

**(CONVENIENCE TRANSLATION OF THE CONSOLIDATED INTERIM
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**MLP SAĞLIK HİZMETLERİ A.Ş.
AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE PERIOD ENDED
JANUARY 1 - SEPTEMBER 30, 2022**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2022**

| INDEX | PAGE |
|---|-------------|
| CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION | 1-2 |
| CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME..... | 3 |
| CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY..... | 4 |
| CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS..... | 5-6 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 7-43 |
| NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP | |
| NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS | |
| NOTE 3 RELATED PARTY DISCLOSURES | |
| NOTE 4 CASH AND CASH EQUIVALENTS | |
| NOTE 5 FINANCIAL INVESTMENTS | |
| NOTE 6 FINANCIAL INSTRUMENTS..... | |
| NOTE 7 TRADE RECEIVABLES AND PAYABLES..... | |
| NOTE 8 OTHER RECEIVABLES AND PAYABLES..... | |
| NOTE 9 INVENTORIES | |
| NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME..... | |
| NOTE 11 PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS..... | |
| NOTE 12 RIGHT OF USE ASSETS..... | |
| NOTE 13 PAYABLES FOR EMPLOYEE BENEFITS..... | |
| NOTE 14 OTHER ASSETS AND LIABILITIES | |
| NOTE 15 PROVISIONS | |
| NOTE 16 COMMITMENTS..... | |
| NOTE 17 SHARE CAPITAL/OTHER RESERVES..... | |
| NOTE 18 REVENUE | |
| NOTE 19 GENERAL ADMINISTRATIVE AND MARKETING EXPENSES | |
| NOTE 20 OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES..... | |
| NOTE 21 INCOME AND EXPENSES FROM INVESTING ACTIVITIES | |
| NOTE 22 FINANCE EXPENSES..... | |
| NOTE 23 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)..... | |
| NOTE 24 EARNINGS PER SHARE | |
| NOTE 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES..... | |
| NOTE 26 EVENTS AFTER THE REPORTING PERIOD..... | |
| APPENDIX I OTHER SUPPLEMENTARY INFORMATION..... | 44 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022**

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

| | Notes | Current period Reviewed September 30 2022 | Prior period Audited December 31 2021 |
|--|-------|--|--|
| ASSETS | | | |
| Current Assets: | | 3,711,172 | 2,741,333 |
| Cash and cash equivalents | 4 | 993,968 | 680,241 |
| Financial investments | 5 | 214,179 | - |
| Trade receivables | 7 | 1,302,795 | 1,318,054 |
| - Due from related parties | 3,7 | 45 | 194 |
| - Trade receivables from third parties | | 1,302,750 | 1,317,860 |
| Other receivables | 8 | 130,904 | 117,757 |
| - Due from related parties | 3,8 | 83,402 | 54,805 |
| - Other receivables from third parties | | 47,502 | 62,952 |
| Inventories | 9 | 539,021 | 285,276 |
| Prepaid expenses | 10 | 379,87 | 263,408 |
| Other current assets | 14 | 150,618 | 76,597 |
| Non-current Assets: | | 3,465,638 | 3,006,788 |
| Trade receivables | | 1,053 | 1,053 |
| Other receivables | 8 | 2,497 | 3,876 |
| Property plant and equipment | 11 | 1,139,382 | 1,014,733 |
| Intangible assets | | 713,188 | 701,739 |
| - Goodwill | | 38,661 | 38,661 |
| - Other intangible assets | 11 | 674,527 | 663,078 |
| Right of use assets | 12 | 548,337 | 539,308 |
| Prepaid expenses | 10 | 569,914 | 324,183 |
| Deferred tax assets | 23 | 491,267 | 421,896 |
| TOTAL ASSETS | | 7,176,810 | 5,748,121 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2022**

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

| | Notes | Current period Reviewed September 30 2022 | Prior period Audited December 31 2021 |
|---|-------|--|--|
| LIABILITIES | | | |
| Current Liabilities: | | 4,382,144 | 3,318,172 |
| Short term borrowings | 6 | 729,042 | 568,744 |
| Short term portion of long term borrowings | 6 | 614,242 | 437,463 |
| Obligations under finance leases | 6 | 84,937 | 128,112 |
| Short term lease liabilities | 6 | 132,211 | 139,932 |
| Trade payables | 7 | 2,109,417 | 1,546,337 |
| - Due to related parties | 3,7 | 51,022 | 35,595 |
| - Trade payables to third parties | | 2,058,395 | 1,510,742 |
| Payables related to employee benefits | 13 | 135,650 | 100,417 |
| Other payables | 8 | 85,201 | 64,967 |
| - Due to related parties | 3,8 | 1,005 | 799 |
| - Other payables to third parties | | 84,196 | 64,168 |
| Deferred income | 10 | 347,286 | 243,730 |
| Short term provisions | | 68,481 | 52,807 |
| - Short term provisions for employment benefits | 13 | 32,752 | 23,779 |
| - Other short term provisions | 15 | 35,729 | 29,028 |
| Current tax liabilities | 23 | 75,677 | 35,663 |
| Non-current Liabilities: | | 1,315,358 | 1,760,752 |
| Long term borrowings | 6 | 323,724 | 619,594 |
| Obligations under finance leases | 6 | 53,322 | 102,445 |
| Long term lease liabilities | 6 | 722,312 | 752,859 |
| Other payables | | 83,191 | 93,102 |
| - Other payables to third parties | 8 | 83,191 | 93,102 |
| Deferred income | 10 | 9,088 | 18,374 |
| Long term provisions | | 52,094 | 37,944 |
| - Long term provisions for employee benefits | 13 | 52,094 | 37,944 |
| Deferred tax liabilities | 23 | 71,627 | 136,434 |
| EQUITY: | | 1,479,308 | 669,197 |
| Equity Attributable to the Owner of the Company: | | 1,492,110 | 538,636 |
| Share capital | 17 | 208,037 | 208,037 |
| Share premium | 17 | 556,162 | 556,162 |
| Shares repurchase | | (150,260) | - |
| Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss | | (53,452) | (43,569) |
| - Revaluation reserve | 17 | - | - |
| - Accumulated gain/(loss) on remeasurement of defined benefit plans | | (53,452) | (43,569) |
| Restricted reserves | 17 | 160,982 | 10,260 |
| Accumulated deficit | | (267,882) | (482,677) |
| Net profit for the period | | 1,038,523 | 290,423 |
| Non-controlling interest | | (12,802) | 130,561 |
| TOTAL LIABILITIES AND EQUITY | | 7,176,810 | 5,748,121 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2022**
(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

| | Current period | | Prior period | |
|---|---------------------------------|------------------------------|---------------------------------|------------------------------|
| | Reviewed | Reviewed | Reviewed | Reviewed |
| | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
| Profit or loss | | | | |
| Revenue | 18 | 6,892,620 | 2,475,777 | 4,039,795 |
| Cost of sales (-) | 18 | (4,938,415) | (1,749,416) | (2,969,168) |
| Gross profit | | 1,954,205 | 726,361 | 1,070,627 |
| General administration expenses (-) | 19 | (641,820) | (243,158) | (314,364) |
| Other income from operating activities | 20 | 329,744 | 157,799 | 252,608 |
| Other expenses from operating activities (-) | 20 | (352,709) | (101,281) | (249,371) |
| Operating profit | | 1,289,420 | 505,672 | 759,500 |
| Income from investing activities | 21 | 128,983 | (15,000) | 2,779 |
| Expense from investing activities (-) | 21 | (13,024) | (4,357) | (89) |
| Operating profit before finance expenses | | 1,405,379 | 486,315 | 762,190 |
| Finance expenses (-), net | 22 | (366,007) | (104,588) | (427,030) |
| Net profit before tax | | 1,039,372 | 381,727 | 335,160 |
| Tax income/(expense) from operations | | 40,057 | 93,410 | (119,866) |
| Current tax expense | 23 | (101,249) | (34,735) | (65,205) |
| Deferred tax income/(expense) | 23 | 141,306 | 128,145 | (54,661) |
| Net profit | | 1,079,429 | 475,137 | 215,294 |
| Non-controlling interest | | 40,906 | 13,429 | 50,299 |
| Equity holders of the parent | | 1,038,523 | 461,708 | 164,995 |
| Net profit | | 1,079,429 | 475,137 | 215,294 |
| Basic gain/(loss) per share | 24 | 4.99 | 2.22 | 0.79 |
| Other comprehensive income/(expense) | | (9,883) | (5,596) | (2,736) |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Remeasurement of defined benefit plans | | (12,354) | (6,995) | (3,420) |
| Income tax relating to items that will not be reclassified subsequently | | 2,471 | 1,339 | 684 |
| Total comprehensive income/(loss) | | 1,069,546 | 469,541 | 212,558 |
| Total comprehensive income/(loss) distribution: | | | | |
| Non-controlling interest | | 40,906 | 13,429 | 50,299 |
| Equity holders of the parent | | 1,028,640 | 456,112 | 162,259 |
| | | | | 15,255 |

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED JANUARY 1 - SEPTEMBER 30, 2022**

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

| | Share capital | Share premium | Share repurchase | Property revaluation reserve | Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss) | | Legal reserves | Accumulated deficit | Accumulated Profit | | |
|---|----------------|----------------|------------------|------------------------------|---|----------------------------------|------------------|---------------------|--|--------------------------|------------------|
| | | | | | Accumulated loss on remeasurement of defined benefit plans | Net profit/(loss) for the period | | | Attributable to equity holders of the Parent | Non-controlling interest | Total |
| Balance as at January 1, 2021 | 208,037 | 556,162 | - | 37,747 | (35,851) | 10,260 | (558,898) | 64,930 | 282,387 | 66,470 | 348,857 |
| Other comprehensive loss for the period, net of tax | - | - | - | - | (2,736) | - | - | - | (2,736) | - | (2,736) |
| Net profit/(loss) for the period | - | - | - | - | - | - | - | 164,995 | 164,995 | 50,299 | 215,294 |
| Total comprehensive loss for the period | - | - | - | - | (2,736) | - | - | 164,995 | 162,259 | 50,299 | 212,558 |
| Transfers | - | - | - | - | - | - | 64,930 | (64,930) | - | - | - |
| Dividend payment | - | - | - | - | - | - | (8,579) | - | (8,579) | (695) | (9,274) |
| Balance as at September 30 2021 | 208,037 | 556,162 | - | 37,747 | (38,587) | 10,260 | (502,547) | 164,995 | 436,067 | 116,074 | 552,141 |
| Balance as at January 1, 2022 | 208,037 | 556,162 | - | - | (43,569) | 10,260 | (482,677) | 290,423 | 538,636 | 130,561 | 669,197 |
| Other comprehensive loss for the period, net of tax | - | - | - | - | (9,883) | - | - | - | (9,883) | - | (9,883) |
| Net profit/(loss) for the period | - | - | - | - | - | - | - | 1,038,523 | 1,038,523 | 40,906 | 1,079,429 |
| Total comprehensive loss for the period | - | - | - | - | (9,883) | - | - | 1,038,523 | 1,028,640 | 40,906 | 1,069,546 |
| Transfers | - | - | - | - | - | - | 462 | 289,961 | (290,423) | - | - |
| Dividend payment | - | - | - | - | - | - | - | (3,724) | - | (3,724) | - |
| Increase/(decrease) due to share repurchase | - | - | (150,260) | - | - | 150,260 | (150,260) | - | (150,260) | - | (150,260) |
| Changes due to loss of control in subsidiaries | - | - | - | - | - | - | 113,448 | - | 113,448 | (201,212) | (87,764) |
| Changes in non-controlling interests | - | - | - | - | - | - | (34,630) | - | (34,630) | 16,943 | (17,687) |
| Balance as at September 30 2022 | 208,037 | 556,162 | (150,260) | - | (53,452) | 160,982 | (267,882) | 1,038,523 | 1,492,110 | (12,802) | 1,479,308 |

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
AS AT SEPTEMBER 30, 2022**

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

| | Notes | Current period Reviewed January 1 - September 30 2022 | Prior period Reviewed January 1 - September 30 2021 |
|---|-------|---|---|
| Cash flows from operating activities | | 1,234,067 | 1,096,229 |
| Net profit/(loss) for the period | | 1,079,429 | 215,294 |
| Profit (loss) continuing operations | | 584,389 | 807,830 |
| Adjustments related to depreciation and amortization expenses | 11 | 319,837 | 237,976 |
| Adjustments related to impairment | | 1,662 | 2,406 |
| Adjustments related to impairment (reversal) of receivables | 7 | 1,662 | 2,406 |
| Adjustments related to provisions | | 43,429 | 32,145 |
| Adjustments related to (reversal) of provision for employment benefits | | 26,643 | 12,025 |
| Adjustments related to lawsuit (reversal) of provision for lawsuit | | 16,786 | 20,120 |
| Adjustments related to interest (income) expense | | 323,350 | 404,122 |
| Adjustments related to interest income | 22 | (86,194) | (24,711) |
| Adjustments related to interest expense | 22 | 409,544 | 428,833 |
| Adjustments related to tax (gain) loss | 23 | (40,057) | 119,866 |
| Other adjustments related to non-cash items | | 52,127 | 14,005 |
| Adjustments regarding to (gain) loss on sale of fix assets | | (9,166) | (2,690) |
| Adjustments regarding to (gain) loss on sale of tangible assets | | (9,166) | (2,690) |
| Adjustments for losses (gains) from the disposal of subsidiaries or joint operations | | (106,793) | - |
| Changes in working capital | | (358,150) | 133,929 |
| Adjustments related to increase in trade receivables | | (414,014) | (239,997) |
| Adjustments related to increase in inventories | | (308,172) | (8,371) |
| Adjustments related to increase in trade payables | | 410,015 | 335,087 |
| Adjustments related to increase in other payables from operations | | 147,092 | 9,503 |
| Adjustments related to other (increase) decrease in working capital | | (193,071) | 37,707 |
| Adjustments related to increase in other payables from other asset | | (193,071) | 37,707 |
| Cash generated from operations | | 1,305,668 | 1,157,053 |
| Payments related with provision for employee benefits | | (12,718) | (9,517) |
| Tax paid | 23 | (46,235) | (42,878) |
| Payments related with other provisions | | (13,083) | (9,018) |
| Other cash inflows (outflows) | 7 | 435 | 589 |

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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
AS AT SEPTEMBER 30, 2022**

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

| | Notes | Current period Reviewed January 1 - September 30 2022 | Prior period Reviewed January 1 - September 30 2021 |
|--|-------|---|---|
| Cash flows from investing activities | | (374,966) | (289,261) |
| Cash outflows related to additional share purchases in subsidiaries | | (17,687) | - |
| Cash outflows from the acquisition of own shares of the business | | (150,260) | - |
| Proceeds from sales of property, plant, equipment and intangible assets | | 20,555 | 7,400 |
| Proceeds from sales of property, plant, equipment | 11 | 20,555 | 7,400 |
| Payment for purchase of property, plant and equipment, intangible assets | | (462,643) | (244,749) |
| Payment for purchase of property, plant and equipment | 11 | (379,898) | (235,075) |
| Payment for purchase of intangible assets | 11 | (82,745) | (9,674) |
| Cash payments for capital expenditures | 10 | (248,370) | (51,912) |
| Cash inflows due to sales resulting in loss of control of subsidiaries | | 697,618 | - |
| Other cash inflows | | (214,179) | - |
| Cash flows from financing activities | | (545,374) | (505,637) |
| Proceeds from bank loans | | 672,224 | 470,000 |
| Proceeds from borrowings | | 396,924 | - |
| Proceeds from bonds | | 275,300 | 470,000 |
| Repayment of lease liabilities | | (284,780) | (235,433) |
| Bank borrowings paid | | (644,095) | (491,991) |
| Cash used for repayment of borrowings | | (244,095) | (245,201) |
| Cash used for repayment of bonds | | (400,000) | (246,790) |
| Repayment of obligations under finance leases | 6 | (117,728) | (8,064) |
| Interest paid | | (253,465) | (255,586) |
| Interest received | 22 | 86,194 | 24,711 |
| Dividend paid | | (3,724) | (9,274) |
| Net increase (decrease) in cash and cash equivalents | | 313,727 | 301,331 |
| Cash and cash equivalents at the beginning of the period | 4 | 680,241 | 374,997 |
| Cash and cash equivalents at the end of the period | 4 | 993,968 | 676,328 |

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

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2022

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

MLP Sağlık Hizmetleri A.Ş. (“MLP Sağlık”) has started its healthcare services operations in 1993, with the opening of Sultangazi Medical Center within the structure of Yükseliş Sağlık Hizmetleri Gıda Tekstil San. Ltd. Şti. in which Muharrem Usta is the majority shareholder. Following this, in 1995, it continues its operations, with the opening of Fatih Hospital under the legal entity of Saray Sağlık Hizmet Ticaret ve Sanayi A.Ş. in which Muharrem Usta was the majority shareholder. In 2005, with the establishment of MLP Sağlık, Fatih and Sultangazi Hospitals were merged under the legal entity of MLP Sağlık.

As of September 30, 2022, MLP is the holding company of 16 subsidiaries (December 31, 2021: 17) (collectively referred as the “Group”), each operating in the healthcare sector in Turkey.

The Company’s head office is located in Otakçılar Caddesi No 78 3450, Eyüp, İstanbul.

The main shareholders of the Group are the Netherlands-based Elinor BV and Sullivan BV, owned by the private venture capital Turkish Private Equity Fund III, and Muharrem Usta.

The Group 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 Group 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 is registered to the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BİAŞ” or “Borsa” or “BİST”) since February 13, 2018. In accordance with the resolution numbered 21/655 on July 23, 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 33.36% as of September 30, 2022, of MLP Sağlık are accepted as “in circulation”. As of October 1, 2022, this ratio is 33.36% (Note 16).

Approval of financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on November 7, 2022.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2022

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP (Continued)

As of September 30, 2022 the subsidiaries of the Company are:

| Name | Location and base of operation |
|---|--------------------------------|
| Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. (“Tokat Hastanesi”) | Tokat |
| Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. (“Samsun Hastanesi”) | Samsun - İstanbul |
| Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. (“Samsun Tıp Merkezi”) | Samsun |
| Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. (“Kuzey”) | Ankara |
| Artimed Medikal Sanayi ve Ticaret Ltd. Şti. (“Artimed”) | Ankara |
| MS Sağlık Hizmetleri Ltd. Şti. (“MS Sağlık”) | Ankara |
| Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”) | Gebze - İzmit |
| 21. Yüzyıl Anadolu Vakfı (“21.Yüzyıl Anadolu Vakfı”) | İstanbul |
| BTN Sigorta Aracılık Hizmetleri A.Ş. (“BTN Sigorta”) | İstanbul |
| Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti. ve Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. İş OrtaklıĞı (“Kuzey Hastaneler Birliği” ya da “KHB”) | İstanbul |
| Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat Sanayi ve Ticaret A.Ş. (“Sotte Sağlık Temizlik Yemek”) | İstanbul - Ankara |
| MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Group”) | İstanbul |
| BTN Asistans Sağlık Hizmetleri A.Ş. (“BTN Asistans”) | İstanbul |
| BTR Sağlık Hizmetleri A.Ş. (“BTR Sağlık”) | İstanbul |
| İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. (“Meditime Sağlık”) | İstanbul |
| MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi (“MLP Gaziantep Sağlık”) | Gaziantep |

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The condensed consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, (“TFRS”) 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.

The Company prepared its condensed interim financial statements for the period ended 30 September 2022 in accordance with (“IAS”) 34 “Interim Financial Reporting”. The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information. In compliance with the IAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

Interim condensed financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company’s annual financial statements as of 31 December 2021.

Currency Used

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position of each entity consolidated are expressed in Turkish Lira (“TL”), which is the functiona

l currency of the Company and all its subsidiaries and the presentation currency of the Group.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

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

2.1 Basis of Presentation (Continued)

Inflation accounting

As of 1 January 2005, the financial statements of the Company and its Turkish subsidiaries were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on IAS 29 *Financial Reporting in Hyperinflationary Economies*. Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2005. Based on this consideration, IAS 29 has not been applied in the preparation of the consolidated financial statements since 1 January 2006. Amounts expressed in the measuring unit current at December 31, 2005 were treated as the basis for the carrying amounts after 1 January 2005.

POA made an announcement on 20 January 2022 in order to eliminate the hesitations regarding the application of TAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29 Financial Reporting in Hyperinflationary Economies) in 2021 financial reporting period for the entities applying Turkish Financial Reporting Standards ("TFRS"). Accordingly, it has been stated that the entities applying TFRS should not adjust financial statements for TAS 29 Financial Reporting in Hyperinflationary Economies, and no new explanation has been made by the POA regarding the application of TAS 29. Considering that no new explanation has been made as of the date of these consolidated financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements as of 30 September 2022.

Restatement and errors in the accounting policies and estimates

The Group's consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

As of 30 September 2022, the Group management reclassified the interest income amounting to TL 24,710, which is included in the income from main activities in the profit or loss statement for the accounting period 1 January - 30 September 2021, to finance income.

Going Concern

The financial statements have been prepared assuming that the Company will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation

The details of the Company's subsidiaries as of September 30, 2022 and December 31, 2021 are as follows:

| Subsidiaries | Place of incorporation and operation | Proportion of ownership and voting power held(%) | | Principal activity |
|----------------------------------|---|--|-------------------|-----------------------|
| | | Sep. 30, 2022 | December 31, 2021 | |
| Sentez Hastaneleri (*) | Batman-İzmir-Gaziantep | - | 56.00% | Hospital services |
| Tokat Hastanesi | Tokat | 58.84% | 58.84% | Hospital services |
| Samsun Hastanesi | Samsun | 80.00% | 80.00% | Hospital services |
| Samsun Tıp Merkezi (1) | Samsun | 100.00% | 100.00% | Hospital services |
| MS Sağlık (**) | Ankara | 100.00% | 75.00% | Hospital services |
| Mediplaza | Gebze-İzmit | 75.00% | 75.00% | Hospital services |
| MA Group (3) | İstanbul | 51.00% | 51.00% | Hospital services |
| BTR Sağlık Hizmetleri | İstanbul | 100.00% | 100.00% | Hospital services |
| Meditime Sağlık | İstanbul | 100.00% | 100.00% | Hospital services |
| MLP Gaziantep Sağlık | Gaziantep | 60.00% | 60.00% | Hospital services |
| Sotte Sağlık Temizlik Yemek | İstanbul-Ankara | 100.00% | 100.00% | Hospital services |
| Kuzey | Ankara | 100.00% | 100.00% | Ancillary services |
| Artimed | Ankara | 100.00% | 100.00% | Ancillary services |
| 21. Yüzyıl Anadolu Vakfı (1) (2) | İstanbul | 100.00% | 100.00% | Ancillary services |
| BTN Sigorta (4) | İstanbul | 100.00% | 100.00% | Ancillary services |
| Kuzey Hastaneler Birliği ('KHB') | İstanbul | 99.90% | 99.90% | Ancillary services |
| BTN Asistans (4) | İstanbul | 100.00% | 100.00% | Ancillary services |

(*) The Group has completed the transfer of shares of Sentez Hastaneleri, one of its subsidiaries, to its current partner for TL 800 million, on 30 April 2022, upon fulfillment of the closing conditions specified in the share sale agreement and the legal completion of the sale transactions. As of the said share transfer date, the net assets transferred amounted to TL 473,180 and the profit of TL 125,950 as a result of the transfer transaction was classified as income from investment activities in the consolidated other comprehensive income statement as of 30 June 2022. (Note 21).

(**) As of April 30, 2022, the Group's shareholding in MS Sağlık has increased to 100%.

(1) Represents voting power held.

(2) In 2011, the Group with the help of its real person shareholders decided to establish a medical university. Based on current legislation, foundations have to be owned by real persons rather than companies and since MLP could not be the shareholder of an association, Muharrem Usta, one of the shareholders in the company, was assigned as the chairman of the board of the foundation. The purpose of the foundation is to establish a medical university in order to align one of the hospitals of the Group to that university. Although, MLP has no shareholder interest in the foundation, the financial statements of the foundation are consolidated to the financial statements in accordance with IFRS 10 as the Company achieved the control by having power and the ability to use its power on the future benefit and cost of the foundation. In addition, the Company has rights to the financial and operating policies

(3) The Company took liquidation decision on December 25, 2017.

(4) The Company has decided to cease all activities as of September 18, 2021 on September 15, 2021.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2022

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

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

2.1 Basis of Presentation (Continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts or circumstances indicate that there are changes to one or more of the three elements of control listed above.

In cases where the Company has no majority voting rights on the company/asset invested, it still has the control power over that company/asset if the Company alone has sufficient voting rights to manage the investment operations of that company/asset. The Company considers all events and requirements including the items listed below to evaluate if its voting power is sufficient to get control power in an investment:

- The comparison of the Company's voting right and other shareholders' voting rights,
- Potential voting rights of the Company and other shareholders,
- Rights emerging from other agreements upon contracts,
- Other events and requirements showing the potential power of the Company in managing operation decisions (including the voting held on prior period general assemblies).

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equities, income and expenses and cash flows resulting from of Group companies' transactions are eliminated on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permited by applicable IFRSs).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

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

2.1 Basis of Presentation (Continued)

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 Changes in Accounting Policies

Significant changes made in accounting policies are applied retrospectively and prior year financial statements are restated. In current period, the Group has no changes in its accounting policies other than the change disclosed in Note 2.1.

As of 31 December 2021, the Group reconsidered the measurement principle of the machinery and equipment in the tangible fixed assets group and started to apply the cost value method due to the uncertainties experienced in the fair value determination of the related fixed assets while applying the fair value method before. These uncertainties are mainly due to the limited secondary market data on the prices of the related assets, the fact that the foreign currency costs of the assets are instantly affected by the price changes in the current exchange rates, and the defined cash flows due to using the assets priced in foreign currency are in Turkish lira, which is the functional currency of the Group. can be listed as. The Group has evaluated the effects of the said accounting policy change and has not applied retrospective adjustments in the consolidated financial statements in line with the materiality principle of accounting.

2.3 Changes in the Accounting Estimates and Errors

If changes in accounting estimates are for only one period, changes are applied on the current year but if the changes in accounting estimates are for the following periods, changes are applied both on the current and the following years prospectively. In the current period, the Group has no changes in the accounting estimates and errors.

2.4 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2022

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

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

2.5 Changes in Accounting Policies

a) *Standards, amendments and interpretations applicable as at 30 September 2022:*

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective from annual periods beginning on or after 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective from annual periods beginning on or after 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 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 will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

These changes have no effect on the financial position and performance of the Group.

b) *Standards, amendments, and interpretations that are issued but not effective as of 30 September 2022:*

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

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

2.5 Changes in Accounting Policies (Continued)

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The company has not yet determined the effects that may occur in the financial statements as a result of the application except for the ones mentioned above and does not expect these differences to have a significant effect on the financial statements.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 3 - RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The details of short-term receivables and payables as of 30 September 2022 are as follows:

| Shareholders | September 30 2022 | | | |
|---|-------------------|---------------|---------------|--------------|
| | Receivables | | Payables | |
| | Current | Trade | Current | Trade |
| Muharrem Usta (*) | - | 80,894 | - | 50 |
| Adem Elbaşı | - | 2,354 | - | - |
| | - | 83,248 | - | 50 |
| Other companies controlled by the shareholders | | | | |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 6 | - | 4,370 | - |
| Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti. | 1 | - | 509 | - |
| A ve A Sağlık A.Ş. (2) | - | - | 33,122 | - |
| Miniso Mağazacılık A.Ş. | - | - | - | - |
| Sanport Gayrimenkul Geliştirme İnş. Ve Tic. Ltd. Şti. | - | - | - | - |
| Atk Sağlık Hizmetleri ve Danışmanlık A.Ş. | - | - | 488 | - |
| Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4) | - | - | 3,426 | - |
| Saray Eczanesi | - | - | 368 | - |
| Mp Sağlık ve Tic. A.Ş. | - | - | - | 939 |
| Mt Sağlık Ürünleri San. ve Tic. A.Ş. | - | - | 131 | - |
| Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3) | - | - | 8,037 | - |
| Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. | - | - | 7 | - |
| Tokat Emar Sağlık Hiz. Ltd. Şti. | - | - | 564 | - |
| Other | 38 | 154 | - | 16 |
| | 45 | 154 | 51,022 | 955 |
| | 45 | 83,402 | 51,022 | 1,005 |

- (*) Non-trade receivables from Muharrem Usta are short-term and are subject to adat interest over the Group's market value, domestic borrowing interest rate.
- (1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of construction of the Group hospitals.
- (2) A ve A Özel Sağ. Hiz. ve Cih. Tekn. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.
- (3) Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.
- (4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

| Shareholders | 31 December 2021 | | | |
|---|------------------|---------------|---------------|------------|
| | Receivables | | Payables | |
| | Current | Trade | Current | Trade |
| Muharrem Usta (*) | - | 52,797 | - | 50 |
| Adem Elbaşı | - | 1,854 | - | - |
| | - | 54,651 | - | 50 |
| Other companies controlled by the shareholders | | | | |
| Miniso Mağazacılık A.Ş. | 96 | - | - | - |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 64 | - | 21,301 | - |
| Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti. | 2 | - | 509 | - |
| A ve A Sağlık A.Ş. (2) | - | - | 3,328 | - |
| Konca Özel Sağlık Hizmetleri Ltd.Şti. | - | - | - | - |
| Supra A.Ş.-Sonotom Ltd Şti. | - | - | - | - |
| Ledmar Ltd Şti-Mlp A.Ş. İş OrtaklıĞı | - | - | - | - |
| Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4) | - | - | 2,195 | - |
| Saray Eczanesi | - | - | 593 | - |
| Mp Sağlık ve Tic. A.Ş. | - | - | 1,998 | 733 |
| Mt Sağlık Ürünleri San. ve Tic. A.Ş. | - | - | 183 | - |
| Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3) | - | - | 4,894 | - |
| Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş. | - | - | 7 | - |
| Tokat Emar Sağlık Hiz. Ltd. Şti. | - | - | 533 | - |
| Sanport Gayrimenkul Geliştirme İnş. Ve Tic. A.Ş | - | - | 54 | - |
| Other | 32 | 154 | - | 16 |
| | 194 | 154 | 35,595 | 749 |
| | 194 | 54,805 | 35,595 | 799 |

(*) Non-trade receivables from Muharrem Usta is short term due date and interest is charged from the current value of internal interest rate of Group.

(1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.

(2) A ve A Özel Sağ. Hiz. ve Cih. Tekn. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.

(3) Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.

(4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

Advance given to related parties, prepaid expenses

| | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 16,354 | 9,005 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. | 9,020 | - |
| Sanport Gayrimenkul Geliştirme İnş. Ve Tic.A.Ş | 279 | 279 |
| Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş. | 54 | 59 |
| Gazi Medikal Sağlık Tesisleri Ve Tic.A.Ş | 3 | 3 |
| | 25,710 | 9,346 |

Fixed asset advances given to related parties

| | September 30 2022 | December 31 2021 |
|---|--------------------------|-------------------------|
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1) | 370,041 | 181,359 |
| Mp Sağlık ve Tic. A.Ş. | - | 68,200 |
| | 370,041 | 249,559 |

(1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.

Related parties (sale and leaseback transactions)

| | September 30 2022 | December 31 2021 |
|---|--------------------------|-------------------------|
| Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses) | 488 | 2,024 |
| Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses) | 367 | 787 |
| | 2,220 | 2,811 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 3 – RELATED PARTY DISCLOSURES (Continued)

| Lease liabilities from related parties | September 30 2022 | | December 31 2021 | |
|---|--------------------------|--------------------|-------------------------|--------------------|
| | Current | Non-current | Current | Non-current |
| Sanport Gayrimenkul Geliştirme İnş. Ve Tic. A.Ş. | 29,490 | - | 59,724 | 59,089 |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. | 13,266 | 75,949 | 9,718 | 70,516 |
| Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş. | 10,577 | 24,845 | 8,764 | 33,021 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. | 6,872 | - | 3,407 | - |
| Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. | 3,926 | - | 2,354 | - |
| Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. | - | - | 3,654 | - |
| Mp Sağlık ve Tic. A.Ş. - | - | 2,966 | - | - |
| | 64,131 | 100,794 | 90,587 | 162,626 |

| Purchases from related parties | January 1 - | July 1 - | January 1 - | July 1 - |
|--|---------------------|---------------------|---------------------|---------------------|
| | Sep. 30 2022 | Sep. 30 2022 | Sep. 30 2021 | Sep. 30 2021 |
| A ve A Sağlık A.Ş. (1) | 38,286 | 13,306 | 9,536 | 3,195 |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)(3) | 25,245 | 6,385 | 139,706 | 7,294 |
| | 63,531 | 19,691 | 149,242 | 10,489 |

(1) Cleaning material purchases
 (2) Hospital rent expenses
 (3) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16.

| Operating expenses (including purchase of services) | January 1 - | July 1 - | January 1 - | July 1 - |
|---|----------------------|----------------------|----------------------|----------------------|
| | Sep. 30, 2022 | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2021 |
| Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş. (1) (7) | 79,659 | 20,100 | 85,514 | 29,178 |
| Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4) | 25,634 | 10,148 | 15,599 | 5,369 |
| Mp Sağlık ve Tic. A.Ş. (1) (7) | 21,536 | (2,280) | 5,651 | 1,831 |
| Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1) (7) | 13,902 | 4,500 | 10,205 | 3,294 |
| Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2) | 12,568 | 2,379 | 9,385 | 3,786 |
| Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4) | 8,416 | 3,444 | 5,147 | 1,806 |
| Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1) (7) | 7,904 | 3,072 | 6,396 | 2,285 |
| Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1) (7) | 4,208 | 1,050 | 2,644 | 909 |
| Saray Eczanesi (6) | 1,959 | 511 | 655 | 252 |
| Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5) | 1,636 | 626 | 1,238 | 422 |
| Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2) | 797 | 345 | 503 | 174 |
| Miniso Mağazacılık A.Ş. | 613 | - | - | - |
| Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3) | 176 | 32 | 174 | 53 |
| Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1) (7) | - | - | 6,391 | 2,130 |
| | 179,008 | 43,927 | 149,502 | 51,489 |

(1) Hospital rent expenses
 (2) Doctor expenses
 (3) Stationary and consumable expenses
 (4) Cleaning, catering and laundry services
 (5) Medical equipment rent expenses
 (6) Drug purchase expenses
 (7) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

| Sales to related parties | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Muharrem Usta | 11,242 | 4,200 | 7,378 | 2,750 |
| A ve A Sağlık A.Ş.(1) | 3,032 | 45 | 11,401 | 3,547 |
| Samsunpark Özel Sağlık Hiz. İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti. | 400 | 178 | 204 | 77 |
| Adem Elbaşı | 336 | 120 | 249 | 93 |
| Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti. | 143 | 58 | 88 | 35 |
| Miniso Mağazacılık A.Ş. | 136 | 34 | 127 | 42 |
| Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. | 109 | 36 | 63 | 21 |
| Fom Grup Mimarlık İnşaat ve Tic. A.Ş. | - | - | 173 | 73 |
| Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş. | - | - | 14 | 3 |
| Saray Eczanesi | - | - | 2 | - |
| Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.(AK) | 6 | - | - | - |
| | 15,404 | 4,671 | 19,699 | 6,641 |

(1) Outsourcing laboratory services

Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitals and head office management team. Compensation of key management personnel consist of salary, premium, health insurance and transportation.

The remuneration of directors and other members of key management during the year were as follows:

| | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Salaries and other short-term benefits | 28,134 | 10,596 | 7,450 | 1,536 |
| | 28,134 | 10,596 | 7,450 | 1,536 |

NOTE 4 - CASH AND CASH EQUIVALENTS

| | September 30 2022 | December 31 2021 |
|----------------------------|--------------------------|-------------------------|
| Cash on hand | 14,733 | 20,114 |
| Cash at banks | 970,536 | 646,208 |
| - <i>Demand deposits</i> | 143,156 | 134,341 |
| - <i>Time deposits</i> | 827,380 | 511,867 |
| Other cash equivalents (*) | 8,699 | 13,919 |
| | 993,968 | 680,241 |

(*) Other cash equivalents consist of credit card receivables from banks.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 5 - FINANCIAL INVESTMENTS

| | September 30 2022 | December 31 2021 |
|----------------------------|-------------------|------------------|
| Currency protected deposit | 214,179 | - |
| | 214,179 | - |

Currency Protected TL Time Deposit Account is a deposit product that offers foreign exchange protection in case the exchange rate in TL increases more than the interest rate at the end of maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss.

NOTE 6 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

| | September 30 2022 | December 31 2021 |
|--|-------------------|------------------|
| Short-term bank borrowings | 383,742 | 168,744 |
| Short-term bonds issued | 345,300 | 400,000 |
| Current portion of long term borrowings | 535,776 | 372,077 |
| - <i>Current portion of long-term bank loans</i> | 535,776 | 372,077 |
| Interest expense accruals | 78,466 | 65,386 |
| | 1,343,284 | 1,006,207 |
| Long-term bank loans | 323,724 | 549,594 |
| Long-term bonds issued | - | 70,000 |
| | 323,724 | 619,594 |
| Total borrowings | 1,667,008 | 1,625,801 |

The reconciliation of the liabilities arising from financing activities as of 1 January- 30 September 2022 and 1 January- 30 September 2021 are as follows:

| | January 1, 2021 | Financing cash flows | Foreign exchange effect (Note 22) | Disposal of subsidiary | Other (*) | Sep. 30, 2022 |
|---------------------------|--------------------|-------------------------|--|---------------------------|----------------|------------------|
| Bank loans | 1,625,801 | 41,207 | - | - | - | 1,667,008 |
| Finance lease obligations | 230,557 | (117,728) | 25,430 | - | - | 138,259 |
| Lease obligations | 892,791 | (281,408) | 17,227 | (55,987) | 281,900 | 854,523 |
| | 2,749,149 | (357,929) | 42,657 | (55,987) | 281,900 | 2,659,790 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 6 - FINANCIAL INSTRUMENTS (Continued)

| | January 1, 2021 | Financing cash flows | Foreign exchange effect (Note 22) | Disposal of subsidiary | Other (*) | Sep. 30, 2021 |
|---------------------------|--------------------|-------------------------|--|---------------------------|----------------|------------------|
| Bank loans | 1,700,431 | 27,713 | (4,975) | - | - | 1,723,169 |
| Finance lease obligations | 196,064 | (8,064) | 21,051 | - | - | 209,051 |
| Lease obligations | 595,102 | (235,433) | 6,831 | - | 344,519 | 711,019 |
| | 2,491,597 | (215,784) | 22,907 | - | 344,519 | 2,643,239 |

(*) Some of the lease obligations within the scope of TFRS 16 are due to the re-measurement of the reduced lease obligations and interest expenses due to the change in the lease payments realized within the period.

As of September 30, 2022 and December 31, 2021 the repayment schedule of the total borrowings as follows:

Sep 30, 2022

| Currency Type | Weighted Average | Current | Non-current | Total |
|---------------|-------------------------------------|------------------|----------------|------------------|
| | Effective Interest Rate | | | |
| TRY | 22% | 657,194 | 4,149 | 661,343 |
| TRY | TLRef+4-TRLibor+3.50-4.00-4.50-5.80 | 686,090 | 319,575 | 1,005,665 |
| | | 1,343,284 | 323,724 | 1,667,008 |

December 31, 2021

| Currency Type | Weighted average effective interest rate | Current | Non-current | Total |
|---------------|---|------------------|----------------|------------------|
| | effective interest rate | | | |
| TRY | 23.10% | 673,985 | 79,921 | 753,906 |
| TRY | TLRef+4-TRLibor+3.50%-4.00%-4.50%-5.80% | 332,222 | 539,673 | 871,895 |
| | | 1,006,207 | 619,594 | 1,625,801 |

As of Sep. 30, 2022, there are no blocked cash accounts related to the group's loans. (December 31, 2021: No blocked cash).

As at September 30, 2022 and December 31, 2021 the repayment schedule of the borrowings in TRY are as follows:

| | September 30 2022 | December 31 2021 |
|------------------------------|-------------------|------------------|
| Interest expense accruals | 78,466 | 65,386 |
| To be paid within 1 year (*) | 1,264,819 | 940,821 |
| To be paid between 1-2 years | 250,263 | 376,155 |
| To be paid between 2-3 years | 73,460 | 169,513 |
| To be paid between 3-4 years | - | 73,926 |
| | 1,667,008 | 1,625,801 |

(*) TRY 345,300 part consists of bond and sukuk payments which will be redeemed within 1 year.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 6 - FINANCIAL INSTRUMENTS (Continued)

Covenants:

The Company has a structured finance facility in place. A syndicate loan agreement was signed on December 31, 2015 with seven banks including Türkiye İş Bankası A.Ş., Türkiye Garanti Bankası A.Ş., Denizbank A.Ş., Denizbank AG, Odeabank A.Ş., ING European Financial Services PLC and ING Bank A.Ş. The withdrawal of the syndicate loan took place in February 2016. As a guarantee for the syndicate loan used, there is a pledge over all of shares of MLP, and shares in subsidiaries owned by MLP and all fixed assets under ownership of MLP and the MLP's bank accounts. In addition to this, the loan is secured via assignment of MLP's receivables arising from various agreements including medical tourism agreements and insurance policies.

The syndicate loan includes a number of financial covenants stated below:

The Debt Service Coverage Ratio (“DSCR”) cannot be below 1.1 during the term of the agreement (2016-2024). DSCR is tested every six months starting from December 31, 2016.

Net debt to EBITDA Ratio cannot be above, x3.5 for the year ended December 31, 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended December 31, 2018 and for the six months period ended June 30, 2020 ,x2.5 for the year ended December 31, 2020 and for the six months period ended June 30, 2021 and x2.5 for the remaining period of the syndicate loan.

Lease Obligations

The Group has the following finance lease obligations which arose mainly due to lease of medical machinery and equipment:

| Obligations under finance leases | Minimum lease payments | | Present value of minimum lease payments | |
|---|-----------------------------------|------------------------------|--|-----------------------------|
| | September 30, 2022 | December 31, 2021 | September 30, 2022 | December 31 2021 |
| Within one year | 105,783 | 131,457 | 84,937 | 128,112 |
| In the second to fifth years inclusive | 61,038 | 145,407 | 53,322 | 102,445 |
| | 166,821 | 276,864 | 138,259 | 230,557 |
| Less : Future finance charges | (28,562) | (46,307) | - | - |
| Present value of finance lease obligations | 138,259 | 230,557 | 138,259 | 230,557 |
| Less: Amounts due to settlement within twelve months (shown under current liabilities) | 84,937 | 128,112 | 84,937 | 128,112 |
| Present value of finance lease obligations | 53,322 | 102,445 | 53,322 | 102,445 |
| Liabilities arising from lease transactions | | | September 30 2022 | December 31 2021 |
| Within one year | | | 132,211 | 139,932 |
| More than one year | | | 722,312 | 752,859 |
| Present value of the lease liabilities | | | 854,523 | 892,791 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

| Current trade receivables | September 30 2022 | December 31 2021 |
|---|--------------------------|-------------------------|
| Trade receivables | 919,990 | 1,126,769 |
| Income accruals from continuing treatments | 413,325 | 282,399 |
| Other trade income accruals | 45,456 | 32,330 |
| Notes receivables | 43,536 | 1,667 |
| Trade receivables from related parties (Note 3) | 45 | 194 |
| Allowance for doubtful receivables (-) | (119,557) | (125,305) |
| | 1,302,795 | 1,318,054 |

Allowance for doubtful receivables for the trade receivables is determined depending on past experiences of irrecoverable amounts.

As of September 30, 2022, trade receivables of an initial value of TRY119,557 (December 31, 2021: TRY18,513) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

Movement of allowance for doubtful receivables

| | January 1 - September 30 2022 | January 1 - September 30 2021 |
|---|--|--|
| Balance at beginning of the period | 125,305 | 16,696 |
| Charge for the period | 1,662 | 2,406 |
| Collections | (435) | (589) |
| Disposal of subsidiary | (6,975) | - |
| Balance at closing of the period | 119,557 | 18,513 |

Trade Payables

| Short term trade payables | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Trade payables | 1,551,671 | 1,209,258 |
| Other expense accruals | 504,619 | 300,239 |
| Trade payables due to related parties (Note 5) | 51,022 | 35,595 |
| Other trade payables | 2,105 | 1,245 |
| | 2,109,417 | 1,546,337 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

| Other current receivables | September 30 2022 | December 31 2021 |
|---|--------------------------|-------------------------|
| Non-trading receivables due from related parties (Note 3) | 83,402 | 54,805 |
| Receivables from tax office | 25,120 | 28,330 |
| Deposits given | 7,893 | 22,678 |
| Other miscellaneous receivables | 14,489 | 11,944 |
| | 130,904 | 117,757 |
| Other non-current receivables | September 30 2022 | December 31 2021 |
| Deposits given | 2,497 | 3,876 |
| | 2,497 | 3,876 |

Other Payables

| Other current payables | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Other taxes and funds payable | 51,759 | 31,481 |
| Payables relating to business combinations (*) | 29,880 | 29,861 |
| Non-trading payables due to related parties (Note 3) | 1,005 | 799 |
| Other miscellaneous payables | 2,557 | 2,826 |
| | 85,201 | 64,967 |
| Other non-current payables | September 30 2022 | December 31 2021 |
| Payables relating to business combinations (*) | 83,191 | 93,102 |
| | 83,191 | 93,102 |

NOTE 9 - INVENTORIES

| Inventories | September 30 2022 | December 31 2021 |
|-------------------------------|--------------------------|-------------------------|
| Medical consumables inventory | 381,411 | 164,452 |
| Pharmaceutical inventory | 133,649 | 83,447 |
| Laboratory inventory | 23,753 | 36,586 |
| Other inventory | 208 | 791 |
| | 539,021 | 285,276 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

| Short term prepaid expenses | September 30 2022 | December 31 2021 |
|------------------------------------|--------------------------|-------------------------|
| Order advances | 310,251 | 229,112 |
| Prepaid insurance expenses | 47,964 | 23,119 |
| Prepaid sponsorship expenses | 1,909 | 1,164 |
| Prepaid rent expenses | 141 | 530 |
| Other | 19,422 | 9,483 |
| | 379,687 | 263,408 |
| Long term prepaid expenses | September 30 2022 | December 31 2021 |
| Fixed asset advances given | 566,884 | 318,514 |
| Prepaid rent expenses | 489 | 2,544 |
| Other | 2,541 | 3,125 |
| | 569,914 | 324,183 |

Deferred Income

| Short term accrued income | September 30 2022 | December 31 2021 |
|----------------------------------|--------------------------|-------------------------|
| Advances received | 336,282 | 230,309 |
| Deferred revenue | 11,004 | 13,421 |
| | 347,286 | 243,730 |
| Long term accrued income | September 30 2022 | December 31 2021 |
| Deferred revenue | 9,088 | 18,374 |
| | 9,088 | 18,374 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2022

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

NOTE 11 - PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS

| Cost | Buildings | Machinery and equipment | Vehicles | Furniture and fixture | Leased assets | Leasehold improvements | Construction in progress | Total |
|---|--------------|-------------------------|----------------|-----------------------|------------------|------------------------|--------------------------|--------------------|
| Opening balance as of January 1, 2022 | 817 | 881,016 | 1,551 | 444,028 | 436,934 | 723,446 | 80,237 | 2,568,029 |
| Additions | - | 220,984 | - | 88,058 | - | 68,988 | 1,868 | 379,898 |
| Assets acquired by business combinations | - | - | - | - | - | - | - | - |
| Disposals | - | (18,476) | - | (8,253) | (62) | - | - | (26,791) |
| Disposal of subsidiary | - | (88,139) | (486) | 65,668 | (83,889) | - | 1,098 | (237,084) |
| Transfers | - | (87,359) | 83 | 37,495 | 66,238 | (40,773) | 28,433 | 4,117 |
| Closing balance as of September 30, 2022 | 817 | 908,026 | 1,148 | 495,660 | 419,221 | 751,661 | 111,636 | 2,688,169 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as of January 1, 2022 | (111) | (599,327) | (1,586) | (274,258) | (346,256) | (331,758) | - | (1,553,296) |
| Charge for the period (*) | (12) | (91,430) | (88) | (25,807) | (19,963) | (38,888) | - | (176,100) |
| Disposals | - | 10,493 | - | 3,434 | 62 | 1,708 | - | 15,697 |
| Disposal of subsidiary | - | 65,317 | 404 | 47,210 | 11,140 | 40,841 | - | 164,912 |
| Transfers | - | (34) | 34 | - | - | - | - | - |
| Closing balance as of September 30, 2022 | (123) | (614,981) | (1,148) | (249,421) | (355,017) | (328,097) | - | (1,548,787) |
| Carrying value as of September 30, 2022 | 694 | 293,045 | - | 246,239 | 64,204 | 423,564 | 111,636 | 1,139,382 |

(*) Depreciation and amortization expense of TRY162,887 (January 1 - September 30, 2021: TRY128,258 has been charged in ‘cost of service’, TRY23,706 (January 1-September 30, 2021: TRY14,286) has been charged in ‘operating expenses’ for the period ended between January 1- September 30,2022.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 11 - PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

| Cost | Buildings | Machinery and equipment | Vehicles | Furniture and fixture | Leased assets | Leasehold improvements | Construction in progress | Total |
|---|--------------|-------------------------|----------------|-----------------------|------------------|------------------------|--------------------------|--------------------|
| Opening balance as of January 1, 2021 | 817 | 753,417 | 1,546 | 361,807 | 371,073 | 601,052 | 65,220 | 2,154,932 |
| Additions | - | 27,606 | 80 | 43,898 | 86,409 | 37,225 | 39,857 | 235,075 |
| Assets acquired by business combinations | - | - | - | - | - | - | - | - |
| Disposals | - | (1,752) | (75) | (736) | - | (2,228) | - | (4,791) |
| Transfers | - | 25,364 | - | 15,806 | (4,370) | - | (36,800) | - |
| Closing balance as of September 30, 2021 | 817 | 804,635 | 1,551 | 420,775 | 453,112 | 636,049 | 68,277 | 2,385,216 |
| Accumulated depreciation | | | | | | | | |
| Opening balance as of January 1, 2021 | (96) | (527,196) | (1,550) | (241,003) | (322,872) | (297,970) | - | (1,390,687) |
| Charge for the period (*) | (12) | (58,208) | (57) | (25,805) | (18,371) | (32,867) | - | (135,320) |
| Disposals | - | 40 | - | 41 | - | - | - | 81 |
| Transfers | - | - | - | - | - | - | - | - |
| Closing balance as of September 30, 2021 | (108) | (585,364) | (1,607) | (266,767) | (341,243) | (330,837) | - | (1,525,926) |
| Carrying value as of September 30, 2021 | 709 | 219,271 | (56) | 154,008 | 111,869 | 305,212 | 68,277 | 859,290 |

(*) Depreciation and amortization expense of TRY128,258 (January 1 - September 30, 2020: TRY124,697) has been charged in ‘cost of service’, TRY14,286 (January 1-September 30, 2021: TRY10,892) has been charged in ‘operating expenses’ for the period ended between January 1- September 30,2022.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 10 - PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

| Cost | Licenses | Rights | Other | Total |
|---|----------------|-----------------|----------------|-----------------|
| Opening balance as of January 1, 2022 | 596,072 | 117,180 | 3,245 | 716,497 |
| Disposal of subsidiary | (57,907) | (1,928) | | (59,835) |
| Additions | - | 82,745 | - | 82,745 |
| Disposals | - | (1,598) | (164) | (1,762) |
| Transfer | - | (4,116) | - | (4,116) |
| Closing balance as of September 30, 2022 | 538,165 | 192,283 | 3,081 | 733,529 |
| Accumulated amortization | | | | |
| Opening balance as of January 1, 2022 | - | (52,272) | (1,147) | (53,419) |
| Disposal of subsidiary | - | 3,443 | - | 3,443 |
| Charge for the period | - | (10,344) | (149) | (10,493) |
| Disposals | - | 1,467 | - | 1,467 |
| Closing balance as of September 30, 2022 | - | (57,706) | (1,296) | (59,002) |
| Carrying value as of September 30, 2022 | 538,165 | 134,577 | 1,785 | 674,527 |
| Cost | Licenses | Rights | Other | Total |
| Opening balance as of January 1, 2021 | 596,072 | 82,384 | 3,245 | 681,701 |
| Assets acquired by business combinations | - | - | - | - |
| Additions | - | 9,674 | - | 9,674 |
| Disposals | - | - | - | - |
| Closing balance as of September 30, 2021 | 596,072 | 92,058 | 3,245 | 691,375 |
| Accumulated amortization | | | | |
| Opening balance as of January 1, 2021 | - | (42,629) | (884) | (43,513) |
| Charge for the period | - | (7,019) | (205) | (7,224) |
| Disposals | - | - | - | - |
| Closing balance as of September 30, 2021 | - | (49,648) | (1,089) | (50,737) |
| Carrying value as of September 30, 2021 | 596,072 | 42,410 | 2,156 | 640,638 |

NOTE 12 - RIGHT OF USE ASSETS

| | Hospital Buildings | Total |
|---|--------------------|----------------|
| Opening balance as of January 1, 2022 | 539,308 | 539,308 |
| Additions | 198,260 | 198,260 |
| Charge for the year (*) | (133,244) | (133,244) |
| Disposal of subsidiary | (55,987) | (55,987) |
| Closing balance as of September 30, 2022 | 548,337 | 548,337 |

(*) For the period ended September 30, 2022, right of use assets depreciation expenses of TRY130,703 has been charged to 'cost of service' (1 January - 30 September 2021: TRY94,073), TRY2,541 to 'general administrative and marketing expenses (1 January - 30 September 2021: TRY1,359).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 12 - RIGHT OF USE ASSETS (Continued)

| | Hospital Buildings | Total |
|---|---------------------------|----------------|
| Opening balance as of January 1, 2021 | 257,440 | 257,440 |
| Additions | 220,976 | 220,976 |
| Charge for the year (*) | (95,432) | (95,432) |
| Closing balance as of September 30, 2021 | 382,984 | 382,984 |

NOTE 13 - PAYABLES FOR EMPLOYEE BENEFITS

| Payables for employment benefits: | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Fees payable to doctors and other personnel | 107,341 | 79,800 |
| Social security premiums payable | 28,309 | 20,617 |
| | 135,650 | 100,417 |
| Short term provision for employment benefits: | September 30 2022 | December 31 2021 |
| Unused vacation provision | 32,752 | 23,779 |
| | 32,752 | 23,779 |
| Long term provision for employment benefits: | September 30 2022 | December 31 2021 |
| Retirement pay provision | 33,319 | 24,830 |
| Unused vacation provision | 18,775 | 13,114 |
| | 52,094 | 37,944 |

NOTE 14 - OTHER ASSETS AND LIABILITIES

| Other current assets: | September 30 2022 | December 31 2021 |
|------------------------------------|--------------------------|-------------------------|
| VAT carried forward | 129,822 | 70,853 |
| Other miscellaneous current assets | 20,796 | 5,744 |
| | 150,618 | 76,597 |

NOTE 15 - PROVISIONS

| Other short-term provisions: | September 30 2022 | December 31 2021 |
|--------------------------------------|--------------------------|-------------------------|
| Litigation provisions | 27,082 | 25,515 |
| Social Security discounts provisions | 8,647 | 3,513 |
| | 35,729 | 29,028 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 16 - COMMITMENTS

| 30 September 2022 | Total | TRY | USD | EUR |
|--|----------------|----------------|------------|------------|
| A.CPM given on behalf of its own legal entity | 375,223 | 372,337 | 156 | - |
| - <i>Collateral</i> | 375,223 | 372,337 | 156 | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| B. CPM given on behalf of the subsidiaries included in full consolidation (*) | 65,800 | 65,800 | - | - |
| - <i>Collateral</i> | 65,800 | 65,800 | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| C. CPM given for execution of ordinary commercial activities to collect third parties debt | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| D. Total amount of other CPM given | | | | |
| i. Total Amount of CPM on behalf of the main partner | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| iii. Total amount of CPM on behalf of third parties that do not cover C | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| Total | 441,023 | 438,137 | 156 | - |

(*) The Group has given guarantees amounting to TRY90,080 related to the loans in Note 6 for the companies under full consolidation.

Guarantees given generally include letters of guarantee received from banks to be given to institutions and suppliers in order to participate in government tenders.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 16 - COMMITMENTS (Continued)

| 31 December 2021 | Total | TRY | USD | EUR |
|--|----------------|----------------|------------|------------|
| A.CPM given on behalf of its own legal entity | 137,079 | 135,055 | 156 | - |
| - <i>Collateral</i> | 137,079 | 135,055 | 156 | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| B. CPM given on behalf of the subsidiaries included in full consolidation (*) | 43,988 | 43,988 | - | - |
| - <i>Collateral</i> | 43,988 | 43,988 | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| C. CPM given for execution of ordinary commercial activities to collect third parties debt | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| D. Total amount of other CPM given | | | | |
| i. Total Amount of CPM on behalf of the main partner | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| iii. Total amount of CPM on behalf of third parties that do not cover C | - | - | - | - |
| - <i>Collateral</i> | - | - | - | - |
| - <i>Pledge</i> | - | - | - | - |
| - <i>Mortgage</i> | - | - | - | - |
| Total | 181,067 | 179,043 | 156 | - |

(*) The Group has given guarantees amounting to TRY64,991 related to the loans in Note 6 for the companies under full consolidation.

Guarantees given generally include letters of guarantee received from banks to be given to institutions and suppliers in order to participate in government tenders.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 17 - SHARE CAPITAL/OTHER RESERVES

| Shareholders | (%) | Sep. 30 2022 | (%) | December 31 2021 |
|---|---------------|-------------------------|---------------|-----------------------------|
| Lightyear Healthcare B.V. (*) | 34.67 | 72,131 | 30.69 | 63,844 |
| Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. | 15.35 | 31,943 | 15.35 | 31,943 |
| Muharrem Usta | 8.98 | 18,678 | 8.98 | 18,678 |
| Adem Elbaşı | 2.99 | 6,226 | 2.99 | 6,226 |
| İzzet Usta | 1.20 | 2,490 | 1.20 | 2,490 |
| Saliha Usta | 0.90 | 1,868 | 0.90 | 1,868 |
| Nurgül Dürüstkan Elbaşı | 0.90 | 1,868 | 0.90 | 1,868 |
| Hujori Financieringen B.V. | - | - | 3.98 | 8,287 |
| Publicly Traded (*) | 35.01 | 72,833 | 35.01 | 72,833 |
| Nominal capital | 100.00 | 208,037 | 100.00 | 208,037 |

(*) Turk Ventures Adv. Ltd. provides consultancy services to Dutch shareholders TPEF (Hujori Financieringen BV (“Hujori”) and Lightyear Healthcare BV (“Lightyear”)) in their Istanbul liaison office. Consulted Hujori and Lightyear have merged under Lightyear. With this merger, 8,287 thousand shares, corresponding to 3.98% of the non-public portion of Hujori, and 418 thousand shares, corresponding to 0.57% of the publicly traded portion, were transferred to Lightyear.

(**) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V., 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat, 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta, 418 thousand shares representing 0.57% of the publicly traded portion of the capital were purchased by Hujori Financieringen B.V., 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı and lastly other shareholders purchased 314 shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak İnşaat from the publicly traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold.

As of September 30, 2022 the total number of ordinary shares is 208,037 thousand shares (2021: 208,037 thousand shares) with a par value of TRY1 per share (2021: TRY1 per share).

The share capital is divided into 208,037 thousand shares (December 31, 2021: 208,037 thousand shares), with 88,229 thousand A type shares and 119,808 thousand B type shares.

In accordance with the Capital Markets Board's (the “CMB”) Resolution No: 21/655 issued on July 23, 2010, it is regarded that 33.36% of the shares are in circulation in accordance with CSD as of September 30, 2022 (Note 1). Shares in circulation rate is 33.36% as of October 1, 2022.

Share premiums:

| | September 30 2022 | December 31 2021 |
|---------------|--------------------------|-------------------------|
| Share premium | 556,162 | 556,162 |
| | 556,162 | 556,162 |

On February 7, 2018, the Group launched initial public offering (“IPO”) of 72,834 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TRY600,000 was generated to the Group. After the IPO related expenses amounting to TRY12,259 were deducted from proceeds, out of TRY587,741, share capital increase was made with the amount of TRY31,579 and the remaining amount was used in the share premium increase by TRY556,162.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 17 - SHARE CAPITAL/OTHER RESERVES (Continued)

| Reserves: | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Legal reserves | 302 | 302 |
| Restricted reserves appropriated from profit | 9,958 | 9,958 |
| Reserves for repurchased shares | 150,722 | - |
| | 160,982 | 10,260 |

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

NOTE 18 - REVENUE AND COST OF SERVICES

| Revenue | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|-----------------------|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Hospital services (*) | 6,892,620 | 2,475,777 | 4,039,795 | 1,497,521 |
| | 6,892,620 | 2,475,777 | 4,039,795 | 1,497,521 |

(*) Hospital services includes foreign medical revenue and other income.

| Cost of services | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Doctor expenses | (1,449,483) | (527,026) | (884,847) | (318,870) |
| Material consumption | (1,203,998) | (371,969) | (746,715) | (257,703) |
| Personnel expenses | (915,143) | (345,740) | (536,551) | (197,631) |
| Services rendered by third parties | (456,516) | (157,874) | (313,095) | (104,394) |
| Depreciation and amortization expenses (Note 11) | (293,590) | (97,596) | (222,331) | (78,140) |
| Rent expenses (Hospitals) | (69,338) | (22,084) | (28,920) | (11,525) |
| Other (*) | (550,347) | (227,127) | (236,709) | (93,999) |
| | (4,938,415) | (1,749,416) | (2,969,168) | (1,062,262) |

(*) Other expenses mainly comprise expenses incurred for electricity, water and natural gas.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 19 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

| General administrative and marketing expenses | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2021 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Sponsorship and advertising expenses (*) | (296,615) | (116,961) | (107,405) | (49,040) |
| Personnel expenses | (223,575) | (84,198) | (122,022) | (46,038) |
| Outsourcing expenses | (33,995) | (9,153) | (11,067) | (3,820) |
| Depreciation and amortization expenses (Note 10,11) | (23,516) | (8,940) | (15,645) | (5,595) |
| Communication expenses | (10,853) | (3,148) | (5,343) | (1,900) |
| Rent expenses | (9,447) | (3,509) | (6,295) | (2,115) |
| Maintenance and repair expenses | (4,747) | (1,279) | (2,224) | (872) |
| Taxes and duties | (2,726) | (840) | (2,052) | (624) |
| Utility expenses | (2,223) | (676) | (893) | (376) |
| Representation and entertainment expenses | (2,178) | (206) | (3,731) | (1,636) |
| Bad debt allowance | (1,662) | (177) | (2,406) | (639) |
| Other | (30,283) | (14,071) | (35,281) | (8,122) |
| | (641,820) | (243,158) | (314,364) | (120,777) |

(*) Sponsorship and advertising expenses includes marketing expenses related to the income of domestic and foreign medical tourism.

NOTE 20 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

| Other income from operating activities | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|---|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Foreign exchange gains from operations | 300,958 | 118,316 | 229,027 | 29,132 |
| Bank commission income | 7,552 | 2,344 | 3,550 | 2,304 |
| Collection of doubtful receivables (Note 7) | 435 | 282 | 589 | 280 |
| Trade payables discount | (146) | (6,806) | 7,148 | 2,467 |
| Other income | 20,945 | 9,614 | 12,293 | 3,953 |
| | 329,744 | 123,750 | 252,608 | 38,136 |
| Other expenses from operating activities | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
| Foreign exchange losses from operations | (196,424) | (52,668) | (189,777) | (32,759) |
| SSI return expenses | (27,466) | (5,206) | (10,316) | (4,560) |
| Non-operational hospital expenses | (12,989) | (7,396) | (7,096) | (4,164) |
| Biomedical equipment damages | (9,859) | (2,255) | (7,923) | (2,289) |
| Trade receivables discount | (3,913) | 138 | (291) | 137 |
| Depreciation and amortization expense | (2,731) | - | - | - |
| Other expenses | (99,327) | (33,894) | (33,968) | (14,053) |
| | (352,709) | (101,281) | (249,371) | (57,688) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 21 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

| | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Income from investing activities | | | | |
| Gain on bargain purchase | 106,793 | (19,157) | - | - |
| Gain on sale of fixed assets | 22,190 | 4,157 | 2,779 | 216 |
| | 128,983 | (15,000) | 2,779 | 216 |
| Expense from investing activities | | | | |
| Loss on sale of fixed assets | (13,024) | (4,357) | (89) | (47) |
| | (13,024) | (4,357) | (89) | (47) |

NOTE 22 – FINANCE EXPENSES

| | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Finance expenses | | | | |
| Interest expenses from lease liabilities | (142,999) | (46,944) | (123,543) | (41,072) |
| Interest expenses from bonds issued | (90,157) | (42,226) | (81,516) | (31,120) |
| Interest expenses from bank borrowings | (80,800) | (15,042) | (163,414) | (71,151) |
| Bank commissions | (40,393) | (16,287) | (21,727) | (8,222) |
| Interest expenses from financial lease obligations | (13,490) | (3,784) | (11,729) | (5,250) |
| Other interest expenses | (41,705) | (9,208) | (26,904) | (9,011) |
| Total interest expenses | (409,544) | (133,491) | (428,833) | (165,826) |
| Net foreign exchange loss | (25,430) | (3,056) | (16,076) | 1,620 |
| Net foreign exchange loss from lease liabilities (Note 5) | (17,227) | (2,090) | (6,831) | 3,740 |
| | (452,201) | (138,637) | (451,740) | (160,466) |
| Finance income | | | | |
| Interest income | 86,194 | 34,049 | 24,710 | 12,327 |
| | 86,194 | 34,049 | 24,710 | 12,327 |
| Net, finance expense | (366,007) | (104,588) | (427,030) | (148,139) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 23 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

| Short term payables due to current tax | September 30 2022 | December 31 2021 | | |
|---|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| Current period tax liabilities | 75,677 | 35,663 | | |
| | 75,677 | 35,663 | | |
| Current tax liabilities | September 30 2022 | December 31 2021 | | |
| Current corporate tax provision | 86,249 | 82,329 | | |
| Less: Prepaid taxes and funds | (10,572) | (46,666) | | |
| | 75,677 | 35,663 | | |
| Tax (expense)/income | January 1 - Sep. 30 2022 | July 1 - Sep. 30 2022 | January 1 - Sep. 30 2021 | July 1 - Sep. 30 2021 |
| Current tax income/(expense) | (101,249) | (34,735) | (65,205) | (37,056) |
| Deferred tax income/(expense) | 141,306 | 128,145 | (54,661) | (69,038) |
| Loss per share | 40,057 | 93,410 | (119,866) | (106,094) |

Corporate Tax

The Group is subject to Turkish corporate tax. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation doesn't allow parent company to file tax declaration for its consolidated financial statements including subsidiaries. Therefore tax liabilities which is shown in financial statements, calculated separately for each firm which are in the scope of consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The advance corporate income tax rate is 23% in 2022 (2021: 25%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2022 is 23% (2021: 25%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses incurred cannot be deducted from the prior years' profit retrospectively.

With the change in the Corporate Tax Law, which was published in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate applied in Turkey is 25% for 2021 corporate earnings, 23% for 2022, and 20% for 2023 and the following years. There is no definitive and definitive agreement procedure for tax assessment in Turkey. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year. These declarations and the accounting records based on them can be reviewed and changed by the Tax Office within 5 years.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

**NOTE 23 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)**

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements for 2021.

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS. These differences are generally due to the fact that some income and expense items take place in different periods in tax base financial statements and financial statements prepared in accordance with TAS, and these differences are stated below. In the financial statements dated 30 September 2022, deferred tax is calculated with 20% tax rate for assets and liabilities (31 December 2021: 23% for the portion of temporary differences that will have tax effect in 2022, 20% for the portion that will generate tax in 2023 and beyond). Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Turkey cannot declare consolidated tax returns.

The Group has revalued its immovables and their depreciation as of 31 December 2021 within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. It continues to be accounted for using the cost method in TFRS financial statements. The deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TFRS financial statements, has been calculated over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application is 59,971 thousand TL, to the extent that the recovery of the said tax advantage is possible. The effect of deferred tax assets is recognized in the income statement at once.

Investment Incentive Certificate

The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 40% - 80% for an unlimited time, which amounts to a total deferred tax asset of TRY318,556 (December 31, 2021: TRY160,332). Respective deferred tax asset was calculated to be 15% - 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TRY3,546 will be netted off against personnel expenses over the period of 2021-2026.

As of September 30, 2022 the Group has tax loss amounting to TRY54,913 (December 31, 2021: TRY95,280). TRY12,630 (December 31, 2021: 23,820) deferred tax assets have been recorded concerning this loss.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

**NOTE 23 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)**

| Deferred tax assets/(liabilities): | September 30 2022 | December 31 2021 |
|--|--------------------------|-------------------------|
| Tax losses carried forward | 12,630 | 23,820 |
| Depreciation differences of tangible and intangible assets | (53,907) | (120,465) |
| Provision for employment termination benefits | 6,664 | 4,966 |
| Vacation pay liability | 10,305 | 7,379 |
| Temporary difference between the tax base and carrying amount of financial liabilities | (3,529) | (3,544) |
| Prepaid building expenses | (75) | (707) |
| Tax advantage from investment incentive | 318,556 | 200,394 |
| Right of use asset | 61,237 | 70,697 |
| Other | 67,759 | 102,922 |
| | 419,640 | 285,462 |
| Deferred tax asset | 491,267 | 421,896 |
| Deferred tax liability | (71,627) | (136,434) |
| | 419,640 | 285,462 |

Tax losses carried forward and their expiry dates are as follows:

| Expiration schedule of carryforward tax losses | September 30, 2022 | |
|---|--|--|
| | Losses carried forward for which deferred tax assets recognized | Losses carried forward for which deferred tax assets not recognized |
| Expiring in 2022 | - | - |
| Expiring in 2023 | 7,866 | - |
| Expiring in 2024 | 5,925 | - |
| Expiring in 2025 | 23,997 | - |
| Expiring in 2026 | 9,320 | - |
| Expiring in 2027 | 7,805 | - |
| | 54,913 | - |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 23 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)

| Expiration schedule of carryforward tax losses | December 31, 2021 | |
|---|--|--|
| | Losses carried forward for which deferred tax assets recognized | Losses carried forward for which deferred tax assets not recognized |
| Expiring in 2022 | 29,817 | - |
| Expiring in 2023 | 12,640 | - |
| Expiring in 2024 | 15,924 | - |
| Expiring in 2025 | 27,697 | - |
| Expiring in 2026 | 9,202 | - |
| | 95,280 | - |

Movement of deferred tax (assets)/liabilities for the period ended September 30, 2022 and September 30, 2021 are as follows:

| Movement of deferred tax liabilities: | January 1 - September 30 2022 | January 1 - September 30 2021 |
|--|--------------------------------------|--------------------------------------|
| Opening balance as at January 1 | (285,462) | (217,879) |
| Charged to profit or loss | (141,306) | 54,661 |
| Disposal of subsidiary | 9,599 | - |
| Charged to equity | (2,471) | (684) |
| Closing balance as at year end | (419,640) | (163,902) |

The reconciliation of the current tax expense and net income for the period is as follows:

| Reconciliation of tax provision: | January 1 - September 30 2022 | January 1 - September 30 2021 |
|--|--------------------------------------|--------------------------------------|
| Loss before tax | 1,039,372 | 335,160 |
| Tax at the domestic income tax rate of 23% (2021: 22%) | (239,056) | (83,790) |
| Tax effects of: | | |
| - expenses that are not deductible in | (47,233) | (29,571) |
| - effect of tax advantage from investment incentive | 118,162 | (25,178) |
| - tax losses carried forward not subject to deferred tax | - | - |
| - change in income tax rate from 25% to 23% | (565) | (4,463) |
| - reduced corporate tax effect | 147,220 | 23,416 |
| - other | 61,529 | (280) |
| Income tax income recognised in profit or loss | 40,057 | (119,866) |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 24 - EARNINGS PER SHARE

The weighted average number of shares and earnings per share is as follows:

| Earnings/(loss) per share | January 1 - Sep. 30, 2022 | July 1 - Sep. 30, 2022 | January 1 - Sep. 30, 2021 | July 1 - Sep. 30, 2021 |
|--|--------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| Weighted average number of shares | 208,037 | 208,037 | 208,037 | 208,037 |
| Net loss for the period for the equity holders of the parent | 1,038,523 | 461,708 | 164,995 | 17,690 |
| Earnings/(Loss) per share for equity holder of the parent | 4.99 | 2.22 | 0.79 | 0.09 |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Factors

Foreign currency risk management

Foreign currency risk

Transactions in foreign currencies expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

September 30 2022

| | TRY Equivalent (Functional currency) | USD | EUR | GBP |
|--|---|----------------|-----------------|--------------|
| 1. Trade receivables | 92,294 | 4,219 | 796 | (2) |
| 2a. Monetary financial assets | 800,821 | 39,894 | 3,221 | 245 |
| 2b. Non monetary financial assets | 34,928 | 36 | 1,906 | 5 |
| 3. Other | 8,863 | - | 495 | - |
| 4. Current Assets | 936,906 | 44,149 | 6,418 | 248 |
| 6b. Non monetary financial assets | 57,954 | 3,132 | - | - |
| 7. Other | 18 | - | 1 | - |
| 8. Non-current assets | 57,972 | 3,132 | 1 | - |
| 9. Total assets | 994,878 | 47,281 | 6,419 | 248 |
| 10. Trade payables | (12,052) | (554) | (96) | 4 |
| 11a. Financial liabilities (loans) | - | - | - | - |
| 11b. Financial liabilities (leasing) | (55,989) | (550) | (2,556) | - |
| 11c. Lease Liabilities | (13,263) | - | (740) | - |
| 12a. Other monetary liabilities | (139,926) | (4,375) | (3,153) | (123) |
| 13. Current liabilities | (221,230) | (5,479) | (6,545) | (127) |
| 15a. Financial liabilities (loans) | - | - | - | - |
| 15b. Financial liabilities (leasing) | (9,912) | - | (553) | - |
| 15c. Lease Liabilities | (75,941) | - | (4,237) | - |
| 17. Non-current liabilities | (85,853) | - | (4,790) | - |
| 18. Total liabilities | (307,083) | (5,479) | (11,335) | (127) |
| 19. Net assets / liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - |
| 19a. Off balance sheet foreign currency derivative assets | - | - | - | - |
| 19b. Off balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset liability position (9+18+19) | 687,795 | 41,802 | (4,916) | 121 |
| 21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a) | 586,032 | 38,634 | (7,318) | 116 |

As a result of the evaluation of the provision of the temporary article 14 of the Law on Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29.01.2022 and numbered 31734; On August 15, 2022 and September 30, 2022, foreign currency protected deposit transactions amounting to TL 121,425 and 92,754 (6,600 EUR and 5,000 USD) were made. Since the related EUR balance is converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

December 31 2021

| | TRY Equivalent (Functional currency) | USD | EUR | GBP |
|--|---|----------------|-----------------|------------|
| 1. Trade receivables | 44,218 | 2,454 | 845 | (2) |
| 2a. Monetary financial assets | 325,178 | 10,577 | 12,794 | 4 |
| 2b. Non monetary financial assets | 25,892 | 28 | 1,734 | 4 |
| 3. Other | 7,134 | - | 486 | - |
| 4. Current Assets | 402,422 | 13,059 | 15,859 | 6 |
| 6b. Non monetary financial assets | 40,646 | 3,132 | - | - |
| 7. Other | 31 | - | 2 | - |
| 8. Non-current assets | 40,677 | 3,132 | 2 | - |
| 9. Total assets | 443,099 | 16,191 | 15,861 | 6 |
| 10. Trade payables | (15,333) | (867) | (278) | - |
| 11a. Financial liabilities (loans) | - | - | - | - |
| 11b. Financial liabilities (leasing) | (99,753) | (731) | (6,148) | - |
| 11c. Lease Liabilities | (9,720) | - | (662) | - |
| 12a. Other monetary liabilities | (156,011) | (5,448) | (5,808) | (2) |
| 13. Current liabilities | (280,817) | (7,046) | (12,896) | (2) |
| 15a. Financial liabilities (loans) | - | - | - | - |
| 15b. Financial liabilities (leasing) | (37,963) | (279) | (2,339) | - |
| 15c. Lease Liabilities | (70,519) | - | (4,803) | - |
| 17. Non-current liabilities | (108,482) | (279) | (7,142) | - |
| 18. Total liabilities | (389,299) | (7,325) | (20,038) | (2) |
| 19. Net assets / liability position of off-balance sheet derivatives (19a-19b) | - | - | - | - |
| 19a. Off balance sheet foreign currency derivative assets | - | - | - | - |
| 19b. Off balance sheet foreign currency derivative liabilities | - | - | - | - |
| 20. Net foreign currency asset liability position (9+18+19) | 53,800 | 8,866 | (4,177) | 4 |
| 21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a) | (19,903) | 5,706 | (6,399) | - |

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2022**

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

NOTE 25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR.

The following table details the Group's sensitivity to a 20% increase and decrease against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/loss or equity where the TRY strengthens 20% against the relevant currency. For a 20% weakening of the TRY against the relevant currency, there would be a comparable impact on the profit before tax or equity, and the balances would be negative.

| September 30 2022 | Profit/Loss | |
|---|--|--|
| | Valuation of foreign currency | Devaluation o foreign currency |
| In the case of US dollar gaining 20% value against TRY | | |
| 1 - USD net asset/liability | 154,699 | (154,699) |
| 2- Portion hedged against USD risk (-) | - | - |
| 3- USD net effect (1+2) | 154,699 | (154,699) |
| In the case of EUR gaining 20% value against TRY | | |
| 4 - EUR net asset/liability | (17,624) | (17,624) |
| 5 - Portion hedged against EUR risk (-) | - | - |
| 6- EUR net effect (4+5) | (17,624) | (17,624) |
| TOTAL (3+6) | 137,075 | (137,075) |
| December 31, 2021 | Profit/(Loss) | |
| In the case of US dollar gaining 20% value against TRY | Valuation of foreign currency | Devaluation of foreign currency |
| 1 - USD net asset/liability | 23,009 | (23,009) |
| 2- Portion hedged against USD risk (-) | - | - |
| 3- USD net effect (1 +2) | 23,009 | (23,009) |
| In the case of EUR gaining 20% value against TRY | | |
| 4 - EUR net asset/liability | (12,265) | 12,265 |
| 5 - Portion hedged against EUR risk (-) | - | - |
| 6- EUR net effect (4+5) | (12,265) | 12,265 |
| Total (3+6) | 10,744 | (10,744) |

NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

There is no subsequent event after the reporting period.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

OTHER SUPPLEMENTARY INFORMATION AS OF 30 SEPTEMBER 2022

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

APPENDIX I OTHER SUPPLEMENTARY INFORMATION

EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTISATION ("EBITDA")

Interest, Tax, Depreciation and Amortization ("EBITDA") is calculated by the Group Management with the addition of the period's depreciation and amortization, financial income and expenses, other adjustments and tax deductions to net loss before tax.

The EBITDA calculation movements for the period ended September 30, 2022 and September 30, 2021 are as follow:

| EBITDA CALCULATION | September 30 2022 | September 30 2021 |
|--|--------------------------|--------------------------|
| i, Net profit / (loss) before tax | 1,039,372 | 335,160 |
| ii, Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill | 319,837 | 237,976 |
| iii, Total net finance expenses, net of interest income | 323,350 | 404,122 |
| iv, Fx gains/losses, net under finance expenses | 42,657 | 22,907 |
| v, Fair value differences of derivative instruments | - | - |
| vi, Extraordinary (income)/expenses | 58,667 | 52,042 |
| vii, Rediscount income/expense (net imputed interest) | 4,059 | (6,857) |
| viii, Gain on bargain purchase price | (106,793) | - |
| viii, Legal case provision expenditures which are reflected to financial statements by the general accounting principles; | 3,703 | 11,102 |
| xi, Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles; | 14,634 | 6,766 |
| x, Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; | 12,009 | 5,259 |
| xi, Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; | 1,227 | 1,817 |
| xii, Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3); | 591 | 590 |
| xiii, (Income)/expenses from investment operations; | (9,166) | (2,690) |
| EBITDA | 1,704,147 | 1,068,194 |
| TFRS 16 Lease payment effect | (284,780) | (235,433) |
| Adjusted EBITDA | 1,419,367 | 832,761 |

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