

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM,
EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE ACCOUNTING PERIOD 1 JANUARY – 31 DECEMBER 2022**

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM,
EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT
FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2022**

To the Board of Directors of,

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.

Opinion

We have audited the Consolidated Financial Statements of the Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Turkish Standards on Auditing issued by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and announcement of Capital Markets Board of Turkey ("CMB").

Our responsibilities under those standards are further described under the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Company in accordance with Code of Ethics for Auditors issued by POA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Based on our professional judgements, the Key Audit Matters are most important issues on auditing period's consolidated financial statements.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VEZİN BAĞIMSIZ DENETİM A.Ş.

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<u>Key Audit Matters</u>	<u>How The Key Audit Matters Have Been Approached in the Audit Process</u>
Recognizing Revenue Where the outcome of a transaction relating to the provision of services can be estimated reliably, the revenue associated with the transaction is recognized in the financial statements, considering the transaction's completion level at the end of the reporting period. In return for the health services provided, after deducting the company's refund and discount amounts, revenue amounts related to health services includes; - Invoice amounts for the invoiced services, - The amounts computed according to the services rendered to the patients whose treatment process continues. In this context, determining the period in which the revenue is generated and registering the revenue in the determined period is essential for our audit. In Note 2.2, Note 6, and Note 26, the Company's accounting policies and explanations concerning revenue are included.	After understanding the accounting policies and its codes of practice related to reporting revenue, the audit process we perform includes: - The revenue process has been considered and the sales and payments periods have been checked. - The previous transactions with the Social Security Institution (SSI) and insurance companies were examined, and the timing of the revenue receipt in the financial statements was evaluated. - We focused on the parts not invoiced but finalized according to the completed service level and accounted as revenue, with substantive tests through MEDULA (SSI automation system) and the hospital information management system. - Invoices issued in the following periods and the amounts accrued as income in the previous period were examined and tested to determine whether the revenue was recorded correctly. As a result of the audit we perform related the revenue, we had no material findings.

<u>Key Audit Matters</u>	<u>How The Key Audit Matters Have Been Approached in the Audit Process</u>
Recoverability of trade receivables As of December 31, 2022, total trade receivables amounting to TRY 145,501,262 constitute a significant part of the financial statements. TRY 91,434,067, which corresponds to 63% of the commercial receivables, is related to the receivables from the Social Security Institution. The details of trade receivables are included in Note-6. While determining the provision for doubtful receivables for trade receivables, factors such as debtors' ability to repay, data on their uncollectible receivables in previous periods, extraordinary conditions in the current economic outlook, guarantees received from customers, payment performances of customers, and maturity analysis of receivables are considered and accounted for corresponding to the estimates made in the manner of these studies. In this respect, since determining the amount of allowance for impairment of trade receivables significantly involves management's judgment and estimates, this issue has been identified as one of the key audit matters.	Our audit procedures performed in this regard include the following. The process regarding the collection follow-period of the Company's trade receivables was reviewed, and the structural status and functioning of internal controls on credit risk were tested during the process. The accounts receivable aging process was examined analytically, and receivables with outstanding balances during the period were distinguished. Whether there were any disputes or lawsuits regarding the collection was questioned by mutual consultation with the legal unit, and the recoverability of the receivables was assessed. In this framework, collections made in the following period were tested by sampling. Investigation of disputes and lawsuits related to the receivables and confirmation letters regarding the ongoing receivable follow-up lawsuits were received from the legal advisers to audit the suitability of the special provisions set aside for the trade receivables. The existence of the receivables and the accuracy of the balances were tested by sending the accounts receivable confirmation letters to the customers for trade receivables.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Accounting Standards ("ISA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company to cease operations, or has no realistic alternative but to do so.

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

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

In an independent audit, our responsibilities as auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and IAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users based on these consolidated financial statements.

As part of an audit in accordance with standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of "material misstatements" of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain and understand the internal control relevant to the audit to design audit procedures that are appropriate in the circumstances but not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events may cause the Company to cease to continue as a going concern.

VEZİN BAĞIMSIZ DENETİM A.Ş.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and the whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in infrequent circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Liabilities Arising from the Legislation

- 1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC"), no material issue had been found regarding the bookkeeping schedule of the Company for the period of 1 January - 31 December 2022 as to whether the financial statements do not conform to the provisions of the law and the Company's articles of incorporation for financial reporting.
- 2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the audit and submitted us the requested documents.
- 3) Prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code, the Auditor's Report on the Early Detection of Risk System and Committee was submitted to the Company's Board of Directors on March 2, 2023.

March 2, 2023, Ankara

Vezin Bağımsız Denetim A.Ş.

Member Firm of HLB International



Fatma Zehra KOŞ, YMM

Auditor in Charge

VEZİN BAĞIMSIZ DENETİM A.Ş.

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	Notes	31 December 2022	31 December 2021
ASSETS			
Current Assets		285,909,779	122,749,051
Cash and Cash Equivalents	[5]	44,865,789	10,616,227
Trade Receivables		145,501,262	71,968,454
- Related Parties	[30]	15,400,970	6,121,297
- Other	[7]	130,100,292	65,847,157
Other Receivables		1,709,957	2,875,652
- Related Parties	[30]	585	755,085
- Other	[8]	1,709,372	2,120,567
Inventories	[9]	54,695,702	20,584,408
Prepaid Expenses		30,078,419	13,727,012
- Related Parties	[30]	6,387,160	4,763,666
- Other	[18]	23,691,259	8,963,346
Current Tax Assets	[17]	1,054,053	187,621
Other Current Assets	[16]	8,004,597	2,789,677
Non-Current Assets		680,316,364	354,199,148
Other Receivables	[8]	373,162	294,024
Biological Assets	[10]	22,584,000	12,949,950
Investment Property	[13]	7,810,000	7,810,000
Tangible Assets	[11]	293,249,291	211,759,480
- Tangible Assets Acquired Through Finance Lease		20,846,121	6,996,869
-Other Tangible Assets		272,403,170	204,762,611
Right-of-Use Assets	[11]	115,579,841	37,254,197
Intangible Assets	[12]	61,330,958	23,359,845
Prepaid Expenses		33,129,499	20,161,440
- Related Parties	[30]	28,846,603	19,809,945
- Other	[18]	4,282,896	351,495
Deferred Tax Assets	[28]	146,259,613	40,610,212
Total Assets		966,226,143	476,948,199

The enclosed footnotes are the complementary part of the consolidated financial statements.

LIABILITIES	Notes	31 December 2022	31 December 2021
Short-Term Liabilities		382,475,518	163,051,187
Short-Term Borrowings	[6]	129,689,247	14,323,616
- Bank Loans		95,585,490	5,980,000
- Finance Lease		5,900,962	924,065
- Operating Lease		28,202,795	7,419,551
Short-Term Portions of the Long-Term Borrowings	[6]	66,494,085	48,276,588
Trade Payables		130,878,294	59,029,566
- Related Parties	[30]	3,730,752	5,655,750
- Other	[7]	127,147,542	53,373,816
Employee Benefit Payables	[19]	30,657,779	10,005,033
Other Payables		765,108	13,678,241
- Related Parties	[30]	114,870	13,039,164
- Other	[8]	650,238	639,077
Deferred Income	[18]	9,338,135	3,479,816
Short-Term Provisions	[14]	2,843,634	1,988,337
Other Short-Term Liabilities	[16]	11,809,236	12,269,990
Long-Term Liabilities		251,290,954	92,702,356
Long-Term Borrowings	[6]	186,670,582	73,062,059
- Bank Loans		84,866,688	45,408,659
- Finance Lease		13,415,287	1,675,080
- Operating Lease		88,388,607	25,978,320
Deferred Income	[18]	7,322,913	1,017,562
Long-Term Provisions		55,799,767	16,136,678
- Provision for Employee Benefits	[15]	55,799,767	16,136,678
Current Tax Liabilities	[17]	1,497,692	2,486,057
Equity	[20]	332,459,671	221,194,656
Equity Holders of the Parent		279,526,679	182,406,715
Paid-in Capital		36,000,000	36,000,000
Repurchased Shares (-)		(582,085)	(7,153,976)
Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss		17,507,504	41,363,361
- Measurement of Revaluation Gains / (Losses)		48,871,888	49,500,981
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(31,364,384)	(8,137,620)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		2,186,871	3,482,813
- Currency Translation Differences		2,186,871	3,482,813
Restricted Reserves		10,901,109	14,076,101
Prior Years' Profits / (Losses)		95,920,310	24,418,878
Net Profit (Loss) for the Period		117,592,970	70,219,538
Minority Interest		52,932,992	38,787,941
Total Liabilities and Equity		966,226,143	476,948,199

The enclosed footnotes are the complementary part of the consolidated financial statements.

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
Consolidated Statement of Income at 1 January-31 December 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

Income Statement	Notes	01 January 2022 31 December 2022	01 January 2021 31 December 2021
Revenue	[21]	845,061,628	453,454,826
Cost of Sales (-)	[21]	(668,771,214)	(339,129,424)
Gross Profit/(Loss)		176,290,414	114,325,402
General and Administrative Expenses (-)	[22]	(34,772,771)	(18,803,083)
Marketing, Selling, and Distribution Expenses (-)	[22]	(16,980,968)	(6,493,087)
Other Operating Income	[23]	5,004,126	5,464,205
Other Operating Expenses (-)	[24]	(27,169,628)	(16,595,487)
Operating Profit/(Loss)		102,371,174	77,897,950
Income from Investment Activities	[25]	548,009	1,755,367
Operating Profit/(Loss) Before Financial Expenses		102,919,183	79,653,317
Financial Income	[26]	7,506,996	6,262,188
Financial Expenses (-)	[27]	(52,759,910)	(24,817,594)
Profit/(Loss) Before Tax		57,666,269	61,097,911
Tax Income/(Expenses)	[28]	74,071,752	20,739,474
Period Tax Expense		(4,927,100)	(4,416,633)
Deferred Tax Income/(Expense)		78,998,852	25,156,107
Net Profit/(Loss) for the Period		131,738,021	81,837,385
Distribution of Profit (Loss)		131,738,021	81,837,385
Minority Interest		14,145,051	11,617,847
Net Income Available for Shareholders		117,592,970	70,219,538
Earnings Per Share	[29]	3.26647	1.95054
Other Comprehensive Income Statement		1 January 2022 31 December 2022	01 January 2021 31 December 2021
Net Profit/(Loss) for the Period		131,738,021	81,837,385
Items not to be Reclassified to Profit or Loss		(23,855,857)	31,729,096
Increases/Decreases in Revaluation of Tangible Assets		(629,093)	26,978,698
Gains/(Losses) on Remeasurement of Defined Benefit Plans		(29,033,454)	5,961,976
Tax Gains/(Losses)		5,806,690	(1,211,578)
Items to be Reclassified to Profit or Loss		(1,295,942)	(691,856)
Currency Translation Differences		(1,295,942)	(691,856)
Other Comprehensive Income (After Tax)		(25,151,799)	31,037,240
Total Comprehensive Income		106,586,222	112,874,625
Distribution of Total Comprehensive Income		106,586,222	112,874,625
Minority Interest		14,145,051	11,617,847
Equity Holders of the Parent		92,441,171	101,256,778

The enclosed footnotes are the complementary part of the consolidated financial statements.

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.

Consolidated Statement of Changes in Shareholder's Equity at 1 January-31 December 2022

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

			Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss	Other Comprehensive Income/ (Expenses) to be Reclassified to Profit or Loss			Retained Earnings			
	Paid-in Share Capital	Repurchased Shares (-)	Tangible Assets Revaluation and Measurement Gain/ (Losses)	Gains/ (Losses) on Remeasurement of Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Prior Years' Profits/(Losses)	Net Profit/(Loss) for the Period	Minority Interest	Total
1 January 2021	24,000,000	(2,942,181)	22,522,283	(3,387,222)	2,790,957	8,126,027	27,414,449	24,250,988	27,170,094	129,945,395
Transfers	-	-	-	-	-	1,738,279	22,512,709	(24,250,988)	-	-
Capital Increase	12,000,000	-	-	-	-	-	(12,000,000)	-	-	-
Currency Exchange Differences	-	-	-	-	691,856	-	-	-	-	691,856
Gains/(Losses) on Remeasurement of Defined Benefit Plans)	-	-	-	(5,961,976)	-	-	-	-	-	(5,961,976)
Increase in Tangible Asset Revaluation	-	-	29,976,332	-	-	-	-	-	-	29,976,332
Tax Income/(Expense)	-	-	(2,997,634)	1,211,578	-	-	-	-	-	(1,786,056)
Repurchased Shares	-	(4,211,795)	-	-	-	4,211,795	(4,211,795)	-	-	(4,211,795)
Dividend Payments	-	-	-	-	-	-	(9,296,485)	-	-	(9,296,485)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	70,219,538	11,617,847	81,837,385
31 December 2021	36,000,000	(7,153,976)	49,500,981	(8,137,620)	3,482,813	14,076,101	24,418,878	70,219,538	38,787,941	221,194,656
1 January 2022	36,000,000	(7,153,976)	49,500,981	(8,137,620)	3,482,813	14,076,101	24,418,878	70,219,538	38,787,941	221,194,656
Transfers	-	-	-	-	-	3,396,899	66,822,639	(70,219,538)	-	-
Currency Exchange Differences	-	-	-	-	(1,295,942)	-	-	-	-	(1,295,942)
Gains/(Losses) on Remeasurement of Defined Benefit Plans)	-	-	-	(29,033,454)	-	-	-	-	-	(29,033,454)
Tax Income/(Expense)	-	-	-	5,806,690	-	-	945,052	-	-	6,751,742
Increase in Tangible Asset Revaluation	-	-	(629,093)	-	-	-	-	-	-	(629,093)
Repurchased Shares	-	6,571,891	-	-	-	(6,571,891)	22,633,711	-	-	22,633,711
Dividend Payments	-	-	-	-	-	-	(18,899,970)	-	-	(18,899,970)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	117,592,970	14,145,051	131,738,021
31 December 2022	36,000,000	(582,085)	48,871,888	(31,364,384)	2,186,871	10,901,109	95,920,310	117,592,970	52,932,992	332,459,671

The enclosed footnotes are the complementary part of the consolidated financial statements.

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
Consolidated Statement of Cash Flows for the Accounting Period Ended at 31 December 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	1 January 31 December 2022	1 January 31 December 2021
A. Cash Flows From Operating Activities		14,262,061	74,587,766
Profit/(Loss) for the Period		117,592,970	70,219,538
Adjustments to Reconcile Net Profit/(Loss) for the Period		(36,266,520)	8,390,361
Adjustments to Depreciation and Amortization Expenses	[11-12]	48,437,635	24,934,345
Adjustments to Impairment (Cancellation)		426,173	(616,740)
Adjustments to Impairment (Cancellation) in Receivables	[7]	426,173	(616,740)
Adjustments to Provisions		39,663,089	11,085,269
Adjustments to (Cancellation) Provisions for Employee Benefits	[15]	39,663,089	11,085,269
Adjustments to Interest (Income) Expenses		2,984,565	614,419
Adjustments to Interest Expenses		2,984,565	614,419
Adjustments to Unrealized Currency Translation Differences	[20]	(1,295,942)	691,856
Adjustments to Fair Value Gains/(Losses)		-	(1,410,000)
Adjustments for Fair Value Loss/(Gains) of Investment Properties	[12]	-	(1,410,000)
Adjustments to Tax (Income) Expenses	[28]	(105,649,401)	(26,367,685)
Other Adjustments Related to Non-Cash Items		(20,832,639)	(541,103)
Changes in Working Capital		(48,164,419)	6,291,547
Adjustments to Increase/(Decrease) in Trade Receivables		(53,126,342)	(7,955,194)
Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties	[30]	(9,279,673)	(555,862)
Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties	[7]	(43,846,669)	(7,399,332)
Adjustments to Increase/(Decrease) in Other Receivables Related to Operations		1,162,359	(1,614,882)
Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related to Operations	[30]	754,500	(1,590,130)
Adjustments to Increase/(Decrease) in Other Receivables from Third Parties Related to Operations	[8]	407,859	(24,752)
Adjustments to Increase/(Decrease) in Inventories	[9]	(43,745,344)	(159,758)
Adjustments to Increase/(Decrease) in Prepaid Expenses	[18]	(25,388,065)	(2,567,618)
Adjustments to Increase/(Decrease) in Trade Payables		71,319,916	18,512,866
Increase/(Decrease) in Trade Payables to the Related Parties	[30]	(1,924,998)	2,321,797
Increase/(Decrease) in Trade Payables to the Third Parties	[7]	73,244,914	16,191,069
Increase/(Decrease) in Payables related to Employee Benefit	[19]	20,576,944	2,776,584
Increase/(Decrease) in Other Payables Related to Operations		(12,913,133)	(490,087)
Increase/(Decrease) in Other Payables to the Related Parties Related to Operations	[30]	(12,924,294)	(10,723)
Increase/(Decrease) in Other Payables to the Third Parties Related to Operations	[8]	11,161	(479,364)
Increase/(Decrease) in Deferred Income	[18]	5,858,319	2,813,264
Adjustments to Increase/(Decrease) in Working Capital		(11,909,073)	(5,023,628)
Increase/(Decrease) in Other Assets Related to Operations		(10,012,753)	(1,850,401)
Increase/(Decrease) in Other Liabilities Related to Operations		(1,896,320)	(3,173,227)
Cash Flows from Operations		33,162,031	84,901,446
Paid Dividends		(18,899,970)	(10,313,680)
B. Cash Flows from Investing Activities		(152,472,241)	(41,309,200)
Cash Inflows from Sale of Tangible and Intangible Assets		17,332,781	3,138,084
Cash Inflows from Sale of Tangible Assets	[11]	17,332,781	3,138,084
Cash Outflows from Purchasing of Tangible and Intangible Assets		(169,805,022)	(44,447,284)
Cash Outflows from Purchasing of Tangible Assets	[11]	(131,207,113)	(44,447,284)
Cash Outflows from Purchasing of Intangible Assets	[12]	(38,597,909)	-
C. Cash Flows from Financing Activities		172,459,742	(30,988,826)
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		37,797,145	-
Cash Inflows from Sale of Repurchased Shares		37,797,145	-
Cash Inflows Related to the Acquisition of Own Shares and Other Equity Instruments of the Entity		(15,163,434)	-
Cash Outflows from Acquisition of Own Shares of the Business		(15,163,434)	-
Cash Inflows from Borrowings	[6]	307,191,976	92,876,474
Cash Inflows from Loans		307,191,976	92,876,474
Cash Outflows from Repayments of Borrowings	[6]	(142,522,821)	(114,458,928)
Cash Outflows from Loan Repayments		(142,522,821)	(114,458,928)
Cash Outflows Related to Debt Payments Arising from Rental Agreements	[6]	(14,843,124)	(9,406,372)
Net Increase (Decrease) on Cash and Equivalents Before the Effect of Currency Translation Differences		34,249,562	2,289,740
D. Effect of Foreign Currency Translation Differences on Cash and Equivalents		-	-
Net Increase/(Decrease) on Cash and Equivalents		34,249,562	2,289,740
E. Cash and Equivalents at the Beginning of the Period		10,616,227	8,326,487
F. Cash and Equivalents at the End of the Period (A+B+C+D+E)		44,865,789	10,616,227

The enclosed footnotes are the complementary part of the consolidated financial statements.

1. FIELD OF ACTIVITY AND SCOPE OF ORGANIZATION OF THE COMPANY

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. ("Parent Company", "Group" or "Company") established in Ankara, 1996. Firstly, it started to sell medical stuff and procure medical equipment.

The Company amended the main contract in the meeting conducted on May 23, 2010, after the 2009 Ordinary General Assembly Meeting, Company's title of "Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." changed as "Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." relying on this amendment.

The Company's head office is İn Dumlupınar Bulvarı Kentpark No:164/306 Çankaya, Ankara.

The main partnership capital and partnership structure are as follows;

	31 December 2022		31 December 2021	
	TRY	%	TRY	%
Group A	291,600	0.81	291,600	0.81
Group B	35,708,400	99.19	35,708,400	99.19
Total	36,000,000	100	36,000,000	100

Group A shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to third parties. Group A shareholder has priority for the sale of shares relying on real value (the value set jointly between parties). In the situation of conflict, revaluation of shares will be made during a month by an independent auditing firm which is jointly decided. At the transfers of Group A share, in the situation that there is one or more than one Group A shareholder which will take over, shares are transferred equally. When there is no Group A shareholder to take over Group A shares which are settled its value, shareholder is free to sell his shares to third parties over its settled value.

Affairs and management of the Group are conducted by board of directors consisted of minimum 7 or 9 people which are elected by General Board. If board of directors will consist of 7 people elected by General Board, 5 of them; and if board of directors will consist of 9 people, 6 of them will be elected by General Board between candidates jointly nominated by shareholders who have more than 51 percent of Group A shares.

There is no granted privilege to Group B shares.

The Company has an agreement with the Social Security Institution of Turkey (the "SSI") which includes service commitment in all branches disclosed in the Operations Approval Document. SSI is a state enterprise which pays the healthcare expenditures of the citizens of Turkey who are members of the social security system based on the law numbered 5510 and manages social security premiums and short and long term insurance expenses. According to the agreement, the Company is obliged to provide the healthcare services and to issue invoices to the SSI and patients in line with the Communiqué of Health Services published by the SSI. This transaction is performed through Medula, a web based software system, by assessing the right of the patient and obtaining provisions. As a result of the assessment the expenses relating to patients with no SSI, coverage is not charged to SSI. The healthcare expenses provided to the patients are invoiced based on the terms of the Communiqué of Health Services. In this Communiqué SSI determined a price list based on the treatments provided. Invoices are issued based on the price list announced by the Communiqué. SSI has the right not to pay the invoice or make a deduction if the treatments provided are not in compliance with the terms.

The Company registered to the Capital Markets Board ("CMB") and its shares quoted on the Borsa İstanbul A.Ş. ("BİAŞ" or "Borsa" or "BİST") since February 01, 2011. According to the records of Central Registry Agency (CRA); shares representing 71.65% as of September 30, 2022 are accepted as "in circulation".

The subsidiaries which are in the Company, are subject to consolidation, are direct, and sphere of activities of these subsidiaries with its rate of share are as below;

Company	Principle Activity	Participation Rate (%)	
		31 December 2022	31 December 2021
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hay. Gıda İth. İhr. A.Ş.*	Livestock, Dairy	-	-
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.**	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	E-Healthcare Services	100	100
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokerage	100	-
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.***	Healthcare	100	-

(*) Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş. was acquired ultimately by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. due to having 100% with a facilitated merger method, with its assets and liabilities. The transfer transaction was registered on November 12, 2021, and published in the Trade Registry Gazette dated November 16, 2021, numbered 295.

(**) The Company has 49% of the shares owned by the Company and 66% of the management representative, and 100% of the profit share. Therefore, the Company included in financial statements by full consolidation method.

(***)Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.), corresponding to its paid-in capital of TRY 20,000,000, 100% shares were taken over as of April 4, 2022, by the Company.

Özel Lokman Hekim Etlik Hastanesi

In Etlik district in Ankara, Lokman Hekim Etlik Hastanesi building 11,900 m² of the indoor area has a capacity of 4 operating rooms, two delivery rooms, 21 beds for intensive care, six for newborn intensive care, 73 for patients with a total capacity of 100 beds.

The hospital has TUV-CERT ISO 9001:2008 Certificate of Quality Management System, and it supports the project of Baby-Friendly Hospital, which is conducted by UNICEF and the Ministry of Health. In this scope, the hospital has a Certificate of Baby-Friendly Hospital.

The hospital has a score of 95.81 over 100 due to the inspection of the Health Quality Assessment by the Ministry of Health.

Özel Lokman Hekim Ankara Hastanesi

The hospital building that has eight floors and 17,500 m² indoor areas in the Sincan district in Ankara is the Company's asset. The hospital has six full-fledged operation rooms and one heliport for the air ambulance. The hospital has 51 intensive care rooms, six intensive care units for the cardiology department, one coronary room with four beds and 21 newborn intensive care incubators and 134 patient beds with a total capacity of 216 beds.

Özel Lokman Hekim Ankara Hastanesi leased all its fixed assets, including real estate, to the Lokman Hekim University Health Application and Research Center for three years as of January 1, 2020. Also, all employees transferred to Lokman Hekim University as of December 31, 2019.

The rent between the "Company" and Lokman Hekim University will be calculated in variable consistency. The criteria considered in the rent calculation is the operating profit served by the foundation university hospitals but not private hospitals according to the regulations and amount paid by the Social Security Institution to the foundation university.

The hospital license belonging to Lokman Hekim Ankara Hastanesi is conditionally donated to Lokman Hekim University as long as the University Hospital operation continues. Lokman Hekim Ankara Hospital is operated by Lokman Hekim University under the title of Lokman Hekim University SUAM as of January 1, 2020. The hospital has a score of 100 over 100 due to the inspection of the Health Quality Assessment by the Ministry of Health.

Özel Lokman Hekim Akay Hastanesi

In Çankaya, Ankara, the 11-storey hospital built on an 18,000 m² total area was rented for 15 years and started its operation on August 1, 2016. The hospital has a total capacity of 126 beds, including three beds for internal intensive care, four beds for coronary intensive care, three for surgical intensive care, six for newborn intensive care incubators, nine for KVC intensive care units, and 101 for patients.,

Özel Lokman Hekim Akay Hastanesi supports the TQCSI ISO 9001: 2008 Quality Management System Standards document and Ministry of Health and Baby Friendly Hospital Project carried out by UNICEF and has a Baby Friendly Hospital certificate.

The hospital has a score of 97.99 over 100 due to the Health Quality Assessment inspection by the Ministry of Health.

Özel Lokman Hekim Van Hastanesi

In Van city center the 9-storey hospital building with 12,500 m² indoor area, the hospital has 5 fully-fledged operating rooms, 16 internal intensive care beds, 15 surgical intensive care beds, 5 beds for intensive care for cardiology department, 17 coronary rooms, 64 newborn intensive care incubators and 99 patient beds with a total capacity of 216 beds.

The hospital has got a score of 94.76 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Özel Lokman Hekim Hayat Hastanesi

In the center of Van, there are 2 operating rooms, 13 beds medical and surgical intensive care units, 26 newborn intensive care units and 30 patient beds in a 5-storey hospital which is installed in a closed area of approximately 4,500 m² and has a Total capacity of 69 beds.

The hospital has got a score of 94.66 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Engürüsağ Genel Ticaret Limited Şirketi

The center established to provide imaging and diagnostic facilities in Erbil, Iraq in 2013. The Company has 95% percent of the shares and titled as co-founder. The company operates in an indoor area of approximately 2,000 m² which includes radiology and laboratory units located in the center.

Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş.

Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş., operating in the Haymana and Bala districts of Ankara and producing milk and livestock breeding as an enterprise with European standards and a purity certificate, acquired completely by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. because of having 100% with its assets and liabilities with a facilitated merger method. The transfer transaction was registered on November 12, 2021 and published in the Trade Registry Gazette dated November 16, 2021 and numbered 295.

Lokman Hekim Demet Tıp Merkezleri A.Ş.

It was established in the Demetevler district of Yenimahalle in Ankara with a capital of TRY 50,000 on April 12, 2016, to provide a closed area of 2,400 m², outpatient treatment and health services. Licensing and furnishing studies of the Lokman Hekim Demet Tıp Merkezi were completed, and patient admission started on October 11, 2016.

According to the Regulations Regarding Private Health Establishments Diagnosed and Treated Outside of the Company, the share of the company's capital is limited to 49%. Preemptive right with (49%) Company A shares that the Company have as founder shareholder and (51%) shares that were paid during establishment; The Company's share rate is 100%. The absolute amount of profit share belongs to the Company.

Her Yerde Sağlık ve Elektronik Tic, A.Ş. (HYSET)

Her Yerde Sağlık ve Elektronik Tic. A.Ş. (HYSET) is established in Teknopark Ankara with a capital of TRY 500,000, and It will operate in digital transformation and marketing in healthcare. HYSET is designed as a platform where the content, presentation form and prices of the services provided by the contracted health service providers can be compared, appointments can be prepared and purchased, and real user experiences can be shared. It participated at %100 in the formation of the Company.

HYS Sigorta Aracılık Hizmetleri A.Ş.

HYS Sigorta Aracılık Hizmetleri A.Ş.'s (the Company) main field of activity is insurance and brokerage services, with a capital of TRY 300,000 in which Her Yerde Sağlık ve Elektronik Ticaret A.Ş. which is 100% shareholding is a partner in Ankara.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) has been taken over by Lokman Hekim Engürüsağ as of April 1, 2022, corresponding to its paid-in capital of TRY 20.000.000. Adatıp Sağlık Hizmetleri A.Ş. was established on January 17, 1990, for the provision of health services in Sakarya province. In accordance with the decision taken at the extraordinary general assembly of Adatıp Sağlık Hizmetleri A.Ş. dated April 1, 2022, the new trade name was changed to Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. It decided that the hospital would continue to provide services uninterruptedly under the name Lokman Hekim İstanbul Hastanesi. The main field of activity of the company is the provision of health services. The company operates Lokman Hekim İstanbul Hastanesi in the Pendik district of Istanbul. The hospital has a capacity of 200 beds in a closed area of 25,000 m² on a land of 17.000 m². The hospital currently has a hospital license with a total of 115 beds. The hospital has got a score of 97.95 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Laboratories

The laboratories located in the hospitals are members of the ONEWORLD ACCURACY. The laboratory instruments' reliability and measurement results are regularly checked with the External Quality Control Programs.

Medical Units

Anesthesia and re-animation, nutrition and dietetics, brain and nerve surgery, pediatric health and diseases, newborn, dermatology, radiology, physical medicine and rehabilitation, gastroenterology, general surgery, chest diseases, ophthalmology, hematology, internal medicine, gynecology and obstetrics, cardiology, cardiovascular surgery, otolaryngology, neurology, nephrology, orthopedics and traumatology, urology, dentistry, thoracic surgery, endocrinology, psychiatry, pediatric surgery, plastic reconstructive and aesthetic surgery, emergency medicine, biochemistry, microbiology, infectious diseases, pathology, interventional radiology, medical oncology, pediatric cardiology.

Personnel:

Position	31 December 2022	31 December 2021
Doctor	265	229
Health Services	934	690
Health Support Services	555	357
Management Support Services	398	308
Managerial Staff	180	144
Veterinary and Laborers	10	6
Total	2,342	1,734

2. PRINCIPLES REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS

2.1. Main Principles Regarding to the Presentation

Statutory Records and Financial Statements

The Company prepares and keeps its statutory records and legal financial statements in accordance with the Turkish Commercial Code ("TCC") and accounting principles determined by the tax legislation.

The consolidated financial statements of the Company have been prepared in accordance with the Turkish Financial Reporting Standards ("IFRS"), and interpretations, as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013, which is published on Official Gazette numbered 28676. IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

Financial statements are presented under the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019, and the financial table examples and user guide published by the CMB.

With its resolution dated March 17, 2005, CMB announced that all publicly traded entities operating in Turkey were not obliged to apply inflationary accounting effective from January 1, 2005. By this resolution, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since January 1, 2005.

The consolidated financial statements are prepared in accordance with the historical cost basis records for fair presentation following Turkish Accounting Standards and Turkish Financial Reporting System (IAS/IFRS).

The company reported the financial statements according to the continuity principle,

Principles of Consolidation:

Company	Principle Activity	Participation Rate (%)	
		31 December 2022	31 December 2021
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hayv. Gıda İth. İhr. A.Ş.*	Livestock, Dairy	-	-
Engürüsağ Genel Tic. Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.**	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	e-Healthcare Services	100	100
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokerage	100	-
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.***	Healthcare	100	-

All of the above companies have been consolidated within the framework of the principles explained below.

(*) Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş. acquired completely by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. due to having 100% with a facilitated merger method, with its assets and liabilities. The transfer transaction was registered on November 12, 2021 and published in the Trade Registry Gazette dated November 16, 2021 and numbered 295.

(**) The Company has 49% of the shares owned by the company and 66% of the management representation and 100% of the profit share. Therefore, the Company included into financial statements by full consolidation method.

(***)Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.), corresponding to its paid-in capital of TRY 20,000,000, 100% shares taken over as of April 1, 2022, by the company.

Consolidation Method

- Consolidated balance sheets and income statement items of the partnerships are consolidated by adding up to each other. Book values of the shares owned by the main partnership in consolidated subsidiaries are set off from the shareholders' equity accounts of the subsidiary.
- Receivables and payables, sale of goods and services, and income and loss items resulting from the transactions between the partnerships from each other which are within the scope of consolidation, are set off.
- Tangible and intangible assets purchased between the partnerships, which are subject to the consolidation method, are presented in the consolidated balance sheet through their costs of acquisition after the necessary adjustments are made.
- From all equity account group items of the subsidiaries within the scope of consolidation, including the paid/issued capital, the amounts corresponding to the shares other than the parent company and subsidiaries are deducted and shown before the equity account group of the consolidated statement of financial position "Minority Interest" account group. Minority share was not calculated in Lokman Hekim Medical Centers Inc., an affiliate of the company, as the parent has the right to receive a 100% share from the profit. Minority interest was not calculated in Lokman Hekim Tıp Merkezleri A.Ş., which is a subsidiary of the company, because the parent company has the right to receive a 100 % share from the profit.
- Cost of acquisition of shares in the capital of the subsidiary by the main partnership as of the date when the partnership within the scope of consolidation becomes a subsidiary and just for the one time for the following share purchases, is set off from the value in the shareholders' equity in the re-valued balance sheet of the subsidiary based on the fair value as of the purchase date.
- Acquisition of the Company is accounted for through the acquisition method. In this method, the acquisition is registered based on cost. The Company, starting from the acquisition date, includes the operating results of the company which is acquired in its income statement and also presents each definable asset and liability of the acquired company as well as the goodwill or negative goodwill aroused as a result of the acquisition in the balance sheet as of this date.

Comparative Information and Correction of Prior Period Financial Statements

The Company's consolidated financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

Functional Currency:

Functional currency of the the Company is Turkish Lira (TRY) and attached consolidated financial statements and notes to consolidated financial statements are presented in Turkish Lira (TRY).

Declaration of Conformity:

Attached financial statements of the Company have been confirmed by the Board of Directors of the Company as of March 2, 2023. The right to change the attached consolidated financial statements belongs to the General Assembly of the the Company or legal authorities.

Netting/Set Off

Financial assets and liabilities are presented at their net values in cases of a required legal right, related assets and liabilities are intended to be netted or acquisition of assets are followed by the performing of the liabilities.

Financial Statement of Partnerships Operating in Foreign Countries

Financial statements of partnerships and subsidiaries in foreign countries are prepared in accordance with the host countries' standards and law. The accounting principles of the Company are adjusted according to these laws and standards.

If the currencies of the Group companies are different from reporting currency, then the translation method is below;

- All the assets and liabilities are translated with the exchange rate on the date of balance sheet,
- Revenues and expenses are translated with the exchange rate on the date of balance sheet and the difference of translation is stated in the comprehensive income statement.

2.2. New and Revised Turkish Accounting/Financial Reporting Standards

The accounting policies used in preparing the consolidated financial statements for the accounting period ending as of December 31, 2022, are consistent with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TAS")/IFRS and TMS/IFRS interpretations valid as of January 1, 2022, which are summarized below. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the relevant paragraphs.

New standards effective and the amendments and interpretations to the previously existing standards as of December 31, 2022, are as follows:

(effective as of 1 April 2021); Due to the COVID-19 outbreak, some privileges have been provided to leases in lease payments. In May 2020, IASB introduced an optional facilitating practice, with the pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On March 31, 2021, IASB published an additional amendment to extend the date of facilitating implementation from June 30, 2021, to June 30, 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this ease of application will result in accounting for the concession as variable lease payments in the periods in which the event or condition that triggers the reduced payment occurs. Narrow amendment changes in TFRS 3, TAS 16, and TAS 37 and some annual improvements in TFRS 1, TFRS 9, TAS 41 and TFRS 16; Effective for annual reporting periods beginning on or after January 1, 2022.

- **Amendments to TFRS 3 "Business Combinations";** this amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
- **Amendments to TAS 16 "Tangible fixed assets";** Prohibits a company from deducting revenue from the sale of manufactured products from the amount of tangible assets until the asset is ready for use. Instead, the company will recognize such sales proceeds and the associated cost in profit or loss.
- **Amendments to TAS 37, "Provisions, Contingent Liabilities and Contingent Assets";** This amendment specifies what costs the company involves when deciding whether to lose from a contract.

Annual improvements make minor changes to the illustrative examples of TFRS 1, 'First application of International Financial Reporting Standards' TFRS 9 'Financial Instruments', TAS 41' Agricultural Activities' and TFRS 16.

Standards, amendments and interpretations published but not yet effective as of December 31, 2022:

The narrow-scoped amendments to TAS 1, Statement of Implementation 2 and TAS 8; Effective for annual reporting periods beginning on or after 1 January 2023. These changes aim to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction; Effective for annual reporting periods beginning on or after 1 January 2023. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Amendments to TFRS 16, Sales and leaseback transactions; effective for annual reporting periods beginning on or after 1 January 2024. The IASB has issued narrow-scope amendments to requirements for sale and leaseback transactions in IFRS 16 explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 1, Non-current Liabilities with Covenants; Effective for annual reporting periods beginning on or after 1 January 2024. These changes explain how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

These changes are not expected to impact the Company's financial position and performance significantly.

2.3. Summary of Significant Accounting Policies

Revenue:

Revenue means – in exchange of the health services provided – invoice amount of the invoiced services, the amount to be invoiced for the performed but not invoiced services and the amount calculated based on the completion level for not invoiced but still continuing services, less returns and discounts.

In case an uncertainty arises to collect a revenue, amount which presented in the financial statements, uncollectable or the amount which becomes impossible to collect be considered as cost in the financial statements rather than adjusting the first registered revenue.

The Company reports revenue recognitions of patients whose treatment is continuing at the end of the period in sales of healthcare service.

Inventories:

Cost of inventories includes all costs of purchase, cost of conversion, and other costs incurred in bring the inventories to their present location and condition. In inventory purchases with interim payments, the differences between the cash value and the forward value are accounted for as finance expense in the period they occur.

Inventory method is weighted average cost method.

Inventories are valued with the lowest of cost and net realizable value. Net realizable value is the value expected sales value under normal conditions less the total of expected costs of completion and expected sales costs in order to perform the sale.

It is assumed that the production activities would be at normal capacity on the distribution of fixed general production costs to conversion costs. Normal capacity is the expected average production

amount under normal conditions within one or a few periods or sessions considering the loss of capacity due to the planned repair and maintenance works. If the real production level is close to the normal capacity, then this capacity is considered as normal capacity. If the actual production level is continuously below from the pre-determined normal capacity, then the normal capacity is accepted as realized actual capacity and all the fixed production costs add into the production costs of services.

Biological Assets:

Biological assets are recognized initially at cost. They are valued at fair value at the end of each reporting period. In cases where fair value cannot be calculated or determined clearly, so-called biological asset is re-valued through its cost less all related accumulated depreciation and accumulated provisions for loss. Gains or losses on the values are linked with the period profit or loss.

The Company displays livestock and agricultural products at fair value. Agricultural products that are not harvested valued after deducting estimated sales costs from their market values.

Tangible Assets:

Tangible assets which are expected to be used within the company for more than one year are registered with their costs at the time of purchase. In the following periods, revaluation method for lands and buildings are revaluated based on the method for cost of other tangible assets. Costs of other tangible assets which were purchased prior to January 1, 2005 are costs which are adjusted for inflation effects.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

The Company used prorata basis depreciation for tangible assets according to normal depreciation method.

When the Company determines the depreciation lives for its tangible assets, it considers the useful life of the asset. Costs of tangible assets which are purchased through leasing are the costs less the interest and foreign exchange difference. Interests and foreign exchange differences are registered as financial costs in the relevant period.

Company' s beneficial lives for tangible assets are below;

Buildings	50 Years
Machinery, plants and equipment	5 – 20 Years
Vehicles	5 Years
Fixtures	2 – 20 Years
Assets Purchased Through Leasing	5 – 20 Years
Other intangible assets	5 – 20 Years

Intangible Assets:

Intangible assets expected to be used in the business for more than one year are initially recorded at cost. In the following periods, they are valued by using the cost model. Costs of intangible assets purchased before January 1, 2005, are adjusted for the inflation effects.

“Doctor Staff and Medical License Fee” are reported in intangible assets as Rights for Lokman Hekim Akay Hastanesi, Lokman Hekim Demet Hastanesi, Lokman Hekim Van Hastanesi and Lokman Hekim Hayat Hastanesi.

According to the issued change in the Official Journal on July 11, 2013, transfer of staff and license is allowed with article 6 of the Private Hospital Regulation.

The Company revalued its tangible and intangible assets in its legal records by indexing them according to the rates determined by the Ministry of Finance under the Provisional Article 31 of Law No. 7326 on Restructuring of Certain Receivables and Amendments on Certain Laws, added to the Tax Procedure Law with Article 11, and the Provisional Article 32 of the Tax Procedure Law, which was added with Article 52 of the Law No. 7338, and the 31st Article of the Law No. 7338, under the "Ç" paragraph of the Repetitive Article 298 of the Tax Procedure Law, which was added to Article 298. The valuation made according to the Tax Procedure Law differs from the fair TFRS value of the assets based on the market approach. The deferred tax is calculated over the difference between the tax value and the accounting value due to the Company's revaluation transactions under the provisions of the Tax Procedure Law.

The Company takes the useful lives of the assets into consideration when determining the depreciation lives of the intangible assets.

The Company determined useful lives for its intangible assets for 3 to 15 years. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are not subject to amortization but are tested for impairment.

Business Combinations

Business acquisitions are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value; the consideration transferred in a business combination is the sum of the fair values of assets transferred, liabilities incurred, and equity issued by the acquirer to the shareholders of the acquiree. Acquisition-related costs are generally recognized as an expense when incurred.

The identifiable assets purchased and liabilities assumed are accounted for at their fair values at the date of purchase. The following are not accounted for as such:

- Deferred tax assets or liabilities or assets or liabilities related to employee benefits are accounted for in accordance with IAS 12 Income Tax and IAS 19 Employee Benefits standards, respectively.
- Obligations or equity instruments associated with the share-based payment agreements of the acquiree or the share-based payment agreements that the Company has entered into to replace the share-based payment agreements of the acquiree are accounted for following IFRS 2 Share-based Payment Agreements at the acquisition date.
- Assets (or disposal groups) classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are accounted for in accordance with the rules set out in IFRS 5.

Goodwill is the sum of the consideration transferred for the acquisition. If there are any non-controlling shares and a business combination is realized in stages, the fair value of the acquirer's previously held equity interests in the acquiree is calculated as the sum exceeding the net amount of the acquiree's identifiable assets and assumed identifiable liabilities at the acquisition date. After reassessment, if the net amount of identifiable assets and assumed identifiable liabilities of the acquired business at the date of acquisition exceeds the sum of the fair value of the transferred purchase price and the non-controlling interests in the acquired company and, if any, the interests in the acquired business before the acquisition, this amount is recognized directly in profit or loss as a bargain purchase gain.

Non-controlling interests, which represents shareholder interests and gives their owners a certain percentage of the net assets of the business in the event of liquidation, are initially measured either at their fair value or at the amounts of the identifiable net assets of the acquired company recognized at the rate of the non-controlling interests. The measurement basis is determined by each transaction.

Other types of non-controlling interest are measured at fair value or, where applicable, using other methods specified in IFRS.

In a business combination, where the consideration transferred by the group includes the contingent consideration, the contingent consideration is measured at the fair value at the acquisition date and included in the consideration transferred in the business combination. If an adjustment to the fair value of the contingent consideration is required due to additional information revealed during the measurement period, this adjustment is retroactively adjusted from goodwill. The measurement period is after the acquisition date, during which the acquirer can adjust the temporary amounts recognized in the business combination. This period cannot be more than one year from the date of purchase.

Subsequent recognition of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments will vary depending on the classification made for the contingent consideration. Contingent consideration classified as equity is not remeasured and the subsequent payment is recognized in equity.

In a business combination realized in stages, the Company's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date (the date the Company takes control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from the share of the acquired business recognized in other comprehensive income before the acquisition date are transferred to profit/loss under the assumption that the said interests are disposed of.

In cases where the acquisition accounting for a business combination cannot be completed at the end of the reporting date at which the combination occurs, the Company reports the provisional amounts for items for which the accounting has not been completed. These provisional reported amounts are adjusted during the measurement period, or an additional asset or liability is recognized to reflect new information about events and conditions that occurred at that date that may impact the amounts recognized at the acquisition date.

Some assets and liabilities that were not previously recognized as assets and liabilities in the financial statements of the acquired business are recognized. As of the acquisition date, the identifiable assets, identifiable liabilities, and minority interests of the acquired business are accounted for at their fair values. Related calculations are made according to some assumptions and evaluations.

Goodwill

The acquisition method is used in accounting for all business combinations. The following steps are applied in the implementation of the acquisition method:

- a) Identification of the acquiring enterprise,
- b) Determining the cost of the business combination,
- c) Allocating the cost of the business combination to assets acquired, liabilities assumed, and contingent liabilities at the acquisition date.

Goodwill is the difference between the cost of the acquired partnership or the assets acquired at the acquisition date and the fair value of its net assets (for assets purchased). If the purchase price is above the fair value of the net assets purchased, the difference is recognized as goodwill in the balance sheet. If the purchase price is below the fair value of the net assets purchased, the difference is recognized in the income statement as merger profit (negative goodwill).

According to IFRS 3 "Business Combinations", if the recoverable value of goodwill is lower than its book value and there are issues that can be considered as an indication of impairment in the asset, an impairment provision is made for goodwill. If there are significant changes in the activities of the acquired business, there are significant differences between the forward-looking estimates made at the date of acquisition and the actual results, the product, service, or technology of the acquired business

is out of use, and if other similar issues are indicating that the book value of the asset is not recoverable, those are considered as indicators of impairment in the asset.

Impairment of Assets:

According to IAS 36 – Decline in the Values of Assets standard, book values of tangible and intangible assets and their recoverable values can be compared if necessary due to domestic and international economic indications. If it is forecasted that the book value of the asset exceeds the recoverable value, then it is accepted that there is a decline in the asset's value. Recoverable value is the lesser of the exercise price and market price. The forecasted decline in the value is registered as a loss at the term in which it is determined.

Financial Instruments:

a) Cash and Cash Equivalents;

The Company's cash assets include cash and bank deposits. Cash equivalents consist of credit card receivables.

Bank balances in foreign currency are valued at the exchange rate set by the Central Bank of the Republic of Turkey on the balance sheet date. The cash in the statement of financial position, the current value of deposits at the bank and credit card receivables are the fair values of these assets.

b) Trade Receivables, Impairment Loss And Expected Credit Losses;

Trade receivables and trade payables incurred by the Company as a result of providing a service to a buyer or purchasing a product or service from a seller are netted of deferred finance income and expenses.

It is considered that the allowance for doubtful debts, and provisions for discounts on trade receivables are equivalent to the fair value of the assets.

The Company records allowance for doubtful accounts for related trade receivables, if there is an estimation that the amounts of claims will be uncollectible in the future. This provision equals to the amount remaining after deducting the guarantees and assurances received from the book value of the receivable.

If the Company collects some or all of the amount after it has written off the account as uncollectible, the collected amount is deducted from the allowance for doubtful accounts and recorded in other income.

The Company measures the allowance for trade receivables at an amount equal to the "expected lifetime credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument.

In the calculation of expected credit losses, the Company takes into account past credit loss experience as well as forecasts for the future.

It is assumed that the discounted values of trade payables are equivalent to the fair values of the assets.

c) Other Receivables, Payables and Liabilities

Registered based on accrual basis and it is assumed that the registered values are equivalent to fair values.

Employee Benefits and Provisions;

Under the Turkish Labor Law, the company is obliged to pay a severance pay equal to 30-day salary to the employee who quit their job due to retirement after serving at least one year or is terminated by the employer except for immoral, dishonourable or malicious conduct, or other similar behaviour.

Therefore, the Company has to estimate the future payments which represent the total liability, and the estimated payments should be discounted and brought to the net present value. The company reports the discounted net value of its total liability as of the balance sheet date.

The company assumes that all of its staff will retire when they reach their seniority by working 25 years for men and 20 years for women. Severance pay is also considered to be paid on this retirement date. The company aims to determine the employee's expected severance pay liability when they retire or are laid off. The net present value of the portion the personnel are entitled to receive regarding their seniority as of the balance sheet date in this total liability, which is estimated to be paid, is recorded in the statement of financial position as a provision for employment termination benefits. It is assumed that the ratio of the number of personnel who left without receiving any severance pay in the previous periods to the total personnel who left their job will also be repeated in the future. This ratio reduces the total burden.

The difference in the total severance pay burden between the two periods is distributed to cost of interest, cost of service for the current period and actuarial income/loss. Cost of interest is the cost of use of the liability in the previous period's statement of financial position and equals to the liability amount at the beginning of the period for the employees who are still working multiplied by the discount rate used in that year. The cost of service for the current period is the portion of the severance pay at the time it is going to be paid, which the employees get the right for severance pay for their services at the time of balance sheet through discount rate. All other differences are reflected in actuarial income and loss. Actuarial income/loss are presented in equity, interest cost and cost of services are presented in the comprehensive income statement.

Except from the regular wages, bonuses and other social benefits provided to the employees, there is no contribution plan to be paid in the periods after retirement or leaving the job.

Taxation:

Tax payable in the attached financial statements is consist of tax provision for the current period and deferred tax. The provision for the liabilities regarding to the corporate tax to be resulted from the activities in the current period is set based on the legal tax rates at the time of balance sheet.

DTA (Deferred Tax Asset)/(Liability) is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of DTA (Deferred Tax Asset). DTL (Deferred Tax Liability) is presented in the financial statements for all taxable or deductible provisional differences, but DTA (Deferred Tax Asset) is presented in the financial statements provided that there are taxable profits are possible from which the deductible provisional differences can be set off. Net DTA (Deferred Tax Assets) resulting from the timing differences are reduced at the rate of the tax deductions provided that it is not certain that they can be used in the following years according to the information on hand.

Related Parties:

For these financial statements, shareholders, critical management personnel and members of the Board of Directors, their families and companies controlled or affiliated with them, affiliates and partnerships and minority shareholders of subsidiaries are considered and expressed as related parties. Shareholders and principal executives of these companies and members of the Company's board of directors and their families are also included in the scope of related parties. Transactions with related parties were generally carried out following market conditions. Key management personnel are expressed as the related party of the Company.

Borrowing Costs:

Bank loans received against interest are recorded based on the net amount received after deducting the purchase cost. Income or expenses incurred during the redemption process or recording of liabilities are associated with the statement of comprehensive income. Borrowing costs are recognized on an accrual basis, even if they do not become due in the period they arise.

- **IFRS 15 - Revenue from Contracts with Customers**

In September 2016 POA issued IFRS 15 that includes amendments made by IASB in April to clarify IFRS 15. New five stage model in standard describes requirements for revenue recognition and measurement. Standard provides a model that applies to revenue from contracts with costumers. This model also helps recognition and analyze with sale of non-financial assets that are not related to the ordinary activities of an entity. The standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. These amendments will be not effective on the Company's financial position or its performance.

- **IFRS 9 - Financial Instruments**

In January 2017, POA issued IFRS 9 "Financial Instruments" in its final version. This final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value.

The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

- **IFRS 16 "Leases"**

For agreements concluded prior to January 1, 2019, the Company determines whether an agreement is a lease or whether it contains a lease and based on the substance of the agreement;

- (a) whether the realization of the agreement depends on the use of a particular asset or assets;
- (b) and whether the agreement transfers the right of use of the related asset.

As of January 1, 2019, the first date of IFRS 16 has been used, the Company reexamined whether the agreements are leasing or not. Instead of this, the Company applied IFRS 16 "Leases" to agreements that are detected whether it is a leasing or not by examined in scope with IAS 17 "Leasing Transactions" and IFRS Comment 4 "Determination of Whether an Agreement Contains Leases", IFRS 16 "Leases" applied to the agreements that previously defined as not a leasing accordance with IAS 17 "Leasing Transactions" and IFRS Comment 4 "Determination of Whether an Agreement Contains Leases".

Therefore, there is no need to restate the consolidated financial statements of the previous years, these financial statements are presented in accordance with IAS 17 "Leases" and IFRS Comment 4 "Determination of whether an Agreement Contains Leases".

As the lessee, the Company classified the leases where the risks and rewards of ownership of the assets previously subject to the lease belong to the Company as finance leases. Other leasing transactions are classified as operational leasing. As of January 1, 2018, the Company measured its lease obligations with net worth of outstanding lease payments. Lease payments are rediscounted by

using the implied interest rate, if the interest rate can be easily determined otherwise, using the Company's alternative borrowing interest rate.

Lease payments are discounted by using implied interest rate in the lease agreement if the interest rate can be determined easily or by using the company's alternative borrowing interest rate if it cannot be determined.

The company chosen to use the following facilitating practices;

- Applies a single rediscount rate to a portfolio of leases with similar characteristics.
- As an alternative to the impairment review, the Company assesses whether leases are economically disadvantageous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", just before the date of initial application.
- For contracts with options to extend or terminate the lease, he used his past experience in determining the lease term, the Company preferred not to use the exceptions for short term leases and leases where the asset is underrated according to IFRS 16 "Leases".

Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability in its financial statements upon lease commencement:

- (a) Initial measurement amount of the lease liability.
- (b) Lease payments made at or before the commencement date, less any lease incentives received,
- (c) Initial direct costs incurred; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

When applying the company cost method, the right-of-use asset;

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

While depreciating the right-of-use asset, the Company applies the depreciation provisions of TAS 16 Tangible Fixed Assets. If the Supplier transfers ownership of the underlying asset to the Company at the end of the lease term, or if the cost of the right-of-use asset indicates that the Company will exercise a call option, the Company depreciates the right-of-use asset from the date the lease actually commences to the end of the useful life of the underlying asset. In other cases, the Company depreciates the right-of-use asset over the shorter of the asset's useful life or the lease term, starting from the actual commencement date of the lease.

The Company applies the depreciation requirements in IAS 16 Property Plant and Equipment Standard in depreciating the right-of-use asset. The company applies TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any identified impairment losses.

Payables from Rental Transactions

At the commencement date of the lease, the Company measures the lease liability at the present value of the lease payments not paid at that date. Lease payments are discounted using the implied interest rate in the lease, if that rate can be easily determined. If this rate cannot be easily determined, the company uses its own incremental borrowing interest rate.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments to be made for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease;

- (a) the amount obtained by deducting any lease incentive receivables from the fixed payments;

(b) variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;

(c) the exercise price of the call option if the Company is reasonably confident that it will exercise it; and

(d) penalty payments for termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

After the actual commencement of the lease, the Company measures the lease liability as follows;

(a) increase the carrying amount to reflect the interest on the lease liability;

(b) reduce its carrying amount to reflect lease payments made; and

(c) Remeasure book value to reflect reassessments and restructurings or to reflect revised lease payments that are fixed in substance.

The interest on the lease liability for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability. The periodic rate of interest is the implied rate of interest in a lease, if it can be easily determined. If this rate cannot be easily determined, the company uses its own alternative borrowing interest rate.

After the actual commencement of the lease, the Company remeasures the lease liability to reflect changes in lease payments. The Company reflects the remeasurement amount of the lease liability as an adjustment to the right-of-use asset in its financial statements.

The Company re-measures its lease liability by discounting the revised lease payments at a revised discount rate if one of the following conditions occurs;

(a) There is a change in the lease term. The company determines the revised lease payments based on the revised lease term.

(b) There is a change in the assessment of the option to purchase the underlying asset. The company determines the revised lease payments to reflect the change in the amounts payable under the option to buy.

The Company may use the revised discount rate for the remainder of the lease term, as this rate if the implied interest rate in the lease can be easily determined; If it cannot be determined easily, it is determined as the alternative borrowing interest rate of the Company at the date of reassessment.

The Company re-measures the lease liability by discounting the revised lease payments if one of the following situations occurs;

(a) A change in the amounts expected to be paid under a residual value commitment. The company determines the revised lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.

(b) A change in those payments as a result of a change in an index or rate used to determine future lease payments. The Company remeasures the lease liability only when there is a change in cash flows to reflect those revised lease payments.

The Company determines the revised lease payments for the remaining lease term based on the revised contractual payments. The company uses an unmodified discount rate in this case.

The Company accounts for the restructuring of the lease as a separate lease if both of the following conditions are met;

(a) the restructuring expands the scope of the lease by adding the right to use one or more of the underlying assets; and

(b) the rental price increases by the amount of appropriate adjustments to that stand-alone price to reflect the stand-alone price of the increase in coverage and the terms of the relevant contract.

Earnings (Loss) Per Share:

Earnings (loss) per share is computed by dividing the net profit or loss by the weighted average number of common shares outstanding in the current period.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions determines the weighted-average number of outstanding shares used in this computation.

Events after the Reporting Period:

In case of events requiring adjustment after the reporting period, the amounts included in the financial statements are adjusted by this new situation. If events do not require adjustments but are essential, they are disclosed in the relevant period.

Provisions, Contingent Liabilities and Contingent Assets:

Provisions;

Provisions are recognized only when the Company has a past and present obligation if it is probable that an outflow of resources embodying economic benefits to the Company due to this obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates of the management.

Conditional Liabilities and Conditional Assets;

Transactions that give rise to commitments and contingent liabilities refer to situations whose realization depends on the outcome of one or more upcoming events. Therefore, some transactions are not included in the statement of financial position in terms of possible future losses, risks or uncertainties. If an estimate is made for possible future liabilities or losses, these liabilities are considered expenses and liabilities for the Company. However, income and profits that are likely to occur in the future are reflected in the financial statements.

Assets and Liabilities in Terms of Foreign Currency:

Assets denominated in foreign currency in the statement of financial position The Central Bank is converted into Turkish Lira using the foreign exchange buying rate and the debts are converted into Turkish Lira using the foreign exchange selling rate. Foreign currency transactions realized during the period are converted into Turkish Lira using the actual exchange rates on the transaction date. Exchange rate difference income and expenses arising from these transactions are included in the income statements.

The exchange rates taken as basis in the financial statements dated September 30, 2022 and December 31, 2021 are as follows;

	31 December 2022		31 December 2021	
	Buying	Selling	Buying	Selling
USD	18.6983	18.7320	13.3290	13.3530
EUR	19.9349	19.9708	15.0867	15.1139

Significant Accounting Policies, Judgements, and Estimates;

The preparation of financial statements requires management to make a number of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the probable liabilities and commitments, and the reported amounts of income and expense during the reported periods. Although management believes these judgements, estimates and assumptions to be reasonably accurate, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The important estimates and assumptions used by the Company while preparing its financial statements are as follows;

- Useful lives of tangible and intangible assets,
- Discount rates applied for trade receivables and payables,
- Provision rates for the receivables from Social Security Institutions ("SSI"),
- Income accruals and doctor's progress payments related to the patients whose treatment is ongoing,
- Regarding employee benefits; retirement period, raise rate, discount rate, severance pay rate,
- Rates used in deferred tax calculation,
- Recognition of assets subject to operating leases.

The effect of temporary article-13 of Corporate Income Tax on Deferred Tax;

The corporate tax rate is the corporate tax rate applied to the legal tax base to be found by adding the non-deductible expenses under the tax laws to the commercial earnings of the companies and deducting the exemptions in the tax laws, Corporate Tax Law Provisional Article 13 and corporate tax rate; 20% for the corporate earnings for the 2021 taxation period and 23% for the 2022 taxation period.

For the part of temporary differences that will have tax effect, calculations are made with a rate of 23% for the 2022 period and 20% for the following periods.

Changes and Mistakes in the Accounting Policies

An entity is allowed to change an accounting policy only if the change;

- is required by a standard or an interpretation; or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

Users of financial statements should be able to identify trends in the entity's financial position, performance, and cash flows by studying and analysing the information contained in those statements. Therefore, an entity shall select and apply its accounting policies consistently unless a change in accounting policy meets one of the conditions set out in the paragraph above.

The current period financial statements of the Company are prepared comparatively with the previous period to get insight into the financial situation and performance trends. Comparative amounts are reclassified when necessary to comply with the presentation of items in the current period's financial statement.

The Company has applied IFRS 9 "Financial Instruments" and IFRS 15 "Revenue Standards from Customer Agreements" IFRS 16 "Leases" Standard chosen to apply early, IFRS 9 Financial Instruments Standard has no significant effect on the financial statements.

The Company started to apply IFRS 16 "Leases" Standard on January 1, 2019 for the first time. Previously it classified as operating leases in accordance with IAS 17, As of January 1, 2019, the right of use assets reflected to the consolidated financial statements for leases at an amount equal to the lease liability that agreement of which has been signed, prepaid or corrected for all lease payments accrued.

3. OPERATING SEGMENTS

The company prepares its sales as its operating on the basis of hospital, major buyers, types of activities and outpatient and inpatient services.

Revenues from Activities	1 January 31 December 2022		1 January 31 December 2021	
	Amount	%	Amount	%
Sales of Healthcare Service	738,867,869	87.43	383,423,358	84.56
Sales of Biological Assets and Milk	31,079,527	3.68	12,490,039	2.75
Hospital Rental Income	63,580,886	7.52	49,521,179	10.92
E-Health Income	1,472,656	0.17	821,720	0.18
Other Incomes	10,060,690	1.19	7,198,530	1.59
Total Sales	845,061,628	100	453,454,826	100

Service Sales/Hospital	1 January 31 December 2022		1 January 31 December 2021	
	Amount	%	Amount	%
Akay Hastanesi Service Sales	212,448,717	28.75	140,373,392	36.61
Van Hastanesi Service Sales	163,849,463	22.18	111,704,899	29.13
Etlik Hastanesi Service Sales	136,433,691	18.47	77,235,960	20.14
Hayat Hastanesi Service Sales	51,884,493	7.02	29,779,556	7.77
Demet Tıp Merkezi Service Sales	25,327,297	3.43	14,599,648	3.81
İstanbul Hastanesi Service Sales	130,273,849	17.63	-	-
Erbil Tanı Merkezi Service Sales	18,650,359	2.52	9,729,903	2.5
Total Sales	738,867,869	100	383,423,358	100

Service Sales/Institution	1 January 31 December 2022		1 January 31 December 2021	
	Amount	%	Amount	%
Sales to SSI *	204,175,209	28	130,843,916	34
Other Sales	534,692,660	72	252,579,442	66
Total Sales	738,867,869	100	383,423,358	100

Trade Receivables/Institution	31 December 2022		31 December 2021	
	Amount	%	Amount	%
Receivables from SSI*	91,434,067	63	47,787,021	66
Other Receivables	54,067,195	37	24,181,433	34
Total	145,501,262	100	71,968,454	100

(*) Major customer of the company is the Social Security Institution (SSI).

The revenue based on the treatment types is as follows;

	1 January - 31 December 2022			1 January - 31 December 2021		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	879,448	384,211,292	52	802,699	193,850,108	51
Inpatient	49,412	354,656,577	48	47,442	189,573,250	49
Total	928,860	738,867,869	100%	850,141	383,423,358	100%

4. BUSINESS COMBINATIONS

On April 1, 2022, the Company purchased 100% of the capital of Adatıp Sağlık Hizmetleri A.Ş. for TRY 129,629,178. With this acquisition, the Company expects to significantly contribute to its brand value, turnover and profitability targets, especially in the medical tourism industry, in line with its activities and strategic growth targets.

As of February 18, 2022, the contract was signed with the Company regarding the purchase of 100% shares of Adatıp Sağlık Hizmetleri Anonim Şirketi. The contract included the Competition Board's permission condition as a closing requirement. In this context, the Company applied to the Competition Board on February 21, 2022. With the decision of the Competition Board notified on March 28, 2022, the purchase transaction was authorized.

At the extraordinary general assembly meeting of Adatıp Sağlık Hizmetleri A.Ş. held on April 1, 2022, it decided to accept the resignations of the previous board members to elect Lokman Hekim Engürüsağ A.Ş. and its appointed representatives to the board of directors, and to change the company title to "Lokman Hekim İstanbul Sağlık Yatırımları A.Ş." registered and announced on the same date. The Company had control over Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) on April 1, 2022.

The Company Acquisition accounted for in the consolidated financial statements dated June 30, 2022, within the scope of IFRS 3 "Business Combinations". In the merger transactions dated April 1 2022, the financial statements of Adatıp Sağlık Hizmetleri A.Ş. dated March 31, 2022, were used.

The identifiable assets and liabilities arising from the acquisition and the calculation of goodwill are as follows;

Current Assets	128,423,987
Cash and Cash Equivalents	2,021,612
Receivables	96,004,474
Receivables from Related Parties*	68,985,872
Receivables from Lokman Hekim Engürüsağ A.Ş.**	12,500,000
Receivables from Third Parties	14,518,602
Prepaid Expenses	25,060,851
Other Current Assets	5,337,050
Non-Current Assets	199,103,761
Tangible Assets	45,831,492
Right of Use Assets	94,381,054
Intangible Assets***	38,047,356
Deferred Tax Asset	20,843,859
Short-Term Liabilities	80,195,936
Financial Liabilities	15,338,019
Finance Lease Liabilities	17,929,845
Trade Payables	44,780,744
Other Short-Term Liabilities	2,147,328
Long-Term Liabilities	117,567,684
Financial Liabilities	31,203,302
Finance Lease Liabilities	76,451,209
Other Long Term Liabilities	9,913,173
Total Identifiable Net Assets	129,764,128
Purchased Shares	100%
Fair Value of Share-based Payment	129,629,178
Minus: Identifiable Net Assets	129,764,128
Bargain Purchase Gains	(134,950)

(*) The relevant amount assigned by Lokman Hekim Engürüsağ A.Ş. to be deducted from the share transfer price within the scope of the agreement. Due to the amount, no cash outflow is required. Mutual debit/credit amounts of Lokman Hekim İstanbul Sağlık Hizmetleri and the Company eliminated post-purchase consolidated financial statements.

(**) Consists of cash paid by Lokman Hekim İstanbul Sağlık yatırımları A.Ş.(AdaTıp Sağlık Hizmetleri A.Ş) to the Company between February 18, 2022 and April 1, 2022 (interim period).

(***) Related to Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.'s medical license and staff fees. Fair values have been determined by a valuation firm authorized by the CMB.

The details of cash outflows arising from the acquisition are as follows:

Cash Payment for Share Acquisition	36,756,179
Cash Payments Made in the Interim Period*	24,000,000
Inherited Cash and Cash Equivalents	(2,021,612)
Cash Proceeds in the Interim Period**	(12,500,000)
Total Cash Outflow	46,234,567
Debt Amount***	83,394,611
Purchase Price	129,629,178

(*) Accordance with the share transfer agreement signed on February 18, 2022, consists of advances paid by Lokman Hekim Engürüsağ A.Ş. to Adatıp shareholders to meet the cash needs of Adatıp until the date of the share transfer.

(**) It consists of cash paid by Lokman Hekim Sağlık Yatırımları A.Ş. to Lokman Hekim Engürüsağ A.Ş. between February 18, 2022, and April 1, 2022 (interim period).

(***) Lokman Hekim's debt amount arising from the purchase has been deducted from Adatıp Sağlık Hizmetleri A.Ş.'s receivables from previous partners. An amount of 68,985,872 TL of the relevant amount has been assigned by Lokman Hekim Engürüsağ A.Ş. to be deducted from the share transfer fee within the scope of the share transfer agreement. In the post-acquisition consolidated financial statements, the mutual debt/credit amounts of Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. and the Company were eliminated.

All the shares of Adatıp Sağlık Hizmetleri A.Ş. pledged to Türkiye Vakıflar Bankası on October 30, 2019, to create a guarantee. After Lokman Hekim Engürüsağ A.Ş. took over all of the Adatıp Sağlık Hizmetleri A.Ş. shares on April 1, 2022, the shares remain pledged at Türkiye Vakıflar Bankası to provide collateral for the loans taken over. Details on the subject are explained in Note-14.

The ongoing insurance policies regarding the real estate and machinery devices are registered in the assets of Adatıp Sağlık Hizmetleri A.Ş. Details on the subject are included in Note-11.

The rent agreement of the hospital building, in which Adatıp Sağlık Hizmetleri A.Ş. operates in the Pendik district of Istanbul, was signed before the share transfer date and continues under the same conditions. Details on the subject are included in Note-11.

All possible expenses/income and payments as a result of lawsuits, debts, commitments and legal obligations filed and/or to be filed before Adatıp Sağlık Hizmetleri A.Ş.'s date of entry into the consolidation on April 1, 2022. and their Adamert Sağlık Hizmetleri A.Ş. jointly and severally pledged. Details on the subject are explained in Note-14.

5. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	551,318	284,635
Banks	38,322,256	5,866,887
Other Current Assets*	5,992,215	4,464,705
Total	44,865,789	10,616,227

(*) Average maturity of credit card receivables is 40 days (31 December 2021: 40 Days).

6. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 December 2022	31 December 2021
Short-Term Bank Borrowings	95,585,490	5,980,000
Short-Term Portion of Long-Term Banks Borrowings	66,494,085	48,276,588
Operating Lease Liabilities	28,202,795	7,419,551
Finance Lease Liabilities	5,900,962	924,065
- Finance Lease Liabilities	9,729,392	1,176,487
- Deferred Interest	(3,828,430)	(252,422)
Total	196,183,332	62,600,204

Long-Term Financial Liabilities	31 December 2022	31 December 2021
Long-Term Bank Borrowings	84,866,688	45,408,659
Operating Lease Liabilities	88,388,607	25,978,320
Finance Lease Liabilities	13,415,287	1,675,080
- Finance Lease Liabilities	22,240,001	1,842,596
- Deferred Interest	(8,824,714)	(167,516)
Total	186,670,582	73,062,059

Details of bank loans and Finance Lease Liabilities are as follows;

Bank Loans	31 December 2022	31 December 2021
0 - 3 Months	38,512,405	17,961,954
3 - 12 Months	123,567,170	36,294,634
1 - 5 Years	84,866,688	45,408,659
Total	246,946,263	99,665,247

Mortgages amounting to TRY 581,881,000 is given for the loans (31 December 2021: TRY 164,990,400).

Finance Lease Liabilities	31 December 2022	31 December 2021
0 - 3 Months	1,890,141	231,291
3 - 12 Months	4,010,821	692,774
1 - 5 Years	13,415,287	1,675,080
Total	19,316,249	2,599,145

Operating Lease Liabilities	31 December 2022	31 December 2021
0 - 3 Months	6,740,023	1,904,248
3 - 12 Months	21,462,772	5,515,303
1 - 5 Years	88,388,607	25,978,320
Total	116,591,402	33,397,871

7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	31 December 2022	31 December 2021
Trade Receivables	101,584,981	58,362,523
Notes Receivables	383,112	435,144
Rediscounts on Notes Receivables (-)	(980,100)	(1,230,170)
Doubtful Trade Receivables	3,311,189	2,885,015
Provision for Doubtful Trade Receivables	(3,311,189)	(2,885,015)
Receivables from Related Parties *	15,400,970	6,121,297
Income Accruals **	29,112,299	8,279,660
Total	145,501,262	71,968,454

(*) Related party transactions are explained in Note-30.

(**) The income accruals made for patients whose treatment continues consists of TRY 24,910,283 (31 December 2021: TRY 8,045,868).

Doubtful Receivables	31 December 2022	31 December 2021
Beginning of the Period	2,885,015	3,501,755
Additions with-in the Period	608,060	158,253
Provisions no Longer Required	(181,886)	(774,993)
Total	3,311,189	2,885,015

Trade Receivables/Institutions	31 December 2022		31 December 2021	
	Amount	%	Amount	%
Receivables from SSI*	91,434,067	63	47,787,021	66
Other Receivables	54,067,195	37	24,181,433	34
Total Receivables	145,501,262	100	71,968,454	100

(*) Major customer of The Company is Social Security Institution (SSI).

Trade Payables	31 December 2022	31 December 2021
Trade Payables	76,248,765	31,739,941
Notes Payables	48,851,754	20,296,432
Rediscount on Notes Payables (-)	(1,063,304)	(939,870)
Other Trade Payables	1,688,131	1,383,929
Trade Payables to Related Parties*	3,730,752	5,655,750
Accrued Expenses	1,422,196	893,384
Total	130,878,294	59,029,566

(*) Related party transactions are explained in Note-30.

8. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	31 December 2022	31 December 2021
Other Receivables	1,545,327	1,935,825
Other Receivables from Related Parties*	585	755,085
Receivables from Employees	133,961	58,159
Deposits and Guarantees Given	30,084	126,583
Other Doubtful Receivables	1,237,500	1,237,500
Provision for Other Doubtful Receivables (-)	(1,237,500)	(1,237,500)
Total	1,709,957	2,875,652

(*) Related party transactions are explained in Note-30.

Other Long-Term Receivables	31 December 2022	31 December 2021
Deposits and Guarantees Given	373,162	294,024
Total	373,162	294,024

Other Payables	31 December 2022	31 December 2021
Other Miscellaneous Payables	650,238	620,122
Deposits and Guarantees Received	-	18,955
Other Payables to Related Parties*	114,870	13,039,164
Total	765,108	13,678,241

(*) Related party transactions are explained in Note-30.

9. INVENTORIES

Inventories	31 December 2022	31 December 2021
Medical Inventories	34,500,900	12,871,284
Feed Stocks	8,686,161	2,804,403
Other Stocks	11,508,641	4,908,721
Total	54,695,702	20,584,408

10. BIOLOGICAL ASSETS

Biological Assets	31 December 2022	31 December 2021
Book Value	23,809,365	20,262,016
Changes in the Fair Value	(1,225,365)	(7,312,066)
Total	22,584,000	12,949,950

The biological assets are first time application accounted at cost price. They are evaluated at fair value at the end of each reporting period. In the current period, there is a increase of TRY 6,288,651 at the fair value for milk and livestock animals (31 December 2021: TRY (3,201,413)).

As of September 30, 2022, the Company has a total of 551 biological assets (31 December 2021: 853).

The total amount of insurance on biological assets is TRY 4,489,000 (31 December 2021: TRY 5,742,800).

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(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

11. TANGIBLE ASSETS

Tangible Assets	1 January 2022	Additions	Classification/ Valuation	Disposal	Consolidation Effect	31 December 2022
Lands	12,046,924	-	-	-	-	12,046,924
Buildings	83,332,548	8,531,040	-	(12,947,004)	-	78,916,584
Machinery, Plant and Equipment	32,165,780	1,092,465	-	-	53,946,468	87,204,713
Vehicles	2,142,802	1,772,682	-	-	387,888	4,303,372
Furniture and Fixtures	84,605,888	22,637,213	-	(279,528)	15,539,165	122,502,738
Finance Lease Assets	19,112,561	15,305,711	-	(465,693)	-	33,952,579
Special Costs	58,081,273	8,732,248	15,759,924	-	181,150	82,754,595
Right of Use Assets *	68,791,794	10,765,130	-	-	94,381,055	173,937,979
Other Tangible Assets	1,115,785	185,001	-	-	-	1,300,786
Construction in Progress	65,812	16,199,589	(15,759,924)	-	-	505,477
Total	361,461,167	85,221,079	-	(13,692,225)	164,435,726	597,425,747
Accumulated Depreciation	1 January 2022	Depreciation Expense	Classification/ Valuation	Disposal	Consolidation Effect	31 December 2022
Buildings	(423,666)	(1,473,692)	-	-	-	(1,897,358)
Machinery, Plant and Equipment	(18,312,690)	(5,758,238)	-	-	(18,992,378)	(43,063,306)
Vehicles	(935,581)	(405,880)	-	-	(174,375)	(1,515,836)
Furniture and Fixtures	(35,500,377)	(10,057,312)	-	251,069	(5,024,379)	(50,330,999)
Finance Lease Assets	(12,115,692)	(1,386,606)	-	395,840	-	(13,106,458)
Right of Use Assets *	(31,537,597)	(22,533,077)	(4,287,464)	-	-	(58,358,138)
Special Costs	(12,693,931)	(6,634,470)	-	-	(32,046)	(19,360,447)
Other Tangible Assets	(927,956)	(36,117)	-	-	-	(964,073)
Total	(112,447,490)	(48,285,392)	(4,287,464)	646,909	(24,223,178)	(188,596,615)
Net	249,013,677					408,829,132

(*) It is due to the effect of the change in the rent to be paid and the planned rent increases for Lokman Hekim Istanbul Hospital, which was included in the scope of consolidation on April 1, 2022 regarding the right-of-use assets of the company within the scope of TFRS-16.

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Tangible Assets	1 January 2021	Additions	Classification/ Valuation*	Disposal	31 December 2021
Lands	6,343,750	-	5,703,174	-	12,046,924
Buildings	62,454,482	845,617	20,032,449	-	83,332,548
Machinery, Plant and Equipment	30,280,737	2,225,126	-	(340,083)	32,165,780
Vehicles	1,529,068	791,301	-	(177,567)	2,142,802
Furniture and Fixtures	68,267,727	17,864,757	-	(1,526,596)	84,605,888
Finance Lease Assets	19,663,350	-	-	(550,789)	19,112,561
Special Costs**	27,295,403	19,830,221	10,955,649	-	58,081,273
Right of Use Assets ***	71,353,289	1,914,756	-	(4,476,251)	68,791,794
Other Tangible Assets	1,072,920	42,865	-	-	1,115,785
Construction in Progress	10,380,830	640,631	(10,955,649)	-	65,812
Total	298,641,556	44,155,274	25,735,623	(7,071,286)	361,461,167
Accumulated Depreciation	1 January 2021	Depreciation Expense	Classification/ Valuation*	Disposal	31 December 2021
Buildings	(2,976,121)	(1,688,254)	4,240,709	-	(423,666)
Machinery, Plant and Equipment	(15,174,420)	(3,178,010)	-	39,740	(18,312,690)
Vehicles	(649,963)	(330,643)	-	45,025	(935,581)
Furniture and Fixtures	(29,052,506)	(7,155,029)	-	707,158	(35,500,377)
Finance Lease Assets	(11,476,237)	(1,190,245)	-	550,790	(12,115,692)
Right of Use Assets ***	(26,883,160)	(7,244,926)	-	2,590,489	(31,537,597)
Special Costs	(8,769,378)	(3,924,553)	-	-	(12,693,931)
Other Tangible Assets	(868,891)	(59,065)	-	-	(927,956)
Total	(95,850,676)	(24,770,725)	4,240,709	3,933,202	(112,447,490)
Net	202,790,880				249,013,677

(*) The lands and buildings of the Company valued with the valuation reports of Ege Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated September 28, 2021.

(**) The raise in private cost which emerged from Etlik Hastanesi is equaled to 6,925,438 and the part of 2,057,150 emerged from logistics operations. The cost of TRY 10,955,649 related to the Etlik Hastanesi followed in the investments in progress account was reclassified to the special costs account during the period.

(***) Within the scope of TFRS-16, it arises from the effect of the change in the rent to be paid and planned rent increases for Lokman Hekim İstanbul Hospital, which was included in the scope of consolidation on April 1, 2022 regarding the right-of-use assets of the company.

Total insurance amount of tangible assets is TRY 463,859,055 (31 December 2021: TRY 236,385,000). The increase of TRY 227,474,055 in the insurance amount is due to the consolidation effect of Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.

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Notes to the Consolidated Financial Statements for the Accounting Period Ended at 31 December 2022

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12. INTANGIBLE ASSETS

	1 January 2022	Additions	Disposal/ Classification	Consolidation Effect	31 December 2022
Intangible Assets					
Rights	1,108,570	76,001	-	695,816	1,880,387
Doctor Staff and Medical License Fee*	22,888,881	-	-	37,826,092	60,714,973
Total	23,997,451	76,001	-	38,521,908	62,595,360

	1 January 2022	Depreciation Expense	Disposal/ Classification	Consolidation Effect	31 December 2022
Accumulated Depreciation					
Rights	(637,606)	(152,243)	-	(474,553)	(1,264,402)
Total	(637,606)	(152,243)	-	(474,553)	(1,264,402)
NET	23,359,845				61,330,958

(*) Consolidated entry effect amounting to TL 37,826.092 Lokman Hekim İstanbul Sağlık Yatırımlar A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) is related to the hospital license and physician staff costs, and their fair values have been determined by a valuation firm authorized by the CMB.

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Intangible Assets	1 January 2021	Additions	Disposal/ Classification	31 December 2021
Rights	816,559	292,011	-	1,108,570
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,705,440	292,011	-	23,997,451

Accumulated Depreciation	1 January 2021	Depreciation Expense	Disposal/ Classification	31 December 2021
Rights	(473,985)	(163,621)	-	(637,606)
Total	(473,985)	(163,621)	-	(637,606)
NET	23,231,455			23,359,845

13. INVESTMENT PROPERTIES

	1 January 2022	Valuation	Classification	Disposal	31 December 2022
Buildings	7,810,000	-	-	-	7,810,000
Total	7,810,000	-	-	-	7,810,000

	1 January 2021	Valuation	Classification	Disposal	31 December 2021
Buildings	6,400,000	1,410,000	-	-	7,810,000
Total	6,400,000	1,410,000	-	-	7,810,000

It consists independent sections that are leased to the Higher Education Credit and Hostels Institution located in Bağlıca Etimesgut Ankara.

The company reports its investment properties at fair value and it accounted in the financial statements taking into account the last valuation report dated on September 28, 2021.

14. PROVISIONS, STATE CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions 31 December 2022	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	35,597,697	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	10,500,919	(2,843,634)
Lawsuits and Provisions 31 December 2021	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	29,079,156	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	15,164,502	(1,988,337)

The company filed 821 cases (31 December 2021: 581) and the total amount of cases is TRY 29,079,158 (31 December 2021: TRY 29,079,158). The 210 cases (31 December 2021: 196) sued against the company, and the total of the cases to be filed against the company is TRY 2,843,634 (31 December 2021: TRY 1,988,337). Adatıp Sağlık Yatırımları A.Ş., which consolidated on April 1, 2022, filed 12 cases and the total amount of cases is TRY 107,171. The 6 cases sued against the company, and the total of the cases to be filed against the company is TRY 160,300. All possible expenses/income and payments as a result of lawsuits, debts, commitments and legal obligations filed and/or to be filed before the date of consolidation of Adatıp Sağlık Hizmetleri on April 1, 2022 jointly and severally pledged.

CPMs Given by the Company	31 December 2022	31 December 2021
A. CPM's Given on Behalf of Company's Own Legal Entity	590,165,958	182,693,376
B. CPM's Given on Behalf of the Consolidated Companies	22,000,000	2,744,062
C. CPM's Given for Continuation of Its Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM's	-	-
- Total Amount of CPM's Given on Behalf of the Majority Shareholder	-	-
- Total Amount of CPM's Given on Behalf of Company Companies Which are not In Scope of B and C.	-	-
- Total Amount of CPM's Given on Behalf of Third Parties Which are not In Scope of C.	-	-
Total	612,165,958	185,437,438

Contingent Liabilities;

Type	Given To	31 December 2022	31 December 2021
Mortgage Given (Loan)	Banks (*)	581,881,000	164,990,400
Checks of Collaterals Given	Banks	9,200,000	9,200,000
Letter of Collaterals Given	Courts	9,712,114	5,078,217
Letter of Collaterals Given	The Council of Higher Education (**)	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	9,896,759	3,866,922
Letter of Collaterals Given	Public Tenders	176,085	131,899
Letter of Collaterals Given	Leases	150,000	150,000
Letter of Collaterals Given	Device Supply	150,000	1,020,000
		612,165,958	185,437,438

(*) Among the mortgages given to the banks, 22 million TRY is the real estate owned by the shareholders of the company and 20 million TRY is the real estate owned by Van Divan A.Ş.

(**) The letter is given to The Council of Higher Education on behalf of T.C. Lokman Hekim University.

Type	Given To	31 December 2022	31 December 2021
Checks of Collaterals Received	Client	738,514	738,514
TRY Equivalent		738,514	738,514

The companies included in the consolidation have cross guarantee given in favor of each other for bank loans. In all loan and leasing contracts which are used, at least two of the chairmen of the board Mustafa Sarioğlu and board members Mehmet Altuğ, İrfan Güvendi and Celil Göçer have personal sureties.

15. EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Provisions for Severance Pay	48,342,657	12,134,469
Provisions for Days Off	7,457,110	4,002,209
Total	55,799,767	16,136,678

The Company assumes that all its staff leave the job when they fill seniority, working for 25 years for men and 20 years for women. Thus, when retired, it finds the portion of the severance pay to be received following the seniority period at the balance sheet date. The amount of severance pay is subject to an upper limit determined every year for these calculations, the upper limit of the wage base for severance pay taken into accounting. This upper limit is TRY 15,371.40, valid from July 1, 2022 (December 31, 2021: TRY 8,284.51).

The transactions within the period in provisions for severance pay are as follows;

	31 December 2022	31 December 2021
Beginning of the Period	12,134,469	4,116,475
Payments	(4,242,047)	(1,518,445)
Interest Cost	1,359,546	344,292
Period Expense	7,804,975	3,230,171
Actuarial Gain /(Loss)	29,033,456	5,961,976
Consolidation Effect	2,252,258	-
End of the Period	48,342,657	12,134,469

Actuarial gains and losses are reported in the Shareholder's Equity.

Provisions of unused vacation pay:

According to the applicable Code of Labor in Turkey, if a labor agreement is terminated for any reason, the company has to pay wages for the annual unused vacation pay to the employee or his/her legal representatives in terms of the wage on the termination date of the contract.

In-period activities for unused vacation pay are given below;

	31 December 2022	31 December 2021
Beginning of the Period	4,002,209	934,934
Additions with-in the Period	3,454,901	3,067,275
End of the Period	7,457,110	4,002,209

16. OTHER CURRENT ASSETS/OTHER SHORT-TERM LIABILITIES

Other Current Assets	31 December 2022	31 December 2021
Deferred VAT	2,526,443	-
Work Advances	5,470,354	2,781,877
Personnel Advances	7,800	7,800
Total	8,004,597	2,789,677

Other Short-Term Liabilities	31 December 2022	31 December 2021
Taxes and Funds Payable	10,860,956	5,369,976
Overdue, Deferred or Restruc. Tax*	-	6,075,806
Compulsory P.P.S. Checkoff	256,098	127,600
Income from Salary Contracts Promotions for the Following Months	672,182	676,608
Deposits and Guarantees Received	20,000	20,000
Total	11,809,236	12,269,990

(*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on November 23, 2011 and tax debts that paid in installments within the scope of Law No. 7256.

17. CURRENT TAX ASSETS / LIABILITIES

Current Tax Assets	31 December 2022	31 December 2021
Prepaid Taxes and Funds	1,054,053	187,621
Total	1,054,053	187,621

Current Tax Liabilities	31 December 2022	31 December 2021
Deferred or Restructured Taxes (Long-term)*	1,497,692	2,486,057
Total	1,497,692	2,486,057

(*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on November 23, 2011 and tax debts that have been paid in installments within the scope of Law No. 7256.

18. PREPAID EXPENSES AND DEFERRED REVENUES

Prepaid Expenses (Short-Term)	31 December 2022	31 December 2021
Advances Given to Suppliers	18,582,389	8,122,920
Advances Given to Related Parties*	6,387,160	4,763,666
Prepaid Expenses for the Following Months	5,108,870	840,426
Total	30,078,419	13,727,012

(*) Further described in "Note – 30 Related Party Disclosures".

Prepaid Expenses (Long-Term)	31 December 2022	31 December 2021
Expenses for the Following Years	4,282,896	351,495
Related Party Expenses*	28,846,603	19,809,945
Total	33,129,499	20,161,440

(*) Further described in "Note – 30 Related Party Disclosures".

Deferred Income (Short-Term)	31 December 2022	31 December 2021
Advances Received	9,338,135	3,479,816
Total	9,338,135	3,479,816

Deferred Income (Long-Term)	31 December 2022	31 December 2021
Income from Salary Contracts Promotion for the Following Years	7,322,913	1,017,562
Total	7,322,913	1,017,562

19. EMPLOYEE BENEFIT PAYABLES

Employee Benefit Payables	31 December 2022	31 December 2021
Accrued Wages	18,182,140	7,288,490
Social Security Premiums Payable	12,475,639	2,716,543
Total	30,657,779	10,005,033

20. SHAREHOLDERS' EQUITY

Capital;

	31 December 2022	31 December 2021
Capital	36,000,000	36,000,000
Paid-in Capital	36,000,000	36,000,000

The company increased the registered capital ceiling (TRY 200,000,000) period for five years be effective as of 2020-2024.

Repurchased Shares;

	31 December 2022	31 December 2021
Repurchased Shares	(582,085)	(7,153,976)
Total	(582,085)	(7,153,976)

The third buyback program implemented by the company to ensure price stability in stocks was approved at the general assembly meeting dated March 27, 2021. The repurchase upper price limit is TRY 30, and it will be able to make a repurchase until it reaches a nominal value of TRY 3,600,000, limited to 10% of the capital, including previous purchases. After the capital increase in 2021, the upper price limit was updated as TRY 20, considering the split effect. Within the scope of the program, Lokman Hekim Van Sağlık Hizmetleri İnşaat Taahhüt ve Ticaret A.Ş. It is one of the subsidiaries that can make a repurchase. The Company's Board of Directors authorized for three years to buy back.

All of the 1,880,455 shares owned by the company and its subsidiaries "Lokman Hekim Van" in terms of the buyback program were sold on November 2, 2022, for TRY 20.10, and the profit amounting to TRY 16,061,820 after the sale is included in the equity item in the statement of financial position on December 31, 2022.

Revaluation Funds;

	31 December 2022	31 December 2021
Revaluation Fund from Current Assets	54,590,265	55,282,268
Deferred Tax Effect	(5,718,377)	(5,781,287)
Total	48,871,888	49,500,981

Revaluation fund related to tangible assets includes value increases from the lands and buildings, which are demonstrated at their fair value. The net deferred tax effect is calculated as 10% after the assumption that the 50% exemption right stated in Article 5 of the Corporate Tax Law was used to calculate the deferred tax effect of value increases. (December 31 2021: 10%)

The Company has revaluated buildings and buildings reported in tangible assets following the report dated September 28, 2021, prepared by Ege Taşınmaz Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent real estate appraisal company licensed by the CMB, which is not related to the Company. The management of the Company thinks that the revaluation company has occupational accumulation associated with the subject and has updated information about the class and place of the land and buildings.

Defined Benefit Plans Remeasurement Gains /(Losses) (Actuarial Gain/(Loss));

Defined Benefit Plans Remeasurement Gains/ (Losses)	31 December 2022	31 December 2021
Beginning of the Period	(8,137,620)	(3,387,222)
Additions with-in the Period	(29,033,454)	(5,961,976)
Deferred Tax Effect	5,806,690	1,211,578
Total	(31,364,384)	(8,137,620)

A Total severance pay burden between the two periods, interest expense in the current period service cost and actuarial gains/(losses) are divided into sections. The interest cost of the previous fiscal year and the cost of the use of the balance sheet or in the period of the obligation to those who continue to work for the amount of the liability at the beginning of the period, multiplied by the amount of the discount rate used in that year. The service cost in the current accounting period of the severance pay they deserve to be paid for the employees' work in the amount of the discount rate, expected to reach the part resulting from the balance sheet day. Other differences reflect the actuarial gains and losses. Actuarial gains/(losses) recognized in equity and current service and interest costs are recognized in the statement of comprehensive income.

Currency Translation Differences;

The Company's functional currency is the Turkish Lira. Engürüsağ Genel Ticaret Ltd. Şti. (Erbil), which operates in Iraq, prepares its financial statements in U.S. dollars. Related companies' financial statements are translated into functional currency. Financial statements exchanged into Turkish Lira in accordance with the International Accounting Standards (IAS) No. 21, "The Effects of Changes in Foreign Exchange Rates."

Currency Translation Differences	31 December 2022	31 December 2021
Beginning of the Period	3,482,813	2,790,957
Additions with-in the Period	(1,295,942)	691,856
Total	2,186,871	3,482,813

Regarding translation, asset items, payables, and shareholders' equity are translated to the functional currency with rates of the balance sheet date. Income and expenses are translated with rates of the transaction date.

Legal Reserves:

Restricted Reserves from profit	31 December 2022	31 December 2021
Legal Reserves at the Beginning of the Period	14,076,101	8,126,027
Legal Reserves Allocated from Prior Years' Profit	3,396,899	1,738,279
Legal Reserves Allocated from Repurchased Shares	(6,571,891)	4,211,795
Total		