

MLPCARE



MLP SAĞLIK HİZMETLERİ A.Ş.

**Interim Report of the Board of Directors for the Nine Months Ended
as of September 30, 2022**

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1. Overview:

Founded in 1993, MLP Care (“MLP Care”, “the Group” or “the Company”) continue operations with the Liv Hospital and Medical Park brands as well as VM Medical Park concept. MLP Care is the most widespread Turkish private healthcare group, with 26 Hospitals and around 5,050 beds, located in 12 cities across Turkey and Baku, Azerbaijan.

2. Corporate Structure:**2.1 Shareholder Structure:**

Shareholder Name	Ownership Interest (%)	Ownership Interest (thousand TL)
Lightyear Healthcare B.V. (*)	34.67%	72,131
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35%	31,943
Usta Group - Elbaşı Group	14.97%	31,130
Publicly Traded (**)	35.01%	72,833
Total	100.00%	208,037

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

(**) The shareholders of the Group 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, 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, 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.

2.2 Major Participations (as of September 30, 2022):

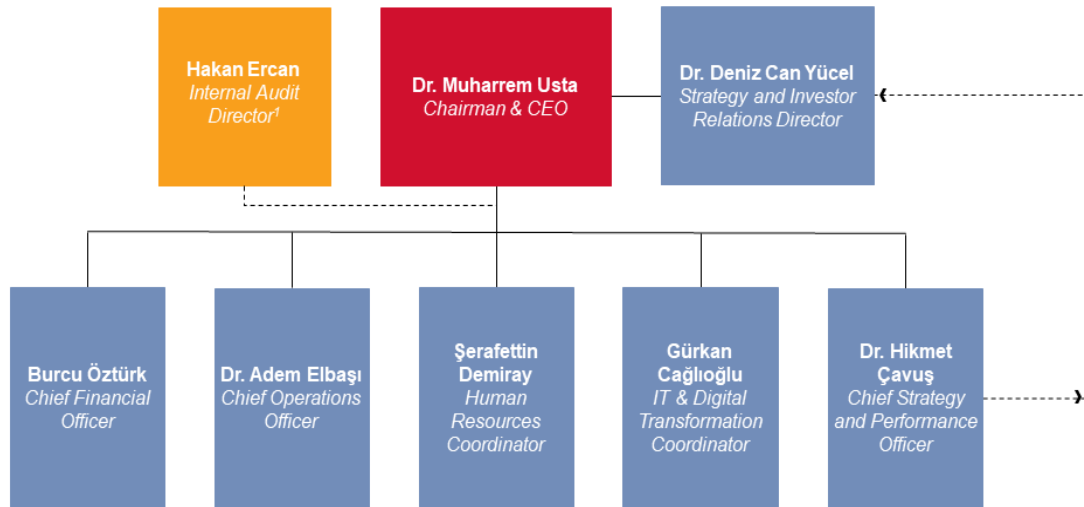
Trade Name	Proportion of ownership and voting power held (%)
MS Sağlık Hizmetleri Ticaret A.Ş. (“MS Sağlık”) *	100.00%
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. (“Tokat Hastanesi”)	58.84%
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. (“Samsun Hastanesi”)	80.00%
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. (“Samsun Tıp Merkezi”)	100.00%
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”)	75.00%
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Grup”)	51.00%

BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	100.00%
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	100.00%
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	60.00%
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	100.00%
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	100.00%
Artimed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artimed")	100.00%
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	100.00%
BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta")	100.00%
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")	99.90%
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	100.00%
Sentez Sağlık Hizmetleri A.Ş. ("Sentez Hastaneleri") (**)	-

(*) Group's share on MS Sağlık has increased to 100% as of 30 April 2022.

(**) Group has sold its shares on Sentez Hastaneleri as of 30 April 2022.

2.3 Organizational Chart:



¹ Independent directorate reporting to the Board

3. Developments During the Period:

– Optimization in the Hospital Portfolio (July 1, 2022 Dated Announcement)

MLP Care has decided to terminate the operations of Medical Park Tarsus Hospital in order to increase its portfolio efficiency in line with its strategy of growing with large-scale hospitals in metropolitan areas. In Q1 2022, the share of the hospital, for which the exit decision was made, in consolidated hospital revenue was 1.1% and 0.1% in consolidated EBITDA.

– Optimization in the Hospital Portfolio (September 5, 2022 Dated Announcement)

MLP Care has decided to transfer Medical Park Elazığ Hospital in order to increase its portfolio efficiency in line with its strategy of growing with large-scale hospitals in metropolitan areas. In H1 2022, the share of the hospital, for which the transfer decision was made, in consolidated hospital revenue was 2.2% and 0.1% in consolidated EBITDA.

– Announcement Regarding the Directors and Officers Liability Insurance (September 23, 2022 Dated Announcement)

MLP Care is covered by Directors and Officers Liability Insurance in accordance with article 4.2.8 of Corporate Governance Principles published by the Capital Markets Board of Turkey stating that “Any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital”. The insurance limit is USD 10,000,000 and covers the period between September 23, 2022 and September 23, 2023.

– Institutional Investor 2022

MLP Care, the leading hospital group of Turkey with Medical Park and Liv Hospital brands has been awarded by Institutional Investor for its successful investor relations practices.

MLP Care awarded as the “Best Investor Relations Program” amongst Emerging EMEA Healthcare & Pharmaceuticals category. MLP Care executives, the Chairman and CEO Dr. Muharrem Usta, CFO Burcu Öztürk, Strategy and Investor Relations Director Dr. Deniz Can Yücel, and Strategy and Investor Relations Associate Director Turgut Yılmaz were awarded as the “Best CEO”, “Best CFO”, “Best IR Professional”, and “Second Best IR Professional” respectively.

– Announcement Regarding the Domestic Debt Securities Issuance

Our Company's Board of Directors took the following decisions at its meeting dated July 28, 2022, in accordance with the Capital Markets Board's Communiqué on Debt Securities numbered II-31.1 and Article 31 of the Capital Market Law:

- 1) Our Company will be authorized to apply to the Capital Markets Board regarding the issuance of debt securities to with a nominal amount up to 750,000,000 TL (Seven Hundred and Fifty Million Turkish Liras), maturity up to 5 (five) years, denominated in Turkish Lira, to be sold one or more at a time, without public offering to qualified investors in the domestic market within one year, in line with the validity period of the issuance of the certificate expected to be approved by the Capital Markets Board.
- 2) Brokerage service will be obtained from Ak Yatırım Menkul Değerler A.Ş. regarding debt securities issuance.
- 3) In this context, the General Directorate of the Company will be authorized to carry out the issuance of debt securities to be issued and to fulfill all other necessary transactions.
- 4) During the issuance procedures Muharrem Usta and Sullivan B.V. (represented by Seymur Tari) or Elinor B.V. (represented by Hatice Hale Ozsoy Bıyıklı) will be jointly authorized to represent the Company in order to prepare and sign applications, correspondence, contracts and similar documents and information to be made to all kinds of official institutions and organizations, including but not limited to the Capital Markets Board, Borsa Istanbul, Central Registry Agency, Takasbank and the Public Disclosure Platform.

Based on the relevant decision of the Board of Directors; our Company applied to the Capital Markets Board on August 19, 2022. Our Company's application is approved by the Capital Markets Board ("CMB") on September 30, 2022.

4. Corporate Governance Compliance Report:

4.1 Corporate Governance Principles Compliance Report:

In accordance with the resolution No. 2/49 made by the Capital Markets Board of the Prime Ministry of the Republic of Turkey on January 10, 2019, the Company disclosed the "Compliance Report Format (CRF)" which indicates the compliance status of the Company with the principles of voluntary compliance and the "Corporate Governance Information Form (CGIF)" which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) in March 11, 2022. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/Bildirim/1010155> and <https://www.kap.org.tr/en/Bildirim/1010156> links, respectively.

4.2 Strategy and Investor Relations Department:

Updated information regarding the personnel working at the Company's Strategy and Investor Relations Department is given below. Strategy and Investor Relations Director Dr. Deniz Can Yücel works fulltime and directly reports to Muharrem Usta, the Chairman of the Board of Directors and CEO.

Information regarding the personnel working at the Company's Strategy and Investor Relations Department:

Dr. Deniz Can Yücel

Strategy and Investor Relations Director

Tel: 0 212 227 55 55**Fax:** 0 212 227 23 28**e-mail:** deniz.yucel@mlpcare.com**Licenses:** CMB Advanced and CMB Corporate Governance Rating Specialist Licenses**Turgut Yılmaz**

Strategy and Investor Relations Associate Director

Tel: 0 212 227 55 55**Fax:** 0 212 227 23 28**e-mail:** turgut.yilmaz@mlpcare.com**Umut Kater**

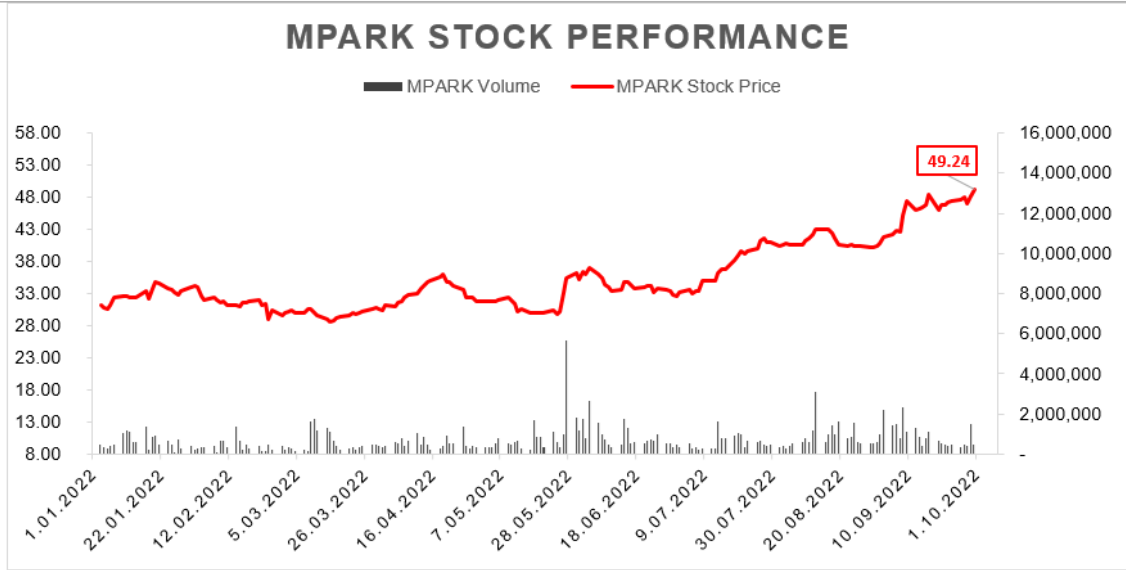
Strategy and Investor Relations Specialist

Tel: 0 212 227 55 55**Fax:** 0 212 227 23 28**e-mail:** umut.kater@mlpcare.com

During the first nine months period of 2022, in order to inform shareholders and investors IR Department attended a total of 97 meetings, including domestic and abroad roadshows and conferences, which were organized with both domestic and foreign corporate and individual investors, shareholders and analysts to discuss about Company's operational results, performance and other developments.

4.2.1 Stock Information**Number of Shares:** 208,037,202 (each with a nominal value of TL 1.00 per share)**Date of IPO:** February 13, 2018**Public:** 35.01% (TFRS Report)**Stock Performance in H1 2022:**

January 1 – September 30, 2022	Lowest	Highest	Average	September 30, 2022
Stock Price (TL)	28.52	49.24	35.38	49.24
Market Value (million USD)	384	553	463	553

Stock Performance:**Independent Auditor:**

In our General Assembly Meeting held on April 27, 2022, **PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.** has been selected as the independent auditor to audit our Company's financial reports for the year 2022 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations.

4.3 The Structure and the Formation of the Board of Directors:

Company's Board of Directors comprises of six members:

- Muharrem Usta – Chairman and CEO
- Seymur Tarı – Vice Chairman
- Hatice Hale Özsoy Bıyıklı – Board Member
- Haydar Sancak – Board Member
- Meral Kurdaş – Independent Board Member
- Tayfun Bayazıt – Independent Board Member

4.4 Working Principles of the Board of Directors:

It's aimed to carry out the duties of the Board in accordance with the Corporate Governance Principles in a transparent, accountable, fair, and responsible manner. In this context, in line with the Corporate Governance Principles, the Board meetings are conducted regularly (at least four times a year) in a way that it can efficiently carry out its duties. The members of the Board also hold meetings whenever it is necessary.

Board members aim attending every meeting and present their opinions. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board members, these are recorded in the meeting minutes.

4.5 The Number, the Structure and the Independence of the Committees within the Board of Directors:

In its meeting held on April 30, 2021, the Board of Directors resolved to appoint the members of the Committees in accordance with the provisions of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board,

- a) Appoint Tayfun Bayazıt as the Chairman of the Audit Committee; Meral Kurdaş as the member of the Audit Committee,
- b) Appoint Tayfun Bayazıt as the Chairman of the Corporate Governance Committee and Meral Kurdaş, Hatice Hale Özsoy Bıyıklı, and Deniz Can Yücel as the members of the Corporate Governance Committee,
- c) Appoint Meral Kurdaş as the Chairman of the Early Detection of Risk Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Early Detection of Risk Committee.
- d) Appoint Meral Kurdaş as the Chairman of the Nomination and Remuneration Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Nomination and Remuneration Committee.

There is no change in the committee structures and memberships in this year.

The resumes of the Committee Members and the Committee Charters, determining the principles of operation for each Committee, are available at our website "<http://investor.mlpcare.com/en/>".

In 2022,

- Audit Committee held five meetings on January 19, March 3, April 28, August 3, and October 27, 2022.
- Corporate Governance Committee held four meetings on February 24, April 28, August 3, and October 27, 2022.
- Early Detection of Risk Committee held five meetings on February 24, April 28, June 16, August 3, and October 27, 2022.
- Nomination and Remuneration Committee held one meeting on August 3, 2022.

In the following period, they will continue to meet and perform their duties as often as their charters require.

5. 9M 2022 Earnings Release

Summary Financials

(TL million)	9M 2022	9M 2021	Change	Q3 2022	Q3 2021	Change
Revenues	6,893	4,040	70.6%	2,476	1,498	65.3%
EBITDA¹	1,629	994	63.9%	590	398	48.1%
EBITDA margin (%) ¹	23.6%	24.6%	(97bps)	23.8%	26.6%	(277bps)
Net Profit/(Loss) Before Tax	1,039	335	210.1%	382	147	159.7%
Net Profit/(Loss)	1,079	215	401.4%	475	41	1,062.7%
Net Profit/(Loss) equity holders of the parent	1,039	165	529.4%	462	18	2,510.0%
Free Cash Flow	434	574	(24.5%)	49	271	(81.8%)
Capital Expenditure	463	245	89.0%	239	76	215.7%
Net Debt	1,452	1,967	(26.2%)	1,452	1,967	(26.2%)
Net Debt / EBITDA	0.7x	1.6x				

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

Financial Highlights

- ✓ In Q3 2022, total revenues increased by 65% to TL 2,476 million (Q3 2021: TL 1,498 million). Like-for-like total revenues excluding Sentez Sağlık Hizmetleri A.Ş. hospitals (İzmir, Gaziantep, and Batman) ("Sentez") increased by 93%. Foreign medical tourism and domestic private medical insurance has been the key growth drivers. Therefore, in 9M 2022 revenues increased by 71% to TL 6,893 million (9M 2021: TL 4,040 million). Like-for-like total revenues excluding Sentez increased by 90% to TL 6,515 million.
- ✓ In Q3 2022, EBITDA increased by 48% to TL 590 million, like-for-like EBITDA excluding Sentez increased by 66%. While EBITDA margin decreased by 277 bps to 23.8%. In 9M 2022, EBITDA increased by 64% to TL 1,629 million, like-for-like EBITDA excluding Sentez increased by 75%. While EBITDA margin decreased by 97 bps to 23.6%.
- ✓ In Q3 2022, net profit increased by 1,063% to TL 475 million (Q3 2021: TL 41 million). Net profit allocated to equity holders of the parent increased by 2,510% to TL 462 million in Q3 2022 (Q3 2021: TL 18 million). Net profit in 9M 2022 increased by 401% to TL 1,079 million (9M 2021: TL 215 million). Like-for-like net profit excluding Sentez increased by 518% to TL 892 million. Net profit improved on the back of strong operational performance, successful management of financial expenses, and deferred tax income.
- ✓ Net debt/EBITDA ratio was decreased to 0.7x in 9M 2022 from 1.5x in 2021, supported by cash inflow from the sale of Sentez.

Operating Highlights

- ✓ Private medical insurance business grew by 92% in Q3 2022, 89% in 9M 2022 on the back of the increasing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 138% in Q3 2022, 165% in 9M 2022; of those, 110% in Q3 2022 and 96% in 9M 2022 came from the appreciation of FX against TL and the rest from volume/price growth on the back of successful marketing and PR campaign.
- ✓ MLP Care has divested its 56% stake in its Sentez subsidiary and increased its stake from 75% to 100% in its MS Sağlık subsidiary in two simultaneous share transfer transactions. The process started on March 16, 2022 with the signing of a share transfer agreement regarding the two subsidiaries ("Sentez" and "MS Sağlık") between MLP Care and MP Sağlık ve Ticaret A.Ş. ("MP Sağlık"), was completed on May 20, 2022;
 - Under the subsidiary of Sentez three hospitals (İzmir, Gaziantep, and Batman) were operated.
 - Under MS Sağlık subsidiary Liv Hospital Ankara is operated.
 - The cash proceeds from the transaction are planned to be utilized for new hospital acquisition, investments abroad, and capacity expansion in existing facilities in line with our long-term growth strategies.
- ✓ MLP Care Board of Directors have decided in their May 25, 2022 meeting to start a share buyback program to acquire up to 10% free-float shares as treasury shares over the next twelve months. The rationale of this transaction is to support healthy share price formation. As of September 30, 2022, total nominal value of purchased shares have become TL 3,900,529 which represents 1.8749% of the share capital. As of November 7, 2022 total nominal value of repurchased shares have become TL 6,267,594 which represents 3.0127% of the share capital.
- ✓ A hospital management service contract has been signed on June 29, 2022 with Bona Dea Limited Liability Company in Baku, Azerbaijan for a duration of ten years. MLP Care will have full operating rights of the Liv Bona Dea Hospital that has a total closed area of circa 37,500 m², 156 beds, and 28 intensive care units.
- ✓ MLP Care has decided to transfer the operations of Medical Park Tarsus Hospital in July 1, 2022 and Medical Park Elazığ Hospital in September 5, 2022 in order to increase its portfolio efficiency in line with its strategy of growing with large-scale hospitals in metropolitan areas.
- ✓ There have been two price revisions in the SSI price tariff effective from February 8, 2022 and August 25, 2022. The price increase resulting from the revision in August affected the last month of Q3 2022.

Dr. Muharrem Usta, Chairman and Chief Executive Officer of MLP Care, commented:

"In the first nine months of 2022, we managed to increase both our like-for-like turnover and EBITDA above inflation. In the 3rd quarter, we maintained the robust revenue growth trend that we achieved in foreign medical tourism and private health insurance. Despite rising energy costs, we kept our EBITDA margin close to last year's levels on the back of operational efficiency initiatives.

We continue our sustainability efforts with the vision to create value for all our stakeholders. We have split our sustainability strategy into 4 main themes which are Digitalization, Human and Culture, Contribution to Society, and Environment, additionally set our long-medium-short-term goals to follow the progress of our company. In the upcoming periods, we will work to achieve these goals as well as our financial goals."

Revenues

	9M 2022	9M 2021	Change	Q3 2022	Q3 2021	Change
Total Revenues (TL million)	6,893	4,040	70.6%	2,476	1,498	65.3%
Domestic Patient Revenues	5,461	3,457	57.9%	1,929	1,232	56.5%
<i>Inpatient Revenues</i>	<i>3,081</i>	<i>2,033</i>	<i>51.5%</i>	<i>1,057</i>	<i>706</i>	<i>49.8%</i>
<i>Outpatient Revenues</i>	<i>2,380</i>	<i>1,424</i>	<i>67.1%</i>	<i>871</i>	<i>527</i>	<i>65.4%</i>
Foreign Medical Tourism Revenues	1,217	460	164.6%	493	207	138.2%
Other Ancillary Business	214	122	75.2%	54	58	(7.1%)

Domestic Patient Revenues: Revenues from domestic patients increased by 56.5% in Q3 2022, 57.9% in 9M 2022 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 49.8% in Q3 2022, 51.5% in 9M 2022. The outpatient revenues grew by 65.4% in Q3 2022, 67.1% in 9M 2022.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 138.2% in TL terms and 13.6% in USD terms in Q3 2022, increased by 164.6% in TL terms and 35.0% in USD terms in 9M 2022. FMT revenues as a percentage of the total revenues was 19.9% in Q3 2022, 17.7% in 9M 2022 (Q3 2021: 13.8%, 9M 2021: 11.4%). FMT revenues was USD 28 million in Q3 2022, USD 77 million in 9M 2022.

Other Ancillary Business: Revenues from other ancillary business decreased by 7.1% in Q3 2022 due to decreasing laboratory business in line with the strategy to focus on core business. In 9M 2022 increased by 75.2% due to management consultancy revenues from university hospitals. The consultancy revenues increased by 146.8% to TL 60 million in Q3 2022, 121.9% to TL 165 million in 9M 2022 (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

Cost of Service and Expenses (Including Hospitals and Ancillary Business)

	9M 2022	9M 2021	Change (bps)	Q3 2022	Q3 2021	Change (bps)
(% of Revenues)	76.4%	75.4%	97	76.2%	73.4%	277
Material	17.5%	18.5%	(102)	15.0%	17.2%	(218)
Doctor	21.0%	21.9%	(87)	21.3%	21.3%	(1)
Personnel	16.5%	16.3%	22	17.4%	16.3%	109
Rent	1.1%	0.9%	27	1.0%	0.9%	12
Outsourced services purchases	7.1%	8.0%	(91)	6.7%	7.2%	(48)
All other expenses	13.1%	9.8%	328	14.7%	10.5%	422

Material consumption as a percentage of total revenue decreased by 218 bps in Q3 2022, 102 bps in 9M 2022 due to the lagging effect of increased costs on the back of effective inventory management.

Doctor costs as a percentage of total revenue decreased by 1 bps in Q3 2022, 87 bps in 9M 2022 due to strong hospital revenue growth and the sale of Sentez hospitals.

Personnel expenses as a percentage of total revenue increased by 109 bps to 17.4% in Q3 2022, 22 bps to 16.5% in 9M 2022 due to increase in the salary of the personnel in line with minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 48 bps to 6.7% in Q3 2022, 91 bps to 7.1% in 9M 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 422 bps to 14.7% in Q3 2022, 328 bps to 13.1% in 9M 2022 primarily due to the increasing in the marketing expenses related to FMT revenues and increase in utility expenses over inflation rate.

EBITDA

EBITDA number increased by 48.1% to TL 590 million in Q3 2022 and increased by 63.9% to TL 1,629 million in 9M 2022. EBITDA margin decreased by 277 bps to 23.8% in Q3 2022 and decreased by 97 bps to 23.6% in 9M 2022. EBITDA margin decreased due to increase in the marketing expenses related to FMT revenues, increase in utility expenses, and increase in the salary of the personnel.

Cash Flow

The operating cash flow decreased by 16.8% to TL 288 million in Q3 2022 due to the contracting effect of the increasing trade receivables related with the revenue increase on net working capital (Q3 2021: TL 346 million). Therefore, operating cash flow increased by 8.7% to TL 900 million in 9M 2022 due to the robust EBITDA growth (9M 2021: TL 828 million). Therefore, the operating cash flow/EBITDA ratio decreased to 48.8% in Q3 2022, to 55.2% in 9M 2022 (Q3 2021: 86.9%, 9M 2021: 83.3%).

Free cash flow decreased by 81.8% to TL 49 million in Q3 2022 and decreased by 24.5% to TL 434 million in 9M 2022 (Q3 2021: TL 271 million, 9M 2021: TL 574 million). Therefore, free cash flow/EBITDA ratio was at 8.4% in Q3 2022, 26.6% in 9M 2022 (Q3 2021: 67.9%, 9M 2021: 57.7%).

Maintenance-related capital expenditures as a percentage of revenues was at 4.9% in Q3 2022, 3.6% in 9M 2022 (Q3 2021: 3.5%, 9M 2021: 2.6%). Total capital expenditures as a percentage of revenues was at 9.6% in Q3 2022, 6.7% in 9M 2022 (Q3 2021: 5.0%, 9M 2021: 6.1%).

Profit/(Loss) for the Period

Net profit increased by 1,062.7% to TL 475 million in Q3 2022 and increased by 401.4% to TL 1,079 million in 9M 2022. Like-for-like net profit excluding Sentez increased by 517.8% to TL 892 million in 9M 2022. Net profit improved on the back of strong operational performance, successful management of financial expenses, and deferred tax income.

Net profit allocated to non-controlling interest was TL 13 million in Q3 2022, TL 41 million in 9M 2022 (Q3 2021: TL 23 million, 9M 2021: TL 50 million). Therefore, net profit allocated to equity holders of the parent increased to TL 462 million in Q3 2022 and increased by 529.4% to TL 1,039 million in 9M 2022 (Q3 2021: TL 18 million, 9M 2021: TL 165 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	9M 2022	Vertical %	2021	Vertical %	Change
TL	1,327	91%	1,364	66%	(2.7%)
USD + Euro (*)	(730)	(50%)	(187)	(9%)	289.6%
Total loan, financial leasing	597	41%	1,176	57%	(49.2%)
TL (IFRS 16)	765	53%	813	39%	(5.8%)
USD + Euro (IFRS 16)	89	6%	80	4%	11.2%
Total lease liabilities (IFRS16)	855	59%	893	43%	(4.3%)
Total net debt	1,452	100%	2,069	100%	(29.8%)

(*) A Currency Protected Deposit transaction amounting to TL 214.2 million (EUR 11.0 million) was made in August-September 2022 and presented under financial investments account. As the related EUR balance was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position. There is a net long position of EUR 51.7 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was successfully decreased to 0.7x in 9M 2022 from 1.5x in 2021 on the back of strong operating performance and cash generated from the sale of Sentez hospitals.

In 9M 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 579 million to TL 597 million (2021: TL 1,176 million). The net debt/EBITDA ratio decreased to 0.4x in 9M 2022 from 1.1x in 2021.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 617 million to TL 1,452 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	9M 2022	9M 2021	Q3 2022	Q3 2021
Revenue	6,893	4,040	2,476	1,498
Cost of service	4,938	2,969	1,749	1,062
Gross profit	1,954	1,071	726	435
General administrative expenses (-)	(642)	(314)	(243)	(121)
Depreciation and amortization expenses (Cost of service)	294	222	98	78
Depreciation and amortization expenses (General administrative expenses)	24	16	9	6
EBITDA¹	1,629	994	590	398
EBITDA margin (%)¹	23.6%	24.6%	23.8%	26.6%

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited			Unaudited		
	9M 2022	9M 2021	Change (%)	Q3 2021	Q3 2021	Change (%)
Revenue	6,893	4,040	70.6%	2,476	1,498	65.3%
Cost of service (-)	(4,938)	(2,969)	66.3%	(1,749)	(1,062)	64.7%
Gross profit	1,954	1,071	82.5%	726	435	66.9%
General administration expenses (-)	(642)	(314)	104.2%	(243)	(121)	101.3%
Other income from operations	330	253	30.5%	124	38	224.5%
Other expenses from operations (-)	(353)	(249)	41.4%	(101)	(58)	75.6%
Operating profit/(loss)	1,289	760	69.8%	506	295	71.5%
Income from investing activities	129	3	n.m.	(15)	0	n.m.
Expense from investing activities (-)	(13)	(0)	n.m.	(4)	(0)	n.m.
EBIT	1,405	762	84.4%	486	295	64.8%
<i>EBIT margin</i>	<i>20.4%</i>	<i>18.9%</i>	<i>152bps</i>	<i>19.6%</i>	<i>19.7%</i>	<i>(6bps)</i>
Interest (expenses) / income, net (-)	(323)	(404)	(20.0%)	(99)	(153)	(35.2%)
Net foreign exchange profit / (loss) (including hedging cost)	(43)	(23)	86.2%	(5)	5	n.m.
Net profit / (loss) before tax	1,039	335	210.1%	382	147	159.7%
Tax income / (expense) from operations	40	(120)	n.m.	93	(106)	n.m.
Net profit / (loss)	1,079	215	401.4%	475	41	1,062.7%
Net profit / (loss) non-controlling interest	41	50	(18.7%)	13	23	(42.1%)
Net profit / (loss) equity holders of the parent	1,039	165	529.4%	462	18	2,510.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
Cash and cash equivalents	994	676	680
Financial investments	214	-	-
Trade receivables	1,303	1,359	1,318
Inventory	539	122	285
Short term other assets	661	537	458
Current assets	3,711	2,694	2,741
Tangible and intangible fixed assets	1,853	1,539	1,716
Right of use assets	548	383	539
Deferred tax assets	491	351	422
Long term other assets	573	341	329
Non-current assets	3,466	2,614	3,007
Total assets	7,177	5,308	5,748
Trade payables	2,109	1,315	1,546
Short term other liabilities	712	461	498
Short term financial liabilities (incl, financial and operational leases)	1,560	1,188	1,274
Current liabilities	4,382	2,964	3,318
Long term other liabilities	144	148	149
Deferred tax liabilities	72	187	136
Long term financial liabilities (incl, financial and operational leases)	1,099	1,456	1,475
Non-current liabilities	1,315	1,791	1,761
Shareholders' equity	1,492	436	539
Non-controlling interest	(13)	116	131
Equity	1,479	552	669
Total liabilities & equity	7,177	5,308	5,748