

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE ACCOUNTING PERIOD OF
1 JANUARY – 31 DECEMBER 2023**

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HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note	(Audited) Current Period 31 December 2023	(Audited) Prior Period 31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	4	2.803.932	10.201.587
Financial investments	5	89.831	148.017
Trade receivables			
- Trade receivables from related parties	32	52.469.647	141.623.225
- Trade receivables from non-related parties	7	94.829.830	92.651.689
Other receivables			
- Other receivables from related parties	32	765.571.250	102.585.070
- Other receivables from non-related parties	8	8.432.929	13.029.557
Inventories	10	52.120.931	60.943.743
Prepaid expenses	18	16.599.888	44.123.237
Other current assets	19	5.938.552	6.593.244
Total current asset		998.856.790	471.899.369
Non-current assets			
Financial investments	5	397.945	397.945
Other receivables			
- Other receivables from non-related parties	8	17.096.510	21.731.113
Investment properties	11	1.252.466.547	2.921.534.443
Tangible assets	12	1.301.390.192	1.240.597.943
Intangible assets			
- Other intangible assets	13	28.123.203	41.691.738
Prepaid Expenses	18	1.033.727	5.730.847
Other non-current assets	19	860.184	187.840
Total non-current assets		2.601.368.308	4.231.871.869
Total assets		3.600.225.098	4.703.771.238

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note	(Audited) Current Period 31 December 2023	(Audited) Prior Period 31 December 2022
LIABILITIES			
Current liabilities			
Short-term payables from rental services			
- Payables from rental services to non-related parties	6	20.722.370	7.364.870
Trade payables			
- Trade payables to related parties	32	53.238.574	30.747.632
- Trade payables to non-related parties	7	125.092.495	157.039.688
Employee benefit payables	9	67.183.988	72.901.820
Other payables			
- Other payables to related parties	32	-	290.073.458
- Other payables to non-related parties	8	152.113.208	158.690.220
Deferred income	18	1.264.985	15.478.753
Current income tax liabilities	29	1.199.338	1.313.235
Short-term provisions			
- Short-term provisions for employment benefits	17	67.745.064	99.071.533
- Other short-term provisions	15	18.494.336	37.865.430
Other short-term liabilities	19	189.739.318	191.958.633
Total short-term liabilities		696.793.676	1.062.505.272
Long-term liabilities			
Long-term payables from rental services			
- Payables from rental services to non-related parties	6	30.467.769	30.278.676
Long-term provisions			
- Long-term provisions for employment benefits	17	66.077.483	117.670.781
Deferred tax liability	29	242.454.459	304.403.976
Other long-term liabilities	19	87.926.668	3.610.423
Total long-term liabilities		426.926.379	455.963.856
Total liabilities		1.123.720.055	1.518.469.128
LIABILITIES		1.123.720.055	1.518.469.128

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note	(Audited) Current Period 31 December 2023	(Audited) Prior Period 31 December 2022
EQUITY			
Total equity		2.476.505.043	3.185.302.110
Equity attributable to equity holders of the parent company		2.482.114.817	3.188.906.345
Issued capital	20	592.000.000	592.000.000
Inflation adjustment to share capital	20	9.113.175.410	9.113.175.410
Share premiums (discounts)	20	876.160	876.160
Other comprehensive income and expenses that will not be reclassified subsequently to profit or loss			
- Gain (loss) on remeasurement			
- Gain (loss) on revaluation of tangible asset	20	606.411.720	775.238.978
- Gain (loss) on remeasurement of defined benefit plans	20	128.004	(10.248.185)
Other comprehensive income and expenses that will be reclassified subsequently to profit or loss			
- Currency translation differences	20	160.737.480	70.538.211
Restricted reserves	20	979.479.325	979.479.325
Retained earnings/loss		(8.142.175.432)	(8.185.663.810)
Net profit (loss) for the period		(828.517.850)	(146.489.744)
Non-controlling interests		(5.609.774)	(3.604.235)
Total liabilities and equity		3.600.225.098	4.703.771.238

These consolidated financial statements as at and for the period ended 31 December 2023 were approved by the Board of Directors on 17 May 2024.

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF PROFIT LOSS AS OF 1 JANUARY-31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note references	(Audited) Current Period 1 January - 31 December 2023	(Audited) Prior Period 1 January - 31 December 2022
Revenue	21	741.320.748	887.442.385
Cost of sales (-)	21	(999.854.132)	(1.180.625.172)
Gross profit/(loss)		(258.533.384)	(293.182.787)
General administrative expenses (-)	22	(228.185.749)	(232.282.633)
Marketing expenses (-)	22	(118.538.768)	(146.567.108)
Other operating income	24	263.191.633	153.836.140
Other operating expenses (-)	25	(167.577.832)	(122.311.597)
Operating profit/(loss)		(509.644.100)	(640.507.985)
Income from investing activities	26	261.276.702	554.370.568
Expenses from investing activities (-)	27	(437.674.370)	(8.063.021)
Operating profit/(loss) before finance income/(expense)		(686.041.768)	(94.200.438)
Finance expenses (-)	28	(33.273.850)	(36.116.676)
Monetary gain / (loss)		(61.857.153)	121.699.274
Profit/(loss) before tax from continuing operations		(781.172.771)	(8.617.840)
Tax income/(expense) of continuing operations		(23.113.822)	(96.890.103)
Current tax income (expense)	29	(1.199.338)	(1.313.235)
Deferred tax income (expense)	29	(21.914.484)	(95.576.868)
Profit/(loss) for the period from continuing operations		(804.286.593)	(105.507.943)
Profit/(loss) for the period from discontinued operations	30	(24.931.816)	(42.263.677)
Net profit/(loss) for the period		(829.218.409)	(147.771.620)
Distribution of net profit/(loss) for the period			
Non-controlling interests		(700.559)	(1.281.876)
Equity holders of the parent company		(828.517.850)	(146.489.744)
Loss per share			
Attributable to shareholders of the parent company	31	(1,3995)	(0,2474)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AS OF 1 JANUARY-31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note references	(Audited) Current Period 1 January - 31 December 2023	(Audited) Prior Period 1 January - 31 December 2022
Other comprehensive income statement			
Profit (loss) for the period		(829.218.409)	(147.771.620)
Other comprehensive income			
That will not be subsequently reclassified to profit and loss			
- Gain/(loss) on revaluation of tangible asset	12	68.533.484	861.376.642
- Gain/(loss) on revaluation for defined benefits	17	13.515.966	(13.138.699)
Taxes related to other comprehensive income (expense) that will not be subsequently reclassified to profit and loss			
- Gain/(loss) on revaluation of tangible asset. tax effect	29	(47.382.620)	(86.137.664)
- Gain/(loss) on revaluation for defined benefits. tax effect	29	(3.139.777)	2.890.514
That will be subsequently reclassified to profit and loss			
- Currency translation differences		88.894.289	71.975.757
Other comprehensive income (expense)		120.421.342	836.966.550
Total comprehensive income (expense)		(708.797.067)	689.194.930
Distirbution of total comprehensive income (expense)			
Non-controlling interests		(2.005.539)	155.670
Shareholders of the parent company		(706.791.528)	689.039.260

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY AS OF 1 JANUARY-31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note references	Issued capital	Adjustment to share capital	Share premium (discount)	Currency translation differences ⁽¹⁾	Other comprehensive income or (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
								Gain (losses) on revaluation	Gain (losses) on remeasurement of defined benefit plan	Restricted reserves	Retained earnings / (losses)	Net profit / (loss) for the period			
Balances at 1 January 2022		592.000.000	9.113.175.410	876.160	-	-	-	-	-	979.479.325	140.985.657	(8.326.649.467)	2.499.867.085	(3.759.905)	2.496.107.180
Transfers		-	-	-	-	-	-	-	-	-	(8.326.649.467)	8.326.649.467	-	-	-
Total comprehensive income / (expense)		-	-	-	70.538.211	775.238.978	(10.248.185)	-	-	-	-	(146.489.744)	689.039.260	155.670	689.194.930
-Gain (loss) on remeasurement of defined benefit plans		-	-	-	-	-	(10.248.185)	-	-	-	-	-	(10.248.185)	-	(10.248.185)
-Gain (loss) on remeasurement		-	-	-	-	775.238.978	-	-	-	-	-	-	775.238.978	-	775.238.978
-Currency translation differences		-	-	-	70.538.211	-	-	-	-	-	-	-	70.538.211	1.437.546	71.975.757
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	(146.489.744)	(146.489.744)	(1.281.876)	(147.771.620)
Balances at 31 December 2022	20	592.000.000	9.113.175.410	876.160	70.538.211	775.238.978	(10.248.185)	979.479.325	(8.185.663.810)	(146.489.744)	3.188.906.345	(3.604.235)	3.185.302.110		
Balances at 1 January 2023	20	592.000.000	9.113.175.410	876.160	70.538.211	775.238.978	(10.248.185)	979.479.325	(8.185.663.810)	(146.489.744)	3.188.906.345	(3.604.235)	3.185.302.110		
Transfers		-	-	-	-	(189.978.122)	-	-	-	-	43.488.378	146.489.744	-	-	-
Subsidiary sale		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (expense)		-	-	-	90.199.269	21.150.864	10.376.189	-	-	-	-	(828.517.850)	(706.791.528)	(2.005.539)	(708.797.067)
-Gain (loss) on remeasurement of defined benefit plans		-	-	-	-	-	10.376.189	-	-	-	-	-	10.376.189	-	10.376.189
-Gain (loss) on remeasurement		-	-	-	-	21.150.864	-	-	-	-	-	-	21.150.864	-	21.150.864
-Currency translation differences		-	-	-	90.199.269	-	-	-	-	-	-	-	90.199.269	(1.304.980)	88.894.289
-Net profit (loss) for the period		-	-	-	-	-	-	-	-	-	-	(828.517.850)	(828.517.850)	(700.559)	(829.218.409)
Balances at 31 December 2023	20	592.000.000	9.113.175.410	876.160	160.737.480	606.411.720	128.004	979.479.325	(8.142.175.432)	(828.517.850)	2.482.114.817	(5.609.774)	2.476.505.043		

⁽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. ("TME") 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.

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWAS OF 1 JANUARY-31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note references	(Audited) Current Period 1 January - 31 December 2023	(Audited) Prior Period 1 January - 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES		(1.344.401.200)	(49.413.201)
Net profit (loss) for the period		(829.218.409)	(147.771.620)
Profit (loss) from continuing operations		(804.286.593)	(105.507.943)
Profit (loss) from discontinued operations		(24.931.816)	(42.263.677)
Adjustments to reconcile profit (loss) for the period		400.192.840	(149.066.745)
Adjustments related to depreciation and amortization expenses	12,13	50.524.655	66.714.317
Adjustments related to impairment (reversal)			
Adjustments related to impairment (reversal) of receivables	7	(47.039.957)	4.812.938
Adjustments related to provision for impairment of inventories	10	114.218	346.073
Adjustments related to impairment (reversal) of investment property	11	(83.292.093)	(444.618.593)
Adjustments Regarding Provisions			
Adjustments related to (reversal) of provision for employment benefits	17	88.376.573	38.197.142
Adjustments related to reversal of provision of litigation or penalty	15	3.125.667	12.813.970
Adjustment related to general provisions (reversals)		412.514	(855.431)
Adjustment related to other provisions (reversals)		(4.060.074)	677.931
Adjustments related to interest (income) expense			
Adjustments related to interest income	24	(23.097)	(84.990)
Adjustments related to interest expense	28	19.960.090	16.787.387
Unearned finance expense due to term purchases	24	98.547.803	66.912.613
Unearned finance income due to term sales	25	(31.171.204)	(7.039.119)
Adjustments related to tax (income) expense	29	23.113.822	96.890.103
Adjustments for Losses (Gains) on Disposal of non-current assets			
Adjustments related to (gain) loss on sale of tangible assets	26,27	268.359.290	(643.947)
Adjustments related to profit (loss) confirmation		13.244.633	22.861
Changes in working capital		(834.319.992)	274.729.917
Adjustments related to (increase) decrease in trade receivables			
(Increase) decrease in trade receivables from related parties	32	89.153.578	386.770.044
(Increase) decrease in trade receivables from third parties	7	(29.791.007)	(15.761.220)
Adjustments related to (increase) decrease in inventories	10	9.137.461	28.765.665
(Increase) decrease in prepaid expenses	18	32.220.469	(15.398.857)
Adjustments related to increase (decrease) in trade payables			
Increase (decrease) in trade payables to related parties	32	(267.582.516)	60.261.551
Increase (decrease) in trade payables to third parties	7	(31.947.193)	(49.538.126)
Increase (decrease) in payables related to employee benefits	17	(5.717.832)	34.377.862
Increase (decrease) in deferred income (except liabilities arised from customer contract)	18	(14.213.768)	(8.612.304)
Adjustments related to other increase (decrease) in working capital			
(Increase) decrease in other assets related to operating activities	19	(655.085.836)	(104.458.927)
Increase (decrease) in other liabilities related to operating activities	19	39.506.652	(41.675.771)

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWAS OF 1 JANUARY-31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

	Note	(Audited) Current Period 1 January - 31 December 2023	(Audited) Prior Period 1 January - 31 December 2022
	references		
Cash generated from operating		(1.263.345.561)	(22.108.448)
Employment benefits payment	17	(85.023.274)	(22.293.225)
Payments related to other provisions	15	(145.060)	(7.351.647)
Other cash inflows (outflows)		4.112.695	2.340.119
CASH FLOWS FROM INVESTING ACTIVITIES		1.460.545.978	59.510.261
Cash inflows from sale of tangible and intangible assets	11,12,13	(237.587.593)	77.777.407
Cash outflows from purchases of tangible and intangible assets			
Cash outflows from purchases of tangible assets	12	(54.250.752)	(17.584.825)
Cash outflows from purchases of intangible assets	13	-	(769.311)
Cash inflows from sale of investment property	11	1.752.359.991	-
Dividends received		1.235	2.000
Interests received	24	23.097	84.990
CASH FLOWS FROM FINANCING ACTIVITIES		(33.146.538)	(23.924.508)
Payments of lease liabilities		(13.244.633)	(7.538.747)
Interests paid	28	(19.960.090)	(16.787.388)
Other cash inflows (outflows)		58.185	401.627
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF EXCHANGE RATE CHANGES		82.998.240	(13.827.448)
Effects of currency translation rate changes on cash and cash equivalents		(90.395.895)	17.288.970
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(7.397.655)	3.461.522
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	10.201.587	6.740.065
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	2.803.932	10.201.587

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Hürriyet Gazetecilik ve Matbaacılık A.Ş. ("Hürriyet" or the "Company") was established in 1960 and is registered in Türkiye. The Company operates in the fields of journalism, printing, advertising, publishing, and internet broadcasting. It has four printing facilities located in Adana, Antalya, Trabzon, and Germany.

As stated in Note 20 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 TL 40,000,000 (7.24%) from TL 552,000,000 to TL 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 TL 1.00 within the registered share capital of TL 800,000,000. The issuance certificate for the capital increase was approved by the Capital Markets Board dated December 13. 2018 and numbered 63/1446. the capital increase transaction was completed with the cash payment of Demirören Medya on December 21. 2018 and the transaction was registered on 15 January 2019.

The ultimate shareholder of the company is the Demirören family.

The number of employees of the Group as of 31 December 2023 is 1,347 (31 December 2022: 1,302).

The address of the registered office is as follows:

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

The Company is subject to the regulations of the Capital Markets Board of Türkiye ("CMB") and the Capital Markets Legislation; its shares have been traded on Borsa Istanbul A.Ş. ("BİAŞ" or the "Exchange" or "BİST") since February 25, 1992. According to the CMB's Principle Decision dated October 30, 2014, numbered 31/1059, and the Principle Decision dated July 23, 2010, numbered 21/655; based on the records of the Central Securities Depository of Türkiye ("MKK"), as of December 31, 2023, it is accepted that shares representing 18.77% (December 31, 2022: 18.79%) of Hürriyet's capital are "in circulation.

Within the scope of the Capital Markets Board's Communiqué on Tender Offers No. II-26.1, the mandatory tender offer process conducted by Demirören Medya Yatırımları Ticaret A.Ş., the controlling shareholder of the Company, through Ziraat Yatırım Menkul Değerler A.Ş., for the publicly held shares representing Hürriyet's capital, was completed between January 28, 2022, and February 10, 2022. As a result of the tender offer, 12,017,987.48 shares were acquired from 291 investors outside the Exchange. The total value of the acquired shares is 88,946,447.24 TL. No shares were acquired from the Exchange during the tender offer process.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Upon the completion of the buyback process, according to the records of the Central Securities Depository of Türkiye (MKK), as of March 31, 2022, the free float rate of Hürriyet Gazetecilik ve Matbaacılık A.Ş. was 18.79%, and the share of the Company's controlling shareholder, Demirören Medya Yatırımları Ticaret A.Ş., was 81.21%.

As of December 31, 2023, the free float rate of Hürriyet Gazetecilik ve Matbaacılık A.Ş. was 18.77%.

On January 27, 2022, the Company's Board of Directors decided to extend the validity period of the Company's existing Registered Capital Ceiling for an additional five years, starting from 2022 through 2026. Following this decision, the necessary application was made to the Capital Markets Board, and it was approved by the Capital Markets Board ("CMB") on February 14, 2022, with the approval letter numbered E-29833736-110.04.04-17286, and by the Ministry of Trade of the Republic of Türkiye on March 1, 2022, with the approval letter numbered E-50035491-431.02-00072383775. As a result of these approvals, the amendment to the Company's Articles of Association was presented to the shareholders at the General Assembly Meeting held on March 31, 2022, and was approved.

Subsidiaries

As of 31 December 2023 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 Hürriyet Zweigniederlassung GmbH. ("Hürriyet Zweigniederlassung")	Germany	Europe	Printing newspaper
2 Hürriyet Invest B.V. ("Hürriyet Invest")	Netherlands	Europe	Investment
3 Trader Media East Ltd. ("TME")	Jersey	Europe	Investment
4 Sporarena Dijital Hizmetler Pazarlama ve Ticaret A.Ş. ("Sporarena")	Türkiye	Türkiye	Internet Publishing
5 Mirabridge International B.V.	Netherlands	Europe	Investment
6 OOO Pronto Samara	Russia	Russia and EE	Newspaper and internet publishing
7 ID Impress Media LLC	Russia	Russia and EE	Publishing
8 OOO Rukom	Russia	Russia and EE	Internet publishing
9 OOO Pronto Media Holding Ltd.	Russia	Russia and EE	Newspaper and internet publishing
10 OOO Rektcentr	Russia	Russia and EE	Newspaper and internet publishing
11 Publishing House Pennsylvania Inc.	The United States of America	Russia and EE	Investment
12 OOO SP Belpronto	Belarus	Russia and EE	Newspaper and internet publishing
13 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

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Preparation and presentation of financial statements

Applied Financial Reporting Standards

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.

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

Adjustment of Financial Statements in High Inflation Periods

Based on the announcement made by the Public Oversight Accounting and Auditing Standards Authority POA on November 23, 2023, and the published "Implementation Guide on Financial Reporting in Hyperinflationary Economies," the Company prepared its consolidated financial statements for the year ended December 31, 2023, in accordance with the Turkish Accounting Standard 29 TAS 29 "Financial Reporting in Hyperinflationary Economies." According to this standard, financial statements prepared in the currency of a hyperinflationary economy must be stated in terms of the purchasing power of the currency at the balance sheet date. Comparative information for previous periods must also be restated in terms of the measuring unit current at the end of the reporting period. Consequently, the Company has also restated its consolidated financial statements as of December 31, 2021, and December 31, 2022, in terms of the purchasing power as of December 31, 2023.

In accordance with the decision numbered 81/1820 dated December 28, 2023, issued by the Capital Markets Board (CMB), it has been decided to apply inflation accounting starting from the annual financial statements for the fiscal periods ending on December 31, 2023, for issuers subject to financial reporting regulations applying Turkish Accounting / Financial Reporting Standards and capital market institutions. This decision is made by applying the provisions of TAS 29.

The adjustments made in accordance with TAS 29 are based on the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TÜİK"). As of December 31, 2023, the indices and adjustment coefficients used in the restatement of consolidated financial statements are as follows:

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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)

Date	Index	Adjustment Coefficient	3 Year Composite Inflation Rate
31 December 2023	1.859,38	1,00000	268%
31 December 2022	1.128,45	1,64773	156%
31 December 2021	686,95	2,70672	74%

The main components of the adjustment process conducted by the Company for financial reporting purposes in high inflationary economies are as follows:

- The consolidated financial statements prepared in Turkish Lira (TL) are expressed in terms of purchasing power at the balance sheet date, and the amounts from previous reporting periods are also adjusted to reflect the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. If the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 are applied, respectively.
- Non-monetary assets and liabilities as well as equity items not expressed in terms of the current purchasing power at the balance sheet date are adjusted using the relevant adjustment coefficients.
- Except for items affecting the comprehensive income statement within the balance sheet, all items in the comprehensive income statement have been indexed using coefficients calculated based on the periods when income and expense items were initially recognized in the financial statements.
- The impact of inflation on the Company's net monetary asset position in the current period is recorded as a loss on the consolidated income statement.

Business Continuity Assumption

Consolidated financial statements have been prepared on a going concern basis, with the assumption that the Company will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.1 Basis of Presentation (Continued)

2.1.2 Basis of consolidation

(a) Subsidiaries

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

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

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

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

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

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

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

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.1 Basis of presentation (Continued)

2.1.2 Basis of consolidation

(a) Subsidiaries

Changes in share capital of the Group's existing subsidiaries

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

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

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

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

As of 31 December 2023 and 2022, the subsidiaries and their ownership percentages are shown below:

Subsidiaries	Proportion of voting power held by Hürriyet and its Subsidiaries (%)		Effective ownership interest (%)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
1 Hürriyet Zweigniederlassung	100,00	100,00	100,00	100,00
2 Hürriyet Invest ⁽¹⁾	100,00	100,00	100,00	100,00
3 TME ⁽²⁾	97,29	97,29	97,29	97,29
4 SporArena	100,00	100,00	100,00	100,00
5 ID Impress Media LLC ⁽³⁾	91,00	91,00	88,53	88,53
6 Mirabridge International B.V.	100,00	100,00	97,29	97,29
7 OOO Pronto Samara	100,00	100,00	97,29	97,29
8 OOO Rukom ⁽⁴⁾	100,00	100,00	97,29	97,29
9 OOO Pronto Media Holding Ltd.	100,00	100,00	97,29	97,29
10 OOO SP Belpronto	60,00	60,00	58,37	58,37
11 OOO Rektcentr ⁽⁵⁾	100,00	100,00	97,29	97,29
12 Publishing House Pennsylvania Inc.	100,00	100,00	97,29	97,29
13 Publishing International Holding BV	100,00	100,00	97,29	97,29

⁽¹⁾ With the decision of the Company Management on November 9, 2021, numbered 18, it has been decided to add the receivable amounting to Total 183,775,066 TL to the capital of the subsidiary company Hürriyet Invest B.V.

⁽²⁾ The related subsidiary has been delisted from the London Stock Exchange as of January 2, 2020.

⁽³⁾ The related subsidiary entered bankruptcy proceedings as of August 9, 2021.

⁽⁴⁾ The related subsidiary was liquidated as of January 22, 2022.

⁽⁵⁾ The liquidation process of the related subsidiary was completed on July 14, 2020.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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 current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

2.1.4 Significant accounting policies and changes in accounting estimates

Accounting policy changes arising from the initial application of a new TAS (Turkish Accounting Standard) are applied retrospectively or prospectively as appropriate under the transitional provisions of that TAS. Material accounting errors identified are applied retrospectively, and the financial statements of previous periods are restated accordingly. Changes in accounting estimates are applied prospectively if they relate to only one period, but if they relate to future periods, they are applied both in the current period when the change is made and prospectively.

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

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) 1 The new standards, amendments and interpretations which are effective as of 1 January 2023 are as follows:

TAS 1 Amendments –Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1, providing guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. Due to the lack of a definition of the term "significant" in TFRS, POA has decided to replace this term with "significant" in the context of disclosure of accounting policy information. 'Significant' is a term defined in TFRS and is widely understood by users of financial statements according to POA. When assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included.

Although this amendment made in TAS 1 will be applied in annual accounting periods beginning on or after 1 January 2023, early application is allowed. The effects of the said change on the financial position and performance of the Group are being evaluated.

The effects of the subject change has been evaluating of Group's financial situation and performance.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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)

TAS 1 Amendments – Classification of Liabilities as Short and Long Term

In January 2021, POA made changes to the "TAS 1 Presentation of Financial Statements" standard. These amendments, which are effective for the annual reporting periods beginning on or after January 1, 2023, clarify the criteria for long and short term classification of liabilities. Changes made should be applied retrospectively according to TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is permitted.

Although this amendment made in TAS 1 will be applied in annual accounting periods beginning on or after January 1, 2023, early application is allowed.

The said change did not have a significant impact on the financial position or performance of the Group.

TAS 8 Amendments – Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

These amendments made in TAS 8 will be applied in annual accounting periods beginning on or after 1 January 2023, but early application is also allowed.

The said change did not have a significant impact on the financial position or performance of the Group.

TAS 12 Amendments – Deferred Tax on Assets and Liabilities Arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

These amendments made in TAS 12 will be applied in annual accounting periods beginning on or after 1 January 2023, but early application is also permitted.

The effects of the said change on the financial position and performance of the Group are being evaluated.

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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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)

TFRS 17 (Amendments) Insurance Contracts and First Application of TFRS 17 and TFRS 9 – Comparative Information

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

In February 2019, POA published TFRS 17, a comprehensive new accounting standard covering recognition and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that provides both the measurement of liabilities arising from insurance contracts with current balance sheet values and the recognition of profits throughout the period in which the services are provided. Some changes in future cash flow estimates and risk adjustment are also recognized during the period in which the services are provided. Entities may choose to recognize the effects of changes in discount rates in profit or loss or other comprehensive income. The standard contains specific guidance for the measurement and presentation of insurance contracts with participation features. TFRS 17 will enter into force for annual periods beginning on or after 1 January 2023, and early application is permitted for entities that have applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before that date. According to the amendments published by POA in December 2021, businesses have the option to “overlap classification” in order to eliminate possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented when TFRS 17 is first applied. The said change did not have a significant impact on the financial position or performance of the Group.

b) Standards published but not yet effective and not early adopted

The new standards, interpretations and amendments published as of the approval date of the consolidated financial statements but not yet effective for the current reporting period and not early adopted by the Group are as follows. Unless otherwise stated, the Group will make the necessary changes that will affect its consolidated financial statements and footnotes after the new standards and interpretations become effective.

Amendments to TAS 1 - Long-Term Liability Containing Terms of Loan Agreement

The amendments to Long-Term Liabilities Containing the Terms of Loan Agreements clarify whether, at the reporting date, the entity is required to consider future loan agreement terms when assessing the classification of debt as short-term or long-term. Businesses have the right to defer payment of obligations arising from loan agreements; Such liabilities may be classified as long-term if they are subject to compliance with the terms of the loan agreement within twelve months after the reporting period.

In such cases, the entity discloses information in the notes to enable users of its financial statements to understand that liabilities carry a risk of being repaid within twelve months of the reporting period. With this change, the information provided about long-term debt has been improved to help investors understand the risk that such debts may become payable prematurely. The effects of the said change on the financial position and performance of the Group are being evaluated.

The effects of the subject change has been evaluating of Group’s financial situation and performance.

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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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)

TFRS 16 Amendments– Rent liabilities in sales and lease back

Amendments to TFRS 16 – Lease Liability in a Sale and Leaseback In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the sellerlessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16.

The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-slessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The Group is assessing the potential impact on its consolidated financial statements resulting from the amendments of TFRS 16.

2.2 Summary of Significant Accounting Policies

2.2.1 Related Parties

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

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

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

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

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.1 Related Parties (Continued)

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

Under the guidance of the explanations mentioned above and also in compliance with TAS 24, Demirören Medya Yatırımları A.Ş. directly or indirectly has participation, including any entities under common control; real persons and legal entities that have direct or indirect individual or joint control over the company and their close family members (relatives up to second-degree) and legal entities having direct or indirect individual or joint control by them and legal entities having significant effect over the Company or their key management personnel; Company's subsidiaries and members of the Board of Directors, key management personnel and their close family members (relatives up to second-degree) and real persons or legal entities that are directly or indirectly controlled individually or jointly (Note 32).

2.2.2 Financial Assets

Classification and measurement

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

(a) Financial assets accounted at amortized cost

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.2 Financial Assets (Continued)

Impairment

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

(b) Assets accounted at fair value

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

I) The asset whose fair value is reflected in the statement of profit or loss

Financial assets reflected at fair value through profit or loss include items categorized as 'derivative instruments' in the statement of financial position. Derivative instruments are accounted for as assets when their fair value is positive and as liabilities when it is negative.

II) The asset whose fair value is reflected in the other comprehensive income

Financial assets reflected at fair value through other comprehensive income include items categorized as 'financial investments' and 'derivative instruments' in the statement of financial position. Any difference between fair value and the amount recorded in other comprehensive income for assets sold is reclassified to retained earnings.

2.2.3 Trade receivables and provision for doubtful receivables

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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)

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

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

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

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

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

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

At each balance sheet date, the Group evaluates whether there are any indications that an asset other than goodwill or intangible assets with indefinite useful lives may be impaired. When an indication of impairment exists, carrying value of the assets is compared with the net realizable value which is the higher of value in use and fair value less costs to sell. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment exists if the carrying value of an asset or a cash generating unit including that asset is greater than its recoverable amount. Impairment losses are recognised in the consolidated statement of income. As of 31 December 2023, the Group has classified the impairment loss of intangible assets related to discontinued operations in the current and prior period under “Loss of discontinued operations for the period after tax” in the statement of profit or loss as stated in Note 30.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.5 Inventories

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

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

2.2.6 Investment properties

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between cost value and fair value at the date of the change is recognized as revaluation fund in consolidated statement of other comprehensive income (Note 11).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.7 Tangible Assets

Tangible assets except for land and building are carried at cost less any accumulated depreciation and any accumulated impairment losses (Note 12). Depreciation is provided on property, plant and equipment on a straight-line basis (except land and building). The useful life of land is considered infinite.

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

Machinery and equipment	3-15 years
Furniture and fixtures	6-15 years
Motor vehicles	7 years
Leasehold improvements	2-20 years

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

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

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

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

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

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.8 Intangible assets and amortization

Intangible assets excluding goodwill and assets with infinite useful lives comprise trade names and licenses, customer lists, computer software and rights, internet domain names and other intangible assets. All trade names, customer lists and internet domain names have been identified as a result of independent valuations performed for the purchase price allocation related to the business combinations. Useful lives of certain trade names are determined to be infinite. Assets that have an infinite useful life are not subject to amortization and are tested for impairment annually (Note 13).

Trademark	20 year
Customer list	7-19 year
Computer software and rights	5-15 year
Internet domain names	3-20 year
Other intangible assets	5 year

Intangible assets with finite useful lives are carried at their acquisition cost and amortised using the straight-line method over their estimated useful lives (Note 13).

Intangible assets with finite useful lives are reviewed to determine whether there is any indication of impairment. If such an indication exists and the carrying amount of the intangible asset exceeds its recoverable amount, an impairment loss is recognized to reduce the carrying amount to its recoverable amount. The recoverable amount is the higher of the discounted present value of the net cash flows expected to be derived from the asset's continued use and its net selling price. The impairment loss is recognized in the income statement in the same period.

Intangible assets with indefinite useful lives and those not yet available for use are tested for impairment at least annually or whenever there is an indication of impairment. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In calculating the value in use, a pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks specific to the asset, which have not been taken into account in the estimates of future cash flows.

Web page development costs

Costs associated with developing web pages are capitalized and are amortized over their estimated useful lives (Note 13). Following the planning phase and operation; all costs are recognized as expense. Maintenance costs of web pages are accounted as operational expenses.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.9 Leases

Group - As a tenant

At the inception of a contract, the Group assesses whether the contract is or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. The group considers the following conditions when assessing whether a contract transfers the right to control the use of an identified asset for a specified period of time:

- a) The contract contains the identified asset; an asset is usually identified by being explicitly or implicitly specified in the contract.
- b) A functional part of the asset is physically separate or represents almost all of the asset's capacity. An asset is not defined if the supplier has a substantive right to substitute the asset and derive economic benefits from it.
- c) have the right to obtain almost all of the economic benefits to be derived from the use of the identified asset,
- d) Have the right to direct the use of the identified asset. The Group considers that the asset has the right to use if the decisions regarding how and for what purpose the asset will be used have been determined beforehand. The Group has the right to manage the use of the asset in the following cases:
 - I. The Group has the right to operate the asset (or direct others to operate the asset as it determines) throughout the period of use and the supplier does not have the right to change these operating instructions; or
 - II. The Group has designed the asset (or certain features of the asset) to predetermine how and for what purpose the asset will be used throughout its useful life.

The Group reflects a right-of-use asset and a lease liability in its financial statements at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially accounted for using the cost method and includes:

- a) The initial measurement amount of the lease liability,
- b) The amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement of the lease,
- c) all initial direct costs incurred by the group; and
- d) Costs incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease (excluding costs to produce inventory).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.9 Leases (Continued)

When applying the group cost method, the right-of-use entity:

- a) Accumulated depreciation and accumulated impairment losses are deducted; and
- b) Measures at cost adjusted for remeasurement of the lease liability.

While depreciating right-of-use assets, the Group applies the depreciation provisions of TAS 16, "Tangible Assets".

IAS 36 applies the "Impairment of Assets" standard to determine whether a right-of-use asset is impaired and to account for any identified impairment losses.

Lease liability

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that were not incurred at that date. Lease payments are discounted using that rate if the implied interest rate on the lease can be easily determined. If the implied interest rate cannot be easily determined, it is discounted using the lessee's alternative borrowing interest rate. The alternative borrowing rate has been determined by taking into account the borrowing rates of the Group companies at the contract dates.

Lease payments that are included in the measurement of the Group's lease liability and that have not been realized at the commencement date of the lease consist of the following:

- a) The amount obtained by deducting all kinds of lease incentive receivables from fixed payments,
- b) Lease payments based on an index or rate, the first measurement of which is made using an index or rate at the actual commencement date of the lease,
- c) Penalties for termination of the lease if the lease term indicates that the lessee will exercise an option to terminate the lease.

After the actual commencement date of the lease, the Group measures the lease liability as follows:

- a) Increases the book value to reflect the interest on the lease liability,
- b) Decrease book value to reflect lease payments made; and
- c) Remeasures the book value to reflect any reassessments and restructurings. The Group reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its financial statements.

The duration of the contracts constituting the Group's lease obligations varies between 1 and 5 years.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.9 Leases (Continued)

Extension and early termination options

The lease liability is determined by taking into account the extension and early termination options in the contracts. The majority of the extension and early termination options in the contracts are the options that can be applied jointly by the Group and the lessor. The Group determines the lease term by including such extension and early termination options in the lease term, if such extension and early termination options are at the discretion of the Group in accordance with the relevant contract and the exercise of the options is reasonably certain. The Group does not have significant lease contracts with extension and early termination options that are not included in the lease liability because they are not reasonably certain.

If there is a significant change in the conditions, the evaluation is reviewed by the management. As a result of the evaluations made in the current period, there is no lease obligation or right to use assets due to the inclusion of extension and early termination options in the lease period.

Variable lease payments

Lease payments arising from some of the Group's lease agreements consist of variable lease payments. These variable lease payments, which are not within the scope of TFRS 16 standard, are recorded as rental expense in the income statement in the relevant period.

2.2.10 Tax

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

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

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.10 Tax (Continued)

Deferred tax liabilities are recognized when the Group is able to control the reversal of temporary differences. Except in those cases where the likelihood of this difference to be recovered in the near future is low, and taxable temporary differences associated with investments in associates and interests in joint ventures calculated for all of the differences.

Such investments and taxable temporary deferred tax assets arising from differences, obtaining sufficient profits subject to taxation in the near future it is highly likely that it will benefit from differences and that future related differences it is probable that it will be possible to remove.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities (Note 29).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are related to income taxes levied by the same taxation authority (Note 29).

Current and deferred tax

Tax is included in the statement of profit or loss, unless it is related to an operation that is accounted directly under equity. Otherwise, tax is accounted under equity as well as the related transaction (Note 29).

2.2.11 Financial borrowings and borrowing costs

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

2.2.12 Employment termination benefits

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

The provision for employment termination benefit represents the present value of the actuarial assumption's total reserves of the future probable liability of the Group arising from the retirement of the employees measured in accordance with the Turkish Labour and Press Labour Laws (Note 17).

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.13 Provisions, contingent assets and liabilities

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

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

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

Assets that arisen from past events and whose existence will be confirmed only by the Group occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets. A contingent asset is disclosed where an inflow of economic benefit is probable. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 15).

2.2.14 Capital and share of profit

Ordinary shares are classified as equity. Dividend income is recognised as income by the Group when right to obtain dividend is generated in the consolidated financial statements. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the General Assembly (Note 20).

2.2.15 Foreign currency transactions

Foreign currency transactions and balances

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

Foreign Group Companies

The results of Group companies that prepare their financial statements in a functional currency other than TL have been translated into TL at the average exchange rate for the relevant period. The assets and liabilities of these Group companies are translated into TL using the period-end exchange rate. The exchange differences arising from the translation of the net assets of these Group companies at the beginning of the period into TL and the differences between the average and period-end exchange rates are included in the foreign currency translation differences account in shareholders' equity and are associated with total comprehensive income.

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.15 Transactions in foreign currency (Continued)

When disposing of Group companies abroad, the cumulative foreign exchange differences related to these entities, which have been recognized in other comprehensive income, are reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The Group may dispose of its foreign operation through sale, liquidation, repayment of share capital, or abandonment of all or part of the operation. The reduction in the carrying amount of a foreign operation due to its own losses or an impairment recognized by the investor does not constitute a partial disposal. Therefore, no portion of the foreign exchange gain or loss recognized in other comprehensive income is reclassified to profit or loss upon the recognition of an impairment.

The Group has monetary liabilities and receivables from foreign operations, which are part of its net investment in these operations and are not intended or likely to be settled in the foreseeable future. Exchange differences arising from such transactions are recognized in equity within foreign currency translation differences and will be reclassified to profit or loss upon the sale or complete liquidation of the net investment.

As of 31 December 2023 and 2022, the foreign currencies and their equivalent values in TL for the countries where the Group conducts a significant portion of its foreign activities (Note 3) in Russia, Eastern Europe, and European countries are presented below:

Country	Currency	31 December 2023	31 December 2022
Russia	Ruble	0.32611	0.25948
Euro Region ("Eurozone")	Euro	32.5739	19.9349
The United State of America	Dolar	29.4382	18.6983

2.2.16 Revenue recognition

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.16 Revenue recognition (Continued)

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

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.16 Revenue recognition (Continued)

The fulfillment obligations of the Group are explained below:

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

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

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

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.16 Revenue recognition (Continued)

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

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

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

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

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

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

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

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.16 Revenue recognition (Continued)

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

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

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

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

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

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

The Group presents the contract as a contractual asset, except for the amounts presented as receivables, in the event that the Group fulfills the performance by transferring the goods or services to the customer before the payment is made to. The contract asset is the right of collecting the price for the goods or services transferred to the customer. The Group recognizes contractual assets and liabilities in the statement of financial position as "contractual asset" and "contractual obligation" in the balance sheet.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.17 Profit / (loss) per share

Profit / (loss) per share disclosed in the consolidated statements of income are determined by dividing net profit / (loss) for the period by the weighted average number of shares that have been outstanding during the period concerned (Note 31).

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares “bonus shares” to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations is derived by considering the retrospective effects of the issuances of the shares (Note 31).

2.2.18 Government Incentives

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

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

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates (Note 14).

2.2.19 Cash and cash equivalents

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

2.2.20 Subsequent Events

The Group adjusts the amounts recognized in the consolidated financial statements to reflect events that occur after the reporting period if these events require adjustment.

If events that do not require adjustment occur after the reporting period, they are disclosed in the notes to the consolidated financial statements (Note 36).

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.2 Summary of Significant Accounting Policies (Continued)

2.2.21 Cash Flow Statement

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

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

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

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

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

2.2.22 Non-current assets held for sale and discontinued operations

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

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

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

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

The Group's authority to take decisions regarding the activities is the Executive Board and/or the Board of Directors. A "Management Approach" is required to ensure that segment information is on the same basis as information used in internal reporting. Due to the fact that the Group's performance evaluation and resource allocation decisions are affected by information differences, especially on the basis of geographical divisions; management has determined geographical divisions for reporting segment information (Note 30).

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.3 Significant Accounting Estimates. Assumptions and Decisions

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

Provision for doubtful receivable

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

The Group uses a provision matrix to measure expected credit losses for trade receivables. Depending on the number of days in which the maturities of trade receivables are exceeded, certain provision ratios are calculated and the rates are revised in each reporting period and revised where necessary. The change in expected credit loss provisions is accounted under other operating income / expenses in the statement of profit or loss (Note 7, 24, 25).

Deferred Tax

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

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

Valuation of investment properties

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

Valuation of land and building

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

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

2.3 Significant Accounting Estimates. Assumptions and Decisions (Continued)

Provision of employee benefits termination

The provision for severance pay is determined on an actuarial basis using certain assumptions to calculate its present value. These assumptions are used to determine the net expense (income) of the severance pay provision and include the discount rate. Any changes in these assumptions affect the carrying amount of the severance pay provision.

NOTE 3 – SEGMENT REPORTING

a) Segment analysis for the period between 1 January –31 December 2023:

	Türkiye	Russia and EE (*)	Europe	Total
Sales	497.685.736	-	243.635.012	741.320.748
Cost of sales (-)	(761.019.150)	-	(238.834.982)	(999.854.132)
Gross profit/(loss)	(263.333.414)	-	4.800.030	(258.533.384)
Marketing expenses (-)	(118.538.768)	-	-	(118.538.768)
Net segment result	(381.872.182)	-	4.800.030	(377.072.152)
General administrative expenses (-)				(228.185.749)
Other income from main operations				263.191.633
Other operating expenses (-)				(167.577.832)
Finance expenses (-)				(33.273.850)
Monetary loss/gain				(61.857.153)
Income from investing activities				261.276.702
Expense from investing activities (-)				(437.674.370)
Profit (loss) before tax from continuing operations				(781.172.771)
Tax income (expense) for the period				(1.199.338)
Deferred tax income (expense)				(21.914.484)
Profit (loss) for the period from continuing operations				(804.286.593)

(*) 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 30.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 3 – SEGMENT REPORTING (Continued)

b) Segment analysis for the period between 1 January –31 December 2022:

	Türkiye	Russia and EE (*)	Europe	Total
Sales	621.136.973	2.578.190	263.727.222	887.442.385
Cost of sales (-)	(919.754.684)	(2.898.657)	(257.971.831)	(1.180.625.172)
Gross profit/(loss)	(298.617.711)	(320.467)	5.755.391	(293.182.787)
Marketing expenses (-)	(146.566.454)	(654)	-	(146.567.108)
Net segment result	(445.184.165)	(321.121)	5.755.391	(439.749.895)
General administrative expenses (-)				(232.282.633)
Other income from main operations				153.836.140
Other operating expenses (-)				(122.311.597)
Finance expenses (-)				(36.116.676)
Monetary loss/gain				121.699.274
Income from investing activities				554.370.568
Expense from investing activities (-)				(8.063.021)
Profit (loss) before tax from continuing operations				(8.617.840)
Tax income (expense) for the period				(1.313.235)
Deferred tax income (expense)				(95.576.868)
Profit (loss) for the period from continuing operations				(105.507.943)

(*) 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 30.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 3 – SEGMENT REPORTING (Continued)**c) Segment Assets**

	<u>31 December 2023</u>	<u>31 December 2022</u>
Türkiye	3.250.733.284	4.344.961.937
Russia and EE	2.700.042	17.446.138
Europe	344.818.690	338.560.054
Unallocated assets	1.973.082	2.803.109
Total assets per consolidated financial statements	3.600.225.098	4.703.771.238

d) Segment Liabilities

	<u>31 December 2023</u>	<u>31 December 2022</u>
Türkiye	1.043.179.769	1.430.618.550
Russia and EE	23.694.412	29.721.256
Europe	56.845.874	58.129.322
Unallocated liabilities	-	-
Total liabilities per consolidated financial statements	1.123.720.055	1.518.469.128

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

	<u>1 January - 31 December 2023</u>	<u>1 January - 31 December 2022</u>
Türkiye	54.208.452	17.369.717
Russia and EE	42.300	984.419
Europe	-	-
Total	54.250.752	18.354.136

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 3 – SEGMENT REPORTING (Continued)**Depreciation and amortization charges:**

	1 January - 31 December 2023	1 January - 31 December 2022
Türkiye	48.160.416	63.187.396
Russia and EE	-	-
Europe	2.364.239	3.526.921
Total	50.524.655	66.714.317

f) Non-cash other income and expenses:

	1 January – 31 December 2023			
	Türkiye	Russia and EE (*)	Europe	Total
Investment properties fair value adjustment (Note 11)	83.292.093	-	-	83.292.093
Provision of employee termination benefit and unused vacation (Note 17)	(88.376.573)	-	-	(88.376.573)
Provision for doubtful receivables (Note 7)	(2.044.547)	-	-	(2.044.547)
Provision of legal claims (Note 15)	(3.125.667)	-	-	(3.125.667)
Provision of impairment of inventory (Note 10)	(114.218)	-	-	(114.218)
Total	(10.368.912)	-	-	(10.368.912)

	1 January – 31 December 2022			
	Türkiye	Russia and EE (*)	Europe	Total
Investment properties fair value adjustment (Note 11)	444.618.593	-	-	444.618.593
Provision of employee termination benefit and unused vacation (Note 17)	(62.322.760)	-	-	(62.322.760)
Provision for doubtful receivables (Note 7)	(2.474.599)	(5.455.819)	-	(7.930.418)
Provision of legal claims (Note 15)	(21.113.952)	-	-	(21.113.952)
Provision of impairment of inventory (Note 10)	(346.073)	-	-	(346.073)
Total	358.361.209	(5.455.819)	-	352.905.390

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 3 – SEGMENT REPORTING (Continued)

g) Disclosures related to discontinued operations:

Suspension of digital activities in Russia and the DA region

The Board of Directors of Pronto Media Holding, an indirect subsidiary of TME in which the Group holds a 97.29% stake and which is domiciled in Russia, decided on November 22, 2017, to cease the operations of its digital platforms due to intense competition in the markets and suboptimal operational performance. As a result, the digital operations under Pronto Media Holding have been classified as 'Discontinued Operations.' The impairment losses calculated due to these discontinued operations have been recognized under 'Discontinued Operations' in the Statement of Profit or Loss. Information related to the discontinued operations is disclosed in Note 30.

NOTE 4 – CASH AND CASH EQUIVALENT

The details of cash and cash equivalents at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash	137.591	17.898
Banks		
- time deposits	-	-
- demand deposits	1.708.005	6.371.653
- blocked deposits (*)	958.336	3.812.036
Total	2.803.932	10.201.587

(*) The total amount of accounts that have been blocked due to liabilities to the Social Security Institution.

The cash and cash equivalents shown in the consolidated cash flow statements as of 31 December 2023 and 2022 are shown below:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash and banks	2.803.932	10.201.587
Total	2.803.932	10.201.587

The Group does not have TL time deposits as of 31 December 2023 (31 December 2022: None).

The Group has no foreign currency time deposits as of 31 December 2023 (31 December 2022: No foreign currency time deposits).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 5 – FINANCIAL INVESTMENTS

Short-term financial investments:

Details of restricted bank balances at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Restricted bank balances	89.831	148.017
Total	89.831	148.017

Long-term financial investments:

The details of financial assets whose fair value are recognised in the other comprehensive income at 31 December 2023 and 2022 are as follows:

	<u>Share (%)</u>	<u>31 December 2023</u>	<u>Share (%)</u>	<u>31 December 2022</u>
Coats İplik Sanayi A.Ş.	0,50	397.945	0,50	397.945
Total		397.945		397.945

NOTE 6 – SHORT TERM AND LONG TERM BORROWINGS

The details of financial liabilities at 31 December 2023 and 2022 are as follows:

Short-term borrowings:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short-term lease liabilities	20.722.370	7.364.870
Total	20.722.370	7.364.870

Long-term borrowings:

Long-term lease liabilities	30.467.769	30.278.676
Total	30.467.769	30.278.676

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 7 – TRADE RECEIVABLE AND PAYABLES

Short-term trade receivables net-off of unearned finance income at 31 December 2023 and 2022 are as follows:

Short-term Trade Receivables from Third Parties:

	<u>31 December 2023</u>	<u>31 December 2022</u>
-		
Trade receivables	195.139.449	243.254.887
Notes receivables and cheques	-	-
Credit cards receivables	21.417	95.927
Income accruals	1.763.579	2.176.093
Unearned finance income due from term sales	(2.942.950)	(1.209.221)
Less: Provision for doubtful receivables	(99.151.665)	(151.665.997)
Total	94.829.830	92.651.689

According to the factoring agreement of recourse factoring signed between the Group and Doruk Faktoring, commercial receivables amounting to 60,196,622 TL (31 December 2022: 64,564,102 TL) arising from advertising sales of the Group are being managed by Doruk Faktoring. The Group has not transferred the risk of non-collection related to these receivables and continues to carry them on its balance sheet. These receivables pertain to commercial advertisements and some classified ads. The weighted average maturity of these sales is 81 days (31 December 2022: 81 days). The 'unearned financial income from deferred sales' for receivables managed by Doruk Faktoring amounts to 2,439,277 TL (31 December 2022: 853,443 TL), and the annual average compound interest rate applied to all receivables is 45.12% (31 December 2022: 21.63%).

The movements of provision for doubtful receivables are as follows:

	<u>2023</u>	<u>2022</u>
1 January	(151.665.997)	(243.104.328)
Provisions made during the period	(2.044.547)	(7.930.418)
Subsidiary sale	-	11.861.963
Collections and reversals during the period	4.112.695	3.855.882
Currency translation differences	1.361.680	(11.462.359)
Discontinuing operations provision	5.673.344	-
Monetaey loss / gain	43.411.160	95.113.263
31 December	(99.151.665)	(151.665.997)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 7 – TRADE RECEIVABLE AND PAYABLES (Continued)

Short Term Trade Payables to Third Parties:

Trade payables at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short-term trade payables and notes payable	121.453.584	149.116.838
Expense accruals	8.386.141	9.397.306
Unrealized financial expenses due to term purchases	(4.747.230)	(1.474.456)
Total	125.092.495	157.039.688

As of 31 December 2023, the weighted average maturity of the Group's trade payables is 41 days (31 December 2022: 47 days). As of 31 December 2023, the 'unrealized financing expense from deferred purchases' amounts to 4,747,230 TL (31 December 2022: 1,474,456 TL), and the applied interest rate is an annual average compound of 45.12% (31 December 2022: 21.63%). The rate used in this method, determined on a compound interest basis, is referred to as the 'effective interest rate' and is determined based on data from the Central Bank of the Republic of Türkiye.

Explanations about the nature and level of risks related to trade receivable and payables are provided in Note 33.

NOTE 8 – OTHER RECEIVABLE AND PAYABLES

Other Short Term Receivables from Third Parties:

Other short-term receivables at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Due from personnel	-	4.996.778
Other receivables related to sale of investment property	8.415.274	8.008.887
Deposits and guarantees given	17.655	23.892
Total	8.432.929	13.029.557

Other long-term receivables at 31 December 2023 and 2022 are as follows:

Other Long Term Receivables from Third Parties:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given ⁽¹⁾	17.096.510	21.731.113
Total	17.096.510	21.731.113

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

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 8 – OTHER RECEIVABLE AND PAYABLES (Continued)

Other short-term payables at 31 December 2023 and 2022 are as follows:

Short Term Other Payables to Third Parties:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Taxes and funds payable	144.409.837	151.312.724
Deposits and guarantees received	606.215	834.428
Other Payables	7.097.156	6.543.068
Total	152.113.208	158.690.220

NOTE 9 – PAYABLES REGARDING BENEFITS PROVIDED TO EMPLOYEES

Payables stemming from employee benefits as of 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Social security premiums will be paid	14.122.862	14.564.077
Due to personnel	53.061.126	58.337.743
Total	67.183.988	72.901.820

NOTE 10 – INVENTORIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Raw materials and supplies	49.155.819	54.653.475
Finished and commercial goods and spare parts	6.823.197	12.470.105
Promotion materials ⁽¹⁾	606.888	1.695.685
Subtotal	56.585.904	68.819.265
Provision for impairment of inventory (-)	(4.464.973)	(7.875.522)
Total	52.120.931	60.943.743

⁽¹⁾ Promotion materials include promotion materials such as books, CDs and DVDs provided to readers.

The provision for impairment of raw materials and supplies, promotional inventories, finished goods, and trading goods amounts to 4,464,973 TL (31 December 2022: 7,875,522 TL), and the movements during the period are as follows:

	<u>2023</u>	<u>2022</u>
1 January	(7.875.522)	(13.128.273)
Impairment provision for promotion inventories	(18.092)	(103.234)
Reversal of impairment provision for promotion materials	163.516	312.615
Provision for raw materials and supplies	(96.126)	(242.839)
Reversal of provision for raw materials and supplies	265.351	149.841
Monetary loss / gain	3.095.900	5.136.368
31 December	(4.464.973)	(7.875.522)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 11 – INVESTMENT PROPERTIES

The movements in investment property as of 31 December 2023 and 2022 are as follows:

	Lands	Buildings ⁽¹⁾	Total
1 January 2023	2.015.022.278	906.512.165	2.921.534.443
Additions	-	-	-
Disposal	(1.391.018.385)	(361.341.604)	(1.752.359.989)
Change in fair value adjustment (Note 26)	65.933.290	17.358.803	83.292.093
31 December 2023	689.937.183	562.529.364	1.252.466.547
	Lands	Buildings ⁽¹⁾	Total
1 January 2022	598.812.522	189.308.831	788.121.353
Additions	-	-	-
Disposal	-	-	-
Change in fair value adjustment (Note 26,27)	95.173.203	349.445.390	444.618.593
Transfer ⁽²⁾	1.321.036.553	367.757.944	1.688.794.497
31 December 2022	2.015.022.278	906.512.165	2.921.534.443

⁽¹⁾ Disposal and additions due to the sale of the investment properties occurred via barter agreement.

⁽²⁾ Properties that were recognised as investment properties in prior periods, have been transferred to tangible assets due to the change in their usage.

As of 31 December 2023, mortgages have been established on investment properties consisting of land and buildings with a net book value of 154,482,809 TL in the consolidated statement of financial position for the fiscal year ended by the Group's Parent Company (31 December 2022: 398,020,671 TL).

The rental income derived from investment properties during the fiscal year ended on 31 December 2023 amounts to 8,738,163 TL (31 December 2022: 17,802,265 TL) (Note 26). The direct operating expenses attributable to investment properties during the period amount to 69,869 TL (31 December 2022: 150,359 TL).

The information and fair value hierarchy level classification of lands and buildings are as follows 31 December 2023 and 2022:

	Fair value as at reporting date			
	31 December 2023	Level 1 TL	Level 2 TL	Level 3 TL
Land	689.937.183	-	689.937.183	-
Building	562.529.364	-	562.529.364	-

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 11 – INVESTMENT PROPERTIES (Continued)

	31 December 2022	Fair value as at reporting date		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	2.015.022.278	-	2.015.022.278	-
Building	906.512.165	-	906.512.165	-

The Group's investment properties have been evaluated by CMB-licensed real estate companies using the comparable sales approach, cost approach, and direct capitalization approach methods. The values obtained through different methods were found to be close and consistent with each other, and the final value was determined using the comparable sales method. Independent real estate valuation firms are authorized by the CMB to provide valuation services in accordance with Capital Markets Legislation. They possess sufficient experience and expertise in the fair value measurement of real estate in the relevant geographic regions.

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 12 – TANGIBLE ASSETS

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2023 are as follows:

	1 January 2023	Currency Translation Differences	Additions	Disposals	Impairment / Appreciation	31 December 2023
Cost						
Land and land improvements	708.550.161	(722.436)	-	-	48.562.166	756.389.891
Buildings	385.447.642	(1.011.025)	-	-	19.971.318	404.407.935
Machinery and equipment	7.940.449.833	(6.387.542)	213.099	(4.595.827.089)	-	3.338.448.301
Motor vehicles	6.357.614	-	-	-	-	6.357.614
Furnitures and fixtures	429.330.740	(1.603.558)	8.362.597	(75.671.197)	-	360.418.582
Special costs	462.633.840	-	1.113.754	(10.360)	-	463.737.234
Leasehold improvements	85.558.004	-	44.561.302	(4.062.664)	-	126.056.642
Other tangible assets	22.745.879	(189.336)	-	-	-	22.556.543
Ongoing investments	2.185	(859)	-	-	-	1.326
	10.041.075.898	(9.914.756)	54.250.752	(4.675.571.310)	68.533.484	5.478.374.068
Accumulated amortization						
Machinery and equipment	(7.897.856.532)	5.871.591	(8.124.574)	4.579.750.650	-	(3.320.358.865)
Motor vehicles	(6.357.613)	-	-	-	-	(6.357.613)
Furnitures and fixtures	(410.502.363)	1.592.439	(7.029.034)	73.245.828	-	(342.693.130)
Special costs	(442.035.641)	-	(3.146.682)	10.360	-	(445.171.963)
Leasehold improvements	(21.838.070)	-	(19.889.297)	1.848.459	-	(39.878.908)
Other tangible assets	(21.887.736)	9.187	(644.848)	-	-	(22.523.397)
	(8.800.477.955)	7.473.217	(38.834.435)	4.654.855.297	-	(4.176.983.876)
Net book value	1.240.597.943					1.301.390.192

As of 31 December 2023, there is a mortgage totaling 160,517,191 TL on tangible fixed assets (31 December 2022: 121,014,023 TL).

For the fiscal year ending on 31 December 2023, depreciation expense amounted to 15,889,120 TL (31 December 2022: 29,556,413 TL), of which 2,945,315 TL (31 December 2022: 23,023,663 TL) has been included in the cost of goods sold (Note 21), and 2,945,315 TL (31 December 2022: 23,023,663 TL) has been included in selling and general administrative expenses (Note 22)

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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 12 – TANGIBLE ASSETS (Continued)

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2022 are as follows:

	1 January 2022	Currency Translation Differences	Additions	Disposals	Transfers ⁽¹⁾	Sale of Subsidiary	Impairment / Apreciation	31 December 2022
Cost								
Land and land improvements	1.411.526.496	(18.214.430)	-	-	(1.321.036.553)	-	636.274.648	708.550.161
Buildings	553.594.145	(25.490.554)	-	-	(367.757.944)	-	225.101.995	385.447.642
Machinery and equipment	8.099.391.127	(160.661.785)	2.413.305	(536.777)	-	(156.037)	-	7.940.449.833
Motor vehicles	7.597.744	-	-	(1.240.130)	-	-	-	6.357.614
Furnitures and fixtures	431.133.751	(5.806.227)	10.003.378	(1.736.234)	-	(4.263.928)	-	429.330.740
Special costs	462.134.919	-	498.921	-	-	-	-	462.633.840
Leasehold improvements	204.831.773	-	4.669.221	(123.942.990)	-	-	-	85.558.004
Other tangible assets	3.589	(1.404)	-	-	-	-	-	2.185
Ongoing investments	27.519.465	(4.773.586)	-	-	-	-	-	22.745.879
	11.197.733.009	(214.947.986)	17.584.825	(127.456.131)	(1.688.794.497)	(4.419.965)	861.376.643	10.041.075.898
Accumulated amortization								
Machinery and equipment	(8.040.254.708)	158.503.176	(20.905.706)	536.778	-	4.263.928	-	(7.897.856.532)
Motor vehicles	(7.597.743)	-	-	1.240.130	-	-	-	(6.357.613)
Furnitures and fixtures	(411.207.572)	5.677.489	(6.273.074)	1.287.466	-	13.328	-	(410.502.363)
Special costs	(434.718.076)	-	(7.329.436)	11.871	-	-	-	(442.035.641)
Leasehold improvements	(52.413.031)	-	(16.671.465)	47.246.426	-	-	-	(21.838.070)
Other tangible assets	(24.535.696)	4.048.355	(1.400.395)	-	-	-	-	(21.887.736)
	(8.970.726.826)	168.229.020	(52.580.076)	50.322.671	-	4.277.256	-	(8.800.477.955)
Net book value	2.227.006.183							1.240.597.943

⁽¹⁾ Real estate previously accounted for as investment property has been transferred to tangible asset due to changes in their pattern of use.

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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 13 – INTANGIBLE ASSET

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2023 are as follows:

	1 January 2023	Currency Transition Differences	Additions	Disposals	31 December 2023
Cost					
Trade names and licenses	143.179.892	(94.834.692)	-	(20.111.360)	28.233.840
Customer list	1.411.602.996	(970.070.875)	-	-	441.532.121
Computer software and rights	837.381.217	(256.664.242)	-	-	580.716.975
Internet domain names	4.453.181	(4.453.181)	-	-	-
Improvements Cost	3.119.352	-	-	-	3.119.352
Other intangible assets	153.165.548	-	-	-	153.165.548
	2.552.902.186	(1.326.022.990)	-	(20.111.360)	1.206.767.836
Accumulated amortization					
Trade names and licenses	(130.134.529)	91.843.543	-	10.055.676	(28.235.310)
Customer list	(1.411.602.996)	970.070.875	-	-	(441.532.121)
Computer software and rights	(816.604.291)	267.832.760	(8.055.915)	-	(556.827.446)
Internet domain names	(4.453.181)	4.453.181	-	-	-
Improvements Cost	(2.987.540)	-	(131.815)	-	(3.119.355)
Other intangible assets	(145.427.911)	-	(3.502.490)	-	(148.930.401)
	(2.511.210.448)	1.334.200.359	(11.690.220)	10.055.676	(1.178.644.633)
Net book value	41.691.738				28.123.203

For the fiscal year ending on 31 December 2023, depreciation expenses amounting to 4,783,057 TL have been included in the cost of goods sold (Note 21) (31 December 2022: 7,945,167 TL), and 6,907,163 TL have been included in selling and general administrative expenses (Note 22) (31 December 2022: 6,189,074 TL).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023***(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)***NOTE 13 – INTANGIBLE ASSET (Continued)**

The movements in intangible assets and related accumulated amortization for the period ended 31 December 2022 are as follows:

	1 January 2022	Currency Transition Differences	Additions	Disposals	Sale of subsidiary	31 December 2022
Cost						
Trade names and licenses	163.240.582	(20.060.690)	-	-	-	143.179.892
Customer list	1.609.380.294	(197.777.298)	-	-	-	1.411.602.996
Computer software and rights	892.487.508	(52.296.000)	769.311	-	(3.579.602)	837.381.217
Internet domain names	7.315.222	(2.862.041)	-	-	-	4.453.181
Improvements Cost	3.119.352	-	-	-	-	3.119.352
Other intangible assets	155.810.493	-	-	-	(2.644.945)	153.165.548
	2.831.353.451	(272.996.029)	769.311	-	(6.224.547)	2.552.902.186
Accumulated amortization						
Trade names and licenses	(148.367.453)	18.232.924	-	-	-	(130.134.529)
Customer list	(1.609.380.294)	197.777.298	-	-	-	(1.411.602.996)
Computer software and rights	(862.281.726)	52.295.341	(9.861.570)	-	3.243.664	(816.604.291)
Internet domain names	(7.315.222)	2.862.041	-	-	-	(4.453.181)
Improvements Cost	(2.363.667)	-	(623.873)	-	-	(2.987.540)
Other intangible assets	(141.779.113)	-	(3.648.798)	-	-	(145.427.911)
	(2.771.487.475)	271.167.604	(14.134.241)	-	3.243.664	(2.511.210.448)
Net book value	59.865.976					41.691.738

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 14 – GOVERNMENT INCENTIVES

The Group has benefited from incentives under the Social Security Institution and Income Tax scope, including the 5% Employer Contribution Incentive under Law No. 5510, Employer Contribution Incentive under Law No. 5746, Minimum Wage Support Incentive under Law No. 6661, Incentive for Disabled Insured Persons under Law No. 4857, Employer Share Incentive for Priority Provinces under Law No. 46486, and Research and Development Income Tax Incentives under Law No. 5746, totaling 570,864 TL (31 December 2022: 537,160 TL).

NOTE 15 – PROVISIONS ,CONTINGENT ASSET AND LIABILITIES

As of 31 December 2023 and 2022 short-term debt provisions are as follows:

Other Short Term Provisions:

Provisions:	<u>31 December 2023</u>	<u>31 December 2022</u>
Provisions for lawsuit and compensation	18.494.336	37.865.430
Total	18.494.336	37.865.430

The amount of lawsuits against the Group is 15,583,576 TL (31 December 2022: 30,747,805 TL). The Group establishes provisions when it is probable that an existing legal or constructive obligation has arisen from past events, and the outflow of resources embodying economic benefits is probable to settle the obligation, and a reliable estimate can be made of the obligation amount. Based on these analyses, the Group management has recognized provisions for lawsuits and compensations amounting to 18,494,336 TL as of 31 December 2023 (31 December 2022: 37,865,430 TL); however, it is deemed not possible to determine the timing of payment for these provisions.

As at 31 December 2023 and 2022 ongoing lawsuits against the Group are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Legal lawsuits	6.087.567	10.696.616
Labor lawsuits	9.045.009	19.019.710
Commercial lawsuits	451.000	1.031.478
Total	15.583.576	30.747.804

	<u>2023</u>	<u>2022</u>
1 January	37.865.430	50.023.932
Additions during the period	3.125.667	21.113.952
Payments for provisions and compensations	(145.060)	(12.113.523)
Subsidiary sale	-	(591.635)
Canceled provisions	(7.743.902)	(1.385.196)
Foreign currency difference	443.773	389.495
Monetary loss / gain	(15.051.572)	(19.571.595)
31 December	18.494.336	37.865.430

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 16 – COMMITMENTS

CPM's given by the Group

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

Commitments and contingencies which the management does not expect significant losses or liabilities are as follows:

The Group's collaterals/pledge/mortgage ("CPM") position as of 31 December 2023 and 2022 are as follows:

	31 December 2023		31 December 2022	
	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent (Indexed)
A. CPM's given in the name of its own legal personality				
-Collaterals				
TL	464.938	464.938	464.938	766.092
Russian ruble	-	-	-	-
-Guarantee bond				
TL	203.937	203.937	336.033	336.033
Euro	25.000	814.348	25.000	821.184
USD	1.250.000	36.797.750	1.250.000	38.512.168
B. Total amount of CPM's give on behalf of the fully consolidated companies				
-Commitments				
TL	-	-	-	-
C. Total amount of CPM's give on behalf of third parties for ordinary course of the business	-	-	-	-
D. Total amount of other CPM's give				
i) Total amount of CPM's given in favor of the parent company				
TL (*)	315.000.000	315.000.000	315.000.000	519.034.694
ii) Total amount of CPM's given in favor of other group companies that are not in the scope of B and C				
TL	-	-	-	-
iii) Total amount of CPM's given in favor of third parties that are not within the scope of article C	-	-	-	-
Total		353.280.973		559.470.171

The ratio of other CPMs given by the Group to the Group's equity is 13% as of 31 December 2023 (31 December 2022: 17%).

(*) 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. As of the report date, there is a mortgage amounting to TL 315,000,000 placed on the real estates of the Group by the lender.

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NOTE 16 – COMMITMENTS (Continued)

Barter agreements

The Group has entered into barter agreements, a common practice in the media sector. These agreements involve the exchange of goods and services without any cash payments or receipts. As of 31 December 2023, the Group has unused advertising commitments amounting to 6,652,303 TL under these agreements (31 December 2022: 1,267,587 TL). The Group has invoiced and recognized receivables in the financial statement for barter transactions amounting to 994,966 TL as of 31 December 2023, for which it has not yet received goods or services in return (31 December 2022: 3,276,783 TL).

NOTE 17 – EMPLOYEE BENEFITS

Long-term provisions for employment termination benefits at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for unused leave rights	67.745.064	99.071.533
Total	67.745.064	99.071.533

Provision for unused vacation

Movements of provisions for unused vacation rights during the periods ended 31 December 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
1 January	99.071.533	117.908.979
Additions during the period	36.601.644	34.523.349
Payments related to provisions	(33.419.826)	(15.260.002)
Subsidiary sale	-	(902.845)
Currency translation differences	576.859	531.852
Monetary loss / gain	(35.085.146)	(37.729.800)
31 December	67.745.064	99.071.533

Long-term Provisions for Employee Benefits:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for employment termination benefits	66.077.483	117.670.781
Total	66.077.483	117.670.781

Except the legal requirements other than Türkiye in which the Group operates. There are no pension plans and benefits.

According to the Turkish Labor Law, the Group is obligated to pay severance pay to employees who have completed one year of service and whose employment is terminated without cause, called up for military service, pass away, become disabled, retire, or reach retirement age. As of 31 December 2023, the severance pay is subject to a ceiling of 23,489.83 TL per year of service (31 December 2022: 15,371.40 TL). In calculating the severance pay provision, the ceiling amount of 23,489.83 TL effective as of 31 December 2023 has been considered (the ceiling amount effective as of 31 December 2022 was 15,371.40 TL).

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NOTE 17 – EMPLOYEE BENEFITS (Continued)

On the other hand, the Group is liable to make payments to personnel who work for a minimum of 5 years and whose employment is terminated due to any cause in accordance with the regulations with regards to Employees Employed in the Press Sector. The maximum payable amount is 30 days' salary for each year of service. Employment termination benefit liabilities are not subject to any funding and there are no legal requirements for funding of these liabilities.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement probability of the employees of the Group.

TAS 19 Employee Benefits, requires companies to compute their liabilities by developing actuarial assumptions within defined benefit plans. According to the report prepared by Actuarial firm in order to calculate total liability, the assumptions below are used:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, 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.

The provisions as of the report date were calculated using an inflation rate of 21.70% (31 December 2022: 19.03%) and a discount rate of 26.00% (31 December 2022: 22.00%). The real discount rate obtained, approximately 3.53% (31 December 2022: 2.50%), was used in these calculations.

Age of retirement is based on considering the Company's historical operating data and taken as the average age of retirement from the Group.

The movements in provision for employment termination benefits during the periods ended at 31 December 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
1 January	117.670.781	157.469.140
Actuarial gain / (loss)	(13.515.966)	13.138.699
Service cost during the period	49.117.432	26.879.439
Interest cost during the period	2.657.497	919.972
Payments and reversal of provisions during the period	(51.603.448)	(50.206.331)
Decreases related to the sale of subsidiaries	-	(795.588)
Monetary gain / (loss)	(38.248.813)	(29.734.550)
31 December	66.077.483	117.670.781

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NOTE 18 – PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses at 31 December 2023 and 2022 are as follows:

Short-term Prepaid Expenses:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Short term prepaid expenses ⁽¹⁾	16.599.888	44.123.237
Total	16.599.888	44.123.237

⁽¹⁾ A significant portion of the prepaid expenses consists of technological software usage fee and insurance expenses.

Long-term Prepaid Expenses:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Long term prepaid expenses	1.033.727	5.730.847
Total	1.033.727	5.730.847

Short-term Deferred Revenue:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Contract liabilities ⁽²⁾	1.264.985	15.478.753
Total	1.264.985	15.478.753

⁽²⁾ The contractual obligations consist of sales of services, order advances received and sales return provision.

Long-term Deferred Income:

The Group has no long term deferred income as of 31 December 2023 (31 December 2022: None).

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 19 – OTHER ASSETS AND LIABILITIES

Other Current Assets

Other current assets at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Prepaid taxes and funds	250.130	332.342
Advances given to personnel	3.690.892	3.506.714
Value added tax ("VAT") receivables	1.708.110	2.277.302
Other	289.420	476.886
Total	5.938.552	6.593.244

Other Non-current Assets

	<u>31 December 2023</u>	<u>31 December 2022</u>
Advances given to personnel	860.184	187.840
Total	860.184	187.840

Other Short-term Liabilities

Other short-term liabilities at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Overdue debts	170.956.040	163.756.761
Miscellaneous other debts and liabilities ⁽¹⁾	18.783.278	28.201.872
Total	189.739.318	191.958.633

⁽¹⁾ As of 31 December 2023, 18,783,278 TL of other short-term liabilities consists of advances received in relation to recourse factoring transactions. During the period, 14,310,956 TL was paid as financing expenses (Note 28).

Other Long Term Liabilities

Other long-term liabilities at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Overdue debts	87.926.668	3.610.423
Total	87.926.668	3.610.423

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 20 – 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 TL 1. There are no privileged shares. The Company's historical authorized and paid-in share capital at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Registered share capital	800.000.000	800.000.000
Issued capital	592.000.000	592.000.000

The Companies in Türkiye 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 Türkiye. representing 77.67% of the issued capital of Hürriyet. has transferred to Demirören Medya. On May 16. 2018 the share transfer was completed with the extraordinary meeting held on 6 June 2018. As a result of this transaction, Demirören Media became the main shareholder of the Company. The ultimate shareholder of the Company is the Demirören Family.

In addition, according to the decision taken by the Board of Directors on 19 November 2018, it was resolved to increase the Company's issued capital, which is divided into 552,000,000 shares with a nominal value of 1.00 TL each, from 552,000,000 TL to 592,000,000 TL by raising it by 40,000,000 TL (an increase of 7.24%) entirely in cash (paid-in). The capital increase issuance certificate was approved by the Capital Markets Board with its decision dated 13 December 2018 and numbered 63/1446. The amount of 40,000,000 TL was collected in cash from Demirören Media, and the capital increase process was completed on 21 December 2018. The transaction was registered by the Istanbul Trade Registry Office on 15 January 2019.

Shareholders	31 December 2023	Share (%)	31 December 2022	Share (%)
Demirören Medya	480.780.776	81,21	480.750.776	81,21
Other shareholders (BİAŞ and other shareholders)	111.219.224	18,79	111.249.224	18,79
Issued capital	592.000.000	100,00	592.000.000	100,00
Capital Adjustment Differences	9.113.175.410		9.113.175.410	
Total	9.705.175.410	100,00	9.705.175.410	100,00

In accordance with the Principle Decision of the CMB dated 23 July 2010 and numbered 21/655, as amended by the Principle Decision dated 30 October 2014 and numbered 31/1059, it is accepted that, according to the records of the Central Securities Depository (MKG), shares corresponding to 18.77% of the Company's capital (31 December 2022: 18.79%) were in circulation as of 31 December 2023 (Note 1).

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.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 20 – EQUITY (Continued)

Premiums / (discounts) on shares

The share premium of public offering represents the difference between the nominal amount and the sales amount.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Premium / (discounts) on shares	876.160	876.160
Total	876.160	876.160

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, as of 31 December 2023, the Company's restricted reserves appropriated from profits amounting to 979,479,325 TL (31 December 2022: 979,479,325 TL) consist of general legal reserves, real estate sales profits, and subsidiary sales profits.

Restricted reserves	<u>31 December 2023</u>	<u>31 December 2022</u>
Gain on sale of real estate	362.247.868	362.247.868
General legal reserves	610.127.068	610.127.068
Gain on sale of subsidiary	4.939.754	4.939.754
R&D incentive grant ⁽¹⁾	2.164.635	2.164.635
Total	979.479.325	979.479.325

It consists of grant support transferred to a special fund account in the statutory records under the R&D Incentive within the scope of Law No. 5746, without being subject to profit distribution.

Other Accumulated Comprehensive Income/Expense Will not to be Reclassified to Profit or Loss

The Company's other accumulated comprehensive income and expenses that will not be reclassified to profit or loss resulting from tangible asset revaluation increases and defined benefit plans remeasurement losses are summarized below:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Tangible asset revaluation increases (decreases)	606.411.720	775.238.978
Defined benefit plans measurement gains (losses)	128.004	(10.248.185)
Total	606.539.724	764.990.793

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 20 – EQUITY (Continued)

Restricted reserves (Continued)

Gain/(Loss) from revaluation of tangible asset

The Group management has started the revaluation method for the land and buildings that are classified into property, plant and equipment and investment properties. The revaluation fund presents the difference between the net book value on a cost basis after the deduction of deferred tax effect and the fair value of building and land.

Real estates recognised as property plant and equipment in prior periods can be transferred to investment property due to change in use. The Group has reclassified some of its properties as investment property and has chosen to account such investment properties at fair value. For that reason, valuation reports were taken as of 31 December 2023 and the effects of revaluation was accounted under revaluation fund.

Accordingly, the Group has recognized the fair value increase of 606,411,720 TL arising in the fiscal period ending on 31 December 2023 as a revaluation surplus in the equity attributable to the parent company in the consolidated financial statements prepared as of 31 December 2023, net of tax effects (31 December 2022: 775,238,978 TL).

Remeasurement gain/ (loss) in defined benefit plans

The employee termination benefit provision is calculated according to the value of the benefits that the Group is liable for with today's monetary value. The Group has accounted all the actuarial loss and gains regarding employee terminations under the other comprehensive income statement as other income and other expense. The value for reassessed estimation differences accounted under equity is TL 128.004 (31 December 2021: TL 10.248.185).

Accumulated Other Comprehensive Income and (Expenses) that will be Reclassified in Profit or Loss

	<u>31 December 2023</u>	<u>31 December 2022</u>
Currency translation differences	160.737.480	70.538.211
Total	160.737.480	70.538.211

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 20 – EQUITY (Continued)

Capital Reserves and Accumulated Profit

Subsequent to the first inflation adjusted financial statements, equity items such as; “Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves” are carried at carrying value in the balance sheet and their adjusted values are collectively presented in equity.

Based on the declaration of CMB, “Paid-in Capital”, “Restricted reserves appropriated from profit” and “Share Premiums” is required to present by their amounts in statutory accounts. Differences arising from inflation adjustments:

“If the difference is arising due to the inflation adjustment of “Paid-in Capital” and not yet been transferred to capital should be classified under the “Inflation Adjustment to Share Capital” following “Paid-in Capital”;

“If the difference is due to the inflation adjustment of Restricted Reserves” and “Share Premium” and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under “Retained Earnings”. Other equity items shall be carried at the amounts valued in accordance with TAS Standards”;

Capital adjustment differences can only be included to capital.

Dividend distribution

The Group makes profit distribution decisions and distributes profits in accordance with the Turkish Commercial Code (TCC), the Capital Markets Board (CMB), CMB Regulations and Decisions, Tax Laws, other relevant legal provisions, the Articles of Association, and General Assembly Resolutions. The principles of profit distribution are determined by the Profit Distribution Policy.

On the other hand,

- a) Prior years' profits arising from the re-preparation of comparative financial statements according to these regulations during the first transition to TFRS,
- b) "Equity inflation adjustment differences" stemming from reserve items that do not have any record preventing profit distribution,
- c) Prior years' profits resulting from the first inflation adjustment of the financial statements,

can be distributed as cash dividends to shareholders. Additionally, if the "Equity Impact Related to Acquisition" account item is present among the equity items in the consolidated financial statements, this account item is not considered as a deduction or addition when reaching the net distributable period profit.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 21 – REVENUE AND COST OF SALES**Revenue**

The detail of sales for the years ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Advertising revenue	291.081.799	294.075.492
Circulation and publishing sales	402.635.963	503.433.637
Other	47.602.986	89.933.256
Sale revenue	741.320.748	887.442.385
Cost of sales (-)	(999.854.132)	(1.180.625.172)
Gross profit (loss)	(258.533.384)	(293.182.787)

	Printing Media 1 January - 31 December 2023	Digital Media 1 January - 31 December 2023	Printing Media 1 January - 31 December 2022	Digital Media 1 January - 31 December 2022
Domestic	370.079.115	127.606.621	477.944.622	143.192.350
Foreign	243.635.012	-	263.727.223	2.578.190
Total Revenue	613.714.127	127.606.621	741.671.845	145.770.540
Performance Obligations				
Circulation sales	375.566.994	-	398.330.174	-
Subcontracted printing sales	27.068.969	-	105.103.463	-
Advertising sales	163.475.178	127.606.621	148.304.952	145.770.540
Other sales	47.602.986	-	89.933.256	-
Total	613.714.127	127.606.621	741.671.845	145.770.540

**Fulfillment of the
performance obligations**

In time	450.238.949	-	593.366.893	-
At a specific moment in time	163.475.178	127.606.621	148.304.952	145.770.540
Total	613.714.127	127.606.621	741.671.845	145.770.540

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 21 – REVENUE AND COST OF SALES (Continued)

Cost of Sales

The details of cost of sales for the periods ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Raw material	(334.059.958)	(463.033.221)
<i>Paper</i>	(159.247.130)	(225.874.501)
<i>Printing and ink</i>	(67.075.627)	(116.632.003)
<i>Other</i>	(107.737.201)	(120.526.717)
Personnel expenses	(504.521.163)	(544.413.630)
Depreciation Expenses (Note 12,13)	(20.672.177)	(37.501.580)
Agency expenses	(19.727.363)	(22.261.018)
Distribution, storage and travel expenses	(23.256.231)	(19.505.093)
Fuel, electricity, water and office expenses	(12.078.139)	(48.926.981)
Outsourced services	(64.452.914)	(18.683.293)
Communication expenses	(6.210.925)	(6.502.987)
Maintenance and repair expenses	(3.826.474)	(9.725.379)
Rent expenses	(10.702.456)	(7.188.333)
Other	(346.332)	(2.883.657)
Total	(999.854.132)	(1.180.625.172)

NOTE 22 – GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(97.787.299)	(87.854.462)
Consultancy expenses	(38.081.447)	(33.131.881)
Rent expenses	(2.206.095)	(1.325.987)
Maintenance and repair expenses	(12.656.273)	(16.254.214)
Fuel, electricity, water and office expenses	(20.284.586)	(35.595.027)
Depreciation and Amortization (Note 12, 13)	(23.008.176)	(26.706.129)
Outsourced benefit and services	(4.181.703)	(3.210.492)
Distribution, storage and travel expenses	(16.381.073)	(8.238.160)
Other	(13.599.097)	(19.966.281)
Total	(228.185.749)	(232.282.633)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 22 – GENERAL ADMINISTRATIVE AND MARKETING EXPENSES (Continued)

b) Marketing Expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(25.269.333)	(38.183.141)
Transportation, storage and travel expenses	(31.688.581)	(37.084.249)
Advertisement expenses	(39.293.367)	(42.067.805)
Promotion expenses	(1.002.786)	(647.872)
Sponsorship and other marketing expenses	(7.272.392)	(8.708.491)
Consultancy expenses	(2.081.582)	(2.352.367)
Outsourced services	(5.086.425)	(15.016.575)
Depreciation and amortization charges (Note 12,13)	(6.844.302)	(2.506.608)
Total	(118.538.768)	(146.567.108)

NOTE 23 – EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(627.577.795)	(670.451.233)
Depreciation and amortization charges	(50.524.655)	(66.714.317)
Total	(678.102.450)	(737.165.550)

Fees for services received from independent auditor / independent audit firm

The explanation of the Group regarding the fees for the services rendered by the independent auditing firms, which is prepared by the POA pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the POA dated August 19, 2021 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period (*)	1.150.000	1.153.410
Total	1.150.000	1.153.410

(*) Amounts are presented excluding VAT.

NOTE 24 – OTHER OPERATING INCOME

The details of other operating income for the periods ended at 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Unrealized finance income from forward purchases	5.651.148	38.359.500
Foreign exchange gains	132.256.016	45.268.999
Late interest income from forward sale	92.896.655	28.553.113
Off-topic provisions	12.500.405	19.883.337
Cancellations and collections from doubtful trade receivables	4.112.695	5.052.921
Other	15.774.714	16.718.270
Total	263.191.633	153.836.140

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 25 – OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended at 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Penalty, compensation and tax expenses	(37.117.670)	(54.428.742)
Provision for lawsuits	(3.125.667)	(21.113.952)
Foreign exchange losses	(59.779.800)	(12.397.506)
Provision for doubtful receivables (Note 7)	(2.044.547)	(7.930.418)
Unearned finance charges from credit sales	(31.171.204)	(7.039.119)
Expenses related to Law No. 7236	(971.502)	(971.502)
Aids and donations	(143.878)	(212.374)
Other	(33.223.564)	(18.217.984)
Total	(167.577.832)	(122.311.597)

NOTE 26 – INCOME FROM INVESTMENT ACTIVITIES

The details of income from investing activities for the periods ended at 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Gain on change in fair value of investment properties (Note 11)	83.292.093	444.618.593
Profit on sale of subsidiary (*)	-	91.303.751
Rent income (Note 11)	8.738.163	17.802.265
Gain on sale of tangible assets	169.245.211	643.957
Other	1.235	2.002
Total	261.276.702	554.370.568

(*) It consists of the revenue obtained from the share sale of Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş., which occurred on July 28, 2022.

NOTE 27 – EXPENSE FROM INVESTMENT ACTIVITIES

The details of expenses from investing activities for the periods ended at 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Expenses related to investment properties	(69.869)	(150.359)
Subsidiary and affiliated company sale losses	-	(7.912.662)
Sale losses of investment properties (Note 11)	(437.604.501)	-
Total	(437.674.370)	(8.063.021)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 28 – FINANCIAL INCOME / EXPENSES

The details of financial expenses for the periods ended at 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Late interest expense	(4.076.484)	(16.921.815)
Loan commission, bank costs and factoring expense ⁽¹⁾	(22.885.137)	(17.005.278)
Interest expense	(5.649.134)	(1.403.423)
Foreign exchange income/(losses), net	(663.095)	(764.563)
Other	-	(21.597)
Total	(33.273.850)	(36.116.676)

⁽¹⁾ The relevant balance of 14,310,956 TL (31 December 2022: 15,383,964 TL), as disclosed in Note 19, consists of finance payments incurred during the period due to advance payments received by the Group for factoring transactions.

NOTE 29 – INCOME TAXES

Assets Related to Current Period Tax:

	31 December 2023	31 December 2022
Corporate and income tax payable	1.199.338	1.313.235
Less: Prepaid taxes	-	-
Current profit tax liabilities	1.199.338	1.313.235

The company and its subsidiaries within the scope of consolidation are subject to the tax legislation and practices of the countries in which they operate.

The details of the effective tax laws in countries which Group has significant operations are stated below:

Türkiye:

The corporate tax rate in Türkiye is 25%. The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the last day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

Companies calculate 25% temporary tax on their quarterly financial profits (23% for 2022 taxation periods) and declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 29 – INCOME TAXES (Continued)

Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, tax liabilities reflected in the consolidated financial statements of the Group have been calculated separately for all companies included in the scope of consolidation. In the statements of financial position dated 31 December 2023 and 31 December 2022 the tax amounts to be paid are netted for each Subsidiary and are classified separately in the consolidated financial statements.

There are numerous exemptions in the Corporate Income Tax Law. This is one of the exceptions to the Company are described below:

Exemption for Participation in Subsidiaries:

Dividend income from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

Issued Premiums Exemption:

Gains from issued premiums derived from the disposal of sales at nominal values during incorporations and the capital increase of joint stock companies are exempt from corporate tax.

Exemption for Participation into Foreign Subsidiaries:

For companies participating in 10% or more of the capital of a non-resident limited liability or joint stock company, (except for those whose principal activity is financial leasing or investment property) for at least one year until the date of the income is generated and transferred to Turkey until the date of the filing of the corporate income tax return of the fiscal year in which the income is generated is exempt from corporation tax subject to those subsidiaries being subject to corporate income tax, or alike, in their country of legal residence or business center at the rate of at least 15% (minimum corporate income tax applicable like in Turkey for those whose principal activity is finance assurance or insurance).

Exemption for Sale of Participation Shares and Property:

75% of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and %50 of gains derived from sale of real property which have remained in assets more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in liabilities and it must not be withdrawn from the entity for a period of 5 years. The sales consideration should be collected until the end of the second calendar year following the year the sale was realized.

Russian Federation

The corporate tax rate effective in Russian Federation is 20% (2022: 20%). This rate can be reduced according to special tax incentives (Special economic zones, investors entering private investment contract, regional incentive programs etc.).

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 29 – INCOME TAXES (Continued)

Russian tax year is the calendar year and other fiscal year ends are not permitted. Profit tax is calculated on a year-to-date basis. Advance payments are made monthly, with different calculation methods for quarterly or monthly schedules subject to the taxpayer's choice. Tax returns are filed till the 28th of March, following the close of the financial year.

The amendments introduce changes to the requirements on utilization of tax losses carried forward in the Russian Tax Code. In 2017-2020 taxable profits of any given year may be reduced by accumulated tax losses carried forward by no more than 50%. Additionally, tax losses may now be carried forward realized after 2007 for an unlimited period, not for 10 years maximum as was the case previously. The Group is evaluating the possible effects of new tax regulations.

Tax refunds are technically possible but are very difficult to obtain in practice. Tax consolidations of tax reporting/payments by different legal entities (or grouping) are not permitted in Russia at present. Generally, dividend income payable to a foreign organization is subject to withholding tax at 15%. This standard rate may, however, be reduced under the provisions of applicable double tax treaty.

In Russian Federation the tax regulations are subject to various comments and change frequently. Regarding to TME's operations the interpretation of tax regulations by tax authorities may differ from the management.

The corporate tax rate effective in Belarus is 20% (2022: 18%).

In Belarus, the tax year is a calendar year. Tax profits are calculated on an increasing scale. Tax payments are made quarterly based on the results of the previous year or the expected current year's profit. Corporate tax returns must be filed by March 20 following the end of the reporting period. Offsetting tax losses against the period's corporate income is not permitted. Tax refunds may be possible. Consolidated tax reporting or tax payment is not permitted for parent companies and subsidiaries. Dividend payments to foreign shareholders are generally subject to a 12% withholding tax. This rate may be reduced in bilateral tax treaties. Tax legislation in Belarus undergoes frequent changes.

The tax rates at 31 December 2023, which are used in the calculation of deferred tax, taking each country's tax legislations into consideration are as follows:

Country	Tax Rate
Germany	%30,00
Belarus	%20,00
Russia	%20,00
Netherland	%25,80

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 29 – INCOME TAXES (Continued)

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 POA and Tax legislation.

The rates to be applied for deferred tax assets and liabilities calculated based on the liability method over long-term temporary differences to be realized in future periods are the tax rates in effect as of the dates of the financial position statements, and these rates are included in the table and explanations above.

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.

The Group revalued its tangible fixed assets in its legal records by indexing it according to the rates determined by the Ministry of Finance. pursuant to Article 11 of the Law No. 7326 on the Restructuring of Certain Receivables and Amendments to Certain Laws and the Temporary Article 31 added to the Tax Procedure Law.

Accordingly, as of 31 December 2023 ,in the calculation of the deferred tax effect for the Revaluation Increases of Tangible Assets and Investment Property in TFRS financial statements. the fund formed with their indexed values for tax purposes is excluded and no deferred tax is calculated for this part.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Deferred tax liabilities	(242.454.459)	(304.403.976)
Deferred tax assets	-	-
Deferred tax liabilities. net	(242.454.459)	(304.403.976)

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 29 – INCOME TAXES (Continued)

Deferred Tax (Continued)

The temporary differences and deferred tax assets/(liabilities) using the enacted tax rates as of 31 December 2023 and 31 December 2022 are as follows:

	Accumulated Temporary Differences		Deferred Tax Assets / (Liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Provision for employee termination benefits and vacation rights	120.441.828	215.475.689	30.105.281	43.095.139
Difference between tax base and carrying value of trade receivables	30.732.139	53.079.590	7.658.279	10.615.919
Leasing transactions classification (TFRS 16)	10.066.939	8.542.200	2.516.735	1.708.440
The net difference between the book value of tangible and intangible assets and their tax base	(1.071.357.673)	(1.973.111.498)	(237.845.977)	(242.021.529)
Investment properties fair value adjustment	(318.752.475)	(1.209.259.160)	(59.814.801)	(121.134.199)
Other, net	59.603.884	16.660.099	14.926.024	3.332.254
Total	(1.169.265.358)	(2.888.613.080)	(242.454.459)	(304.403.976)

As of 31 December 2023 carryforward tax losses for which deferred tax asset was not recognized amounted to 1.439.147.746 TL (31 December 2022: 1.070.492.916 TL).

The years in which the tax losses, for which deferred tax assets have not been calculated, can be utilized are specified below:

	<u>31 December 2023</u>	<u>31 December 2022</u>
2023	62.665.983	-
2024	47.777.830	50.968.459
2025	57.635.033	39.825.423
2026	327.205.908	3.742.238
2027	8.972.255	-
Indefinite (*)	934.890.737	975.956.796
Total	1.439.147.746	1.070.492.916

(*) Under the new tax regulations in Russia, the 10-year time limit for companies to carry past year's losses in the following periods has been cancelled.

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NOTE 29 – INCOME TAXES (Continued)

The movements of net deferred tax liabilities for the periods ended 31 December 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
1 January	(304.403.975)	(118.282.514)
Deferred tax income in consolidated statement of income	(21.914.484)	(95.576.868)
Accounted in equity	(50.522.397)	(83.247.150)
Currency translation differences	14.723.930	(13.596.672)
Monetary loss / gain	119.662.467	6.299.228
31 December	(242.454.459)	(304.403.976)

The analysis of the tax expense/(income) for the periods ended at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current tax income/(expense)	(1.199.338)	(1.313.235)
Deferred tax income/(expense)	(21.914.484)	(95.576.868)
Total	(23.113.822)	(96.890.103)

The reconciliation of the current period tax expense in the consolidated statement of profit or loss for the periods ended at 31 December 2023 and 2022 and consolidated tax and the tax (income)/expense calculated with the current tax rate over income before tax and non-controlling interests are as follows:

	<u>1 January - 31 December 2023</u>	<u>1 January - 31 December 2022</u>
Profit / (Loss) Before Tax and Non-Controlling Interests ⁽¹⁾	(806.104.584)	(83.838.966)
Current period tax calculated at the effective tax rates of countries	201.526.146	19.227.447
Non-taxable expenses	(185.576.663)	9.228.013
Effect of adjustments and carryforward tax losses that are not subject to deferred tax	(101.300.509)	(286.266.039)
Exceptions	-	-
Discontinued operations and affiliate sales effect	(5.681.698)	(9.367.663)
Effect of different tax rates on subsidiaries	(1.384.994)	(1.580.479)
Tax rate changes	(71.723.513)	58.338.046
Other	141.027.409	113.530.572
Tax income/(expense)	(23.113.822)	(96.890.103)

⁽¹⁾ Comprised from total of tax losses of continuing and discontinued operation.

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NOTE 30 – 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, a subsidiary of Trader Media East Ltd. ("TME"), in which the Group holds a 97.29% stake, decided on November 22, 2017, to cease the operations of its digital platforms due to intense competition in the markets in which they operate and suboptimal operational performance. Consequently, the digital operations under Pronto Media Holding have been classified as "Discontinued Operations."

	1 January - 31 December 2023	1 January - 31 December 2022
Sales	456.847	9.793.239
Cost of sales (-)	(662.990)	(6.409.058)
General administrative and marketing expense	(13.552.810)	(20.647.144)
Other operating income (expense), net	3.601.243	2.344.729
Finance expense, net	(4.390.714)	(22.712.594)
Expenses from investing activities, net	(10.383.392)	(4.632.849)
Loss before tax from discontinued operations for the period	(24.931.816)	(42.263.677)
Deferred tax income	-	-
Loss from the discontinued operation for the period	(24.931.816)	(42.263.677)

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

The Group has monetary liabilities and receivables arising from foreign operations that are not part of the net investment in the foreign operations during the current period. Exchange differences arising from these transactions are recognized in equity under currency translation differences in the Consolidated Financial Statements and will be reflected profit or loss during sale or wholly liquidation of the net investment.

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NOTE 31 – EARNING PER SHARE

Loss per share as of 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Net loss for attributable to equity holders of parent company	(828.517.850)	(146.489.744)
Number of ordinary shares in issue (with nominal value of 1 TL each)	592.000.000	592.000.000
Loss from continuing operations attributable to equity holders of parent company	(1,3995)	(0,2474)

NOTE 32 – RELATED PARTY DISCLOSURES

I. Balances of Related Parties

a) Short term trade receivables from related parties:

	31 December 2023	31 December 2022
Trade receivables from related parties		
Milliyet Gazetecilik Yayıncılık A.Ş.	21.303.247	65.240.038
Demirören Yayıncılık ve Gazetecilik A.Ş.	15.515.476	55.812.583
Demirören Reklam ve Yatırım A.Ş.	11.512.926	16.406.351
Other	4.137.998	4.164.253
Total	52.469.647	141.623.225

b) Short term payables to related parties:

	31 December 2023	31 December 2022
Trade payables to related parties		
Yenibiriş İnsan Kaynakları Hizmetleri Danışmanlık ve Yayıncılık A.Ş.	7.924.577	13.221.336
Demirören Ajansı A.Ş.	12.183.478	7.217.977
Andromeda TV Dijital Platform Hizmetleri A.Ş.	3.197.339	5.514.788
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. (*)	16.660.809	
Opal Televizyon ve Radyo Yayıncılık A.Ş.	10.567.079	-
Taksim Gayrimenkul Yatırımı Geliştirme ve İşl. A.Ş.	2.652.018	4.485.529
Demirören Teknoloji A.Ş.	-	275.953
Other	53.274	32.049
Total	53.238.574	30.747.632

(*) In 2022, Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. and Yelda Haber ve Görsel Yayıncılık A.Ş. merged.

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(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 32 – RELATED PARTY DISCLOSURES (Continued)

c) Other receivables from related parties:

	31 December 2023	31 December 2022
Other short-term receivables from related parties		
Demirören Media International GmbH	124.648.814	102.585.070
Demirören Medya Yatırımları A.Ş.	640.922.436	-
Total	765.571.250	102.585.070

d) Other payables to related parties:

	31 December 2023	31 December 2022
Other payables to related parties		
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. ^(*)	-	290.073.458
Total	-	290.073.458

(*) Based on the decision made by the company management, as of 31 December 2022, the Company's debt of 205,638,347 TL to Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. has been offset against the receivables from Demirören Medya Yatırımları A.Ş. due to the similarity in the nature of the transactions.

(*) In 2022, Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. and Yelda Haber ve Görsel Yayıncılık A.Ş. merged.

II. Significant transactions with related parties:

Transactions in related parties for the periods ended as of 31 December 2023 and 2022 are as follows:

e) Significant service and product sales to related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Demirören Reklam ve Yatırım A.Ş.	99.078.474	106.988.791
Demirören Yayıncılık ve Gazetecilik A.Ş.	18.761.537	72.481.279
Milliyet Gazetecilik Yayıncılık A.Ş.	5.198.368	27.459.802
Taksim Gayrimenkul Yatırımı Geliştirme ve İşl. A.Ş.	-	11.883.545
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. ^(*)	-	7.984.271
Andromeda TV Dijital Platform Hizmetleri A.Ş.	10.669.915	-
Demirören Medya Yatırımları A.Ş.	71.400	-
Other	10.071.201	9.960.109
Total	143.850.895	236.757.797

(*) In 2022, Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. and Yelda Haber ve Görsel Yayıncılık A.Ş. merged.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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NOTE 32 – RELATED PARTY DISCLOSURES (Continued)

f) Significant service and product purchases from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Demirören Medya Yatırımları A.Ş.	89.208.534	106.664.648
Andromeda TV Dijital Platform Hizmetleri A.Ş.	19.939.468	16.430.640
Demirören Ajansı A.Ş.	15.495.188	13.015.624
Taksim Gayrimenkul Yatırımı Geliştirme ve İşl. A.Ş.	-	11.883.545
Demirören Reklam ve Yatırım A.Ş.	9.353.698	7.329.388
Demirören Teknoloji A.Ş.	123.406	4.718.904
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. (*)	7.437.065	2.820.863
Demirören Yayıncılık ve Gazetecilik A.Ş.	1.923.185	3.296.770
Milliyet Gazetecilik Yayıncılık A.Ş.	1.555.461	2.487.456
Vatan Gazetecilik A.Ş.	21.006.597	-
Opal Televizyon ve Radyo Yayıncılık A.Ş.	16.200.598	-
Other	6.196.932	4.305.247
Total	188.440.132	172.953.085

g) Other income from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Milliyet Gazetecilik Yayıncılık A.Ş.	6.424.064	7.615.420
Demirören Yayıncılık ve Gazetecilik A.Ş.	1.978.411	2.482.810
Demirören Televizyon Yayıncılığı A.Ş.	582.672	1.597.495
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. (*)	30.336.601	4.153.467
Demirören Reklam ve Yatırım A.Ş.	-	1.485.383
Demirören Ajansı A.Ş.	6.124.807	-
Demirören Medya Yatırımları A.Ş.	74.729.229	2.920.211
Andromeda TV Dijital Platform Hizmetleri A.Ş.	31.242	639.653
Mes Televizyon ve Radyo Yayıncılık A.Ş.	3.891.190	-
Demirören Media International GmbH	9.901.270	-
Other	3.364.125	-
Total	137.363.611	20.894.439

(*) In 2022, Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. and Yelda Haber ve Görsel Yayıncılık A.Ş. merged.

As of December 31, 2023, the total income reflected for shared expenses such as personnel salaries and building expenses billed to related parties amounted to 649,924,383 TL. However, this income was not shown in the consolidated financial statements and transactions with related parties due to being netted with the respective expense accounts.

As of December 31, 2023, the balance of other income related to related parties, amounting to 140,847,479 TL, includes a portion of 5,001,098 TL derived from rental income obtained by Hürriyet from Group companies. (January 1 – December 31, 2022: 5,270,201 TL).

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NOTE 32 – RELATED PARTY DISCLOSURES (Continued)

II) Significant transactions with related parties (Continued)

Finansal giderler:	1 January- 31 December 2023	1 January- 31 December 2022
Demirören Medya Yatırımları A.Ş.	3.402.207	3.995.995
Demirören Ajansı A.Ş.	1.302.284	-
Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. ^(*)	-	1.033
Other	482.353	815.154
Total	5.186.844	4.812.182

(*) In 2022, Demirören TV Radyo Yayıncılık Yapımcılık A.Ş. and Yelda Haber ve Görsel Yayıncılık A.Ş. merged.

I. Key management personnel

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits	13.500.223	15.620.336
Total	13.500.223	15.620.336

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 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

33.1 Financial Tools and Risk Management

(I) Interest rate risk

As of 31 December 2023, the Group has no time deposits. (31 December 2022: None)

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Group management uses interest-bearing short-term assets within natural policy context to stabilize the maturity of the interest-bearing liabilities and assets. Furthermore, the Group hedges interest rate risks arising from floating rate borrowings, by limited use of derivatives, such as interest rate swaps.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2023 and 2022, the Group does not have borrowings at floating rates.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023***(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)***NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)****33.1 Financial Tools and Risk Management (Continued)****(II) Liquidity Risk**

31 December 2023	Carrying Value	Total contractual cash outflow	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Financial liabilities						
Rental obligations	51.190.139	51.190.139	5.319.893	15.402.477	27.506.044	2.961.725
Trade payables						
-Related party (Note 32)	53.238.574	56.034.856	10.371.119	45.663.737	-	-
-Other (Note 7)	125.092.495	129.839.725	129.489.247	350.478	-	-
Other debts						
-Other (Note 8)	152.113.208	152.113.208	152.113.208	-	-	-
Payables within the scope of employee benefits						
- Payables to personnel (Note 9)	53.061.126	53.061.126	53.061.126	-	-	-
31 December 2022	Carrying Value	Total contractual cash outflow	Less than 3 months	3- 12 months	1- 5 years	More than 5 years
Financial liabilities						
Rental obligations	37.643.546	37.643.546	2.017.457	5.347.413	21.565.494	8.713.182
Trade payables						
-Related party (Note 32)	30.747.632	31.655.962	-	31.655.962	-	-
-Other (Note 7)	157.039.688	158.514.144	157.977.196	536.948	-	-
Other debts						
-Related Party (Note 32)	290.073.458	290.073.458	-	290.073.458	-	-
-Other (Note 8)	158.690.220	158.690.220	158.690.220	-	-	-
Payables within the scope of employee benefits						
- Payables to personnel (Note 9)	58.337.743	58.337.743	58.337.743	-	-	-

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management (Continued)

(II) Liquidity Risk (Continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims maintaining flexibility in funding by keeping committed credit lines available.

Funding risk of current and future debt requirements is managed by continuance of sufficient and highly qualified creditor's access. The Group aims at maintaining cash and cash equivalents for the anticipated cash flows of raw material purchase for the subsequent six-months.

The liquidity table demonstrates the Group's net financial liabilities in accordance with the redemption schedule. Such amounts are undiscounted future cash flows of financial liabilities of the Group. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2023, the Group has not any long-term bank borrowings (31 December 2022: None) (Note 6)

(III) Credit Risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the credit amount of any individual counterparty. The credit risk is generally highly spread due to the large number of entities comprising the customer bases.

Aging analysis for trade receivables:

As of 31 December 2023, trade receivables amounting to 59,931,952 TL (31 December 2022: 138,962,864 TL) past due have not been classified as doubtful debts. The Group does not foresee any collection risk for delays of up to one month due to the dynamics and conditions of the sector. The Group restructures its trade receivables past due for one month by applying an interest rate differential and/or holding securities such as mortgages, guarantees, and promissory notes, thus mitigating any collection risk.

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management (Continued)

(III) Credit Risk (Continued)

As of 31 December 2023 and 2022, aging analysis for trade receivables that are past due but not impaired are as follows:

	31 December 2023		31 December 2022	
	Related party	Other	Related party	Other
0-1 month	1.874.248	11.878.118	8.764.924	8.450.212
1-3 month	9.279.078	4.591.462	25.436.589	6.188.054
3-6 month	8.163.046	578.324	34.353.329	4.628.501
6-12 month	1.457.719	2.472.365	124.761	5.960.697
More than 1 year	19.307.489	330.103	42.294.348	2.761.449
	40.081.580	19.850.372	110.973.951	27.988.913

As of 31 December 2023 and 2022, aging analysis for trade receivables that are past due and impaired is as follows:

Impaired	31 December 2023	31 December 2022
Past due 0 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due 6 months and over	99.151.665	151.665.997
Less: Provision for impairment (Note 7)	99.151.665	151.665.997

There is no balance of related party receivables that are past due and impaired as of 31 December 2023 (31 December 2022: None). There is no trade receivable which is not over due and impaired as of 31 December 2023 (31 December 2022: None).

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management Continued)

(III) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2023 is as follows:

31 December 2023	Trade receivables		Other receivables		Assets	Deposits in Bank	Other Assets
	Related party	Other	Related party	Deposit			
Maximum credit risk exposure as of balance sheet date	52.469.647	94.829.830	765.571.250	25.529.439		2.666.341	89.831
- The part of maximum credit risk under guarantee with collateral	-	-	-	-		-	-
A. Net book value of financial assets that are not past due/impaired	12.388.067	74.979.458	765.571.250	25.529.439		2.666.341	89.831
- The part under guarantee with collateral	-	-	-	-		-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-		-	-
C. Carrying value of financial assets that are past due but not impaired	40.081.580	19.850.372	-	-		-	-
- The part under guarantee with collateral	-	-	-	-		-	-
D. Net book value of impaired asset	-	-	-	-		-	-
- Past due (gross carrying amount)	-	99.151.665	-	-		-	-
- Impairment (-)	-	(99.151.665)	-	-		-	-
- The part of net value under guarantee with collateral	-	-	-	-		-	-
- Not overdue (gross carrying value)	-	-	-	-		-	-
- Impairment (-)	-	-	-	-		-	-
- The part of net value under guarantee with collateral	-	-	-	-		-	-
E. Off-balance sheet items with credit risk	-	-	-	-		-	-

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management Continued)

(III) Credit Risk (Continued)

The Group's credit risk of financial instruments as of 31 December 2022 is as follows:

31 December 2022	Trade receivables		Other receivables		Assets	Deposits in Bank	Other Assets
	Related party	Other	Related party	Deposit			
Maximum credit risk exposure as of balance sheet date	141.623.225	92.651.689	102.585.070	34.760.670		10.183.689	148.017
- The part of maximum credit risk under guarantee with collateral	-	-	-	-		-	-
A. Net book value of financial assets that are not past due/impaired	30.649.274	64.662.776	102.585.070	34.760.670		10.183.689	148.017
- The part under guarantee with collateral	-	-	-	-		-	-
B. Net book value of financial assets that are renegotiated if not that will be accepted as past due or impaired	-	-	-	-		-	-
C. Carrying value of financial assets that are past due but not impaired	110.973.951	27.988.913	-	-		-	-
- The part under guarantee with collateral	-	-	-	-		-	-
D. Net book value of impaired asset	-	-	-	-		-	-
- Past due (gross carrying amount)	-	151.665.997	-	-		-	-
- Impairment (-)	-	(151.665.997)	-	-		-	-
- The part of net value under guarantee with collateral	-	-	-	-		-	-
- Not overdue (gross carrying value)	-	-	-	-		-	-
- Impairment (-)	-	-	-	-		-	-
- The part of net value under guarantee with collateral	-	-	-	-		-	-
E. Off-balance sheet items with credit risk	-	-	-	-		-	-

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management (Continued)

(IV) Foreign Currency Risk

Foreign currency risk

The Group is exposed to foreign exchange rate risk due to the translation of amounts owed in foreign currencies into the functional currency. These risks are monitored and limited through the analysis of the foreign exchange position.

The Group is also exposed to foreign exchange rate risk arising from the translation of amounts owed into TL due to foreign currency bank loans obtained to finance domestic and international investments (this risk is monitored in regular meetings). To minimize the exchange rate risk arising from balance sheet items, a portion of idle cash assets is invested in foreign currency investments and various derivative instruments are used.

The Group's exchange rate risk management policy involves holding foreign currency deposits to cover forecasted 3 to 6 months of raw material purchases and loan repayments for each currency. However, this policy may be revised by management within the framework of market conditions as deemed necessary.

TL equivalents of assets and liabilities denominated in foreign currencies at 31 December 2023 and 31 December 2022 are as follow:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Assets	85.074.632	79.863.031
Liabilities	(24.108.433)	(17.861.895)
Net foreign currency position	60.966.199	62.001.136

Following exchange rates have been used in the translation of foreign currency denominated balance sheet items as of 31 December 2023: 29.4382 TL= 1 US Dollar and 32.5739 TL = 1 Euro (31 December 2022: 18.6983 TL = 1 US Dollar and 19.9349 TL = 1 Euro).

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**33.1 Financial Tools and Risk Management (Continued)****(IV) Foreign Currency Risk (Continued)**

The table summarizes the foreign currency position risk as of 31 December 2023 and 31 December 2022. The carrying amount of foreign currency denominated assets and liabilities of the Group are as follows:

31 December 2023	TL Equivalent	USD	Euro	Other
1. Trade receivables	84.603.469	11.004	2.587.333	-
2a. Monetary Financial Assets (Cash. Banks included)	- 471.163	- 15.772	- 17	- 6.303
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	85.074.632	26.776	2.587.350	6.303
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)	85.074.632	26.776	2.587.350	6.303
10. Trade Payables	23.803.179	688.389	108.622	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	23.803.179	688.389	108.622	-
14. Trade Payables	305.254	10.369	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Financial Liabilities	- -	- -	- -	- -
16b. Other Non-Monetary Financial Liabilities	- -	- -	- -	- -
17. Long Term Liabilities (14+15+16)	305.254	10.369	-	-
18. Total Liabilities (13+17)	24.108.433	698.758	108.622	-
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)	60.966.199	(671.982)	2.478.728	6.303
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	- 60.966.199	- (671.982)	- 2.478.728	- 6.303
22. Fair value of foreign currency hedged financial assets	-	-	-	-

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023**

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)**33.1 Financial Tools and Risk Management (Continued)****(IV) Foreign Currency Risk (Continued)**

31 December 2022	TL Equivalent	USD	Euro	Other
1. Trade receivables	79.487.586	82.526	2.342.504	-
2a. Monetary Financial Assets	-	-	-	-
(Cash. Banks included)	375.445	4.101	7.444	2.782
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	79.863.031	86.627	2.349.948	2.782
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)	79.863.031	86.627	2.349.948	2.782
10. Trade Payables	17.861.895	579.748	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Financial Liabilities	-	-	-	-
12b. Other Non-Monetary Financial Liabilities	-	-	-	-
13. Short Term Liabilities (10+11+12)	17.861.895	579.748	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary	-	-	-	-
Financial Liabilities	-	-	-	-
16b. Other Non-Monetary	-	-	-	-
Financial Liabilities	-	-	-	-
17. Long Term Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	17.861.895	579.748	-	-
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)	62.001.136	(493.121)	2.349.948	2.782
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	62.001.136	(493.121)	2.349.948	2.782
22. Fair value of foreign currency hedged financial assets	-	-	-	-

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NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)

NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.1 Financial Tools and Risk Management (Continued)

(IV) Foreign Currency Risk (Continued)

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

31 December 2023

	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency depreciation
If the US dollar had changed by 20% against the TL		
USD net (liabilities)/assets	(3.956.388)	3.956.388
Hedging amount of USD	-	-
USD net effect on (loss)/income	(3.956.388)	3.956.388

If the EUR had changed by 20% against the TL

Euro net (liabilities)/assets	16.148.368	(16.148.368)
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	16.148.368	(16.148.368)

If other foreign currency had changed by 20% against the TL

Other foreign currency net (liabilities)/assets	1.261	(1.261)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	1.261	(1.261)

31 December 2022

	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency depreciation
(Indexed)		

If the US dollar had changed by 20% against the TL

USD net (liabilities)/assets	(3.038.579)	3.038.579
Hedging amount of USD	-	-
USD net effect on (loss)/income	(3.038.579)	3.038.579

If the EUR had changed by 20% against the TL

Euro net (liabilities)/assets	15.437.898	(15.437.898)
Hedging amount of Euro	-	-
Euro net effect on (loss)/income	15.437.898	(15.437.898)

If other foreign currency had changed by 20% against the TL

Other foreign currency net (liabilities)/assets	916	(916)
Hedging amount of other foreign currency	-	-
Other foreign currency net effect on (loss)/income	916	(916)

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023

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NOTE 33 – NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (Continued)

33.2 Capital Management Risk

When managing capital, the Group's objective is to minimize the cost of capital and ensure the most suitable capital structure in order to sustain operations and provide benefits to shareholders.

To maintain or restructure the capital structure, the Group determines the amount of dividends to be paid to shareholders in accordance with the regulations stipulated by the Capital Markets Board (CMB) and the dividend distribution policy, issues new shares, and may sell assets to reduce borrowing

The net liability/total equity ratio at 31 December 2023 and 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Total liability ⁽¹⁾	51.190.139	37.643.546
Less: Cash and cash equivalents (Note 4)	(2.803.932)	(10.201.587)
Net liability	48.386.207	27.441.959
Equity	2.476.505.043	3.185.302.110
Net liability and Equity	2.524.891.250	3.212.744.069
Net liability / Total equity ratio	2%	1%

⁽¹⁾ It is calculated total of long-term and short-term liabilities.

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023***(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)***NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)**

31 December 2023	Assets at amortized cost	Financial liabilities at amortized cost	Fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	2.803.932	-	-	2.803.932	4
Trade receivables from non-related parties	94.829.830	-	-	94.829.830	7
Trade receivables from related parties	52.469.647	-	-	52.469.647	32
Other receivables from non-related parties	25.529.439	-	-	25.529.439	8
Other receivables from related parties	765.571.250	-	-	765.571.250	32
Financial investments	89.831	-	397.945	487.776	5
Financial liabilities					
Financial borrowings	-	51.190.139	-	51.190.139	6
Trade payables to non-related parties	-	125.092.495	-	125.092.495	7
Trade payables to related parties	-	53.238.574	-	53.238.574	32
Employee benefit payables (payables to personnel)	-	67.183.988	-	67.183.988	9
Other payables to non-related parties	-	152.113.208	-	152.113.208	8
Other short-term liabilities	-	189.739.318	-	189.739.318	19
Other long-term liabilities	-	87.926.667	-	87.926.667	19

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.**NOTES TO THE AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING ON 31 DECEMBER 2023***(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") as of 31 December 2023, based on the purchasing power of TL)***NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)**

31 December 2022	Assets at amortized cost	Financial liabilities at amortized cost	Fair value through profit or loss	Carrying Value	Note
Financial assets					
Cash and cash equivalents	10.201.587	-	-	10.201.587	4
Trade receivables from non-related parties	92.651.689	-	-	92.651.689	7
Trade receivables from related parties	141.623.225	-	-	141.623.225	32
Other receivables from non-related parties	34.760.670	-	-	34.760.670	8
Other receivables from related parties	102.585.070	-	-	102.585.070	32
Financial investments	148.017	-	397.945	545.962	5
Financial liabilities					
Financial borrowings	-	37.643.546	-	37.643.546	6
Trade payables to non-related parties	-	157.039.688	-	157.039.688	7
Trade payables to related parties	-	30.747.632	-	30.747.632	32
Employee benefit payables (payables to personnel)	-	72.901.820	-	72.901.820	9
Other payables to related parties	-	290.073.458	-	290.073.458	32
Other payables to non-related parties	-	158.690.220	-	158.690.220	8
Other short-term liabilities	-	191.958.633	-	191.958.633	19
Other long-term liabilities	-	3.610.424	-	3.610.424	19

HÜRRİYET GAZETECİLİK VE MATBAACILIK A.Ş.

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NOTE 34 – 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 35 – INTERESTS IN OTHER ENTITIES

Summary of the financial information of continued operations of TME, a subsidiary over which the Group has non-controlling shares. are stated below according to TFRS 12. This summarized financial information represents the amounts without considering the related party eliminations.

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current Assets	2.807.903	5.067.092
Non-Current Assets	142.952	13.199.845
Current Liabilities	305.508.218	402.108.303
Non-Current Liabilities	12.034.071	12.594.804
Total Equity	(314.591.434)	(396.436.170)

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Revenue	-	2.578.190
Cost of sales	-	(2.898.657)
Gross profit (loss)	-	(320.467)
Net profit (loss) for the period	(894.085)	13.584.218

NOTE 36 – SUBSEQUENT EVENTS

The company held an Extraordinary General Assembly Meeting on March 29, 2024, during which it elected members of the Board of Directors and determined their terms of office.

Approval of Financial Statements

The summarized consolidated financial statements for the period ending on 31 December 2023, were approved by the Board of Directors on 17 May 2024.