647,197	9,854,087
At a specific moment in time	43,454,348	46,604,466	81,944,725	35,288,144
	175,456,253	50,717,268	220,591,922	45,142,231

Cost of Sales

The details of cost of sales for the periods ended 30 September 2020 and 2019 are as follows:

	1 January- 30 September 2020	1 July - 30 September 2020	1 January- 30 September 2019	1 July - 30 September 2020
Raw material	(74,347,069)	(25,172,472)	(100,217,914)	(29,225,985)
Paper	(34,222,723)	(10,766,554)	(63,302,682)	(18,566,028)
Printing and ink	(23,169,434)	(8,885,224)	(22,042,283)	(6,559,180)
Other	(16,954,912)	(5,520,694)	(14,872,949)	(4,100,777)
Personnel expenses	(103,482,756)	(35,445,050)	(87,958,812)	(29,584,717)
Depreciation Expenses (Note 8,9)	(6,067,072)	(2,010,473)	(11,762,132)	(4,168,129)
Agency expenses	(8,283,518)	(3,098,417)	(7,419,696)	(2,724,898)
Distribution, storage and travel expenses	(2,268,934)	(759,393)	(4,273,750)	(1,522,801)
Fuel, electricity, water and office expenses	(5,397,885)	(2,038,325)	(4,972,661)	(2,030,468)
Outsourced services	(2,524,684)	(831,906)	(2,290,017)	(711,883)
Communication expenses	(3,022,326)	(1,047,112)	(2,536,320)	(900,668)
Maintenance and repair expenses	(2,327,747)	(695,891)	(2,330,008)	(797,969)
Rent expenses	(508,307)	(204,975)	(1,003,236)	(346,308)
Packaging expenses	(850,817)	(89,828)	(1,304,907)	(442,612)
Other	(8,884,369)	(3,083,866)	(10,066,821)	(3,471,023)
Total	(217,965,484)	(74,477,708)	(236,136,274)	(75,927,461)

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NOTE 15- INCOME FROM INVESTING ACTIVITIES

The details of income from investing activities for the periods ended at 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Rent income (Note 7)	3,101,656	1,091,469	3,265,791	1,024,254
Gain on sale of tangible assets and investment properties	103,573	48,685	446,062	246,547
Foreign exchange and other gains	-	-	9,422,879	(1,994,328)
Total	3,205,229	1,140,154	13,134,732	(723,527)

NOTE 16- EXPENSE FROM INVESTING ACTIVITIES

The details of expenses from investing activities for the periods ended at 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Loss on change in fair value of investment properties (Note 7)	(304,989)	-	-	-
Loss from sale of tangible assets and investment properties	(1,695)	-	(710,443)	(502,979)
Expenses related to investment properties	(156,651)	(17,766)	(198,228)	(60,166)
Total	-	-	(5,000)	(5,000)
Total	(463,335)	(17,766)	(913,671)	(568,145)

NOTE 17- FINANCIAL INCOME / EXPENSES

The details of financial expenses for the periods ended at 30 September 2020 and 2019 are as follows:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Interest expense on bank loans	(11,952,248)	(3,742,497)	(11,050,358)	(3,697,550)
Foreign exchange income/(losses), net	(1,722,324)	(765,181)	554,246	853,590
Loan commission, bank costs and factoring expenses	(148,023)	(46,113)	(289,269)	(112,908)
Other	(223,614)	(81,476)	(10,523,490)	(3,524,724)
Total	(14,046,209)	(4,635,267)	(21,308,871)	(6,481,592)

NOTE 18- INCOME TAXES

Assets related to current period tax:

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	30 September 2020	31 December 2019
Corporate and income tax payable	283,291	769,939
Less: Prepaid taxes	-	(600,741)
Current income tax liabilities	283,291	169,198

Turkish tax legislation does not permit a parent company and its subsidiaries 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.

Corporate tax rate in Turkey is 22% (31 December 2019: 22%).

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% (2019:22%). Therefore, deferred tax assets and liabilities as of 30 September 2020 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.

The tax rates which are used for the deferred tax calculation in accordance with Tax Legislation of each country as of 30 September 2020 are as follows:

Country	Tax 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.

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.

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NOTE 18- INCOME TAXES (Continued)

	30 September 2020	31 December 2019
Deferred tax liabilities	(27,670,847)	(29,804,588)
Deferred tax assets	1,979,025	2,321,912
Deferred tax liabilities, net	(25,691,822)	(27,482,676)

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 30 September 2020 and 31 December 2019 are as follows:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Provision for employee termination benefits and unused vacation rights	80,385,058	67,753,205	17,684,713	14,905,705
Difference between tax base and carrying value of trade receivables	34,685,187	33,258,509	7,630,741	7,316,872
Deferred income	3,080,234	3,531,291	677,652	776,884
Operational assets reclassification (TFRS 16)	2,005,949	1,528,760	441,309	336,327
Difference between tax bases and carrying value of property, plant and equipment and intangibles	(324,817,568)	(311,134,498)	(42,355,790)	(38,897,301)
Investment properties fair value differences	(154,657,511)	(154,824,944)	(15,528,363)	(15,565,199)
Other, net	26,478,665	16,900,717	5,757,916	3,644,036
Total	(332,839,986)	(342,986,960)	(25,691,822)	(27,482,676)

As of 30 September 2020, Group's total deductible loss of which deferred tax assets have not been calculated are TRY 352,177,102 (31 December 2019: TRY 352,177,102).

The movements of net deferred tax liabilities for the periods ended 30 September 2020 and 2019 are as follows:

	1 January- 30 September 2020	1 January- 30 September 2019
Current tax income/(expense)	(283,291)	(263,787)
Deferred tax income/(expense)	4,533,166	4,785,713
Total	4,249,875	4,521,926

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**NOTE 19- ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED
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. (“TME”). That owned by 97.29% by the Group, has decided to discontinue the digital operations 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.

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 to profit or loss during sale or wholly liquidation of the net investment.

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NOTE 20 - RELATED PARTY DISCLOSURES

i) Balances of related parties:

a) Short term trade receivables from related parties:

	30 September 2020	31 December 2019
Trade receivables from related parties		
Milliyet Gazetecilik Yayıncılık A.Ş.	61,358,876	19,949,336
Demirören Reklam ve Yatırım A. Ş. (*)	59,421,053	37,667,010
Demirören Media International GmbH	14,157,001	9,951,184
Demirören Gazetecilik A.Ş.	13,718,870	7,708,974
Demirören Denetim Dağıtım Satış Pazarlama Matbaacılık Ödeme Aracılık ve Tahsilat Sis. A.Ş.	3,297,227	2,931,855
Demirören TV Holding A. Ş	810,104	11,005,086
Other	887,270	2,127,488
	153,650,401	91,340,933

b) Short term payables to related parties:

	30 September 2020	31 December 2019
Trade payables to related parties		
Yelda Haber ve Görsel Yayıncılık A.Ş. (**)	40,730,132	2,575,955
Demirören Media International GmbH	9,254,797	16,251,060
Demirören Holding A.Ş.	397,183	1,873,719
Demirören Medya Yatırımları A.Ş.	-	1,861,723
Other	1,245,227	758,047
	51,627,339	23,320,504

c) Other receivables from related parties

	30 September 2020	31 December 2019
Short term other receivables from related parties:		
Demirören Medya Yatırımları A.Ş.	50,701,291	80,876,536
	50,701,291	80,876,536

(*)In 2019, Demirören Reklam ve Yatırım A.Ş. and Demirören İnternet Yayıncılığı ve Yatırım A.Ş. combined.

(**)In 2020, Yelda Haber ve Görsel Yayın. A.Ş. and DTV Haber ve Görsel Yayın. A.Ş. combined.

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NOTE 20- RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties:

Transactions in related parties for the periods ended as of 30 September 2020 and 2019 are as follows:

a) Significant service and product sales to related parties:

	1 January- 30 September 2020	1 July - 30 September 2020	1 January- 30 September 2019	1 July - 30 September 2019
Demirören Reklam ve Yatır. A.Ş. (*)	35,960,317	13,745,652	30,323,254	8,919,236
Demirören Gazetecilik A.Ş.	19,469,843	8,540,014	19,769,868	6,459,895
Milliyet Gazetecilik Yayıncılık A.Ş.	12,142,784	5,193,890	1,556,312	670,627
Demirören Medya Yatırımları A.Ş.	4,810,575	1,201,492	-	-
Yelda Haber ve Görsel Yayın. A.Ş. (**)	2,593,871	197,313	1,829,958	39,379
Demirören TV Holding A.Ş.	889,323	253,259	2,203,657	777,035
Other	5,039,762	2,770,411	3,274,589	2,541,476
	80,906,475	31,902,031	58,957,638	19,407,648

b) Significant service and product purchases from related parties:

	1 January- 30 September 2020	1 July - 30 September 2020	1 January- 30 September 2019	1 July - 30 September 2019
Total Oil Türkiye A.Ş.	-	-	944,485	322,098
Demirören Teknoloji A.Ş.	6,114,925	2,504,177	4,565,008	1,366,201
Demirören Haber Ajansı A.Ş.	5,103,528	1,704,125	4,552,445	3,034,347
Demirören Medya Yatırımları A.Ş.	4,244,941	594,999	4,514,587	1,700,602
Demirören Reklam ve Yatır. A.Ş. (*)	3,555,674	2,071,740	1,516,857	729,434
Demirören Gazetecilik A.Ş.	2,955,736	981,496	3,657,823	939,838
Milliyet Gazetecilik Yayıncılık A.Ş.	2,528,925	1,001,175	1,315,490	403,895
Taksim Gayr. Yat. Geliş. ve İşl. A.Ş.	1,306,156	1,306,156	-	-
Demirören TV Digital Platform İşletme. A.Ş.	1,232,059	431,746	1,182,037	381,892
Yelda Haber ve Görsel Yayın. A.Ş. (**)	1,048,415	339,881	1,170,457	216,545
Other	2,995,757	1,072,080	1,272,255	487,953
	31,086,116	12,007,575	24,691,444	9,582,805

c) Other income from related parties

	1 January- 30 September 2020	1 July - 30 September 2020	1 January- 30 September 2019	1 July - 30 September 2019
Demirören TV Holding A.Ş.	4,842,939	1,612,146	4,389,954	2,903,099
Milliyet Gazetecilik Yayıncılık A.Ş.	2,264,900	683,625	2,026,775	655,525
Demirören TV Digital Platform İşletme. A.Ş.	1,917,673	655,165	1,519,929	593,031
Demirören Gazetecilik A.Ş.	1,379,907	398,782	1,315,679	373,515
Demirören Haber Ajansı A.Ş.	426,985	140,882	649,170	127,682
Demirören Teknoloji A.Ş.	382,971	116,453	837,556	238,940
Other	1,274,125	227,329	1,339,441	493,966
	12,489,500	3,834,382	12,078,504	5,385,758

As of 30 September 2020, amounting to TRY 12,489,500 TRY of other income which totally amounts to TRY 215,134 consists of rent income which Hürriyet received from the Group companies (1 January - 30 September 2019: TRY 822,228).

(*)In 2019, Demirören Reklam ve Yatırım A.Ş. and Demirören İnternet Yayıncılığı ve Yatırım A.Ş. combined.

(**)In 2020, Yelda Haber ve Görsel Yayın. A.Ş. and DTV Haber ve Görsel Yayın. A.Ş. combined.

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NOTE 20- RELATED PARTY DISCLOSURES (Continued)

ii) Significant transactions with related parties (Continued)

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Financial expense:				
Yelda Haber ve Görsel Yayın. A.Ş.	853,580	491,583	-	-
Demirören TV Digital Platform İşletmeciliği A.Ş.	77,494	17,320	-	-
Other	57,570	2,131	-	-
	988,644	511,034	-	-

iii) Key Management Personnel:

	1 January - 30 September 2020	1 July - 30 September 2020	1 January - 30 September 2019	1 July - 30 September 2019
Salaries and other short-term benefits	4,484,738	1,583,908	4,571,153	1,471,220
Post-employment benefits	-	-	1,277,268	828,594
	4,484,738	1,583,908	5,848,421	2,299,814

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.

NOTE 21 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

21.1 Financial Risk Management

Foreign currency risk

The Group is exposed to foreign exchange risk because of the translation of the amounts of liability denominated in foreign currency into the functional currency. 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 3 to 6 months. However, this policy should be revised by the management when deemed necessary, according to market conditions.

TRY equivalents of assets and liabilities denominated in foreign currencies at 30 September 2020 and 31 December 2019 are as follows:

	30 September 2020	31 December 2019
Assets	155,079,440	110,005,146
Liabilities	(2,778,129)	(1,942,129)
Net foreign currency position	152,301,311	108,063,017

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 30 September 2020: 7,8080 TRY= 1 US Dollar and 9,1281 TRY=1 Euro (31 December 2019: 5.9402 TRY= 1 US Dollar and 6.6506 TRY=1 Euro).

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**NOTE 21 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign currency risk (Continued)

The table below summarizes of the Group's foreign currency risk as of 30 September 2020 and 31 December 2019. The foreign currency assets and liabilities which is held on by the Group are as follows:

30 September 2020	TRY Equivalent	USD	Euro	Other
1. Trade receivables	9,891,777	19,832	1,066,699	-
2a. Monetary Financial Assets (Cash, Banks included)	405,564	13,574	26	299,343
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	10,297,341	33,405	1,066,725	299,343
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)	10,297,341	33,405	1,066,725	299,343
10. Trade Payables	2,778,129	110,085	210,185	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,778,129	110,085	210,185	-
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)	2,778,129	110,085	210,185	-
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)	7,519,212	(76,680)	856,540	299,343
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	7,519,212	(76,679)	856,540	299,343
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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**NOTE 21 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign currency risk (Continued)

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)	-	-	-	-
2b. Non-Monetary Financial Assets	1,032,562	18,123	7,274	876,535
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	14,515,576	3,151,755	876,535
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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**NOTE 21 - NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

Foreign currency risk (Continued)

The Group is exposed to foreign currency risk of US Dollar, Euro, and other foreign currency.

30 September 2020

	Profit/(Loss)	
	Foreign currency appreciations	Foreign currency depreciations
If the US dollar had changed by 20% against the TRY		
USD net (liabilities)/assets	(119,743)	119,743
Hedging amount of USD	-	-
USD net effect on (loss)/income	(119,743)	119,743

If the EUR had changed by 20% against the TRY

Euro net (liabilities)/assets	1,563,717	(1,563,717)
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	1,563,717	(1,563,717)

**If other foreign currency had changed by
20% against the TRY**

Other foreign currency net (liabilities)/assets	59,869	(59,869)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	59,869	(59,869)

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)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets at fair value through other comprehensive income	Carrying Value	Note
30 September 2020					
Financial assets					
Cash and cash equivalents	7,908,487	-	-	7,908,487	-
Trade receivables from non-related parties	50,653,105	-	-	50,653,105	5
Trade receivables from related parties	153,650,01	-	-	153,650,401	20
Other receivables from non-related parties	9,584,971	-	-	9,584,971	-
Other receivables from related parties	50,701,291	-	-	50,701,291	20
Financial investments	105,601	-	313,923	419,524	-
Financial liabilities					
Financial borrowings	-	20,701,288	-	20,701,288	4
Trade payables ton on-related parties	-	51,402,951	-	51,402,951	5
Trade payables to related parties	-	51,627,339	-	51,627,339	20
Employee benefit payables	-	2,528,065	-	2,528,065	12
Other payables to non-related parties	-	11,726,857	-	11,726,857	-
Other short-term liabilities	-	14,132,921	-	14,132,921	-

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets at fair value through other comprehensive income	Carrying Value	Note
31 December 2019					
Financial assets					
Cash and cash equivalents	14,156,497	-	-	14,156,497	-
Trade receivables from non-related parties	76,040,408	-	-	76,040,408	5
Trade receivables from related parties	91,340,933	-	-	91,340,933	20
Other receivables from non-related parties	11,613,429	-	-	11,613,429	-
Other receivables from related parties	80,876,536	-	-	80,876,536	20
Financial investments	68,478	-	313,923	382,401	-
Financial liabilities					
Financial borrowings	-	30,007,863	-	30,007,863	4
Trade payables to non-related parties	-	36,895,749	-	36,895,749	5
Trade payables to related parties	-	23,320,504	-	23,320,504	20
Employee benefit payables	-	482,257	-	482,257	12
Other payables to non-related parties	-	4,808,536	-	4,808,536	-
Other short-term liabilities	-	24,689,718	-	24,689,718	-

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

**NOTE 22 - 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 23 - EVENTS AFTER REPORTING PERIOD

Approval of Financial Statements

The consolidated financial statements for the period ended 30 September 2020 were approved by the Board of Directors on 9 November 2020.

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