

MLPCARE

Annual Report 2022



**QUALITY HEALTHCARE
WITHOUT BORDERS**



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ABBREVIATIONS AND GLOSSARY

HOSPITALS

ADDRESSES

In this annual report, the number of employees includes the employees of 3 university hospitals and Liv Bona Dea Hospital operating under the management contract, interns, and employees within the scope of 4-1A. Therefore, the number of permanent employees is different from the 11,699 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

All figures in this annual report include the impact of IFRS 16 unless otherwise stated.



SUSTAINABLE SUCCESS IN THE HEALTHCARE SECTOR

Setting out on our journey to success with Medical Park, we are continuing strongly with the Liv Hospital brand and the VM Medical Park concept in addition to the Medical Park brand.

Armed with the pride and responsibility of being Türkiye's number one private hospital group, we are continuing our progress while taking major growth steps on the global scale.

Today, we are pioneering the industry with 28 hospitals and capacity of nearly 5,600 beds in 13 provinces in Türkiye and in Baku, Azerbaijan. With more than a quarter century of experience, the care with which we manage our business, and our awareness of being a responsible company, we support our sustainability initiatives with the projects we carry out and continue to be a pioneer in this area as well.



WE TOOK AN IMPORTANT STEP OVERSEAS

We became one of the world's leading healthcare institutions thanks to our foreign guests we have been hosting in our hospitals in Türkiye for many years. Now we are taking a strategic step beyond our borders as part of our robust growth strategy. We took over the operation of the Bona Dea International Hospital in Baku, Azerbaijan in accordance with our strategy of increasing our foreign medical tourism revenues. Liv Bona Dea Hospital, which represents our Group's growth vision, will strengthen our position.

Liv Bona Dea Hospital
size and capacity

37,500 m²- 156 beds

WE ARE AT THE CENTER OF **MEDICAL TOURISM**

Türkiye is an ambitious player in medical tourism, and we are one of the leading centers of Türkiye in this segment. We are growing in this segment as the preference of tens of thousands of people from every corner of the world. Thanks to the high standards of our treatment and service quality that puts us in an unparalleled position, we are reaching larger market shares in medical tourism revenues.

Growth in foreign medical tourism revenue

146%





WE CARRY OUT OUR SUSTAINABILITY ACTIVITIES IN LINE WITH OUR **STRATEGY**

Due to nature of our work, we play an important role for the future of people. We evaluate our work with environmental, social and economic dimensions and fulfill our responsibilities.

We carry out our sustainability studies, which are grouped under four main themes as Digitalization, People and Culture, Contribution to Society and Fight with Climate Change, with our good practices and projects. We support all these efforts with a responsible governance structure within the framework of transparency and accountability principles. As a result of our work within the scope of sustainability, we were included in the BIST Sustainability Index, which includes companies traded on Borsa Istanbul with a high level of corporate sustainability performance.

Adding another leadership to our feature of being the largest healthcare group in the private healthcare sector, we became the first company in our sector in Türkiye to be included in this index.

**THE ONLY COMPANY
IN THE HEALTHCARE SECTOR
IN THE BIST SUSTAINABILITY INDEX**

OUR HEALTHY GROWTH CONTINUES

We have been making progress by remaining steadfast to a robust growth strategy for years. We aim to grow in major metropolitan areas via medium-large scale hospitals with at least 100 beds while maintaining our ascend by leveraging advantages such as brand strength, operational know-how, licensing, and an experienced team of physicians and management team. We are improving our EBITDA ratio and expanding our healthy growth business lines thanks to our strong operational performance and effective cost cutting.

Total revenue growth

70%



Türkiye's Leading Healthcare Group

STRONG BRAND RECOGNITION

MLP Care has strong brand recognition, as well as a unique business model that appeals to diverse price segments.

We operate with state-of-the-art infrastructure and advanced technological facilities

- 13 cities in Türkiye and Baku, Azerbaijan, in total 28 hospitals
- Nearly 19,000 employees, including more than 14,000 permanent employees and over 2,500 physicians

We continue to increase our scientific depth through our collaborations with universities and faculties of medicine.

- 6 Group hospitals that collaborate with the university
- 453 academicians* who work as doctors in Group hospitals (17.8% of all our doctors)

We have operational and surgical superiority recognized globally thanks to the high-tech equipment and innovative methods we use.

- Da Vinci Robotic Surgery System
- Gamma Knife Treatment

We have medical quality accreditations that are the best in their classes in general.

- JCI Accreditation
- Global Surgical Review Corporation Standard in Surgery, and Centers of Excellence awards in three centers

We have sustainable financial growth performance.

- Business growth through Top-up Health Insurance System
- Business growth through revenue diversification

*Per regulations issued by YÖK (The Council of Higher Education), academicians from other provinces are no longer permitted to work at universities in Istanbul and Ankara. The number of academicians with an academic title and appointed in the academic staff of universities is 453.



2,500+
Doctors

MLP Care operates with more
than 2,500 doctors.



MLP Care Activity Map

OPERATION IN 2 COUNTRIES

In addition to our 27 hospitals in 13 cities across Türkiye, we opened a hospital in Azerbaijan.

9.8
TL billion
Revenue

2.3
TL billion
EBITDA*

~19
Thousand
Employees

*EBITDA is calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses.



İstanbul

- Bahçeşehir University Hospital Medical Park Göztepe
- Altınbaş University Hospital Medical Park Bahçelievler Hospital
- İstinye University Hospital Medical Park Gaziosmanpaşa
- IAU VM Medical Park Florya Hospital
- VM Medical Park Pendik Hospital
- VM Medical Park Maltepe Hospital
- Liv Hospital Ulus
- İstinye University Hospital Liv Hospital Bahçeşehir
- Liv Hospital Vadistanbul

Kocaeli

- Medical Park Gebze Hospital
- VM Medical Park Kocaeli Hospital

Çanakkale

- Medical Park Çanakkale Hospital

Bursa

- VM Medical Park Bursa Hospital

Antalya

- Medical Park Antalya Hospital Complex

Mersin

- VM Medical Park Mersin Hospital

Gaziantep

- Liv Hospital Gaziantep

Adana

- Medical Park Adana Hospital
- Medical Park Seyhan Hospital

Trabzon

- Medical Park Yıldızlı Hospital
- Medical Park Karadeniz Hospital

Ordu

- Medical Park Ordu Hospital

Tokat

- Medical Park Tokat Hospital

Samsun

- Liv Hospital Samsun
- VM Medical Park Samsun Hospital

Ankara

- Yüksek İhtisas University Medical Park Ankara Hospital
- Liv Hospital Ankara
- VM Medical Park Ankara Hospital

Baku

- Liv Bona Dea Hospital

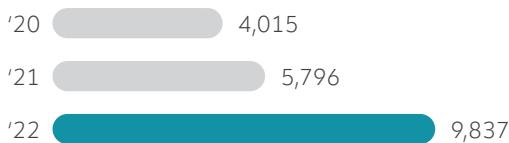


Key Indicators

STRONG FINANCIAL AND OPERATIONAL RESULTS

MLP Care continued to provide high quality healthcare services in 2022, with strong financial and operational results.

Revenue (TL Million)

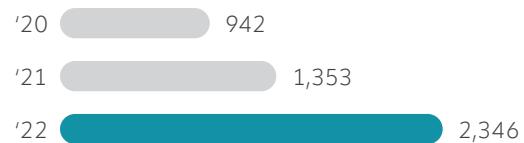


CAGR*: 56.5%

69.7%
Growth



EBITDA** (TL Million)



CAGR*: 57.8%

73.3%
Growth



*CAGR: Compound Annual Growth Rate

** EBITDA calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses.

Net Profit (TL Million)



YBBO*: 269.0%

371.5%
Growth





Main Income Statement Items

	2021	2022	Change
Revenue (TL million)	5,796	9,837	69.7%
Operating Profit Before Finance Expense (TL million)	1,024	1,896	85.1%
Operating Income Margin	17.7%	19.3%	160 bps
Net Profit/ (Loss) (TL million)	355	1,675	371.5%
EBITDA(TL million)	1,353	2,346	73.3%
EBITDA Margin	23.3%	23.8%	50 bps
Free Cash Flow (TL million)	689	608	(11.7%)

Main Balance Sheet Items

	2021	2022	Change
Cash and Cash Equivalents (TL million)	680	766	12.6%
Total Assets (TL million)	5,748	8,436	46.8%
Equity Attributable to the Owner of the Company (TL million)	539	1,805	235.1%
Net Financial Debt (TL million)	2,069	2,053	(0.8%)
Net Financial Debt/EBITDA	1.5	0.9	

MLP Care in Brief

TÜRKİYE'S LEADING PRIVATE HOSPITAL GROUP

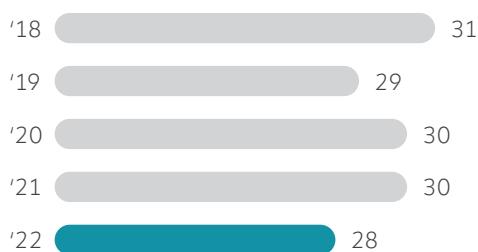
MLP Care is the leading Turkish private healthcare group operating 28 hospitals in 13 cities across Türkiye and Baku, Azerbaijan.

Founded in 1993 as Medical Park, MLP Sağlık Hizmetleri A.Ş. (MLP Care) continues to extend its reach with the Liv Hospital brand and the VM Medical Park concept for a quarter of a century. MLP Care is the largest Turkish private healthcare group operating 28 hospitals in 13 cities across Türkiye and Baku, Azerbaijan. MLP Care is a leader in the healthcare sector with its hospital facilities, affiliates, and nearly 19,000 employees acting with the integrity of a family.

As Türkiye's leading multidisciplinary hospital group, MLP Care has a highly centralized business model that supports hospital field operations and central management, as well as a nationwide network spanning the most densely populated cities in Türkiye.

Maintaining strong and profitable growth, our business model as MLP Care is supported by a balanced payer profile. MLP Care's executive management team consists of senior professionals who have extensive industry knowledge and experience gained at Türkiye's leading healthcare institutions and enterprises.



Number of Hospitals**28**

Hospitals

MLP Care operates with
28 hospitals.



MLP Care in Brief

EXPERIENCE MORE THAN A QUARTER OF A CENTURY

As MLP Care with thirty years experience, we successfully continue our journey that began with Medical Park and Liv Hospital brands alongside VM Medical concept.

Balanced Revenue Sources

MLP Care has a unique approach that allows our Company to target diverse segments in the population. Our Company provides services in Türkiye under two brands and one concept, featuring three pricing strategies: These are the Medical Park and Liv Hospital brands, and the VM Medical Park concept, respectively.



liv HOSPITAL

Premium



VM MEDICALPARK

Premium
Mass



MEDICALPARK

Middle-Upper Mass



Our Vision, Mission, Values, Certifications and Awards

OUR VISION

We aim to become a reference institution abroad and the most preferred private healthcare service provider in Türkiye.

- We are going to reach our vision by;
- Keeping our patients as the top priority,
- Achieving measurable and high-quality clinical results,
- Investing in human, infrastructure, and technology,
- Being the most attractive institution in which physicians and other medical personnel are willing to work.

OUR MISSION

We work to ensure that all people live healthy lives.

OUR VALUES

- We value people – reliability is our core indispensable principle.
- We make a difference with our services.
- We are committed to scientific methods and continuous improvement.
- We are an agile, goal- and success-oriented team.
- We serve as a model institution with our ethical principles and professional ethics.

OUR CERTIFICATIONS AND AWARDS

- JCI (Joint Commission International) Accreditation Standards
- Ministry of Health Quality Standards
- SRC* Center of Excellence Certification
- MLP Care's Investor Relations practices ranked at the top of the list both in EMEA and in Türkiye for all sectors according to a survey by Institutional Investor.
- Runner-up Award in the Healthcare Services Category in the 2021 Service Export Champions Survey conducted by the Service Exporters Association (HIB)
- ISO 15504 and ISO 27001 Certificates of Information Systems

* Surgical Review Corporation

Growth Strategy

BALANCED REVENUE SOURCES

As MLP Care we continue our strong growth through acquisitions and the opening of new hospitals, our university affiliations and our brands targeting different price segments. Featuring two brands and one concept, our Company serves a diverse range of patients, including the middle-upper mass, premium mass, and premium segments.

13

There are 13 hospitals operating under the Medical Park brand.

8

There are 8 hospitals operating under the VM Medical Park concept.

7

There are 7 hospitals operating under the Liv Hospital brand.

Medical Park

With Medical Park, our first brand that we introduced with the Health for Everyone motto, we offer our services to middle and upper segments. The brand is mainly aimed at patients covered by SSI (Social Security Institution) health insurance. Currently, 13 of our Group hospitals operate under our brand.



Altınbaş University Hospital Medical Park Bahçelievler Hospital

Growth Strategy

VM Medical Park

Our VM Medical Park concept, which is named Value Added Medicine, was launched in 2015. This concept targets the patients in higher income groups relying on private health insurance and self-pay patients willing to pay higher prices for high quality services. Under the VM Medical Park concept, our Company provides elevated service quality compared to the Medical Park brand in terms of advanced medical technology and equipment, high-caliber physicians, more nursing and administrative staff per patient, sophisticated contemporary décor, and inpatient suites. Currently, 8 of our Group hospitals operate under this concept.



VM Medical Park Maltepe Hospital

Liv Hospital

Launched in 2013, the Liv concept is our Company's premium segment service. Taking its name from the acronym for Leading International Vision, Liv Hospital targets the premium segment, consisting mainly of self-pay patients or patients who have private health insurance and are willing to pay more for VIP service. Liv Hospital delivers an advanced level of comfort and hospitality services in terms of more staff per patient and the latest in-room technology. Our Company operates 7 hospitals under the Liv Hospital brand exclusively: Istanbul Ulus, Vadistanbul, Ankara Çankaya, Samsun, and Gaziantep along with İstinye University Hospital Liv Hospital Bahçeşehir and Liv Bona Dea Hospital, currently operating pursuant to a management contract.



Liv Hospital Vadistanbul

Growth Strategy

MLP Care added 21 hospitals to the Company's portfolio between 2014 and 2022 with new hospital investments and acquisitions.



3.6
Million

Total number of people with top-up insurance passed 3.6 million.

OUR FUNDAMENTAL GROWTH STRATEGIES

We aim to continue providing our world-class services to all patient groups in different segments in the upcoming periods. We follow the strategies below to achieve these objectives.

Maintaining the leading position in the private healthcare sector and expanding footprint with new investments and acquisitions

Our proven track record of growth, both through greenfield expansions and acquisitions, added 21 hospitals to the Company's portfolio between 2014 and 2022. As part of its strategy to focus growth in metropolitan areas with mid-large scale hospitals, we evaluate the opportunities for greenfield expansions and acquisitions.

In addition to organic growth, our Company regularly monitors acquisition opportunities in the sector. The Company expects to benefit from the consolidation trend of the fragmented private healthcare sector in the upcoming years.

Support of private medical insurance policies into further top-line growth

Up to 11% of the total population in Türkiye is covered by private medical insurance; this ratio decreases to 8% when emergency and travel insurances are excluded. Of the total 10.4 million insurance policies sold in Türkiye, 2.7 million are comprehensive healthcare insurance and 3.6 million are top-up insurance policies. This growth was mainly driven by the affordability of the top-up insurance policies compared to the comprehensive healthcare insurance policies. Due to the Covid-19 pandemic that affected the whole world, the demand for top-up insurance has increased.



Increasing the share of medical tourism in the total revenue

The medical tourism market in Türkiye is growing in terms of visitors and expenditures, representing the significant potential for our Company's business. Türkiye has an important position in the medical tourism market, offering both clinical excellence and competitive prices for the most common operations. As well, the country's advantageous position in the medical tourism market is supported by recent regulatory initiatives, including government financial incentives, such as Turquality, intended to stimulate medical tourism.

As of December 30, 2019, our Company became the first company in the service sector to be admitted to the Turquality Support Program with two different brands.

The Turquality Support Program is the first and only state-sponsored branding program that supports Turkish brands to become global players in international markets. Unlike traditional export supports, the focus of the Turquality Program is to contribute to companies' branding objectives, rather than simply increasing exports.

As a leading healthcare service provider in terms of revenue generated from medical tourism, we have consistently expanded our market share by offering high medical quality and affordable prices. In 2022, medical tourism revenue increased by 146.4% to TL 1.8 billion compared to the last year. While medical tourism revenue is 17.8% of the total revenues in 2022, it is expected to grow in upcoming years.

Continuing to focus on university affiliations

Our Company's portfolio includes 6 private medical school-affiliated hospitals. Altınbaş University Hospital Medical Park Bahçelievler Hospital, Bahçeşehir University Hospital Medical Park Göztepe, and Yüksek İhtisas University Medical Park Ankara Hospital are owned by our Company, while IAU VM Medical Park Florya Hospital, İstinye University Hospital Liv Hospital Bahçeşehir, and İstinye University Hospital Medical Park Gaziosmanpaşa are operated pursuant to a management contract.

The hospitals that are currently operated pursuant to a management contract are owned by their respective universities but operated under MLP Care brands and concepts; thus, they are included in our Company portfolio. While our Company does not own these hospitals, we are responsible for its setup and operation pursuant to long-term service contracts. In return, our Company receives a share of the hospitals' annual revenues and profit.

Our Company's ability to recruit physicians effectively depends on its strong brand and capability to support participation in scientific activities through affiliations with medical schools.

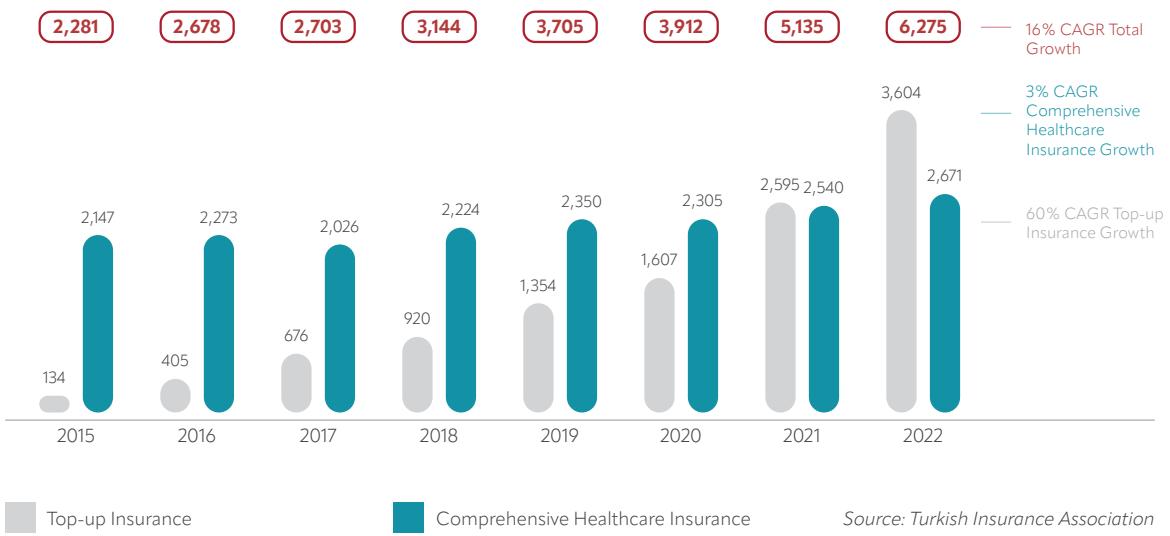
Growth Strategy

WE FOCUS ON UNIVERSITY AFFILIATIONS

We are constantly increasing our scientific depth thanks to affiliation of our 6 hospitals with universities and medical faculties as of 2022.



TOTAL NUMBER OF POLICIES SOLD IN TÜRKİYE ('000)



Milestones

HOSPITAL OPENINGS CONTINUE

1993-2005

1993

Sultangazi hospital was opened by Muharrem Usta and Adem Elbaşı.

1995

İstanbul Fatih hospital was opened

2005

The Company was established by incorporated by founders Muharrem Usta and Adem Elbaşı, together with Sancak İnşaat on a (50%/50%) ownership basis.

2006-2008

2006

VM Medical Park Bursa Hospital was opened.

2007

İstanbul Bahçelievler hospital was opened; Batman, Elazığ and Tokat hospitals were acquired.

2008

Antalya, Gaziantep, and İstanbul Göztepe hospitals were opened.

2009-2013

2009

- 40% stake in the Company's share capital was acquired by Summer Investment S.A.R.L. an entity controlled by The Carlyle Group
- Ordu and Samsun hospitals were opened.

2010

Uşak hospital was acquired.

2011

Gebze, Tarsus, and Izmir hospitals were opened.

2013

Our first premium hospital, Liv Hospital Ulus was opened.

2014-2016**2017-2019****2020-2022****2014**

- Sale of Summer Investment S.A.R.L.' stake to funds advised by Turk Ventures Advisory Limited.
- Trabzon Yıldızlı and Trabzon Karadeniz hospitals were acquired. In addition, Silivri, Ereğli, Çanakkale, and İstanbul Avcılar hospitals were acquired from Arkaz Group.
- Liv Hospital Ankara and Medical Park Ankara hospitals were opened.

2015

Kocaeli VM Hospital, the first hospital managed under the VM Medical Park concept, and İstanbul Gaziosmanpaşa Hospital were opened.

2016

İstanbul İstinye University Hospital Liv Hospital Bahçeşehir commenced operations pursuant to a management contract.

2017

- İstanbul Aydin University Hospital VM Medical Park Florya started operations pursuant to a management contract.
- Liv Hospital Samsun was opened.

2018

- In February, MLP Care started trading at Borsa İstanbul with MPARK code.
- VM Medical Park Pendik and VM Medical Park Mersin hospitals were opened.

2019

- 57% of the shares of Avcılar, Ereğli, and Silivri hospitals were sold to Arkaz Sağlık Hizmetleri A.Ş. (Arkaz).
- The ownership share in Çanakkale hospital was increased to 100%.
- Maltepe Hospital was acquired.

2020

- Liv Hospital Gaziantep was opened.
- Uşak hospital was sold.
- Ankara hospital was acquired.

2021

- İstanbul Vadistanbul, the 6th hospital of the Liv Hospital brand, was opened.
- İstanbul Fatih hospital was closed.

2022

- The ownership share in Liv Hospital Ankara hospital was increased to 100%.
- 56% of the shares of the Gaziantep, İzmir and Batman hospitals were sold to MP Sağlık Hizmetleri A.Ş. (MP Sağlık).
- Liv Bona Dea Hospital was opened. It is the seventh hospital of Liv Hospital brand and our first hospital abroad.
- The Tarsus and Elazığ hospitals were sold.
- The Medical Park Adana and Medical Park Seyhan hospitals were opened.

Message from the Chairman and CEO

In addition to our environmental and social sustainability efforts, we left behind a very good year for sustainable growth. In 2022, we opened the first hospital of our Group abroad in Baku, Azerbaijan.

Esteemed shareholders, stakeholders, and companions,

We started 2023 with a devastating disaster and indescribable sadness. Kahramanmaraş-centered earthquakes destruction in 11 provinces sorrowed all of us. Tens of thousands of our citizens lost their lives. I commemorate our losses with mercy and I still feel their pain in my heart.

Hundreds of thousands of our citizens were injured, millions of people have been affected indirectly. From the first day of the earthquake, we tried to heal injured citizens and citizens in need of health services in our hospitals all over the country, especially in the region. Strong solidarity across the country was important to heal the wounds. As a Group, we contributed to the works at the acute period through our humanitarian aid supplies and soup kitchens.

The size of the disaster and the population density it affects makes it necessary to support the region for a while. For this reason, we created an employment project and an earthquake relief fund with the contributions of our employees.

Great challenges are great teachers. They shape, empower and motivate people and organizations to work for the better. The COVID-19 pandemic has deeply reminded us of the importance of life. Life is an inseparable entity with humans, the environment, and all other components. If we want a good life, we must prioritize the actions can be done for the fair and proper use of resources. I consider sustainability studies extremely significant for a healthy life and a healthy future.

8.4
TL billion
Total Assets

MLP Care increased its total assets to TL 8.4 billion in 2022.

As a Company we started to shape our sustainability efforts, which started with digital transformation, around a strategy in 2021. Last year, we shared this strategy along with our targets with you in our Sustainability Report. With the responsibility of being the first company to carry out sustainability studies in the healthcare sector, we are implementing our target-driven projects one by one. We aim to share the first outputs of our projects with you in the upcoming period. I hope that these studies will set an example for our sector and the business world.

As MLP Care, we accept sustainability not just as a field of work, but as a way of doing business. We strive to constantly transform all our processes in this respect. Because we accept that achieving our goals as our promise to both our country and humanity. Last year, we were included in the Borsa İstanbul (BIST) Sustainability Index so that our efforts can be followed transparently. I would like to express that we are the first hospital group in the BIST Sustainability Index, which includes companies with high corporate sustainability performances that are traded in BIST.

In my opinion, the issue of providing equal opportunities to women within the fields of sustainability is very crucial. We operate in a women labor-intensive sector. Therefore, we witness from the first row how much value women can create when they are given equal opportunity. We are one of the companies with the highest number of female employees and female managers in Türkiye. This is a source of pride for us. I think it is the responsibility of leaders to support women's active participation in business and social life for the goal of a sustainable strong society. I believe that companies should work sincerely to support the employment of women and increase the number of women in management positions. If we want to support social development, first we need to start within our organizations.

Providing equal opportunities to women has been our priority for years and we will continue to work on this issue. We have recently become one of the signatories of the Women's Empowerment Principles (WEPs). WEPs, is a global and private-sector initiative working for women's empowerment all over the world. This initiative, which has completed significant projects, will be very useful for us in terms of experience sharing.

In addition to our environmental and social sustainability efforts, we left behind a very good year for sustainable growth. In 2022, we opened the first hospital abroad of our Group in Baku, Azerbaijan. Liv Bona Dea Hospital is the newest hospital of the Liv Hospital brand.

Liv Hospital brand started to serve with 7 branches as of the last year. It's a pleasure for us to observe that Liv Hospital has become a well-known and preferred healthcare service brand in Türkiye and abroad. Liv Hospital Vadistanbul, which we opened in 2021, generated half of its total revenue from foreign medical tourism. The robust growth in our Group's foreign medical tourism revenue continues both in Turkish Lira and US dollar denominated terms. In 2022, 18% of our total revenue was generated through foreign medical tourism. As a service exporter, we contribute to the economy of our country with our foreign medical tourism revenues, which increase every year.

As you will read in detail in this report, we increased our EBITDA and net profit last year. We reduced our debt on the back of a strong cash flow and cash inflows from the divestitures of some hospitals. We continued our growth trend in big cities by taking over two hospitals in Adana on November 23, 2022.

2023 is extremely meaningful for all of us... We will celebrate together the 100th anniversary of our Republic, which we have achieved as a result of great efforts, great sacrifices, and great dreams. I hope it will be a very successful year with the guidance of science. It is our greatest wish that our sovereignty will persevere for hundreds of years. It is our duty to dream big and to serve our country with great efforts.

We see our job as a responsibility to our country. We pertinaciously continue our journey that we started with the dream of delivering healthcare services at international standards to all corners of Türkiye for 30 years. This year, along with the 100th anniversary of our Republic, we are also experiencing the pride and enthusiasm of reaching the 30th anniversary of our Company. I would like to thank all my colleagues with whom we share the dream of serving our country for thirty years, and all our stakeholders who gave us strength with their presence.

Respectfully yours,

Dr. Muharrem Usta
Chairman of the Board of Directors and CEO

2022 Highlights

OUR EXPANDING HOSPITAL NETWORK

We expanded our hospital network with the opening of Liv Bona Dea Hospital in July 2022 and the openings of Medical Park Adana and Medical Park Seyhan in November 2022.

As MLP Care, we continued our strong growth trend in 2022, increasing revenue to TL 9.8 billion, up by 69.7% and EBITDA to TL 2.3 billion, up by 73.3%.

In line with the strategy of growing with mid-large scale hospitals in Türkiye and abroad, as MLP Care we expanded our hospital network with the opening of Liv Bona Dea Hospital in July 2022, and the openings of Medical Park Adana and Medical Park Seyhan in November 2022. To increase our portfolio optimization, we closed the Tarsus and Elazığ hospitals.

MAY 2022

Sale of Sentez Hospitals

Sentez Sağlık Hizmetleri A.Ş. ("Sentez") Hospitals were sold in line with the Company's long-term strategy of capacity expansion in existing facilities and new hospital acquisition.

We completed share transfer agreements regarding the two subsidiaries ("Sentez" and "MS Sağlık") on May 20, 2022 in a process commenced with the signing of an agreement between MLP Care and MP Sağlık ve Ticaret A.Ş. ("MP Sağlık") on March 16, 2022. In this transaction, we acquired all shares of the Liv Hospital Ankara hospital and we sold the İzmir, Batman and Gaziantep hospitals.

Share Buyback Program

As MLP Care, we started a share buyback program to support healthy price formation, to contribute to the formation of stable and appropriate share prices, and to protect shareholders and offer them a more attractive long-term investment opportunity.

The share buyback program is to acquire up to 10% free-float shares as treasury shares over the next twelve months. As of December 31, 2022, the total nominal value of purchased shares is TL 7,350,458, representing 3.5332% of the share capital.

JUNE 2022

Liv Bona Dea Hospital Opening

In line with strategy of increasing foreign medical tourism revenue, we signed a hospital management service contract with the Bona Dea Limited Liability Company in Baku, Azerbaijan, to operate Bona Dea International Hospital for a duration of ten years. We took over the management rights for the Bona Dea company and hospital within this agreement. As of August 1, 2022, Liv Bona Dea Hospital started operations.

Liv Bona Dea Hospital was the 7th hospital in the Liv Hospital brand and the Company's first hospital abroad. Liv Bona Dea Hospital will play a prominent role in promoting the strong Liv Hospital brand abroad, with its quality healthcare services, 156 bed capacity and 28 ICUs in a closed area of 37,500 m².

JULY 2022

Transfer of Tarsus Hospital

In line with the strategy of growing with mid-large scale hospitals for portfolio optimization, we transferred Medical Park Tarsus Hospital. The hospital's share in consolidated revenue was 1.1% and its share in consolidated EBITDA was 0.1% in Q1 2022.



SEPTEMBER 2022

Transfer of Elazığ Hospital

In line with the strategy of growing with mid-large scale hospitals for portfolio optimization, we transferred Medical Park Elazığ Hospital. The hospital's share in consolidated revenue was 2.2% and its share in consolidated EBITDA was 0.1% in the first half of 2022.

Domestic Debt Securities Issuance Certificate

In accordance with the Capital Markets Board's ("CMB") Communiqué on Debt Securities numbered II-31.1 and Article 31 of the Capital Market Law, the CMB approved the Company's application regarding the issuance of debt securities with a nominal amount up to TL 750,000,000 (Seven Hundred and Fifty Million Turkish Liras), maturity up to 5 (five) years and denominated in Turkish Lira, to be sold one or more at a time to qualified investors in the domestic market within one year, without being offered to the public, in line with the validity period of the issuance of the certificate.

Institutional Investor 2022

As MLP Care, we were recognized by Institutional Investor in 2022 for our successful investor relations practices for 3 consecutive years.

Our Company was ranked at the top of the list in the EMEA Health Care and Pharmaceuticals category and recognized to have Best Investor Relations Program. MLP Care's Chairman of the Board of Directors and CEO Muharrem Usta was recognized as Best CEO, CFO Burcu Ozturk recognized as Best CFO, Strategy

and Investor Relations Director Deniz Can Yucel was recognized as Best Investor Relations Professional, and Strategy and Investor Relations Associate Director Turgut Yilmaz was runner-up in the Best Investor Relations Professional category.

In the BIST All category of the Best Investor Relations Program from the same research, CFO Burcu Öztürk was recognized as Best CFO, while Strategy and Investor Relations Director Deniz Can Yücel was recognized as Best Investor Relations Professional.

NOVEMBER 2022

Acquisition of Hospitals and Medical Center in Adana

In line with the strategy of growing with mid-large scale hospitals in metropolitan areas, we added Özel Adana Metro Hospital and Özel Adana Hospital to the Group by signing a lease agreement for the buildings and taking over the personnel and operations. We took over the license of Özel Güney Adana Hospital, with a 203-bed capacity, and the operating license of the Özel Özülükü Medical Center.

We changed the name of Özel Adana Metro Hospital to Medical Park Seyhan Hospital, and that of Özel Adana Hospital to Medical Park Adana Hospital. Medical Park Adana Hospital started operations with a 158 bed capacity and Medical Park Seyhan Hospital with a 164 bed capacity. Additionally, we plan to open a new hospital in Adana with a capacity of 203 beds and a closed area of 40,000 square meters with the license from Özel Güney Adana Hospital.

2022 Highlights

Revenues from domestic patients increased by 58.6% in 2022 due to increased inpatient numbers and both inpatient and outpatient average prices.



2022 Financial Review

Summary Financials

(TL million)	2022	2021	Change
Revenue	9,837	5,796	69.7%
EBITDA	2,346	1,353	73.3%
EBITDA Margin (%)	23.8%	23.3%	50 bps
Net Profit/(Loss) Before Tax	1,304	372	250.8%
Net Profit/(Loss)	1,675	355	371.5%
Net Profit/(Loss) (allocated to equity holders of the parent)	1,619	290	457.6%
Free Cash Flow	608	689	(11.7%)
Capital Expenditure	871	493	76.5%
Net Debt ¹ (including TFRS 16 impact)	2,053	2,069	(0.8%)

¹ Including obligations under operational leases related to TFRS 16



Financial Highlights

- In 2022, total revenues have increased by 70% to TL 9,837 million (2021: TL 5,796 million) and increased by 91% when normalized for divestitures. Foreign medical tourism and domestic private medical insurance have been the highest growth segments.
- In 2022, the EBITDA increased by 73% to TL 2,346 million, while the EBITDA margin increased by 50 bps to 23.8%, EBITDA normalized for divestitures have increased by 90%.
- Net profit in 2022 increased by 371% to TL 1,675 million (2021: TL 355 million). Net profit normalized for divestitures increased by 485% to TL 1,488 million. Net profit improved significantly on the back of strong operational performance, reduction in financial expenses due to deleveraging, and deferred tax income.

- Net debt/EBITDA ratio decreased to 0.9x in 2022 from 1.5x in 2021, supported by strong cash flow and cash inflow from the divestiture of underperforming hospitals.

Operating Highlights

- Private medical insurance segment has grown by 91% in 2022 on the back of the ongoing penetration of top-up insurance.
- Foreign Medical Tourism (FMT) revenues have grown by 146% in 2022; of those, 87% in 2022 came from the appreciation of FX against the TL and the rest from volume/price growth on the back of effective marketing and PR campaigns.
- There were 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 was effective in the last 4 months of 2022.

Revenue

Domestic Patient Revenues: Revenues from domestic patients increased by 58.6% in 2022 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 51.8% in 2022. The outpatient revenues grew by 68.0% in 2022.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 146.4% in TL terms and 31.8% in USD terms in 2022. FMT revenues as a percentage of the total revenues was 17.8% in 2022 (2021: 12.3%). FMT revenues was USD 106 million in 2022.

Other Ancillary Business: Revenues from other ancillary business increased by 69.8% in 2022 due to management consultancy revenues from university hospitals and Liv Bona Dea Hospital. The consultancy revenues increased by 99.9% to TL 234 million in 2022 (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

2022 Highlights

Material consumption as a percentage of total revenue decreased by 80 bps in 2022 due to the lagging effect of increased costs on the back of effective inventory management.

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

(% of Revenues)	2022	2021	Change (bps)
Material	76.2%	76.7%	(50)
Doctor	17.3%	18.1%	(80)
Personnel	21.3%	21.7%	(37)
Rent	16.3%	15.8%	50
Outsourced services purchases	1.1%	0.9%	16
All other expenses	7.0%	8.4%	(140)
	13.2%	11.8%	141



Material consumption as a percentage of total revenue decreased by 80 bps in 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 37 bps in 2022 due to strong hospital revenue growth and portfolio optimization.

Personnel expenses as a percentage of total revenue increased by 50 bps to 16.3% in 2022 due to two consecutive increase in the salary of the personnel in line with the minimum wage increase in 2022.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 140 bps to 7.0% in 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses, etc.) as a percentage of total revenue increased by 141 bps to 13.2% in 2022 mainly due to the increase in the marketing expenses related to FMT revenues and increase in utility expenses above the inflation rate.

EBITDA

EBITDA number increased by 73.3% to TL 2,346 million in 2022. EBITDA margin increased by 50 bps to 23.8% in 2022. EBITDA margin increased due to decreased volume of the outsourced PCR test service

expenses and on the back of effective inventory management, additionally base effect stemming from the one-off Libyan bad debt expenses.

Cash Flow

The operating cash flow increased by 25.7% to TL 1,498 million due to the robust EBITDA growth (2021: TL 1,191 million). Therefore, the operating cash flow/EBITDA ratio decreased to 63.9% in 2022 (2021: 88.0%).

Free cash flow decreased by 11.7% to TL 608 million in 2022 (2021: TL 689 million). Therefore, free cash flow/EBITDA ratio was at 25.9% in 2022 (2021: 50.9%).

Maintenance-related capital expenditures as a percentage of revenues was at 4.2% in 2022 (2021: 4.0%). Total capital expenditures as a percentage of revenues was at 8.9% in 2022 (2021: 8.5%).

Profit/(Loss) for the Period

Net profit increased by 371.5% to TL 1,675 million in 2022. Net profit normalized for divestitures increased by 485.4% to TL 1,488 million in 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 55 million in 2022 (2021: TL 65 million). Therefore, net profit allocated to equity holders of the parent increased by 457.6% to TL 1,619 million in 2022 (2021: TL 290 million).

Borrowings and Indebtedness

The net debt/EBITDA ratio was successfully decreased to 0.9x in 2022 from 1.5x in 2021 on the back of strong operating performance and cash generated from the sale of Sentez hospitals.

In 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 389 million to 787 TL million (2021: TL 1,176 million). The net debt/EBITDA ratio decreased to 0.4x in 2022 from 1.1x in 2021.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 16 million to TL 2,053 million (2021: TL 2,069 million).



Sustainability Approach

SUSTAINABLE VALUE CHAIN

We create a sustainable value chain in everywhere we serve.

2022 has been a year in which we developed our sustainability efforts around the strategy we built, saw the outputs of our work in a tangible way, and started developing collaborations.

We are experiencing globally that institutions, which can respond quickly to the changing needs of society and the environment, even anticipate these changes proactively and take positions in advance, can create more effective and permanent values in the business. On the other hand, it is becoming increasingly important to be a responsible company that stakeholders' opinions, suggestions, and concerns are taken into account while carrying out sustainability studies. We, as MLP Care, had only received opinions of our internal stakeholders at our first study on establishing our priorities of sustainability. With the awareness of being a responsible company, we have prepared an up-to-date materiality matrix by taking the opinions of our external stakeholders and reviewing our current sustainability priorities. With regards to matters we will address in the field of sustainability, we examined matters of priority from our sector within the global conjuncture and organized a workshop in order to be able to receive opinions of our departments, then we made a decision. Afterwards, we divided our external stakeholders into 11 main groups (Guests, Senior Management, Investors and Shareholders, Community, Public Institutions and Regulatory Authorities, Suppliers, Insurance Institutions, Media, Accreditation Institutions, Educational Institutions, Financial Institutions) and asked them to rate matters of priority we provided. 96 external stakeholders responded to the questionnaire whereas 78 internal stakeholders expressed their opinions, as well. We used the outputs of this study as our compass while developing our sustainability strategy and determining our goals in line with our strategy.

We integrate our sustainability efforts into our way of doing business

As MLP Care, we determined our sustainability strategy in order to ensure the maximum efficiency and benefit in our sustainability efforts, to carry out our sustainability efforts in line with our corporate business strategy and our industry systematically, to meet the needs of the people we serve. While we were determining our strategy, we took into account the global risks, opportunities and trends, also evaluated the threats that our sector and our Company may be exposed to in the short term and long term and the opportunities that may arise. We concluded these outputs with our literature researches, our experience in the healthcare sector and the stances of our stakeholders. Rather than treating our sustainability efforts as a new subject that will be added to our usual business processes, we designed our sustainability strategy in a way that is aligned with our corporate business strategies and serves our business goals in order to make it our usual business manner.

We integrate our sustainability efforts into our way of doing business. In every chain of the service we provide, we build processes that create value for our Company, our stakeholders, our society and our environment. We group our sustainability efforts under four main themes within our vision to "create a sustainable value chain in everywhere we serve". These are Digitalization, People and Culture, Contribution to Society and Fight against Climate Change. We shape our works related to these four themes within the framework of a purpose for each theme. We aim to

- ensure resource efficiency with our digitalization efforts,
- be a preferred company by everyone with our work within the scope of Human and Culture,
- be a healthcare company that cares about society as well as offering the best experience to our guests with our efforts under the theme of Contribution to Society,
- provide environmental friendly healthcare services with our practices within the scope of our Fight against Climate Change.

We support all these efforts with a responsible governance structure within the framework of transparency and accountability principles.

By accepting our strategy as our roadmap, we set short, medium, long-term specific, measurable, achievable, relevant, and time-matched targets, we continue our efforts to take concrete and effective steps by measuring these targets, and we share our targets with our stakeholders. You can review detailed information about our strategy and targets in our MLP Care 2021 Sustainability Report.

We started to carry out our sustainability efforts by forming a Sustainability Working Group consisting of our executives, in order to ensure that our work progresses regularly and efficiently, that understanding of sustainability aspects all our business processes, hospitals, and stakeholders. During this period, we further developed our sustainability governance structure and created focus sub-working groups to work under the existing Working Group. Digitalization and Innovation, Human and Culture, Corporate Governance, Contribution to Society and Communication with Stakeholders, Climate Change and Environment Sub-Working Groups operate under the Sustainability Working Group. With this structure, the priority issues that each sub-working group is responsible for have been determined, and the targets related to these priority issues are followed up by the Sub-Working Groups. At the same time, members of the Working Group assume the leadership of the Sub-Working Groups. Sub-Working Groups report the targets, projects and progress they have determined to their leaders, and the leaders provide guidance on matters that require decisions and/or resources. The organization of the Working Group is undertaken by the Investor Relations and Strategy Directorate, also the works are led by the Investor Relations and Strategy Director, who is a member of the Corporate Governance Committee and reports directly to the Chairman of the Board of Directors.

We were included in the BIST Sustainability Index as a result of the grading made in the last month of 2022, thanks to our sustainability steps we have intensified in recent years, the policies we have implemented, our strategy, our goals and our good practices. As being the leading healthcare group in the private healthcare sector, we add another leadership to this, we became the first company in the healthcare sector in Türkiye to be included in this index.

Last year, we promised to be a signatory to national and international initiatives and to be a member of organizations where we can create value. We became a member of the Business World and Sustainable Development Association (BCSD Türkiye) with the awareness that a sustainable business model can only be carried out through partnerships and collaborations. We signed the Women's Empowerment Principles in order to emphasize the importance we attach to the development of women and also show that we are wholeheartedly willing and determined to develop our practices related to women's empowerment by providing equal opportunities.

The Sustainability Principles Compliance Framework published by the Capital Markets Board (CMB) in 2020 includes the core principles that public companies are expected to disclosure about environmental, social and governance issues while carrying on the their business. Based on this expectation, you could find our answers and explanations within the scope of the Capital Markets Board's Sustainability Principles Compliance Framework on pages between 88 and 98 of this report.



Environmental Approach

ENVIRONMENTAL MANAGEMENT SYSTEM

In all our hospitals, we receive environmental consultancy services and hazardous material safety consultancy services, and we work with Infection Control Committees and our consultants.

As MLP Care, we have a safe environmental management system covering energy, water consumption and waste management in all our hospitals. While we carry on our environmental studies to meet national regulations, we improve our standards in order to enhance the service we offer to our guests and the environment in where we serve. We consider both national environmental legislation and the environment-related articles of the JCI (Joint Commission International) Accreditation Standards which evaluates international hospital management systems from both the patient and operational perspectives. We receive consultancy service on environmental issues and hazardous material safety management in all our hospitals, our consultants make evaluations continuously, carry out the studies to comply with the legislation and take the necessary improvement actions with the hospital management.

In addition, environmental consultants collaborate together with the Infection Control Committees in our hospitals. Thanks to this collaboration, we fulfill all the legal requirements in the light of both the Environmental Law and the European Agreement concerning the International Carriage of Dangerous Goods by Road. There are no incidents that affect the use of tangible assets, including all machines, equipment and devices at MLP Care hospitals, or that create environmental risk.

We manage our environmental issues in the light of our policies

We have secured all the topics that form the basis of our Environmental Management System with the Environmental Policy, procedures and instructions created within this scope, and shared them with all our employees. While performing our sustainability efforts we put down our Energy Policy in writing and announced on our website in order to gather our maintenance works and practices related to energy use, to guide our following work, and to shared our perspective on energy which has become more critical because of the climate crisis. Our energy management issues are also carried out in accordance with this Policy, and there is a Board of Directors decision in our Energy Policy, as in our Environmental Policy.

When calculating our greenhouse gas emissions, we take actions to better define our impact by including more emission sources in our calculations

After our first emission calculations in 2021, we developed our emission source inventory in 2022, identified and included more emission sources in our calculation. This development has been an important study in terms of better understanding our environmental impact. While making this calculation, we used internationally accepted methods. The result of the calculation showed that our electricity consumption is the main emission source, so we started to evaluate our maintenance and improvement works which we are currently carrying out. We set sustainability targets in order to reduce our greenhouse gas emissions, support the combat climate crisis and save on energy. We plan to save 1,300,000 kWh of electricity and 74,000 Sm³ of natural gas by the end of 2023.



Net Zero by 2050

We have set the goal of net zero carbon emission by 2050 in order to be able to contribute to efforts put in the fight against the climate crisis both in our country and across the world. We are working on our roadmap for the net zero emission target, and we are intensifying our steps by setting short-term targets in this process. By 2025, we aim to reduce our Scope 1 and Scope 2 emission intensity by 8% compared to the 2021 base year.

We look closer not only energy consumption but also our water usage and realize good practices in order to increase water efficiency. We aim to save 18,000 m³ of water by the end of 2023, as a short-term goal, with all these ongoing and planned works.

As a result of the services we ensure that all people live healthy lives, we generate and collect our hazardous and non-hazardous wastes separately at source in our hospitals, and manage in accordance with the legislation. In the light of the United Nations Sustainable Development Goals, we carry on our waste management processes sensitively and efficiently to minimize the negative effects of wastes on the climate and the environment by supporting the recycling for a circular economy.

In 2023, we plan to carry out a project that we will start in pilot hospitals in order to improve our waste management processes, and as a result of this project, we plan to increase our recycling rate until 2025.

We collaborate with companies licensed by the Ministry of Environment, Urbanization and Climate Change for the disposal and transportation of hazardous wastes, in accordance with the legislation.

Characteristics of resources used as well as effective use of resources determine the amount of waste generated and the impact of such waste upon the environment. For this reason, we include our suppliers in our works that aim to reduce our environmental impact arising from our activities. Starting from 2023, we will add criteria related to environmental sustainability to the contracts we have made with our suppliers and we will consider selecting suppliers regarding their compliance with these criteria.

You can view detailed information on environmental management, emissions, energy and water use, waste management and our performance in 2021 in our MLP Care 2021 Sustainability Report.

Quality Standards

INFORMATION SECURITY PROCESSES

Our MLP Care information security process, certificate by the leading companies in the industry.

Accreditations, Awards, Quality Management

The MLP Care Quality Management System was established in accordance with the accreditation standards of the JCI (Joint Commission International) and ISO 9001:2015 (International Standardization Organization) Quality Management Systems standards, which evaluates national and international hospital management systems from both patient and operational perspectives, and the Ministry of Health's Quality Standards for Healthcare. Our Quality Management System is focused on patients, employees, environmental safety and facility safety. The Group consistently ensures that patients receive healthcare that is timely, equitable and adequate, as well as efficient, effective and safe. Every year, inspectors from the Ministry of Health perform Healthcare Quality inspections at the Group's hospitals.

Certifications

Bahçeşehir University Hospital Medical Park Göztepe, Altınbaş University Hospital Medical Park Bahçelievler Hospital, and Liv Bona Dea Hospital underwent a rigorous audit conducted by the Joint Commission International (JCI), an internationally recognized accrediting body that works to improve healthcare service safety and quality. All three hospitals passed the inspection and received their certificates of accreditation. Audits are conducted to ensure the validity and reliability of the Quality Management System, periodically.

Liv Hospital Ulus successfully passed an international inspection conducted by SRC (Surgical Review Corporation) and obtained the Center of Excellence Certificate.

Istinye University Hospital Medical Park Gaziosmanpaşa was certified by the internationally recognized TS EN ISO 9001:2015 Quality Management System Standards for diagnosis and treatment services under the audit of TÜV Austria Cert procedure.

Liv Hospital Vadistanbul Hospital was certified in a short time after it started to operate, proving that it established and implemented a management system that complies with the requirements of ISO 9001:2015 Quality Management System Standards.

In the first quarter of 2022, our WM Medical Park Pendik Hospital started and implemented the "Integrated Management System", which is based on the approach of creating a documentation system that can be used jointly, by gathering more than one management system under one roof. Integrated Management System adopts the approach of auditing all standards together instead of auditing the systems separately. In this context, our VM Medical Park Pendik Hospital deals with the environment, occupational health and safety and quality processes together, and with the audit conducted by TÜV Austria Cert, TS EN ISO 9001:2015 Quality Management, TS EN ISO 14001:2015 Environmental Management and TS EN ISO 45001:2018 Occupational Health and Security Management Integrated Management System certificate.

Our MLP Care information security process was certified by TÜV Austria Türk with the TS EN ISO 27001:2013 Information Security Management System Certificate. System continuity is ensured by periodic annual audits.



Clinical Success and the Provision of World-Class Services

MLP Care provides high-quality services in every specialty area. This is achieved thanks to our Company's advanced technological infrastructure, state-of-the-art hospital facilities, internationally recognized operational and surgical success (three JCI accreditations, three SRC Center of Excellence awards), academic collaborations with university hospitals, and a full range of services in various disciplines.

Company affiliations with university hospitals include the three affiliations of Ankara, Göztepe, and Bahçelievler Hospitals with Bahçeşehir University, Altınbaş University, and the Yüksek İhtisas University

respectively (in accordance with the Procedures and Principles concerning the Affiliation Between Foundation Universities and Private Hospitals); and the management consulting services provided by MLP Care to three hospitals, namely İstinye University Hospital in Bahçeşehir and Gaziosmanpaşa, and İstanbul Aydın University hospital in Florya.

Such arrangements also offer physicians the opportunity to participate in exchange programs and various seminars, allow for more flexibility in the Company's physician portfolio, and create an attractive work environment for talented and experienced physicians in Türkiye. Currently, 453 academicians serve as physicians at the Group's hospitals.

Social Approach

EXPERT STAFF OFFERING HIGH QUALITY SERVICE

MLP Care provides high-quality services in every specialty area and a full range of services in various disciplines.

Human Resources Approach

To create a corporate culture aiming to increase employee engagement with fair and incentive human resources practices and processes, we have four main human resources strategies that support the development of our employees and prioritize open communication.

The first of these strategies is to dynamically shape the organization structures to achieve an efficient and effective operation in line with the strategic goals and to ensure sustainability of this operation. Another of our goals while achieving this is to create an encouraging, fair performance culture in which success is evaluated against measurable and concrete criteria. Additionally, building effective human resources systems that maximize technology use taking into consideration cost and speed factors and developing a service-oriented HR structure that contributes to the performances of work units with its process and infrastructure are also among our critically important strategies. Our fourth strategy is, in addition to attract new talents to our Group, to support these talents with career opportunities, training and development programs to ensure sustainability of the organization.

Employee Profile

Based on the belief that a company can be as strong as its weakest link we think that our employees should have distinctive qualities. We, at MLP Care provide equal opportunity to our employees in our recruitment, promotion and assignment procedures and we believe that our comprehensive corporate identity is a wealth for our ecosystem. We employ candidates who have improved themselves in their area of expertise throughout their academic life and career journey and who are open for continuous improvement. We believe that the most important driving force together with our improvement-oriented management approach, which makes us successful is our people. We maintain our position as the leader in the healthcare industry thanks to our nearly 19 thousand employees who act in unison and work hard to meet healthcare needs of millions of people everywhere in Türkiye

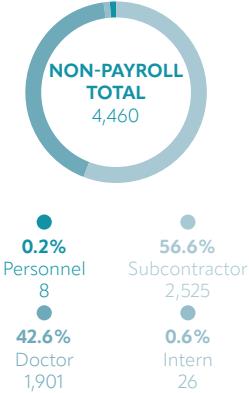
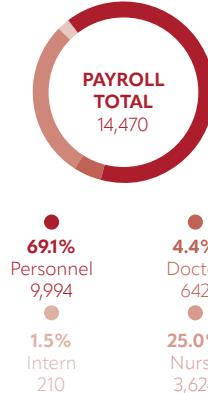
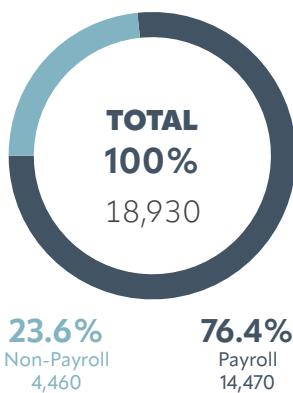
As of December 31, 2022, we have a total of 18,930 employees, of which 14,470 are in our payroll.

In this annual report, the number of employees includes the employees of 3 university hospitals and Liv Bona Dea Hospital operating under the management contract, interns, and employees within the scope of 4-1A. Therefore, the number of permanent employees is different from the 11,699 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

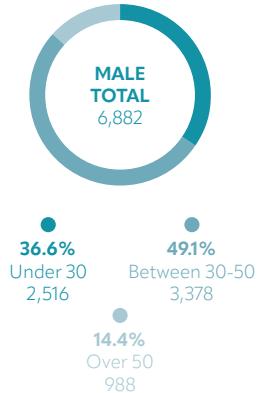
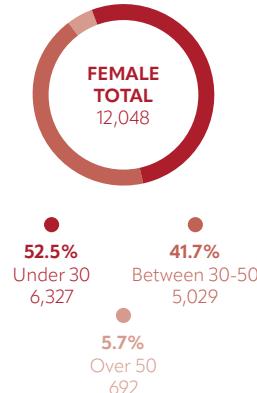
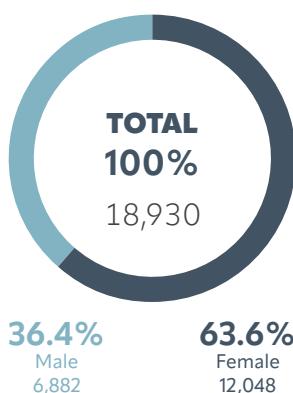


Social Approach

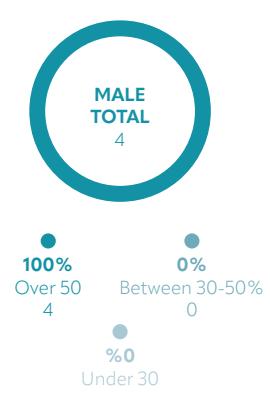
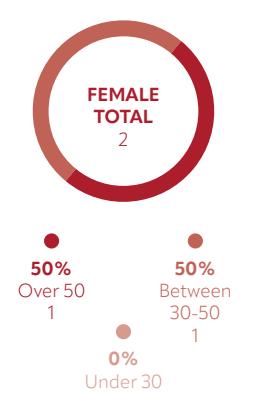
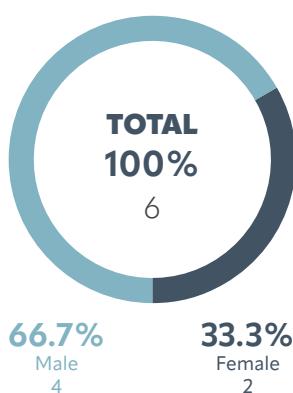
Distribution of Payroll and Non-payroll Employees by Employment Type



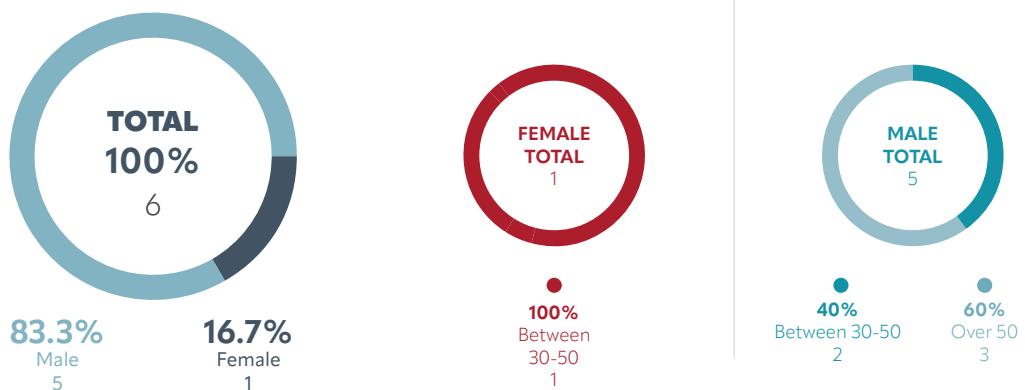
Distribution of the Employees According to Age



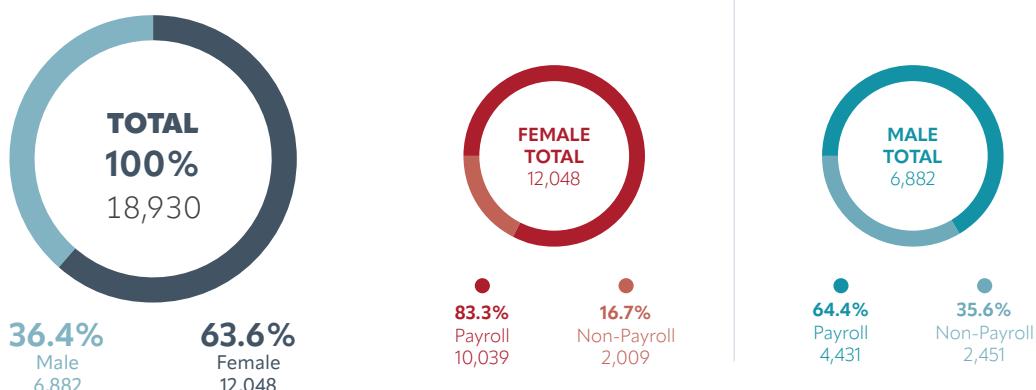
Distribution of the Members of the Board of Directors According to Age



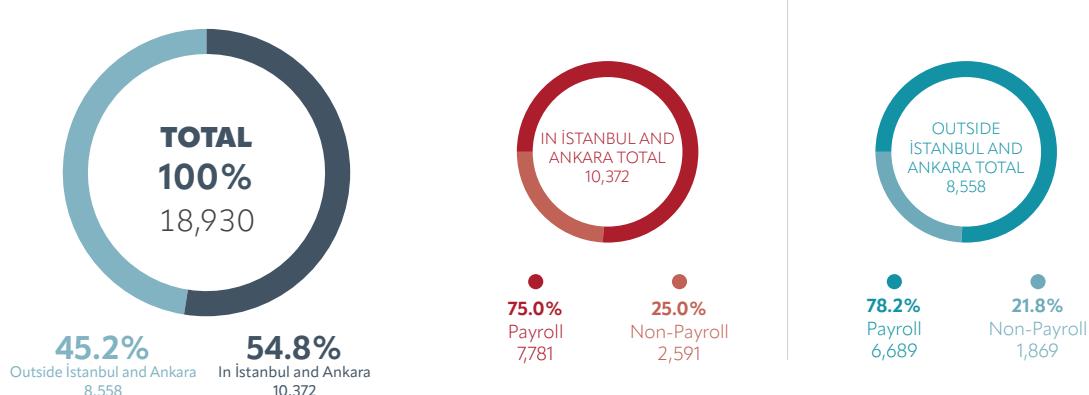
Distribution of Executive Managers According to Age



Distribution of Employees According to Contract Type and Gender

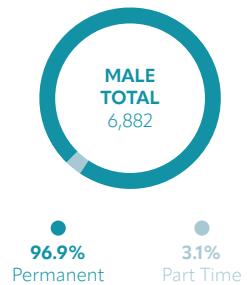
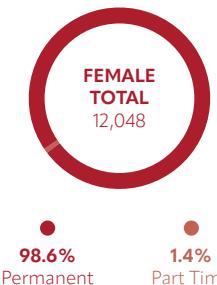
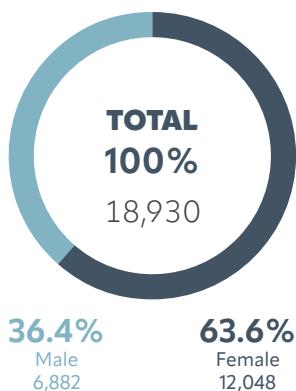


Distribution of Employees According to Contract Type and Workplace

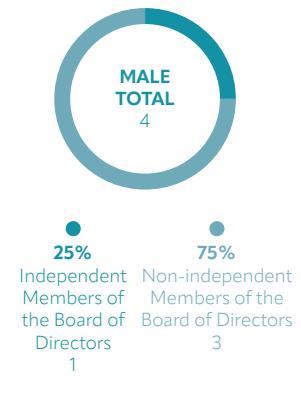
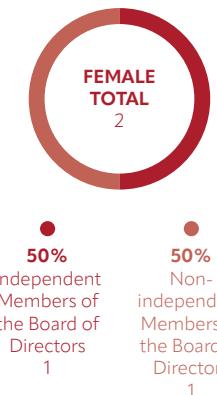
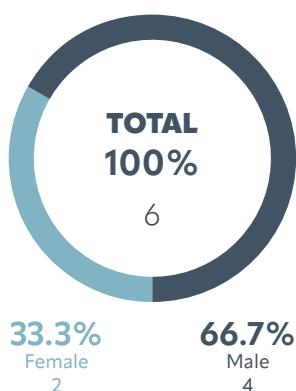


Social Approach

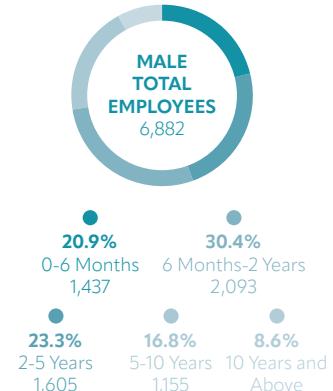
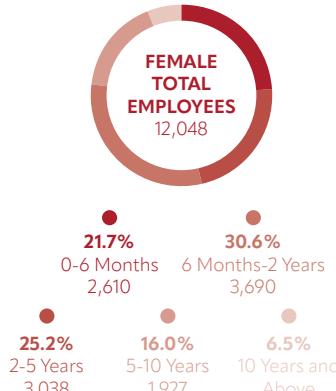
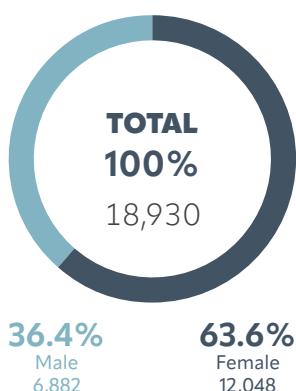
Distribution of Employees by Recruitment Category and Gender



Distribution of Board of Directors Members According to Their Independent Status



Distribution of Employees According to Seniority



Employee Loyalty and Satisfaction

We respond to needs and expectations of all of our employees working in our Group and measure and assess their job satisfaction levels every year to increase engagement and improve their motivation. Our employee satisfaction was 80% in 2022 and our goal is to maintain and increase this rate even more in the next reporting period.

Prevention of Discrimination and Equal Opportunities

We offer equal opportunities to all of our employees working in our hospitals under MLP Care Group in line with the universal human rights regardless of their ethnical origin, gender, skin color, race, nationality, economic status and religion/faith. We are committed to protecting the rights of all of our employees with our business processes that are in compliance with laws, legal regulations and human rights. Our main expectation from all of our employees is to embrace all rights offered in MLP Care at the maximum level, and improve their engagement and use the working environment where they can provide their services effectively.

We believe that women should have social and economic freedom and build their career expectations independently for a free and equal society. In line with this approach, we are diligent about employing women in our Group. Our total number of employees was 18,930 in 2022 (2021: 20,016). The total number of female employees was 12,048 in 2022 (2021:12,429) and total number of male employees was 6,882 in 2022 (2021: 7,587).

We offer job opportunities for disabled people who are considered as a vulnerable group with the aim to overcome prejudice. We care about providing equal job opportunities in our Group where social status based on gender, physical and mental disabilities is cancelled. The total number of female disabled employees was 106 (2021: 104), and male disabled employees was 232 in 2022 (2021: 235).

Employees under collective labor agreements

Our Company is not a party to any collective bargaining agreements. Under applicable laws, our Company's employees can join labor unions. If requested by the employees, labor union membership fees may be cut from their salaries and paid to the union.



Social Approach

MLP Care Development Academy provided to employees e-trainings and in-class trainings in hospitals. As a result, 40 training hours per person has been carried out.

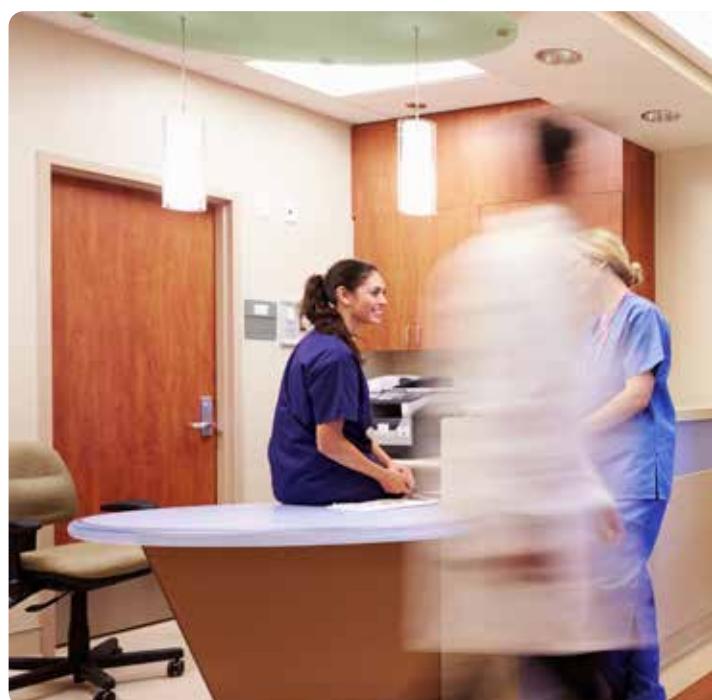
Education and Development Programs

We know that main factors in the improvement of performance and success of our employees are the investments we make for their development and training we provide to them. We support all of our employees' development and provide a wide variety of development and training programs. Our goal is to provide a wide range of training programs designed according to the needs of our employees to improve their knowledge and skills.

In 2022, our Company conducted in-person sessions (in-class), orientation programs and technical trainings, as well as competency-based trainings (communication, teamwork skills, etc.), leadership programs and corporate culture trainings organized by the MLP Care Development Academy, in a controlled manner taking into account the employee health and safety during 2022 when the pandemic effects are more visible. Taking into account the conditions in the hospitals, compulsory technical trainings were generally executed online via Zoom, while trainings held in hospitals were organized in accordance with pandemic conditions. The number of face-to-face trainings increased during the last half of the year, as we entered the normalization process.

The e-training platform, which is open to the use of all employees within the Group, provides access to the MLP Care Development Academy platform from anywhere with an internet connection. Through this platform, e-trainings, exams and surveys can be assigned to all employees simultaneously.

In 2022, digital trainings were emphasized, with e-orientation packages, technical processes, screen trainings, and training videos made available to employees and managers via digital media. "Tips for Professional Life", "Coping with Difficulties (Resilience)", "Capturing Success with the Right Perspective", "Emotional Intelligence", "Influencing Skills", "Personal Performance and Efficiency", and "Mindfulness" were offered in addition to personal development trainings aimed at increasing success in business life and supporting mental health. As well as, e-trainings such as "Digital Terms" and "Digital Competencies", which provide information on the requirements and terminology of the age were shared with employees in 2022.



As the normalization process proceeded, the number of in-class training increased; in parallel, the number of online training increased. The total training time per person for all employees rose to 40.0 hours in 2022 – a 78% increase in the 22.5 hours per capita education period in 2021. The total training time in 2022 reached 756,375 hours. More than 80 e-learning and e-books were added to the MLP Care Development Academy last year, 33 of these newly added e-trainings related to Leadership issues and aimed to develop employees' management skills.

In addition, a major project in 2022 was the introduction of title-based "Leadership" e-training packages. Separate training packages were created for each level (Team Leader, Responsible, Assistant Manager and Manager positions). The completion of these training packages is taken into consideration when assessing employee promotions.

As the healthcare sector is in a high-risk group in terms of OHS, in-class training sessions in hospitals were also supported online. In collaboration with OHS experts, a total of 11 e-trainings on OHS General and Health topics were uploaded to the MLP Care Development Academy platform and assigned to all employees.

Additionally, we share with our employees articles on personal development, leadership and global trends in the business world published in well-known journals and magazines in our weekly e-bulletin, Perspektif.



MLP Care Development Academy

756,375

Total training hours

80%

E-learning completion rate

383

Distant and video training

466,529

Distant training attendance

40.0

Training hours per employee

82

Leadership and personal development training topics

21,303

In-class trainings

239,575

Face to face attendees

Social Approach

As part of HR digitalization efforts, we review and standardize our processes; identify reporting, improvement and development points; and continue to work in this direction.

Physician recruitment and retention

Our Company can effectively recruit physicians based on several factors. These include our strong brand, high patient traffic, and the overall company size and the number of hospitals in the portfolio, as well as the opportunity to be promoted academically through affiliations with medical schools, an agenda for advancing science (including in cooperation and affiliation with universities and institutional support for participation in scientific activities), state-of-the-art medical equipment, and regular and on-time payments. Other factors include access to large volumes of patient data, which is applicable for scientific work, and vast experience to draw on in complex cases.

Our Company also attaches great importance to ensuring the service quality of its physicians. Therefore, each of our physician is carefully monitored on a scorecard system.

Digital HR - Demand Processes

In line with the Company's HR strategies, the Digital HR project was launched in May 2019 in order to make the Human Resources systems and processes more efficient and to support the dissemination of the digital transformation culture throughout the Company. Within the scope of the project, the first phase, Staff Demand Management, was launched in November 2020. We aim to transfer all recruitment processes (posting advertisements, collecting candidate applications within itself) to the live system in the first quarter of 2023, and we continue our efforts to carry out career management (promotion, transfer, job change) processes in a digital environment.

Digital HR – Form Processes

As part of the Company's Human Resources digitalization efforts, we review and standardize our processes; identify reporting, improvement and development points; and continue to work in this direction. We are advancing this project in the form of a pilot application in six hospitals. In this context, in the "Exit Interview Process", we can receive employees' resignation requests in a digital environment. The Human Resources teams are thus provided with the opportunity to quickly and easily conduct these processes.

We are able to follow up on our employees' "Two-Month Trial" and "Six-Month Evaluation Process" forms in a digital environment. Thus, we offer employees and managers a platform on which they can request, approve and follow up. In 2023, we aim to expand digital human resources form processes across all our hospitals.

Digital HR – FTE Management Screen

The increased risk of infectious diseases due to the pandemic has once again demonstrated the importance of digitalization. Considering the employees who work from home and consequently cannot use the Personnel Attendance Control System (PACS) functions such as a finger, face or user card recognition, also taking into account the infection risk of using these systems, a digital HR platform, owned by MLP Care, has been established where the work hours can be logged in.

With this system, it has become possible to plan all employees' working hours, overtime, leave, reports, etc. and track them more transparently on a digital platform. Thus, managers can plan the work hours of the employees and the employees can review their schedule and request revisions. The payroll system is carried out within the scope of this data.



Although it is still in practice in our pilot hospitals, the SSI Entry Robot allows the robot to provide the SSI entry declarations of the entire Group and to send details of the transaction with the relevant individuals and the entry declaration as a PDF.

With the personnel enforcement system, we saved the salary seizure letters received by personnel in the whole Group from e-mail traffic and the possibility of being overlooked, and enabled them to be tracked with notifications and time stamps in the system. With the pilot application used in our hospitals in Istanbul, the entire process – from the correspondence clerk to the Legal Department – proceeds digitally; at the end of the process, errors and loss of time are avoided thanks to the integration of the payroll program.

Through the mobile application Mobil PDKS and the digital module, we aim for a more accurate accounting of personnel working hours via the check-in and check-out buttons on the mobile app, and to reach clearer and more realistic data in our FTE and salary calculations. Our aim in terms of the pilot application deployed in Liv Hospital Vadistanbul is to ensure its extension to all our hospitals in the first quarter of 2023.

With the simulation development conducted on the Informatics Payroll program, we started to carry out budget analysis studies, preventing deviations in the budget studies by merging the current status of hospital budgets with digital HR data, without having to wait for a specific time period.

By switching to the PowerBI reporting system, we improved the ability to comment on the current status and future of the Company by reporting all information in a manner that allows further reporting and analysis. In the current situation, we started to work with a clearer understanding of areas in which we need to improve.

Digital HR-Budget Processes

We moved the work flow to the digital platform, where we forecast the monthly course of HR expense items and manually track the closing data. We created a flow that will enable simultaneous budget calculations by linking monthly manual HR expense items with the payroll program and digital HR FTE management. We set up a structure in which the closing figures of each month are digitally transferred to the relevant item headings, including payroll data and financial affairs trial balance figures, by constructing the closing budget of each month with the same systematic. Thus, we started to manage the process digitally, which we had followed manually.

Corporate Performance Management System

The Corporate Performance Management System is implemented at MLP Care. In order to improve performance in line with the Company's strategies, task-based numerical targets are set for hospital and department leaders. The determined targets are assigned to our employees monthly, and premium payments are made according to the realization rates of these targets.

Occupational Health and Safety Approach

OCCUPATIONAL HEALTH AND SAFETY APPROACH

We never compromise Occupational Health and Safety, and we consider everyone within the working area as MLP Care staff and include them in the Occupational Health and Safety system.

Our main expectation from our Occupational Health and Safety activities is to ensure that we have the highest standards for health and safety as required by our sector. Our goal in our Occupational Health and Safety activities in our hospitals under the MLP Care is to keep potential occupational accident risks under control, provide a healthy and safe working environment and to increase awareness on Occupational Health and Safety culture with the participation of all of our staff. We have an effective Occupational Health and Safety Management System based on international standards and experience of many years, which has turned into a corporate culture over time to create safe working environments. We carry out Occupational Health and Safety (OHS) activities in our MLP Care hospitals with the strong commitment and demand of the senior management.

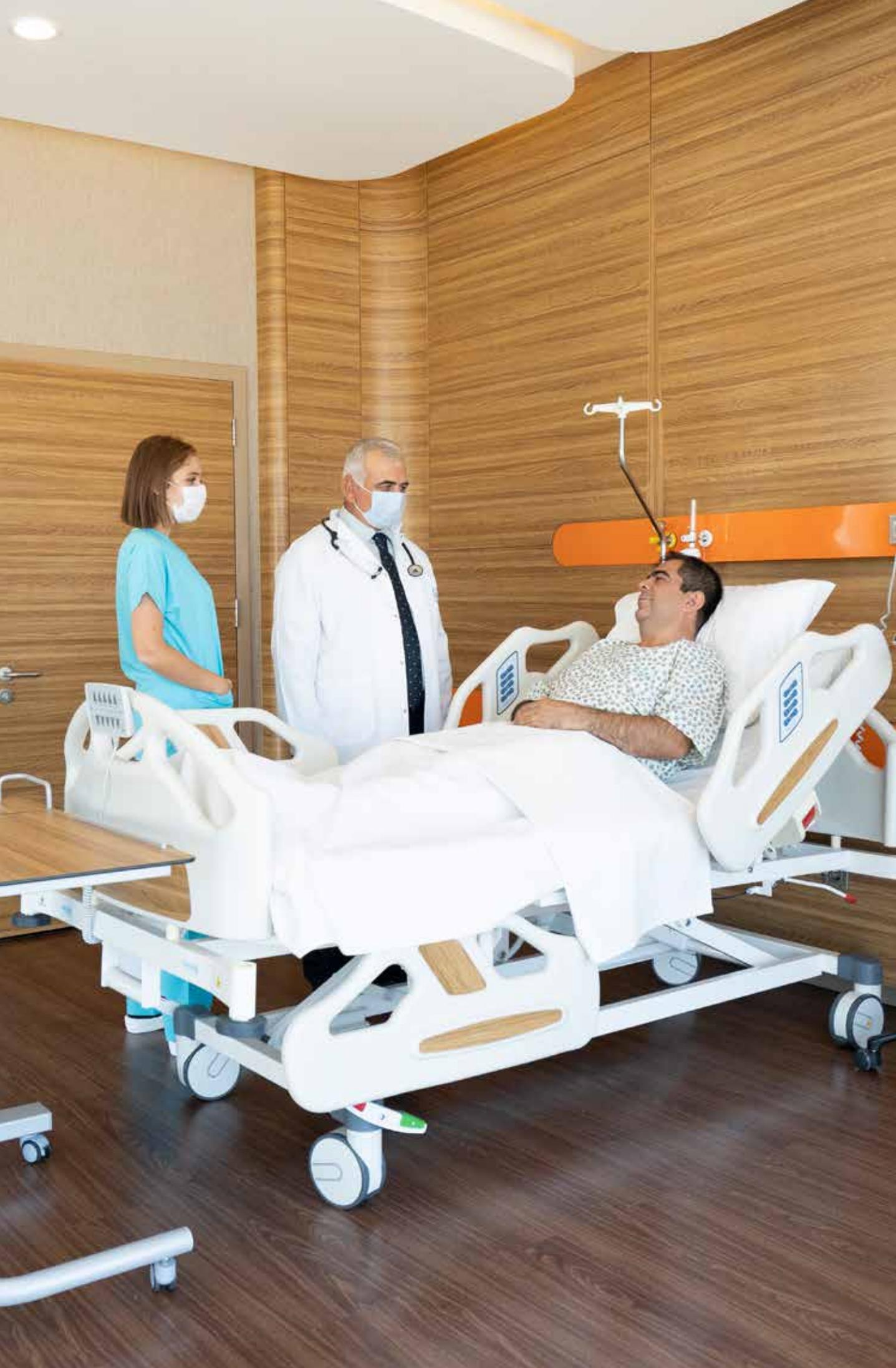
This strong commitment provides the basis for all activities and the management system and is shared with all stakeholders using the Occupational Health and Safety policy. Our commitment which we clearly explain in this policy is carried out effectively using tools such as internal procedures and training programs, workshops, plans, instructions, checklists and forms. We detect areas of improvement through inspections and depending on the results of such inspections we review our management system and take actions in line with the continuous improvement principle.

As MLP Care, we never compromise Occupational Health and Safety and consider everyone as MLP Care staff and include them in the Occupational Health and Safety system including our contractors' employees and temporary employees during their work in our hospitals.

We carry out all of our activities in accordance with the Occupational Health and Safety Law no 6331 and standards of globally recognized organizations and implement a comprehensive risk management. We analyze all aspects of the activities we carry out to identify risks and take necessary measures. We proactively detect risks with the risk based approach of the Occupational Health and Safety System and ensure that necessary measures are taken right from the beginning. We take suitable improvement actions against all risks and dangers identified with our proactive approach and identify temporary measures against risks and dangers for which improvement actions are taken and we secure the area or situation until all related work is completed.

Every hospital under the MLP Care has an OHS Committee and a Facility Safety Committee and these committees meet at regular intervals (monthly) in accordance with the applicable laws. During these meetings the committees review OHS, facility safety and infrastructure compliance performances and any detected major risk and requests and feedbacks are discussed and actions to be taken are decided. These committees consist of the people stipulated by law and meetings are held in a transparent and participatory environment.

In our hospitals Occupational Health and Safety work is carried out by the Occupational Health and Safety departments. An occupational health and safety specialist, a workplace doctor and other healthcare professionals work in these departments. Our Occupational Health and Safety departments continue their work under the organization of the OHS Committee and Facility Safety Committee and they carry out site visits, inspections and on-site observations to identify risks and take necessary actions to reduce the possibility and impact of such risks.



Contributing to Society

CONTINUES SUPPORT FOR SPORTS

As MLP Care, we support clubs, athletes and sports complexes and organizations of different branches with our Medical Park and Liv Hospital brands.

"We Score Goal Against Obesity in Every Age" Social Responsibility Project

The social responsibility project "We Score Goal Against Obesity in Every Age" aims to raise awareness on child obesity, among the most dangerous diseases of our time. We operate this project in collaboration with children and the Galatasaray Football Club players Bafetimbi Gomis and Berkan Kutlu.

Photography Exhibition

In collaboration with the Laughter Heals Association, we organized a photography exhibition with children undergoing cancer treatment. The exhibition was held at Vadistanbul Shopping Mall.

Attention to Breast Cancer

With the importance we attach to public health as Liv Hospital, we conducted a social responsibility project on breast cancer in October, designated as Breast Cancer Awareness month. Components of the project included breast examinations and mammograms for female employees of Kağıthane Municipality, as well as to other women participating in the event. The project was designed to raise awareness on the importance of annual health checks for early detection of breast cancer.



Breathe to DMD

We conducted the Breathe to DMD event to raise awareness on muscular dystrophy. The event was held on World Duchenne Musküler Distrofi (DMD) Awareness Day at Liv Hospital Vadistanbul, in association with the World Muscle Disease Association, the No Barriers in Art Foundation, and the Water and Women Platform Association.

As MLP Care, we support clubs, athletes, sports complexes and organizations of different branches with our Medical Park and Liv Hospital brands. We take pride in sponsoring the health of dozens of sports clubs from various branches including Galatasaray, Adana Demirspor Club, Ümraniye Sports

Club, Giresunspor Club, THY Sports Club, Bahçeşehir Koleji Basketball Club, IBB Sports Club, Beykoz Municipality Handball Club, Adam Volleyball Sports Club, Çukurova Woman Basketball Club, Elazığ Social Cooperation Sports Club, Kasımpaşa Sports Club, Samsunspor Football Club, Nesibe Aydın Youth and Sports Club, Fatih Karagümrük Sports Club, Karabağ Football Club (Azerbaijan), and the Neftçi Professional Football Club.

In 2022, we donated TL 6,735,307 and spent TL 15,519,145 on social responsibility projects (2021: TL 1,693,611 and TL 6,248,994, respectively).



Corporate Governance Approach

This section provides information on system, programs and units that covers corporate governance. More detailed explanations regarding the Corporate Governance Compliance Statement are included under the Corporate Governance Title.

The Corporate Risk Management Program

The Corporate Risk Management Program is designed to provide an environment in which risks are defined, impact and probability evaluations are made, and the most efficient and appropriate responses are developed for identified risks. In our corporate risk management processes, we revise risk management processes by considering opportunities along with threats. These threats/opportunities are measured in line with the risk appetite of the Company and ultimately enable the Company to consciously take risk reduction, transfer, acceptance or risk aversion decisions. The implementation of the Corporate Risk Management Program is carried out according to the policies determined by the Quality and Risk Management Directorate and approved by the Board of Directors.

Our Corporate Risk Management Vision

To contribute to sustainable growth by determining and measuring the risk portfolio of our Company, by increasing the awareness of all our employees regarding this matter, and by assessing risks as a whole.

Our Corporate Risk Management Mission

To provide reasonable assurance for the systematic and efficient determination and management of the risks our Company is exposed to and the opportunities it encounters during its operations, and to make risk management an indispensable part of the company culture and the strategic decision-making process.

Corporate Risk Management Strategies

- To achieve an efficient corporate risk management organization and to determine roles and responsibilities,
- To ensure that the risk management complies with the company strategies,
- To ensure that corporate risk management is implemented in all MLP Care companies coherently,
- To implement the Corporate Risk Management Program regularly, and to contribute to the development of the Program by making necessary improvements as a result of evaluations.

The fundamental processes which we consider and against which we plan precautions in relation to the risks we grouped under 4 categories are as follows:

• Strategic Risks

1. External risks
2. Epidemics
3. Revenue Management
4. Doctor Strategies and Communication
5. Crisis Management
6. International Patient Process

• Financial Risks

1. Risks Related to Debts
2. Interest Risk
3. Currency Risk
4. Cash Flow/Liquidity Provision
5. Refinancing Risk

• Legal Regulation and Compliance Risks

1. Code of Conduct/Abuse
2. LPPD Compliance Process
3. Legislation and Compliance

• Operational Risks

1. Emergency Management
2. Occupational Health and Safety
3. Facility Maintenance and Management
4. Medical Equipment Management
5. Clinical Process – Patient Safety
6. Digital Transformation
7. Service Excellence
8. IT Infrastructure and Security

The Quality and Risk Management Department works in cooperation with all departments within the Company to identify, assess and control the risks associated with the strategic objectives and operational processes of the departments.

We aim to limit the negative effects by focusing on the early detection of risks.

Undesirable Incident Notification System

We aim to continue our medical services in our hospitals pursuant to International Patient Safety objectives. Compliance with patient safety objectives requires taking measures to prevent simple errors that might affect patients, identifying and reporting these errors, and planning and implementing improvement actions.

We use a reporting system based on voluntariness and confidentiality in order to prevent possible negligence and adverse incidents that may reflect on the patient during the medical services. The System is an information-sharing network where doctors, nurses and other healthcare professionals can report any errors encountered in medical procedures. It is critical for our organization that the notifications are based on confidentiality. To prevent future mistakes, we focus on identifying the fault rather than the person making the mistake. Thus, we aim to be a learning organization that learns from its mistakes.

Additionally, our notification system is integrated with the Ministry of Health Notification System; and incidents in our hospitals are reported transparently to the Ministry. Through this system, the Ministry aims to detect irregularities regarding patient safety in healthcare institutions. Reports on notifications contribute to improvements in patient safety in health institutions in our country, and are also used for the purpose of developing Quality Standards in Healthcare. MLP Care aims to be a pioneer in contributing to this national goal.

Quality Performance Indicators

The Data-Based Quality Performance System is used to oversee the operations of our hospitals in accordance with the Indicator Management Plan developed by the Central Management team. The Plan defines the Health Care Quality Indicators – which are based on JCI's International Library of Measures, the Ministry of Health's Quality Indicator System and International Patient Safety Standards – by identifying high-risk patients for triage and with references to clinical departments. The quality performance of our Group hospitals is evaluated against each target Quality Performance Indicator on a monthly basis. Hospitals that deviate from target values are identified and relevant department managers are notified so that corrective action can be taken.

The Internal Audit Department

The Internal Audit Department works under the MLP Care Board of Directors in administrative and functional terms and carries out its duties in accordance with the scope of the Internal Audit Guide (Manual Handbook). In this context, the Department carries out its activities independently and objectively in order to improve the operations of hospitals and to create added value by complying with the international standards of The Institute of Internal Audit.

The purpose of the unit is to provide modern, entrepreneurial internal audit and consultancy services. For this purpose, audits include consultancy elements, particularly on how the audit findings should be handled and how processes can be best applied.

According to the Internal Audit Guide, within the scope of the audit and consultancy services, audits are conducted for each hospital at least once every two years; in the first years for the new hospitals, and within three to six months in case of the general manager replacement at any hospital. However, follow-up audits are also conducted depending on the results of the relevant audits.

Regarding the 2022 Audit Plan prepared according to the risk matrix:

A total of 10 audits and 2 project consulting activities realized including the Full Comprehensive Internal Control System (3), Monitor Audit (1), Consulting Activity (2) and Other Audits (6).

In addition, the Internal Audit Department is a participant in the Audit and Early Detection of Risk Committees meetings held quarterly.

Corporate Governance Approach

Information Technologies and Digital Business Culture

We highly need the information technologies while serving our guests and conducting our activities, and therefore increase our investments in these systems.

With the COVID-19 pandemic, we started to improve our IT infrastructure, and increase the internet bandwidth and security measures in order to ensure that all our administrative units and information systems employees can continue their work remotely, safely and uninterrupted. Security of our data is one of our priorities. Since the number of cyber-attacks increased during the pandemic, we emphasized infiltration tests to minimize our vulnerabilities. In addition, we plan to continue with our phishing tests we conducted in 2022, and monitor the level of awareness within the company concerning possible attacks.

Accordingly, we update our software and hardware used in our security systems, and continue to protect our data. We can detect any infiltration with our Intrusion Prevention System, and ensure the security of both our patients' and our company's data.

Moreover, with the Cyber Security Operation Service we launched in 2020, we continue our prevention efforts proactively. In addition to these, we started our works in 2020 for obtaining ISO 27001 Information Security Certificate, and we published our Information Security Management System Policy which contains our commitments, targets and responsibilities on our company website. In order to satisfy the anonymization conditions in data analysis work, we fulfill the requirements for complying with the Law on the Protection of Personal Data.

As an indication of our environmental sensitivity, we launched our paper-free hospital project. In this way, we aim to minimize unnecessary resource usage, increase patient information security, and improve our processes.

We utilize the Hospital Information Management System (HIMS) in our hospitals' basic operational practices. As of 2022, we completed the HIMS digital transformation program. A big data environment is supported in the HIMS program, and it has parametric and structured data storage features. We have made it user-friendly by integrating our mobile applications with our web-based application. In our HBYS program, we provided the infrastructure for decision support systems and artificial intelligence works. We aim to follow the process in an integrated manner with new technologies while keeping the user experience at the forefront in terms of process and technique.

As R&D unit that continues its projects under the Information Systems Coordinatorship, in 2022, primarily within the scope of the announcement, which was made by the Ministry of Health General Directorate of Health Information Systems, about the establishment of a Remote Healthcare Information System (USBS) and the regulation published on the Delivery of Remote Healthcare Services No. 31746, we developed our MLP Online product. By integrating our MLP Online USBS software with the hospital information management system and the Ministry data recording system, and adding features such as video calls and messaging between doctor and patient, we started to offer remote healthcare services with the infrastructure we developed ourselves. During the product development phase, we received ISO IEC 15504 Spice Certification and registered the software in the Ministry of Health system. Following the registration process, a physical inspection was carried out by the Ministry of Health and then we got our activity permit. Via the MLP Online USBS software, we actively offer many people throughout Türkiye an opportunity to meet their basic health needs through our mobile applications. We plan to augment the product and turn it into a platform by adding translation and subtitle features with the principles of image processing, mood analysis and artificial intelligence-based machine translation.

During the process, we have also started our work within the scope of the "Patient Admission Applications in New Generation Healthcare Services" project in order to create an uninterrupted process for our patients to be able to make their transactions online during their stay at the hospitals, from the appointment to the treatment, from the billing process to the payment to be received from the insurance company. We are actively working on the completion of the project. We aim to ensure that the transactions to be made in our hospitals proceed online without the need for registration desks or people.

For the Medical Park and Liv Hospital mobile applications, we added online appointment payment features and electronic wallet technology. Video calls between doctors and patients are also carried out through the mobile applications.

We developed our program, which currently provides the integration between HIMS and ERP, uses old technologies and has performance problems, using new technologies, and started to use it in many of our hospitals.

Within the scope of our Mobile Hospital project, in which we plan to offer product sales, video calls, wallet usage in payments, medicine supply and home care services, we continued our mobile and web-based activities throughout the year. This service has not been put into use yet, we are planning to open our service in the future.

We care about digital transformation projects and focus on works that will increase our service quality.

When the COVID-19 pandemic started, we as MLP Care continued our activities concerning projects on our road map which were already strategically well positioned roadmap under the leadership of the Digital Transformation team in 2020. An 'Operation Management Center' has been established in order to disseminate our digital projects effectively in the field. With this Center, we aim to manage the change that needs to be made in the field, to use each project according to its intended use, to integrate digital projects into daily processes quickly to provide more targeted and effective interventions.

Infectious diseases related to global warming have the potential to threaten the healthcare service capacity due to their ability to spread very quickly. With the COVID-19 Pandemic, the importance of digitalization and use of technology in our operations increased dramatically. We developed infrastructures where bed management can be carried out via contemporary methodologies against these overloads to be caused by epidemics. We use software that enables monitoring of all patient beds in our hospitals from a single center. The beds that can be allocated in pandemics such as COVID-19 can be determined with the Business Intelligence application, and with Command Center Dashboard software which enables real-time data flow, we can monitor and manage our momentary bed occupancy rates.

Due to the pandemic, planning the personnel working in our hospitals became critical for the improvement of our guest and doctor experience. With our Digital HR application, we made working hours more transparent, and became able to reallocate our capacity based on patient type. We started the infrastructure work of the input-output tracking system, which is the second version of this application, which works efficiently, independently of the hardware.

With the Digital Invoicing Project, we aim to streamline the revenue cycle operation through automated invoicing for the services provided at the hospitals using the RPA (Robotic Process Automation) technology. Payers (insurance, Ministry of Health, contracted institutions) are exploring new ways to quantify value as it relates to reimbursement, which puts additional pressure on hospitals to provide documentation to support claims. Data and rule-based processes design communication between multiple existing Systems made it possible to run end-to-end cycle almost error freely. As a matter of fact, by digitalization of the invoicing process and while RPA can contribute to better data quality and compliance, claim denials reduced and the positive impact of accounts receivable has improved the cash flow.

Corporate Governance Approach

The Digital Transformation office pioneers a close cooperation with İstinye University, which has achieved significant success in artificial intelligence studies in the healthcare sector. We also continue to collaborate with İstinye University for the development of decision support systems and artificial intelligence solutions.

In addition, with the central radiology project, we contributed to the efficient management of personnel and doctor resources by accessing the radiology images taken in all our hospitals from a single screen over the system, interpreting and reporting by available radiologists and in necessary reports by specialist radiologists.

Within the scope of chronic disease management, we started to follow up our patients (control examination, examination, training, etc.) with nearly 100 evidence-based disease follow-up algorithms in line with clinical guidelines. We are constantly increasing the number of tracking algorithms with the addition of new algorithms. We continue to develop various IoMT (Internet of Medical Things)-supported patient management software projects for the remote management of the processes within the scope of e-health, in order to improve the patient's participation in the healthcare service and the the outputs related to the health status, for the remote monitoring of the patients with disease tracking algorithms.

We made improvements in our Contract Management system and made the content of the contracts reportable for all relevant parties.

We manage our supply chain as medical and non-medical groups. We conduct our dialogue with our suppliers based on openness and trust in all our purchasing processes, based on sustainable competition in line with the understanding of business partnerships. With the support of our employees who are experts in the field of purchasing, we continue our efforts to use actual purchasing methods in business processes and to make them leaner through digital transformation.

With our Medical Device Integration Project, we activate our archiving system by integrating the medical devices used by our doctors for diagnosis with our hospital information management system (HIMS), enabling our doctors to access the examinations of our guests through HIMS and to write examination comments, as well as to be followed from a single platform. With this project, we facilitate the work of our robots, who are our digital employees, and speed up the invoicing process. Our hospitals' medical devices continue to be integrated.

Within the scope of our Digital Satisfaction Project, our guests who receive service from our hospitals make recommendation scoring (NPS) with decision support algorithms with personalized surveys specific to the service they receive. It allows us to evaluate our services such as physicians, nurses, desks, operating rooms and hospitalization services and make improvements in our ecosystem. Improvements and studies continue in our personalized digital satisfaction system.

With the concept of 360-degree guests (patients), we aim to identify audiences with certain characteristics and perform channel operations for those target audiences. We aim to ensure the continuity of preventive/protective healthcare services and to increase patient loyalty among guests in contact with the channel operations. Through the Decision Support Systems, we aim to obtain outputs quickly to conduct marketing studies in line with patients' needs, to improve the guest experience, to quantify marketing activities, and to provide cost savings with target-oriented studies.

In Smart Invoicing Project, we use decision support systems to identify the protocols that are pending invoicing and have deficiencies, and ensure that notification is made to the invoicing teams. We continue our efforts to increase decision support packages and maximize efficiency.

As a part of our transformation process, we focus on real-time data tracking and the processing of these data correctly. The purpose of real-time healthcare data is to identify and correct the mistakes instantaneously, or even to predict and prevent them. The pandemic period showed us the importance of using real-time healthcare data to marshaling all available health resources in real-time for every patient. Data Analytics is a central part of our excellency, and anchored in the central of our digitalization journey. In order to make our services more sustainable, predictive, preventive and personalized, we improved our reporting system to be able to measure KPIs in a timely manner, and improved our quality and cost activities accordingly.

In future stages, we aim to create a centralized Command Centre where real time data flows from source systems to analytics engine, and is organized into longitudinal data models, dashboards, information or reports when necessary. As we improve operational efficiency, we also want to enable clinicians to make faster, more informed decisions through intelligent devices and data analytics, applications.

Digital Transformation Projects Completed in 2022

Number of processes planned to be digitalized	11 Main Processes
	30 Sub Processes
Number of processes being digitalized	5
Number of digitalized processes	25

Corporate Governance Compliance Report

Within the period between January 1, 2022, and December 31, 2022, MLP Care complied with its Corporate Governance Principles, in accordance with the 26th Article of the Articles of Association of the Company titled Compliance With The Corporate Governance Principles - the implementation of which is declared to be obligatory by the Capital Markets Board. Any transactions carried out and any Board Resolutions passed without complying with such obligatory Corporate Governance Principles shall be null and void, and considered to be in violation of these Articles of Association. Transactions that are considered to be of a substantial nature with regard to the implementation and compliance of the Corporate Governance Principles include substantial transactions of the Company with related parties; transactions relating to the granting of securities, pledges and mortgages in favor of third parties; and regulations of the Capital Markets Board of Türkiye relating to corporate governance. Accordingly, the Company carries out its activities in compliance with the regulations and the CMB's Corporate Governance Principles.

The Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.İİ-17.1 in force in 2022; and also widely implemented most of the non-mandatory principles. However, our Company has not yet achieved full compliance due to the challenges encountered in the implementation of some principles, as well as ongoing discussions in Türkiye and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are working on the principles not yet implemented and we are planning to put them into practice once the administrative, legal and technical infrastructure for the effective governance of our Company has been investigated.

In accordance with resolution No. 2/49 by the Capital Markets Board of Türkiye 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) on March 13, 2023. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/sirket-bilgileri/ozet/2118-mlp-saglik-hizmetleri-a-s>.

Among the principles that are not compulsory to be implemented from the Corporate Governance Principles, the explanations related to the different practices carried out regarding the principles not yet fully implemented by our Company, the reasons for such deviations and the measures taken to prevent conflict of interest are given below.

1.3. GENERAL ASSEMBLY

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. (Partial)

The agenda of the 2021 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.

1.4. VOTING RIGHTS

1.4.2 - The company does not have shares that carry privileged voting rights. (No)

Only on the matters listed on the Articles of Association Article 18 (Qualified Matters Requiring Increased General Assembly Resolution Quorum), the affirmative votes of the shareholders holding at least 85% (eighty-five percent) of the capital represented by the Class A shares shall be required.

1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. (Not Applicable)

We have no subsidiary with a cross-ownership relation that provides management control.

1.5. MINORITY RIGHTS

1.5.2-The Articles of Association extend the use of minority rights to those who own less than one-twentieth of the outstanding shares and expand the scope of the minority rights. (No)

In accordance with Article 27 of the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall be applied in respect of matters not covered by these Articles of Association. Effective investor relations activities are conducted in order to prevent possible conflicts.

3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT

3.2.2-Surveys/other research techniques, consultation, interviews, observation method, etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. (Partial)

Surveys, consultation methods, etc. were held in order to obtain the opinions of stakeholders. More comprehensive actions are being planned for the upcoming periods.

3.3. HUMAN RESOURCES POLICY

3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. (Not Applicable)

We do not have any collective bargaining agreement. By law, our employees may join or form trade unions if they wish and, at their request, we would deduct trade union membership fees from salaries for payment to the trade union.

4.2. ACTIVITIES OF THE BOARD OF DIRECTORS

4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined. (No)

As indicated in Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta.

4.3. STRUCTURE OF THE BOARD OF DIRECTORS

4.3.9- The board of directors has approved the policy on its composition, setting a minimum target of 25% for female directors. The board annually evaluates its composition and nominates directors to be compliant with the policy. (Partial)

Even if there is no approved Company policy on its Board of Directors' composition, the existing composition complies with this rule. We are planning to publish a policy regarding the issue in the upcoming periods.

4.4. BOARD MEETING PROCEDURES

4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. (Partial)

There are no limits to the external commitments of board members. However, this does not create neither any conflict nor disruption of Board of Director duties in the Company. External commitments of Board Members are announced at the General Assembly Meeting via Annual Report.

4.5. BOARD COMMITTEES

4.5.5-The board has a charter/written internal rules defining the meeting procedures of the board. (No)

Due to having 2 independent board members, the requirement of committee chairman to be selected from independent board members, and cross related subjects of some committees, some of our Board Members take responsibilities in more than one committee.

4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report. (Not Applicable)

In 2022, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.

Corporate Governance Compliance Report

4.6. FINANCIAL RIGHTS

4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. (No)

The board of directors did not conduct a board performance evaluation. We are planning to appoint external consultants to conduct the board performance evaluation in the upcoming periods.

4.6.4-The company did not extend any loans to its board directors or executives, nor extended its lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them. (Partial)

As stated in the Consolidated Financial Statements for the year ended December 31, 2022, and Independent Auditor's Report, the Company has net current other receivables from shareholders account from Muharrem Usta of TL 74.1 million and Adem Elbaşı of TL 2.6 million. Interest is accrued for the related receivables. Except for these disclosed accounts, the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.

4.6.5-The individual remuneration of board members and executives is disclosed in the annual report. (Partial)

It is stated that there were no remuneration to the other board members. Total of the salaries, premiums and similar benefits provided to executives are announced in the annual report but not disclosed individually.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	√					http://investor.mlpcare.com/en/
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	√					Annual Report printed version - Other Information Related to Operating Activities > Other
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	√					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					√	There are no insiders with privileged information
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	√					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		√				The agenda of the 2021 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	√					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	✓					
1.4.2-The company does not have shares that carry privileged voting rights.			✓			Only on the matters listed on the Articles of Association Article 18 ("Qualified Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					✓	We have no subsidiary with cross-ownership relation that provides management control.
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	✓					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			✓			In accordance with Article 27 of the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall be applied in respect of matters not covered by these Articles of Association. Effective investor relations activities are conducted in order to prevent possible conflicts.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	√					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	√					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	√					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	√					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	√					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	√					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	√					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	√					
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	√					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	√					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	✓					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	✓					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	✓					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	✓					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	✓					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		✓				Surveys, consultation methods etc. were held in order to obtain the opinions of stakeholders. More comprehensive actions are being planned for the upcoming periods.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	✓					
3.3.2-Recruitment criteria are documented.	✓					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	✓					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remun, career planning, education and health.	✓					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					✓	We do not have any collective bargaining agreement. By law, our employees may join or form trade unions if they wish and, at their request, we would deduct trade union membership fees from salaries for payment to the trade union.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	✓					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	✓					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	✓					
3.3.9 - A safe working environment for employees is maintained.	✓					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	✓					
3.4.2-Customers are notified of any delays in handling their requests.	✓					
3.4.3 - The company complied with the quality standards with respect to its products and services.	✓					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	✓					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	✓					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	✓					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	✓					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	✓					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	✓					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	✓					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	✓					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	✓					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			✓			As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	✓					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	✓					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		✓				Even if there is no approved Company policy on its own Board of Directors' composition, existing composition complies with this rule. We are planning to add a policy to the Articles of Association regarding this rule in the upcoming periods.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	✓					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	✓					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	✓					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	✓					
4.4.4-Each member of the board has one vote.	✓					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	✓					

Corporate Governance Compliance Report

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	✓					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		✓				There are no limits to external commitments of board members. However, this does not create neither any conflict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced at the General Assembly Meeting via Annual Report.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			✓			Due to having 2 independent board members, the requirement of committee chairman to be selected from independent board members, and cross related subjects of some committees, some of our Board Members take responsibilities in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	✓					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					✓	In 2022, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	✓					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.		√				The board of directors did not conduct a board performance evaluation. We are planning to appoint external consultants to conduct the board performance evaluation in the upcoming periods.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		√				As stated in the Consolidated Financial Statements for the year ended December 31, 2022 and Independent Auditor's Report, The Company has current net other receivables from shareholders account from Muharrem Usta of TL 74.1 million and Adem Elbaşı of TL 2.6 million. Interest is accrued for the related receivables. Except this disclosed accounts the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.		√				It is stated that there were no remuneration to the other board members. Total of the salaries, premiums and similar benefits provided to executives are announced in the annual report but not disclosed individually.

Corporate Governance Compliance Report

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/ etc.) organised by the company during the year	In 2022, the Company organized a total of 157 investor conferences and meetings (37 meetings at 6 conferences, 31 meetings at 8 roadshows, 89 investor and analyst meetings).
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1015063
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Materials for the General Shareholders' Meeting are provided both in English and Turkish at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transactions that are not approved by unanimous votes of present board members.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations > Policies > Donations and Aids Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/1024221
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 18 of the Articles of Association includes information regarding the General Assembly Meetings. Article 27 indicated that the Provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall apply in respect of matters not covered by these Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Representative from independent auditor, representative from ministry office, representative of legal consultant, and technical team participated in the General Assembly Meeting in 2021. There is no restriction on stakeholders' participation in General Assembly.

1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes.
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	<p>Only on the matters listed on the Articles of Association Article 18 ("Qualified Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required. Each Class A and Class B shares have only one voting right. However, on the matters listed on the Articles of Association Article 18 ("Qualified Matters Requiring Increased General Assembly Resolution Quorum") are Class A shares are evaluated as privileged.</p> <p>There are 88,229,127 Class A shares in total. Lightyear Healthcare B.V. holds 53%, Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. holds 24%, Muharrem Usta holds 14%, Adem Elbaşı holds 5%, İzzet Usta holds 2%, Saliha Usta holds 1%, and Nurgül Dürüstkan Elbaşı holds 1% of Class A shares.</p>
The percentage of ownership of the largest shareholder	36.42%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No.
If yes, specify the relevant provision of the articles of association	None.

Corporate Governance Compliance Report

1.6. Dividend Right									
The name of the section on the corporate website that describes the dividend distribution policy					Investor Relations > Corporate Governance > Policies > Dividend Policy				
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend					<p>Approval is suggested for the Profit Distribution offer made with March 8, 2022 dated decision of the Board of Directors.</p> <p>The offer in question is given as a written memorial, the memorial is determined as being suitable and read by the Meeting Chairman. Whereas;</p> <p>"According to the Company's consolidated financial statements for the period between January 1, 2021-December 31, 2021, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" (II-14.1), a Net Profit of TL 355,209,000.00 was recorded. As a result of the calculations made in accordance with the provisions of the Tax Procedure Law, Corporate Tax, and Income Tax Law a Net Profit of TL 168,673,159.51 was recorded. In order to strengthen the financial structure of the Company and further increase its financial flexibility, the Net Profit of the fiscal year of 2021 will not be distributed, and will be transferred to the "Retained Earnings" account."</p> <p>Meeting Chairman presented the read offer for voting. As the result of the voting, the offer in question is accepted unanimously and it is decided not to distribute any profit.</p>				
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends					https://www.kap.org.tr/en/Bildirim/1024221				

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Doğrudan temsil edilen payların oranı	Vekaleten temsil edilen payların oranı	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
27.04.2022	0	68.21%	0.00%	68.21%	Investor Relations > Corporate Governance > General Assembly > 2021	Investor Relations > Corporate Governance > General Assembly > 2021	None.	56	https://www.kap.org.tr/tr/Bildirim/1024221

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Information required by Corporate Governance Principles numbered 2.1.1. are included in the Investor Relations section on Company website.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations > MLP Care at a Glance > Shareholder Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company - Corporate Governance Section > The Board of Directors; Declarations on independence of board members - Corporate Governance Section > Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Section > The Board of Directors > Working Principles of the Board Of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information Related to Operating Activities > Other
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Other Information Related to Operating Activities > Other
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information Related to Operating Activities > Other
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership subsidiary.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability

Corporate Governance Compliance Report

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations > Corporate Governance > Policies > MLP Care Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	246
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Discipline Committee
The contact detail of the company alert mechanism.	Etikihbar@mlpcare.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	There are many committees within the company whose responsibilities and authorities are defined in the Board, Council and Committee Manual. Both managers and employees can take part in these committees.
Corporate bodies where employees are actually represented	Management bodies that represents the employees are as follows: - Executive Committee - Discipline Committee - Academic and Ethics Committee - Organ and Tissue Transplantation Coordination Committee - Occupational Health and Safety Board - Quality Council - Drug Management Committee - Transfusion Committee - Infection Control Committee - Patient Safety Committee - Evaluation and Caring Committee - Patients Right and Satisfaction Committee - Education Committee - Facility Safety Committee - Radiation Safety Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plan for the key management positions are prepared annually and are presented to the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Investor Relations > Corporate Governance > Policies > MLP Care Human Rights Policy
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations > Corporate Governance > Policies > MLP Care Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations > Corporate Governance > Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Information was provided under the Sustainability section of the Annual Report, published on our website.
Any measures combating any kind of corruption including embezzlement and bribery	It is specified in the Company's Anti-Bribery and Anti-Corruption Policy. Investor Relations > Corporate Governance > Policies > Anti-Bribery and Anti-Corruption Policy
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No.
Whether all board members released from their duties at the GSM	Yes.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no board member with specific delegated duties and authorities.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	5
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Information was provided under the Corporate Approach in the Sustainability section.
Name of the Chairman	Muharrem Usta
Name of the CEO	Muharrem Usta
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta. There is no PDP announcement other than IOC announcement on 25.01.2018: https://www.kap.org.tr/tr/Bildirim/655665
Link to the PDP notification 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	https://www.kap.org.tr/en/Bildirim/1065052
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Due to having ratio of 33% female directors in the Board, no additional information announced in the company website.
The number and ratio of female directors within the Board of Directors	The number of female directors within the Board of Directors is 2 (one of them is independent) out of 6 total Board of Directors. The ratio of female directors within the Board of Directors is 33%.

Corporate Governance Compliance Report

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting and/or Finance Or Not
Muharrem Usta	Executive Director	Not Independent Director	28.12.2005	-	Not considered	Irrelevant	No
Seymur Tari	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	Irrelevant	Yes
Haydar Sancak	Not Executive Director	Not Independent Director	6.02.2006	-	Not considered	Irrelevant	No
Hatice Hale Özsoy Biyikli	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	Irrelevant	Yes
Meral Kurdaş	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/en/Bildirim/1015063	Considered	No	Yes
Tayfun Bayazit	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/en/Bildirim/1015063	Considered	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or online board meetings in the reporting period (meetings in person)	5
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No.
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Even though the Board Charter does not include the number of minimum days ahead of the board meeting, in order to provide equal information flow all board members are provided information at reasonable days ahead of board meetings.
The name of the section on the corporate website that demonstrates information about the board charter	Article 14 of the Article of Association named Meetings of the Board of Directors, Meeting and Resolution Quorums demonstrates the relevant information. Section of The Articles of Association on the website: Investor Relations > Corporate Governance > Corporate Governance-More on Corporate Governance > Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limits to external commitments of board members. However, this does not create neither any conflict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced in the company website: Investor Relations > Corporate Governance > Management and BOD > Board of Directors

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board Of Directors
Link(s) to the PDP announcement(s) with the board committee charters	Board committee charters are announced at Prospectus in April 30, 2021 with PDP announcement. PDP Announcement link: https://www.kap.org.tr/en/Bildirim/934146

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As Other In The First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee	-	Tayfun Bayazit	Yes	Board Member
Audit Committee	-	Meral Kurdaş	No	Board Member
Corporate Governance Committee	-	Tayfun Bayazit	Yes	Board Member
Corporate Governance Committee	-	Meral Kurdaş	No	Board Member
Corporate Governance Committee	-	Hatice Hale Özsoy Bıyıklı	No	Board Member
Corporate Governance Committee	-	Deniz Can Yücel	No	Not Board Member
Other	Nomination and Remuneration Committee	Meral Kurdaş	Yes	Board Member
Other	Nomination and Remuneration Committee	Tayfun Bayazit	No	Board Member
Other	Nomination and Remuneration Committee	Hatice Hale Özsoy Bıyıklı	No	Board Member
Committee of Early Detection of Risk	-	Meral Kurdaş	Yes	Board Member
Committee of Early Detection of Risk	-	Tayfun Bayazit	No	Board Member
Committee of Early Detection of Risk	-	Hatice Hale Özsoy Bıyıklı	No	Board Member

Corporate Governance Compliance Report

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Audit Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Corporate Governance Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Nomination and Remuneration Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Early Detection of Risk Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Nomination and Remuneration Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors

4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	MLP Care in 2022
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations > Corporate Governance > Policies > Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Information Related to Operating Activities > Compensation and Benefits Provided to Board Members and Senior Managers

Composition of Board Committees-II

Names of the Board Committees	Name of Committees Defined as Other in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	5	5
Corporate Governance Committee	-	75%	50%	4	4
Other	Nomination and Remuneration Committee	100%	67%	2	2
Committee of Early Detection of Risk	-	100%	67%	6	6

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE		
		YES	NO	PARTIAL	NOT APPLICABLE				
A. General Principles									
A1. Strategy, Policy and Targets									
A1.1	The board of directors of the corporation has identified environmental, social and corporate governance (ESG) related priority issues, risks and opportunities.	X					MLP Care 2022 Annual Report - Corporate Governance Approach, page 60		
	The board of directors of the corporation has set ESG policies (e.g. Environment Policy, Energy Policy, Human Rights and Employee Policy, etc.) and disclosed them to the public.	X					https://investor.mlpcare.com/en/corporate-governance/policies/		
A1.2	Short and long-term goals determined within the scope of ESG policies have been disclosed to the public.	X					MLP Care 2021 Sustainability Report – Our Sustainability Approach, page 34-36		
A2. Implementation/Monitoring									
A2.1	The committees and/or departments responsible for the implementation of ESG policies and the highest level officials in the partnership related to ESG issues and their duties have been identified and disclosed to the public.	X					MLP Care 2021 Sustainability Report – Our Sustainability Approach, page 35		
	Activities carried out within the scope of policies by the responsible committee and/or department were reported to the board of directors at least once a year.	X					MLP Care 2021 Sustainability Report – Our Sustainability Approach, page 35		
A2.2	Practices and action plans in line with the ESG goals have been created and disclosed to the public.	X					MLP Care 2021 Sustainability Report – Our Sustainability Approach, page 36 Our Fight against Climate Change and Our Responsible Environmental Approach, page 41,43,46,49 MLP Care for Our Employees, page 69		

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
A2.3	The ESG Key Performance Indicators (KPI) and the yearly level of achievement of these indicators have been disclosed to the public.		X			Since 2022 is the first year we disclosed our goals, we will share the progress of our goals in the coming years.	
A2.4	Activities improving the sustainability performance for business processes or products and services have been disclosed.	X					MLP Care 2022 Annual Report - Information Technologies and Digital Business Culture - page 62
A3. Reporting							
A3.1	Information about the sustainability performance, goals and actions have been provided comprehensibly, accurately and adequately in the activity reports.	X					MLP Care 2022 Annual Report - Sustainability - page 40-65
A3.2	Information about the United Nations (UN) 2030 Sustainable Development Goals with which its activities are related has been disclosed by the partnership to the public.	X					MLP Care 2021 Sustainability Report - United Nations Sustainable Development Goals and MLP Care, page 76-78
A3.3	Lawsuits about ESG which were filed and/or concluded against the company, which are important in terms of ESG policies and/or which would significantly impact the activities have been disclosed to the public.	X				Our company is not a party to any lawsuit in this regard in 2022.	
A4. Verification							
A4.1	The Company's ESG Key Performance metrics have been verified by an independent third party and publicly disclosed.		X			Our sustainability performance measures does not verified by independent third parties.	

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.			X		Our Environmental Management Policy is published on our website. In addition, our practices and action plans regarding the environment management is discussed under the title of Our Environmental Approach on page 42 of the 2022 Annual Report. Our company does not have ISO 14001 certification. Each of our hospitals receives Environmental Consultancy and Dangerous Goods Safety Consultancy services; works are carried on with an environmental management system mechanism in cooperation with Infection Control Committees, Technical Services and Administrative Affairs Departments. In addition, ISO 14001:2015 Environmental Management System Certificate has started to be obtained for our hospitals.	https://investor.mlpcare.com/en/corporate-governance/policies/ MLP Care 2021 Sustainability Report - Certifications, page 6
B2	With respect to the environmental reports prepared for the provision of information on environmental management, the scope of the report, reporting period, reporting date and restrictions regarding the reporting conditions have been disclosed to the public.	X					MLP Care 2021 Sustainability Report - About the Report, page 2

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B3	Provided in A2.1.						
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of beneficiaries (such as board of directors members, executives and employees) have been disclosed to the public.		X			We plan to organize sustainability-oriented competitions and to implement award mechanisms for the development of sustainability-related projects.	
B5	Should disclose how primary environmental issues are integrated into business objectives and strategies.	X				MLP Care 2021 Sustainability Report - page 41-50 MLP Care 2022 Annual Report - Sustainability - page 40-43	
B6	Provided in A2.4.						
B7	The manner of management of environmental issues including suppliers and customers along the corporate's value chain including the operation process and the manner of their integration to business targets and strategies has been disclosed to the public.	X				MLP Care 2021 Sustainability Report - Our Sustainability Approach, Our Fight against Climate Change and Our Responsible Environmental Approach, page 34, 50	
B8	Whether the related institutions and non-governmental organizations are involved in policy-making processes regarding the environment and the cooperation activities with these institutions and organizations have been disclosed to the public.		X			We are not a member of any institution which works on environmental issues. In the forthcoming periods, we aim to evaluate cooperation opportunities that we can provide the highest benefit to our Company and our stakeholders.	

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B9	Information on environmental impacts have been disclosed to the public periodically on a comparative basis, in the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 46
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 46
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	X					MLP Care 2021 Sustainability Report - Performance Indicators, page 80-81
B12	Short and long term goals have been set to mitigate environmental impacts and these goals, as well as the progress achieved in terms of the goals set in previous years have been disclosed to the public.			X		We have set and disclosed short, medium, and long-term goals in the areas of environment, social, and governance. We will inform you about the progress of the targets through our Sustainability Reports.	MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 41, 43, 46, 49
B13	The strategy to combat the climate crisis has been set and the planned actions have been disclosed to the public.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 41-50 MLP Care 2022 Annual Report - Sustainability - page 42-43

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B14	Programs and procedures have been established to prevent or minimize the potential adverse impacts of the products and/or services on the environment and disclosed to the public.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 46,50
	Actions to achieve reduction in third parties' (e.g. Suppliers, subcontractors, dealers, etc.) greenhouse emissions have been taken and disclosed to the public.		X			The greenhouse gas emissions of third parties have been started to be calculated, and since all emission sources have not been included in the calculation yet, no action has been taken regarding reduction.	
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.			X		We are carrying on works for reducing environmental impacts, and we will measure these impacts in the future and disclose them comparatively on the annual basis.	MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 41-50
B16	Should report total energy consumption data (with the exception of raw materials) and disclose its energy consumptions as Scope-1 and Scope-2.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 43, 46
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.			X		There is no production of electricity, steam and cooling.	
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.			X		By 2024, we are planning to start renewable energy production works with Solar Power Plant Project to be used in our hospitals.	MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 46
B19	Renewable energy production and consumption data is publicly disclosed.				X	MLP Care does not use any renewable energy.	

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.			X		Energy efficiency projects are being implemented but energy and emission reductions are not disclosed by being matched with the projects.	MLP Care 2021 Sustainability Report - page 43-45
B21	Water consumption, and if any amounts of water drawn, recycled and discharged from underground or above ground, sources and procedures are publicly disclosed.	X					MLP Care 2021 Sustainability Report - Our Fight against Climate Change and Our Responsible Environmental Approach, page 49
B22	It has been publicly disclosed whether the Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).				X	MLP Care is not included in the carbon pricing system.	
B23	Information on carbon credits gained or purchased during the reporting period has been disclosed to the public.				X	We do not have any accumulated or received carbon credits.	
B24	If carbon pricing is applied within the Company, the details are disclosed to the public.				X	Carbon pricing is not applied.	
B25	The platforms where the Company discloses its environmental information are publicly disclosed.	X				Our Annual Reports and Sustainability Reports are available on the Public Disclosure Platform and on our website.	

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE			
		YES	NO	PARTIAL	NOT APPLICABLE					
C. Social Principles										
C1. Human Rights and Employees Rights										
C1.1	The Corporate Human Rights and Employee Rights Policy has been established in a way to cover the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye and other relevant legislation, those responsible for the execution of the policy have been determined and both the policy and responsible departments from the policies have been disclosed to the public.	X					https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-rights-policy/ https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-resources-policy/			
C1.2	Considering the effects of supply and value chain; fair workforce, improvement of labor standards, women's employment, and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in the Company's policy on employee rights.	X					https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-resources-policy/			
C1.3	Measures taken along the value chain regarding the observance of certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equality of opportunity have been publicly disclosed.	X					MLP Care 2021 Sustainability Report - MLP Care for Our Employees, page 69 https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-rights-policy/			

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.4	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed publicly.	X					MLP Care 2021 Sustainability Report - MLP Care for Our Employees, page 69 https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-rights-policy/
C1.5	Investments in employees (training and development policies), compensation, recognized fringe benefits, unionization right, work/life balance solutions and talent management are included in the employee rights policy.	X					MLP Care 2021 Sustainability Report - MLP Care for Our Employees page 62-75 MLP Care 2022 Annual Report - Sustainability - page 52-53 https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-resources-policy/
	Disagreement resolution processes have been determined by establishing mechanisms for employee complaints and resolution of disputes.	X					https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-human-resources-policy/ https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ MLP Care 2022 Annual Report - Corporate Governance Compliance Report – page 73
	Activities conducted within the reported period to ensure employee satisfaction were disclosed publicly.	X					MLP Care 2021 Sustainability Report - MLP Care for Our Employees page 62-75
C1.6	Occupational health and safety policies have been established and disclosed publicly.	X					https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-occupational-health-and-safety-policy/
	Measures taken to prevent occupational incidents and protect health and incident statistics have been disclosed publicly.		X			We will disclose occupational statistics in the upcoming terms.	MLP Care 2021 Sustainability Report - MLP Care for Our Employees, page 74-75
C1.7	Personal data protection and data security policies have been established and disclosed publicly.	X					https://www.mlpcare.com/kisisel-verilerin-korunmasi https://www.mlpcare.com/ykb-yrd-38-00-mlp-bilgi-guvenligi-yonetim-sistemi-politikasi-.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.8	Ethics policy has been established and disclosed publicly.	X					https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/
C1.9							
C1.10	Informative meetings and training programs have been organized for employees on ESG policies and activities.	X					MLP Care 2021 Sustainability Report - MLP Care for Our Employees, page 74-75 MLP Care 2022 Annual Report – Sustainability -page 52-53
C2. Stakeholders, International Standards and Initiatives							
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed publicly.	X					https://investor.mlpcare.com/en/corporate-governance/policies/mlp-care-complaint-management-policy/
C2.2	Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.	X					MLP Care 2021 Sustainability Report - Our Sustainability Approach, page 37-39
C2.3	International reporting standards adopted in reporting are explained.	X				You can access our 2021 Sustainability Report, which is in accordance with GRI Standards, on our website.	https://investor.mlpcare.com/site/assets/files/2648/mlp_care_sustainability_report_2021.pdf
C2.4	Principles adopted in relation to sustainability, international organizations, committees and principles of which the Company is a signatory or member are disclosed publicly.	X				We are a member of the Business World and Sustainable Development Association, and our CEO is a signatory to the Women's Empowerment Principles (WEPs).	
C2.5	Improvements were made and studies were carried out to be included in the sustainability indices of Borsa Istanbul and/or international indices providers.	X				After the grading in December 2022, we were entitled to be included in the BIST Sustainability Index.	

Sustainability Principles Compliance Framework

		COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION/ LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
D. Corporate Governance Principles							
D1	Stakeholders' opinions were consulted in determining the measures and strategies on sustainability.	X					MLP Care 2021 Sustainability Report - Our Sustainability Approach, page 34
D2	Social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X					MLP Care 2022 Annual Report - Sustainability -page 58-59

Shareholding Structure

MLP SAĞLIK HİZMETLERİ A.Ş. SHAREHOLDING STRUCTURE

December 31, 2022

Shareholders	Share in Capital (%)	Number of Shares (TL thousand)
Lightyear Healthcare B.V. (*)	34.67%	71,131
Sancak İnşaat Turizm Nakliyat ve Dış Tic. A.Ş.	15.35%	31,943
Muharrem Usta	8.98%	18,678
Adem Elbaşı	2.99%	6,226
İzzet Usta	1.20%	2,490
Saliha Usta	0.90%	1,868
Nurgül Dürüstkan Elbaşı	0.90%	1,868
Publicly Traded (**)	35.01%	72,833
Nominal Capital	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.

Board of Directors

The Structure and the Formation of the Board of Directors

The operations and the administration of the Company are carried out by the Board of Directors, which comprises six members who are elected by the General Assembly. Board members are subject to the conditions stated in the Turkish Commercial Code and the Capital Markets Regulations.

Provided that the A Group shares continue to be at least 20% of the issued capital of the Company, three members of the Board of Directors will be elected from the candidates nominated by this Group. These members of the Board of Directors, who will be elected from the candidates nominated by the A Group shareholders, are not going to be the independent members as stated in the Corporate Governance Principles of the Capital Markets Board.

In case the shares of the A Group fall below 20% of the issued capital of the Company, the above-mentioned privilege to nominate candidates for the Board of Directors will be abolished automatically and irreversibly, starting from the moment that the legal transaction that causes the aforementioned situation is carried out. Furthermore, during the first General Assembly meeting following this transaction, this Article of Association will be amended and the references to the share groups will be removed.

The required number of independent members of the Board of Directors is elected by the General Assembly in accordance with the guidelines regarding the independence of the Board members stated in the Corporate Governance Principles of the Capital Markets Board. The independent members should have the required qualifications that are stated in the regulations of the Capital Markets Board regarding corporate governance.

Board members can be elected for a maximum of three years. When their term ends, the Board members can be re-elected. The Company complied with the regulations of the Capital Markets Board regarding corporate governance and the Articles of Association. In accordance with the resolution of the Board of Directors dated February 10, 2021, appointments of the independent board members were carried out. 3 year appointments of both independent board members and other board members were approved at the General Assembly dated April 15, 2021.

The CVs of the Board members are provided below:

Muharrem Usta – Chairman and CEO

Muharrem Usta was born in Trabzon in 1965. Mr. Usta graduated from Trabzon High School in 1983, from Dokuz Eylül University Medical School in 1989, and became an ENT specialist in 1992. In 1993, Mr. Usta switched to hospital management business and took initial steps for the establishment of MLP Care. Mr. Usta served as the Chairman of the Istanbul Chamber of Commerce Health Committee, Member of the Istanbul Metropolitan Municipality Assembly and the President of the Health Commission, and the Founding President of the Turkish Association of Private Hospital and Healthcare Institutions (OHSAD). Mr. Usta, MLP Care's (Medical Park and Liv Hospital) Chairman and CEO, also serves as the Chairman of the Board of Trustees of İstinye University.

Seymur Tari - Vice Chairman (representing Sullivan B.V.)

Seymur Tari was elected as a Member of the Board of Directors for a three-year term at the General Assembly meeting held in April 2021. Mr. Tari is currently working at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. He previously served at McKinsey & Company, focusing on corporate portfolio strategy, and at Caterpillar Inc., as a product manager with responsibility for the EMEA and CIS regions. Mr. Tari holds an MBA degree from INSEAD, and MSc and BSc degrees in Mechanical Engineering and Robotics from ETH Zurich.

Hatice Hale Özsoy Bıyıklı - Member (representing Elinor B.V.)

Hatice Hale Özsoy Bıyıklı was elected as a member of the Board of Directors for a three-year term at the General Assembly meeting held in April 2021. Ms. Özsoy Bıyıklı is currently working at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. She has previously served as a Senior Associate at Goldman Sachs Investment Banking Division in London and also worked for The Boston Consulting Group and Andersen Business Consulting in Istanbul and Amsterdam. Ms. Özsoy Bıyıklı holds an MBA degree from Harvard Business School and MSc and BSc degrees in Electrical Engineering and Computer Science from MIT.

Haydar Sancak - Member (representing Sancak İnşaat)

Haydar Sancak was elected as a member of the Board of Directors for a three year term at the General Assembly meeting held in April 2021. In addition to his position at MLP Care, Mr. Sancak also serves at various in positions in or out group companies of Sancak Group such as the Chairman at Sancak İnşaat Turizm Nakliyat ve Dış Tic. A.Ş., Vice Chairman at both Sancak Enerji Hizmetleri A.Ş. and Sanport Gayrimenkul Geliştirme İnşaat Tic. A.Ş..

Meral Kurdaş - Independent Board Member

Meral Kurdaş graduated from Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration. She later completed the Executive MBA program at the University of Wales, Manchester Business School, and the Executive MIS program at Boğaziçi University. Starting her professional career at Interbank in 1985, Ms. Kurdaş then served as Assistant General Manager at Garanti Investment Bank. In 1997, she joined Yapı Kredi Bank as President of the Corporate Marketing Department. In 2002, she transferred to Sabancı Group as CEO of AK Emeklilik. Ms. Kurdaş served as the CEO of AvivaSA Emeklilik ve Hayat A.Ş. between 2007 and 2016, and acted as Human Resources Group President at Sabancı Holding and served as a Board Member at Sabancı Group companies between 2017 and 2018. In 2018, Ms. Kurdaş started her management consultancy firm.

Tayfun Bayazıt - Independent Board Member

After receiving a B.S. Degree in Engineering Mechanics and Materials in 1980, Tayfun Bayazıt graduated from Columbia University's Finance and International Relations M.B.A. program. Mr.

Bayazıt started his banking career at Citibank, served 13 years at Çukurova Group as Executive Vice President at Yapı ve Kredi Bankası, President and Chief Executive Officer at Interbank A.Ş., and President and Chief Executive Officer at Banque de Commerce et de Placements S.A. Switzerland. In 1999, Mr. Bayazıt became Vice Chairman of Doğan Şirketler Grubu Holding A.Ş. and Dışbank Executive Director and he was appointed as CEO of Dışbank in 2001. Tayfun Bayazıt, became the Vice Chairman of Dışbank in 2003 and later appointed to Fortis Türkiye CEO position following the Dışbank's acquisition by Fortis in 2005 and Chairman position in 2006. Tayfun Bayazıt appointed as the CEO and Chairman of Yapı Kredi (JV of Koc Holding and UniCredit Group) and became the Chairman of the Bank in 2009. In 2011, Tayfun Bayazıt established his own company providing advisory services. Tayfun Bayazıt also serves as a board member in several companies and actively works in several non-governmental organizations like TÜSİAD, Eğitim Gönüllüleri Vakfı (TEGV), Kurumsal Yönetim Derneği (TKYD), WRI Türkiye and Darüşşafaka.

Working Principles of the Board of Directors

It is 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 and line with the Corporate Governance Principles, the Board meetings are conducted regularly in such a way that it can efficiently carry out its duties. The Board Members also hold meetings whenever necessary. The provisions of the Turkish Commercial Code and the Capital Market Regulations are applied regarding the quorum during the Board meetings.

Board Members	Independence Status	Board of Directors (5 meetings)	Corporate Governance Committee (4 meetings)	Early Detection of Risk Committee (6 meetings)	Audit Committee (5 meetings)	Nomination and Remuneration Committee (2 meetings)
Muharrem Usta	-	5/5				
Seymur Tari	-	5/5				
Hatice Hale Özsoy Biyikli	-	5/5	4/4	6/6		2/2
Haydar Sancak	-	5/5				
Meral Kurdaş	+	5/5	4/4	6/6	5/5	2/2
Tayfun Bayazıt	+	5/5	4/4	6/6	5/5	2/2

Board of Directors

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

According to Article 17 of the Articles of Association titled The Duties and the Responsibilities of the Board of Directors and as part of the Capital Markets Regulations Corporate Governance Principles, in order to ensure that the Board carries out its duties and responsibilities properly, the Committees that are required by law or deemed appropriate by the Board will be established, including the Early Detection of Risk Committee, the Audit Committee, the Corporate Governance Committee, the Nomination Committee, and the Remuneration Committee, within the Board of Directors. However, in case the Nomination and Remuneration Committees cannot be established due to the structure of the Board of Directors, the Corporate Governance Committee carry out their duties. The responsibilities, operating principles, and Committee members are determined by the Board and announced to the public. All members of the Audit Committee and the Chairman of the other Committees should be selected from the independent members of the Board.

In this context, by the decision of the Board dated January 15, 2018, and numbered 2018/3, the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee were established within the Company.

Nomination and Remuneration Committee was established by the decision of the Board dated April 30, 2021 and numbered 2021/23. With the same decision Nomination and Remuneration Committee charter was established, charters of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee revisions were accepted with the attached charters, and brought to the attention of stakeholders on the Company website. The members of these Committees were appointed also on April 30, 2021.

The duties and working principles (Charters) of the Committees are already published. In accordance with the Articles of Association, changing these is subject to the approval of the General Assembly. The Committee Charters are available on the Company's website.

Audit Committee: The main purpose of the Committee is the supervision of the Company's accounting system and accounting practices, public disclosure of the Company's financial information, the operation and efficiency of the internal and external audit of the Company and the compliance of the Company with the applicable legislation. The Committee also performs the duties imposed on it under the Articles of Association and the Communiqué. Within this context, the Committee fulfills the duties and responsibilities indicated in the Charter. The Audit Committee also works continuously to increase the level of compliance with the legislation and company regulations, and to reinforce transparency, accountability, fairness, predictability and efficiency, and meets at least four times a year on a quarterly basis. The Committee held five meetings in 2022 on a quarterly basis and submitted the reports to the Board of Directors. The Audit Committee consists of two independent board members as stated below. None of the Committee Members have executive duties in the Company.

Name - Surname	Title
Tayfun Bayazit (Independent)	Chairman of the Audit Committee
Meral Kurdaş (Independent)	Member of the Audit Committee

Corporate Governance Committee: The Committee assists the Board of Directors in relation to compliance with the Corporate Governance Principles, including the regulation of the investigations and conflicts of interest which may occur in case of violation of the Corporate Governance Principles. The Committee shall also monitor the Investor Relations Unit. The Committee meets whenever its assigned duties requires but at least four times a year. The Committee held four meetings in 2022 on a quarterly basis and submitted the reports to the Board of Directors. The Corporate Governance Committee consists of three Board members (two of whom are independent board members) and the Strategy and Investor Relations Director. None of the Committee members – except the Strategy and Investor Relations Director – have executive duties at the Company.

Name - Surname	Title
Tayfun Bayazit (Independent)	Chairman of the Corporate Governance Committee
Meral Kurdaş (Independent)	Member of the Corporate Governance Committee
Hatice Hale Özsoy Biyıklı	Member of the Corporate Governance Committee
Deniz Can Yücel (Executive)	Member of the Corporate Governance Committee

Early Detection of Risk Committee: The Committee assists the Board of Directors in identifying in a timely manner the risks that might jeopardize the existence, improvement, and continuation of the Company, establishment of an expert committee for the implementation of appropriate risk management strategies and risk management, and also performs other duties imposed on it under the applicable legislation. The Committee convene at the frequency required by the duties assigned to it, but in any event at least six times per year. The Committee held six meetings in 2022 and submitted the reports to the Board of Directors. The Early Detection of Risk Committee consists of three Board members (two of whom are independent board members). None of the Committee Members have executive duties at the Company.

Name - Surname	Title
Meral Kurdaş (Independent)	Chairman of the Early Detection of Risk Committee
Tayfun Bayazit (Independent)	Member of the Early Detection of Risk Committee
Hatice Hale Özsoy Biyıklı	Member of the Early Detection of Risk Committee

Nomination and Remuneration Committee: Our Nomination and Remuneration Committee was established in 2021 with the resolution of the Board of Directors dated April 30, 2021 and No. 2021/23. The Committee charged with the following duties:

- To establish a transparent system for the determination, evaluation and training of candidates for Board Membership and Managerial positions with Administrative Responsibility, and to determine policies and strategies regarding this matter.
- To carry out regular assessments regarding the structure and efficiency of the Board of Directors, and to submit recommendations to the Board about changes that could be made regarding these matters.

- The assessment of the independence of Independent Board Membership candidates, (including the candidates for the Board of Directors and investors), and the writing of a relevant report and submitting it for the approval of the Board of Directors.
- To conduct evaluations for the election of Independent Board Members to serve until the next General Assembly Meeting to ensure that minimum number of Independent Board Members is met if the number of Independent Board members drops for any reason, and to report the result of the assessment to the Board of Directors in writing.
- To ensure that the principles, criteria and practices to be used in the remuneration of the Board Members and managers with administrative responsibilities be determined by considering the Company's long-term objectives, and that they are monitored.
- To prepare the remuneration policy of the Company and to submit it to the Board of Directors
- To prepare and submit recommendations regarding the remuneration to be paid to the Board Members and the Managers with Administrative Responsibilities to the Board of Directors considering the degree of achieving criteria used in remuneration.
- To submit the reports which contain information about the activities of the Committee and outcomes of the meetings to the Board of Directors at its first meeting.
- To revise the committee charter regularly, and to submit amendment suggestions to the Board of Directors for approval.

The Committee held two meetings and fulfill the determined duties by convening at least two meetings a year. In 2022, the Committee held two meetings and presented the report to the Board of Directors. Nomination and Remuneration Committee consist of three Board members, two of them independent. No member has any execution duties in the Company.

Name Surname	Title
Meral Kurdaş (Independent)	Chairman of the Nomination and Remuneration Committee
Tayfun Bayazit (Independent)	Member of the Nomination and Remuneration Committee
Hatice Hale Özsoy Biyıklı	Member of the Nomination and Remuneration Committee

Executive Management

Name – Surname	Title	Total Professional Experience	Working at MLP Care as of
Dr. Muharrem Usta	CEO	30	1995
Burcu Öztürk	CFO	19	2014
Dr. Adem Elbaşı	Chief Operations Coordinator	34	1995
Dr. Hikmet Çavuş	Chief Strategy and Performance Coordinator	30	2003
Şerafettin Demiray	Chief Human Resources Coordinator	25	2021
Gürkan Cağlıoğlu	IT & Digital Transformation Coordinator	23	2019
Hakan Ercan	Internal Audit Director	24	2021
Deniz Can Yücel	Strategy and Investor Relations Director	24	2017

Ethical Values and Working Principles

The main purpose of the Ethical Values Policy is to ensure the effective use of resources; the open, transparent and lawful maintenance of all services and activities; prevention of unfair competition; and the creation of an awareness of corporate and social responsibility in our managers and employees. The following persons are required to comply with the Ethical Values Policy:

- the Company;
- the Company's directors, managers, and employees;
- the Company's affiliates, subsidiaries and members of the Board of Directors/Managers/employees of the Company's business partners, doctors who are contracted as business partners and who are employed by the Company; and
- representative offices of the Company

Under the Ethical Values Policy, all persons noted above must act with integrity and honesty in all business processes. These persons are required to comply with relevant regulations such as healthcare and data protection (e.g. keeping patient information confidential) during their tenure at the Company. Additionally, they are also obliged to avoid any kind of conflict of interest under the Business Ethic Policy.

Anti-Bribery and Anti-Corruption Policy

The Anti-Bribery and Anti-Corruption Policy aims to prevent corruption and bribery and draw attention to the Company's strict compliance with anti-corruption laws. All employees and managers of MLP Care and Affiliated Companies, third parties (i.e., suppliers and consultants) and their employees are subject to the Anti-Bribery and Anti-Corruption Policy, which encourages employees to report to the Company any illegal or unethical behavior they witness. The Anti-Bribery and Anti-Corruption Policy includes detailed information about how to deal with public officials and other third parties in order to prevent bribery and corruption risks. The Policy informs employees regarding offers of gifts, entertainment or other hospitality to third parties, and sets limits on the value of such gifts or hospitality.

Disciplinary Committee

The Disciplinary Committee oversees the disciplinary processes applied to the employees of MLP Care and Affiliated Companies, who are subject to the rules and principles set forth by the Disciplinary Committee and Operating Procedures.

Investor and Shareholder Relations

Strategy and Investor Relations Department

The Strategy and Investor Relations Department is responsible for managing MLP Care's relationships with investors and shareholders in accordance with the Company's Public Disclosure Policy, which is published on the corporate website and implemented under the supervision of the Board of Directors. The Strategy and Investor Relations Director is a natural member of the Corporate Governance Committee, which is also responsible for supervising the Strategy and Investor Relations Department. The purpose of the Public Disclosure Policy is to ensure active, effective and transparent communication by sharing all kinds of information that are not a trade secret in a complete, fair, accurate, prompt, clear, low-cost and easily accessible manner, in conformity with the provisions of the regulations binding the Company and the Articles of Association, with all stakeholders including shareholders, investors, employees, and customers. The Board of Directors has the authority and responsibility to oversee and develop the Public Disclosure Policy.

The main activities of the Strategy and Investor Relations Department are as follows:

- Carrying out transactions with the Central Registry Agency (MKK), and ensuring that correspondence between the Investors and the Company, as well as documents and records of other information, are maintained in secure, safe and updated condition;
- In line with the Company's Public Disclosure Policy, providing clear answers to the questions and shareholders' relevant information requests submitted to the Department during the period – excluding the information that is not publicly disclosed, confidential or a trade secret – by using communication tools or face-to-face methods of communication;
- Preparing the special case announcements and sharing them with the public via KAP (Public Disclosure Platform) after they are electronically signed, and publishing them on the Company's website on the next business day following the public disclosure;
- Preparing the documents that must be provided to shareholders for the General Assembly meeting, and taking necessary measures to make sure that the General Assembly meeting is held in line with the relevant legislation, the Articles of Association and other internal procedures of the Company;
- Supervising and monitoring the process of fulfilling obligations arising from the Capital Markets Legislation, including all sorts of issues related to corporate governance and public disclosure, ensuring coordination of the public communication activities in addition to the disclosures required by the legislation, and attending conferences, meetings, seminars, and roadshows in order to meet with investors and analysts.

Updated information regarding the personnel working at the Company's Strategy and Investor Relations Department in 2022 is provided below. Strategy and Investor Relations Director Dr. Deniz Can Yücel works full-time and reports directly to Muharrem Usta, the Chairman of the Board of Directors and CEO.

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

Dr. Deniz Can Yücel
 Strategy and Investor Relations Director
 Phone: +90 212 227 55 55 (ext: 1148)
 Fax: +90 212 227 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
 Phone: +90 212 227 55 55
 Fax: +90 212 227 23 28
 e-mail: turgut.yilmaz@mlpcare.com
 Licenses: CMB Advanced and CMB Corporate Governance Rating Specialist Licenses

Umut Kater
 Strategy and Investor Relations Specialist
 Phone: +90 212 227 55 55
 Fax: +90 212 227 23 28
 e-mail: umut.kater@mlpcare.com

In 2022, the Company organized a total of 157 investor conferences and meetings (37 meetings at 6 conferences, 31 meetings at 8 roadshows, 89 investor and analyst meetings).

The Strategy and Investor Relations Department is responsible for overseeing and monitoring all matters related to public disclosure. Accordingly, the Department plays an essential role in protecting the rights of shareholders and facilitating the exercise of these rights, particularly the rights to information and inspection.

Exercise of Shareholders' Rights to Information and Inspection

There are no provisions within the scope of the Articles of Association of the Company restricting the process of performing a private audit. Moreover, the Company's management avoids any actions restricting the process of private audit. The Company acts in conformity with the relevant provisions of the Turkish Commercial Code regarding using the right to request a private audit. In 2022, no request was made for appointing a private auditor.

As per Article 438 of the Turkish Commercial Code, every shareholder may request the General Assembly to clarify certain cases through a private audit, in case it is necessary for exercising shareholders' rights, even if the right to demand information or review is exercised beforehand, and even if it is not on the agenda. If the General Assembly approves the request, the Company, or any shareholder, may appeal to the Istanbul Commercial Courts of First Instance in the area where the Company Headquarters is located and may make a request for appointing a private auditor within thirty days.

General Assembly Meetings

Annual Ordinary General Assembly Meeting for the Year 2021

According to Article 18 General Assembly Meetings of the Articles of Association, the process of the General Assembly Meeting has been regulated by an internal directive. The aforementioned Internal Directive on Working Principles and Procedures of the General Assembly entered into force in 2013. Therefore, MLP Care's Annual Ordinary General Assembly Meeting for the year 2021 has been arranged in accordance with this directive.

In the meeting dated April 1, 2022, the Board of Directors resolved by majority of votes to hold the Annual Ordinary General Assembly Meeting for the year 2021, on April 27, 2022 Wednesday at 10:00 a.m. at the address İstinye Üniversitesi Topkapı Kampüsü, Kongre Merkezi – Maltepe Mahallesi, Teyyareci Sami Sokak, No.3 Zeytinburnu, İstanbul, with the agenda below, to make related announcements and take all necessary actions required by the Turkish Commercial Code and the Articles of Association, as well as other related regulations to materialize and finalize the meeting. Also within the framework of the measures announced by the Turkish Ministry of Trade, it was emphasized to advise that the shareholders to participate in the general assembly meetings electronically without participating in the physical environment and to remind that shareholders who want to participate in the general assembly electronically can vote with the Electronic General Assembly System.

Agenda

1. Opening of the meeting and establishment of the Board of the General Assembly,
2. Authorization of the Board of the General Assembly to sign the Meeting Minutes and the List of Attendees,
3. Reading out and discussion of the Annual Report of the Board of Directors for the year 2021,
4. Reading out the report of the Independent Audit Company for the fiscal year 2021,
5. Reading out, discussion and approval of the Financial Statements for the fiscal year 2021 prepared in accordance with the regulations of CMB,
6. Acquittal of the members of the Board of Directors separately regarding their operations and transactions in 2021,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,

8. Selection of the Independent Audit Company for the audit of the financial statements and reports for the year 2022 in accordance with the Article 399 of the Turkish Commercial Code numbered 6102, Capital Markets Law numbered 6362 and Article 24 of the Company's Articles of Association,
9. Informing the shareholders on the donations made by the Company in 2021 in accordance with the regulations laid down by the Capital Markets Board and Article 4 of the Company's Articles of Association and discussion and approval of the Board of Directors' proposal on the ceiling of donations to be made in 2022,
10. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by the Company by granting collaterals, pledges and mortgages in favor of third persons,
11. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communiqué (II-171.) of the Capital Markets Board,
12. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,
13. Petitions and requests.

Briefing on the Annual Ordinary General Assembly Meeting for the Year 2021

Invitation for the General Assembly Meeting was made three weeks before the General Assembly meeting date – date of making the call, and meeting date excluded – via all sorts of communication tools including electronic communication, in addition to the methods stipulated in the legislation. The invitation for the meeting was also made available via the Company's website, Public Disclosure Platform (KAP) and Turkish Trade Registry Gazette (TTSG). The Balance Sheet and Income Statement for the year 2021, the Annual Report of the Board of Directors and the Corporate Governance Compliance Report in its enclosure (Compliance Report Format-CRF and Corporate Governance Information Form-CGIF), dividend distribution proposal of the Board of Directors, the Independent Audit Report and the information document regarding the agenda were made available at both Public Disclosure Platform (KAP) and Company's (<http://investor.mlpcare.com>) website.

In this regard;

- While preparing the agenda of the Ordinary General Assembly Meeting, there were no written requests of the shareholders delivered to the Investor Relations Unit in writing or written requests to add an item to the meeting agenda by shareholders, CMB or other government institutions, which were related to the Company.
- In order to increase the attendance of the shareholders to the General Assembly meeting, it was aimed to hold the meeting without causing any inequalities between shareholders and enable shareholders to attend the meeting at a minimum cost. In this context, it was decided that the General Assembly meeting should be held at the above-mentioned address.
- The chairman of the Ordinary General Assembly has been taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders were given opportunities under equal conditions in explaining their considerations and questions. While the meeting chairman was making sure that all shareholders' questions that do not intrude on trade secrets are answered at the General Assembly Meeting, there was no question asked that is irrelevant to the agenda or that has a wide scope, which makes it impossible to give an answer right away.
- In accordance with the Corporate Governance Principles article 1.3.7, due to not having any transaction in which persons who have the privilege to Access Company information, on their behalf within the Company's field of activity, there has been no need occurred to inform the General Assembly.
- There has been no case that occurred that requires the approval of the majority of the independent Board members for the Board of Directors to make a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.

The Annual Shareholders Ordinary General Assembly Meeting was held on Wednesday, April 27, 2022, at 10:00 am due to the 2021 calendar year operations. The List of Attendees and the Minutes of Meeting, together with decisions taken during the meeting, were attached to the Public Disclosure Platform announcement (KAP) dated April 27, 2022. In the Meeting, it was seen that among 208,037,202 shares corresponding to Company's total TL 208,037,202 capital were represented; that 141,891,982 shares corresponding to TL 140,274,385 capital were represented by proxy; and TL 36,020,199 capital were represented electronically. Thus, the minimum quorum envisaged in the law and the Articles of Association was available.

Briefing About Resolutions Approved at the Annual Ordinary General Assembly Meeting for the year 2021

- Annual Report of the Board of Directors and the Report of the Independent Audit Company as well as the Consolidated Financial Statements for calendar year 2021 have been discussed and approved.
- The shareholders were informed about the donations made by the Company in 2021 and the Board of Directors' proposal to determine the ceiling of donations to be made in 2022 as TL 10mn was approved by the General Assembly.
- The selection of the PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for the audit of the financial statements and reports for the year 2022 was approved.
- In order to strengthen the financial structure of the Company and further increase its financial flexibility, it was approved not to distribute any dividends for the period of January 1, 2021 – December 31, 2021.

Voting and Minority Rights:

The Company avoids any practices that would hinder the right to vote and pays utmost attention to give each shareholder the opportunity to use his/her right to vote, including across the border, in the easiest and most suitable manner through established mechanisms. In this regard, according to the Company's Articles of Association, persons who are entitled to attend the Company's General Assembly meetings in the electronic environment was determined as per the Turkish Code of Commerce Article 1527. It has been ensured that shareholders and their representatives could use the aforementioned rights through the system established at the Ordinary General Assembly Meeting of the year 2021.

Since there is no cross-shareholding relationship between the Company and the majority shareholders, there has been no vote in the general assemblies of such companies.

2022 Dividend Distribution Proposal

As per the Board of Directors' resolution numbered 2023/4 and dated on March 8, 2023,

It was unanimously decided:

1. According to the Company's consolidated financial statements for the period between January 1, 2022-December 31, 2022, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1), a Net Profit of TL 1,674,656,000.00 was recorded.
2. As a result of the calculations made in accordance with the provisions of the Tax Procedure Law, Corporate Tax, and Income Tax Law a Net Distributable Profit of TL 242,726,368.07 was recorded.
3. In order to strengthen the financial structure of the Company and further increase its financial flexibility, the Net Distributable Profit of the fiscal year of 2022 will not be distributed, and will be transferred to the Retained Earnings account,
4. And to submit this proposal for approval at the Ordinary General Assembly meeting for the year 2022.

Dr. Muharrem Usta
Chairman of the Board of Directors and CEO

Credit Ratings

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating rated the consolidated structure of MLP Care in an investment grade category at national level and upgraded the ratings as "A (Tr)" from "A- (Tr)" on the Long-Term National Scale. The Short-Term National Scale with "J1 (Tr)" and "Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as "BB/ Stable" which are capped with the sovereign ratings of Republic of Türkiye.

The rating upgrade was driven by MLP Care's leading position nationally in the private healthcare industry, supported by established brand names and concepts, the maintenance of strong revenue and EBITDA growth, continuation of upward trend in profit margins with improvement in operational performances, the low level of net financial debt underpinned by asset light expansion strategy, and successful ramp-up acquired and newly opened hospitals, diversification of income streams that support predictable cash flow generation, competitive advantages across the sector owing to listed structures and an established track record in the domestic debt issuance market, and a well-managed business model.

	April 25, 2022	April 29, 2021
Long-Term International Foreign Currency Rating	BB / (Stable Outlook)	BB+ / (Negative Outlook)
Long-Term International Local Currency Rating	BB / (Stable Outlook)	BB+ / (Negative Outlook)
Long-Term National Scale Rating	A (Tr) / (Stable Outlook)	A-(Tr) / (Stable Outlook)
Long-Term National Scale Issuer Rating	A (Tr)	A-(Tr)
Short-Term International Foreign Currency Rating	J3 / (Stable Outlook)	B / (Negative Outlook)
Short-Term International Local Currency Rating	J3 / (Stable Outlook)	B / (Negative Outlook)
Short-Term National Scale Rating	J1 (Tr) / (Stable Outlook)	A-1 (Trk) / (Stable Outlook)
Short-Term National Scale Issuer Rating	J1 (Tr)	A-1 (Trk)

Other Information Related to Operating Activities

MLP Sağlık Hizmetleri A.Ş. Trade Register Information

Registered Head Office Address:
Otakçılar Caddesi Flatofis İstanbul No: 78 Kat: 3
D-Blok No: 103 Eyüp, İstanbul 34050
Trade Registration Office: İstanbul
Trade Registration Number: 574014

Amendments to the Articles of Association

No amendments were made to the Articles of Association in 2022.

In accordance with the Capital Markets Board "Registered Capital System Communiqué II-18-1" ("Communiqué") our application was approved on February 20, 2023 by the Capital Markets Board of Türkiye for the amendment of article 8 of the Articles of Association of the Company as attached in order to increase the registered capital ceiling from TL 875.000.000 to TL 5.740.000.000 valid for the period 2023-2027. The amendment of the Articles of Association for the approval of 2022 Ordinary General Assembly is below:

OLD VERSION	NEW VERSION
<p>CAPITAL ARTICLE 8</p> <p>The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 November 2017 No. 39/1351.</p> <p>The upper limit of the Company's registered capital is 875,000,000- (eight hundred seventy five million) Turkish Liras (TL), which is divided into 875,000,000 (eight hundred seventy five million) registered shares, each with a nominal value of TL 1- (one) TL.</p> <p>This upper limit of registered capital allowed by the Capital Markets Board is valid for the years 2017 through 2021 (for 5 years). Even if the upper limit of registered capital is not yet reached by the end of 2021, in order for the Board of Directors to pass capital increase resolutions after 2021, an authorization must be granted by the General Assembly for the previously permitted upper limit or a new upper limit, covering a new period not exceeding 5 years, provided that the permission of the Capital Markets Board of the Prime Ministry of the Republic of Turkey is obtained. In case such authorization is not granted, capital increases may not be effected based on the resolution of the Board of Directors.</p> <p>The issued capital of the Company is TL 208,037,202- (two hundred eight million thirty seven thousand two hundred and two). This capital has been fully paid up in cash, free from any simulation. The Company's issued capital of TL 208,037,202- is divided into 88,229,127 (eighty eight million two hundred and twenty nine thousand one hundred and twenty seven) Class A registered shares, each with a nominal value of TL 1- (one) and 119,808,075 (one hundred nineteen million eight hundred and eight thousand seventy five) Class B registered shares, each with a nominal value of TL 1- (one).</p>	<p>CAPITAL ARTICLE 8</p> <p>The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 November 2017 No. 39/1351.</p> <p>The upper limit of the Company's registered capital is 5,740,000,000- (five billion seven hundred forty million) Turkish Liras (TL), which is divided into 5,740,000,000 (five billion seven hundred forty million) registered shares, each with a nominal value of TL 1- (one) TL.</p> <p>This upper limit of registered capital allowed by the Capital Markets Board is valid for the years 2023 through 2027 (for 5 years). Even if the upper limit of registered capital is not yet reached by the end of 2027, in order for the Board of Directors to pass capital increase resolutions after 2027, an authorization must be granted by the General Assembly for the previously permitted upper limit or a new upper limit, covering a new period not exceeding 5 years, provided that the permission of the Capital Markets Board is obtained. In case such authorization is not granted, capital increases may not be effected based on the resolution of the Board of Directors.</p> <p>The issued capital of the Company is TL 208,037,202- (two hundred eight million thirty seven thousand two hundred and two). This capital has been fully paid up in cash, free from any simulation. The Company's issued capital of TL 208,037,202- is divided into 88,229,127 (eighty eight million two hundred and twenty nine thousand one hundred and twenty seven) Class A registered shares, each with a nominal value of TL 1- (one) and 119,808,075 (one hundred nineteen million eight hundred and eight thousand seventy five) Class B registered shares, each with a nominal value of TL 1- (one).</p>

Capital Structure

The issued capital of the Company within the registered capital ceiling of TL 875,000,000, is TL 208,037,202.

Investment Policy and Investment Spending

To date, MLP Care has grown by greenfield investments and through acquisitions.

Liv Bona Dea Hospital opened in July 2022, Medical Park Adana and Medical Park Seyhan hospitals opened in December 2022. The ramp-up of these hospitals are on track.

In 2022, MLP Care's capital expenditure was TL 871 million.

Utilizing Incentives

MLP Care has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by the General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Company 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 TL 366,510,000 (December 31, 2021: TL 200,394,000). Respective deferred tax asset was calculated to be 15%-40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, MLP Care is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments.

Compensation and Benefits Provided to Board Members and Senior Managers

The Company made a gross payment of TL 39,722,000 in total to senior managers for the fiscal year ended on December 31, 2022 (2021: TL 26,143,000). No remuneration was paid to the Members of the Board of Directors, other than the Independent Members, because of the roles they assume as Board Members.

Research and Development

The Company spent approximately TL 7.6 million for sponsored research and development activities in line with its R&D Policy.

Matters Relating to the Group

The situations where the Company has directly and indirectly increased or decreased its ownership stake in its affiliates and subsidiaries in 2022 are outlined below:

- BTN Asistans Sağlık Hizmetleri A.Ş. (BTN Asistans) has taken the decision to liquidate the company at its General Assembly dated October 26, 2021 and this decision was registered on November 3, 2021. BTN Asistans liquidation process completed by registering officially in December 29, 2022.
- BTN Sigorta Aracılık Hizmetleri A.Ş. (BTN Sigorta) has taken the decision to liquidate the company at its General Assembly dated October 27, 2021 and this decision was registered on November 6, 2021. BTN Asistans liquidation process completed by registering officially in December 29, 2022.
- Sentez Sağlık Hizmetleri A.Ş. ("Sentez") class of A shares were transferred and withdrew from partnership in May 2022.
- MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık") class of B shares were taken and MLP Sağlık Hizmetleri A.Ş. (MLP Care) became the owner of the 100% of the shares.
- 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" or "KHB") related business partnership activity has been terminated.
- Artimed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artimed") was transformed from limited liability companies to joint stock company.
- Tasfiye Haliinde Özel Samsun Medical Sanayi ve Ticaret Ltd. Şti. ("Samsun Tip Merkezi") has taken the decision to liquidate the company at its General Assembly dated April 29, 2022 and this decision was registered on May 12, 2022. Samsun Tip Merkezi is under liquidation process.
- The purchasing decision of Kuzey Doğu Sağlık Hizmetleri ve Ticaret A.Ş. ("Kuzey Doğu") was taken at its General Assembly dated July 16, 2022 and process registered in July 21, 2022.

Other Information Related to Operating Activities

Other

There are no amendments in the legislation which may significantly affect the activities of the corporation in 2022.

The Company did not purchase any of its shares during the reporting period.

The Company's management did not enter into any transaction that would complicate the conduct of the special audit. No special audit request was received in 2022.

The Company operates in an industry and a country that have high exposure to administrative lawsuits, business lawsuits, contractual demands and medical malpractice cases. In the last 12 months, there have been no lawsuits, legal proceedings or arbitration cases within the knowledge of the Company that are pending, at risk of initiation, and/or that could have a substantial adverse effect on the Company's financial condition or profitability.

The Company accounted for a TL 30,501,000 litigation provision for the risk that may arise from pending cases and proceedings (2021: TL 25,515,000). The plaintiffs have the right to raise their claims during the proceeding and, therefore, there is a possibility that the aforementioned amount may be higher.

There are no administrative or judicial sanctions imposed on the Company or its Board Members due to violation of laws and regulations.

None of the Board Members have requested a report defined under Article 199 (paragraph four) of the Turkish Commercial Code.

The Company has a strong financial position and it is not under risk of capital loss or insolvency.

Board Members, either for themselves or on behalf of another person, do not have business dealings with the Company or engage in prohibited competitive activities, to the extent permitted by the General Assembly.

Information about conflicts of interest that may arise between the Company and the firms providing investment consulting and credit rating services to the Company, and measures are taken by the Company to prevent such conflicts of interest:

There have been no situations that involve a conflict of interest during the reporting period. The Company complies with all CMB regulations when purchasing services and uses the utmost care to avoid situations that may result in a conflict of interest.

Statements of Responsibility by the Board of Directors

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF FINANCIAL STATEMENTS

DATE: 08/03/2023

RESOLUTION NO: 2023/3

RESPONSIBILITY STATEMENT AS PER ARTICLE 9, PART II OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

We hereby enclose the consolidated financial statements for the period January-December 2022, which have been prepared in accordance with the Capital Markets Board's (CMB) Communiqué on the Principles of Financial Reporting in Capital Markets Series No: II-14.1 (the Communiqué), the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS), and the mandatory formats defined by the Capital Markets Board; and independently audited, and approved by the Company's Board of Directors.

We hereby certify that:

- a) The consolidated financial statements dated December 31, 2022, have been reviewed by us,
- b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements, in all material respects, do not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
- c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements prepared in line with applicable financial reporting standards fairly represent the Company's assets, liabilities, financial position, profit and loss as well as the risks and uncertainties facing the Company.

Respectfully yours,

Tayfun Bayazit
Chairman of the
Audit Committee

Meral Kurdaş
Member of the
Audit Committee

Burcu Öztürk
CFO

Statements of Responsibility by the Board of Directors

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF THE ANNUAL REPORT AND CRF - CGIF TEMPLATES

DATE: 13/03/2023

RESOLUTION NO: 2023/5

RESPONSIBILITY STATEMENT AS PER ARTICLE 9, PART II OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

The Company's twelve-month Annual Report for the accounting period of January-December 2022, prepared pursuant to the legislation and the Turkish Accounting Standards/Turkish Financial Reporting Standards framework issued in accordance with Capital Markets Board's (CMB) Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1), Compliance Report Format (CRF) and the Corporate Governance Information Form (CGIF) which were prepared pursuant to the Resolution No. 2/49 made by the Capital Markets Board of Türkiye on January 10, 2019, approved by the Board of Directors are attached.

- a) The annual report, Compliance Report Format (CRF) and Corporate Governance Information Form (CGIF) dated December 31, 2022, has been reviewed by us,
- b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
- c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report prepared in line with applicable financial reporting standards fairly represents the development and performance of the business, the Company's financial position as well as the risks and uncertainties facing the Company.

Respectfully yours,

Tayfun Bayazit
Chairman of the
Audit Committee

Meral Kurdaş
Member of the
Audit Committee

Burcu Öztürk
CFO

Statements of Independence

Date: April 1, 2022

In the context of the Article 4.3.6. of the Corporate Governance Communiqué (II-171.), I hereby declare that I comply with the independency criterias stated below with respect to MLP Sağlık Hizmetleri A.Ş. and this compliance will continue for the remainder of my 3-year independent membership of the Board of Directors (until April 2024).

- No employment relationship has been established during the last five years between me, my spouse, and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (%5 and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full-time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,
- I am assumed to be a resident in Türkiye in accordance with the Income Tax Law dated 31.12.1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries,
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected and so that I will be performing my duties as an independent board member.

beyan ederim.

Meral Kurdaş

Tayfun Bayazit

Independent Auditor's Report on the Annual Report



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of MLP Sağlık Hizmetleri A.Ş.

1. Opinion

We have audited the annual report of MLP Sağlık Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 March 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly; to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- b) to include the matters below in the annual report:
 - events of particular importance that occurred in the Company after the operating year,
 - the Group's research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Selma Canbul Çorum, SMMM
Partner

Istanbul, 13 March 2023

**(CONVENIENCE TRANSLATION OF THE FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS
ORIGINALLY ISSUED IN TURKISH)
MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES**

Consolidated Financial Statements for the Year Ended 31 December 2022 and Independent Auditor's Report



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of MLP Sağlık Hizmetleri A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of MLP Sağlık Hizmetleri A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes (Notes 1-30) to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit
<p>Impairment of hospital licenses</p> <p>The accompanying consolidated financial statements as of 31 December 2022 include hospital licenses under intangible assets, with carrying values of TL 845.824 thousand.</p> <p>The hospital licenses have indefinite useful life and are not subject to depreciation, but these indefinite-life intangible assets should be tested for impairment annually.</p> <p>Indefinite-life intangible fixed assets in cash generating units subject to impairment tests are material to the consolidated financial statements. The impairment assessment of these assets requires significant judgment, and significant estimations and assumptions are used in the impairment tests performed by management.</p> <p>These assumptions are the discount rates and long-term growth rates of cash flows generated by using the weighted average cost of capital for the impairment test. These estimations and assumptions are very sensitive to changes in market conditions.</p> <p>Please refer to Notes 2.6 and 12 for explanations of the Group's accounting policies and amounts regarding intangible assets.</p>	<p>We performed the following procedures in relation to the impairment tests of hospital licenses:</p> <ul style="list-style-type: none"> - Conducting discussions with Group management, understanding the Group's performance in the industry in which it operates and its future plans and evaluating the explanations based on macroeconomic information, - Comparing forecasted cash flows for each cash generating unit with historical financial performance results, and evaluating whether these are reasonable, - Along with our internal valuation specialists, comparing the compliance of key assumptions, including long term growth rates and discount rates used in the calculations, with the rates used in the sector, and assessing these assumptions, - Assessing management's sensitivity analysis for key assumptions, - Testing of the disclosures in the consolidated financial statements in relation to impairment tests and evaluating the adequacy of these disclosures for TFRS' requirements.



4. Other information

The Group management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Appendix I but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.



2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 8 March 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Selma Canbul Çorum, SMMM
Partner

Istanbul, 8 March 2023

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current Assets:		3,797,503	2,741,333
Cash and cash equivalents	6	765,877	680,241
Financial investments	6	214,179	-
Trade receivables	8	1,455,350	1,318,054
- Due from related parties	5,8	52	194
- Trade receivables from third parties		1,455,298	1,317,860
Other receivables	9	123,622	117,757
- Due from related parties	5,9	76,837	54,805
- Other receivables from third parties		46,785	62,952
Inventories	10	660,884	285,276
Prepaid expenses	11	396,778	263,408
Other current assets	16	180,813	76,597
Non-current Assets:		4,638,256	3,006,788
Trade receivables		1,053	1,053
Other receivables	9	2,458	3,876
Property plant and equipment	12	1,348,032	1,014,733
Intangible assets		1,019,791	701,739
- Goodwill	14	33,037	38,661
- Other intangible assets	12	986,754	663,078
Right of use assets	13	931,642	539,308
Prepaid expenses	11	595,732	324,183
Deferred tax assets	25	739,548	421,896
TOTAL ASSETS		8,435,759	5,748,121

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
Current Liabilities:			
		4,790,328	3,318,172
Short term borrowings	7	923,742	568,744
Short term portion of long term borrowings	7	484,201	437,463
Obligations under finance leases	7	76,663	128,112
Short term lease liabilities	7	161,674	139,932
Trade payables	8	2,397,956	1,546,337
- Due to related parties	5,8	55,763	35,595
- Trade payables to third parties		2,342,193	1,510,742
Payables related to employee benefits	15	165,487	100,417
Other payables	9	111,977	64,967
- Due to related parties	5,9	787	799
- Other payables to third parties		111,190	64,168
Deferred income	11	341,867	243,730
Short term provisions		75,686	52,807
- Short term provisions for employment benefits	15	34,420	23,779
- Other short term provisions	17	41,266	29,028
Current tax liabilities	25	51,075	35,663
Non-current Liabilities:			
		1,838,436	1,760,752
Long term borrowings	7	243,439	619,594
Obligations under finance leases	7	39,289	102,445
Long term lease liabilities	7	1,103,559	752,859
Other payables		294,087	93,102
- Other payables to third parties	9	294,087	93,102
Deferred income	11	68,594	18,374
Long term provisions		61,422	37,944
- Long term provisions for employee benefits	15	61,422	37,944
Deferred tax liabilities	25	28,046	136,434
EQUITY:			
		1,806,995	669,197
Equity Attributable to the Owner of the Company:			
		1,805,022	538,636
Share capital	19	208,037	208,037
Share premium	19	556,162	556,162
Treasury shares	19	(371,763)	-
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(58,511)	(43,569)
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(58,511)	(43,569)
Restricted reserves	19	10,722	10,260
Accumulated deficit		(158,920)	(482,677)
Net profit for the period		1,619,295	290,423
Non-controlling interest		1,973	130,561
TOTAL LIABILITIES AND EQUITY			
		8,435,759	5,748,121

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

	Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	20	9,836,916	5,795,954
Cost of sales (-)	20	(6,992,305)	(4,216,994)
GROSS PROFIT			
General administration expenses (-)	21	(944,575)	(561,472)
Other income from operating activities	22	417,178	544,248
Other expenses from operating activities (-)	22	(479,540)	(546,206)
OPERATING PROFIT			
Income from investing activities	23	162,405	9,885
Expense from investing activities (-)	23	(103,840)	(1,042)
OPERATING PROFIT BEFORE FINANCE EXPENSE			
		1,837,674	1,015,530
Finance expenses (-)	24	(591,838)	(652,488)
NET PROFIT BEFORE TAX			
		1,304,401	371,885
Tax expense from operations		370,255	(16,676)
Current tax expense	25	(61,647)	(82,329)
Deferred tax gain/loss net	25	431,902	65,653
NET PROFIT			
		1,674,656	355,209
Allocation of net profit			
Non-controlling interest		55,361	64,786
Equity holders of the parent		1,619,295	290,423
Net profit for the period			
Basic gain per share	26	7.78	1.40
OTHER COMPREHENSIVE EXPENSES			
		(14,942)	(7,718)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(18,678)	(9,648)
Income tax relating to items that will not be reclassified subsequently		3,736	1,930
TOTAL COMPREHENSIVE INCOME			
		1,659,714	347,491
Total comprehensive profit distribution			
Non-controlling interest		55,361	64,786
Equity holders of the Parent		1,604,353	282,705

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

	Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or (loss)						Accumulated gain				Total equity	
	Share capital	Share premium	Treasury shares	Property revaluation reserve	Loss on remeasurement of defined benefit plans	Legal reserves	Accumulated deficit	Net profit/(loss) for the period		Attributable to equity holders of the parents	Non-controlling interest	
								Attributable to equity holders of the parents	Non-controlling interest			
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 income for the period, net of tax	-	-	-	-	(7,718)	-	-	-	(7,718)	-	(7,718)	
Net profit for the period	-	-	-	-	-	-	-	290,423	290,423	64,786	355,209	
Total comprehensive gain/(loss) for the period	-	-	-	-	(7,718)	-	-	290,423	282,705	64,786	347,491	
Transfers	-	-	-	-	-	-	64,930	(64,930)	-	-	-	
Changes in accounting policies (Note 2.2)	-	-	-	(37,747)	-	-	19,865	-	(17,882)	-	(17,882)	
Dividend distribution	-	-	-	-	-	-	(8,574)	-	(8,574)	(695)	(9,269)	
Balance as at 31 December 2021	208,037	556,162	-	-	(43,569)	10,260	(482,677)	290,423	538,636	130,561	669,197	
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 income for the period, net of tax	-	-	-	-	(14,942)	-	-	-	(14,942)	-	(14,942)	
Net profit for the period	-	-	-	-	-	-	-	1,619,295	1,619,295	55,361	1,674,656	
Total comprehensive gain/(loss) for the period	-	-	-	-	(14,942)	-	-	1,619,295	1,604,353	55,361	1,659,714	
Transfers	-	-	-	-	-	462	289,961	(290,423)	-	-	-	
Loss of control in subsidiaries	-	-	-	-	-	-	113,448	-	113,448	(201,212)	(87,764)	
Increase/(decrease) due to share repurchase transactions	-	-	(371,763)	-	-	-	-	-	(371,763)	-	(371,763)	
Changes in non-controlling interests	-	-	-	-	-	-	(60,699)	-	(60,699)	17,263	(43,436)	
Dividend distribution	-	-	-	-	-	-	(18,953)	-	(18,953)	-	(18,953)	
Balance as at 31 December 2022	208,037	556,162	(371,763)	-	(58,511)	10,722	(158,920)	1,619,295	1,805,022	1,973	1,806,995	

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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

	Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES		1,974,453	1,652,753
Net profit for the period		1,674,656	355,209
Profit from continuing operations		738,751	1,125,245
Adjustments related to depreciation and amortization expenses	12, 13	445,477	335,735
Adjustments related to impairment (reversal)		2,708	109,350
Adjustments related to impairment (reversal) of receivables	8	2,708	109,350
Adjustments related to provisions		62,220	35,003
Adjustments related to (reversal) of provision for employment benefits		34,565	14,204
Adjustments related to lawsuit (reversal) of provision for lawsuit	17	27,655	20,799
Adjustments related to interest (income) expense		534,091	553,488
Adjustments related to interest income	22	(78,820)	(37,522)
Adjustments related to interest expense	24	612,911	591,010
Adjustments related to tax (income) expense	25	(370,255)	16,676
Other adjustments related to non-cash items		65,789	83,836
Adjustments regarding to (gain) loss on sale of non-current assets		79,413	(8,843)
Adjustments regarding to (gain) loss on sale of property, plant and equipment		79,413	(8,843)
Adjustments for (income) expense caused by sale or changes in shares of associates, joint ventures and financial investments		(80,692)	-
Changes in working capital		(349,526)	256,375
Adjustments related to (increase) decrease in trade receivables		(560,418)	(307,555)
Adjustments related to increase in inventories		(430,035)	(171,794)
Adjustments related to increase (decrease) in trade payables		664,427	572,039
Adjustments related to increase (decrease) in other payables from operations		479,221	44,227
Adjustments related to other increase (decrease) in working capital		(502,721)	119,458
Adjustments related to (increase) decrease in other assets		(502,721)	119,458
Cash generated from operations		2,063,881	1,736,829
Payments due to employee termination benefits		(15,968)	(11,426)
Tax paid	25	(46,235)	(64,374)
Payments for other provisions		(27,785)	(9,017)
Other cash inflows	8	560	741

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

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

Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM INVESTING ACTIVITIES	(665,674)	(522,614)
Cash inflows from sale of tangible and intangible assets	104,273	11,873
Proceeds from sales of property, plant, equipment and intangible assets	12	104,273
Payment for purchase of property, plant and equipment and intangible assets		(870,585)
Payment for purchase of property, plant and equipment	12	(680,327)
Payment for purchase of intangible assets	12	(190,258)
Cash advances and debts given	11	(273,999)
Interest received	22	(26,164)
Cash inflows from sales that result in loss of control of subsidiaries		658,416
Cash outflows related to additional share purchases in subsidiaries		(43,436)
Other cash inflows (outflows)		(214,179)
CASH FLOWS FROM FINANCING ACTIVITIES	(1,223,143)	(824,895)
Proceeds from bank loans		1,106,190
Proceeds from borrowings	7	230,890
Proceeds from bonds, net of commissions	7	875,300
Repayment of lease liabilities	7	(390,005)
Bank borrowings paid		(1,078,940)
Cash used for repayment of borrowings	7	(403,640)
Cash used for repayment of bonds	7	(675,300)
Repayment of obligations under finance leases	7	(145,480)
Interest paid		(403,012)
Interest received		78,820
Dividend paid		(18,953)
Cash outflows from acquisition of treasury shares (-)		(371,763)
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,636	305,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	680,241
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	765,877
		680,241

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands Turkish Lira (“TL”) 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 31 December, 2022, MLP Sağlık is the holding company of 15 subsidiaries (31 December 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 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 13 February 2018. In accordance with the resolution numbered 31/1059 on 30 October 2014 and 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 33.36% as of 31 December 2022, of MLP Sağlık are accepted as “in circulation”. As of 1 January 2023, this ratio is 33.36% (Note 19).

The number of employees of the Group as at 31 December 2022 is 11,699 (31 December 2021: 12,618).

Approval of consolidated financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on 8 March 2023. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

As of 31 December 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
Tasfiye Halinde 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 A.Ş. (“Artimed”)	Ankara
MS Sağlık Hizmetleri Ticaret A.Ş. (“MS Sağlık”)	Ankara
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”)	Gebze - İzmit
21. Yüzyıl Anadolu Vakfı (“21.Yüzyıl Anadolu Vakfı”)	İstanbul
Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti.ve	
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti.	
İş Ortaklısı (“Kuzey Hastaneler Birligi” ya da “KHB”) (*)	İstanbul
Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat San. ve Tic. A.Ş. (“Sotte Sağlık Temizlik Yemek”)	İstanbul - Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Group”)	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
Kuzey Doğu Sağlık Hizmetleri ve Tic. A.Ş. (“Kuzey Doğu”)	İstanbul

(*) The related business partnership activity has been terminated.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Financial Reporting Standards

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations (“TAS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of Public Oversight Accounting and Auditing Standards Authority (“POA”) dated 4 October 2022 about the “announcement about TFRS Taxonomy” and “illustrations of financial statements and application guidance” published by Capital Markets Board (“CMB”).

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 (“TRY”), which is the functional currency of the Company and all its subsidiaries and the presentation currency of the Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.1 Basis of Presentation (Continued)

Inflation accounting

POA made a statement on 20 January 2022, in order to eliminate the hesitations about whether the companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new explanation has been made by the KGK about the application of TAS 29. Considering that no new disclosure has been made as of the date these financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 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 31 December 2022, Group management has reclassified interest income amounting to TRY 37,522 included in other operating income in the profit or loss statement for the accounting period 1 January - 31 December 2021 as finance income and reclassified interest income amounting to TRY 37,522 included in cash flows from operating activities to cash flow provided by financial activities.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands Turkish Lira ("TL") 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 31 December 2022 and 31 December 2021 are as follows:

Bağlı Ortaklıklar	Place of incorporation operation	Proportion of ownership and voting power held (%)		Principal activity
		31 December 2022	31 December 2021	
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 (3)	Ankara	% 100.00	% 75.00	Hospital Services
Mediplaza	Gebze-İzmit	% 75.00	% 75.00	Hospital Services
MA Group (4)	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 (2)	İstanbul	% 100.00	% 100.00	Ancillary services
BTN Sigorta (5)	İstanbul	-	% 100.00	Ancillary services
Kuzey Hastaneler Birliği ("KHB")	İstanbul	-	% 99.90	Ancillary services
BTN Asistans (5)	İstanbul	-	% 100.00	Ancillary services
Sentez Hastaneleri (6)	Batman-İzmir-Gaziantep	-	% 56.00	Hospital Services
Kuzey Doğu (7)	İstanbul	% 100.00	-	Ancillary services

- (1) Represents voting power held. In 2022, the liquidation process was started.
- (2) Represents voting power held. 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 Sağlık could not be the shareholder of an association, Muhammet 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 Sağlık has no shareholder interest in the foundation, the financial statements of the foundation are consolidated to the financial statements in accordance with TFRS 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 of the university from its involvement with the investee.
- (3) As of 30 April 2022, the Group's shareholding in MS Sağlık has increased to 100%.
- (4) The company decided to liquidate on 25 December 2017.
- (5) The company completed the closing process on 29 December 2022.
- (6) The Group has completed the transfer of shares of Sentez Hospitals, one of its subsidiaries to its current partner for TRY800 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 TRY473,180 and the profit of TRY80,692 as a result of the transfer transaction was classified as income from investment activities in the consolidated other comprehensive income statement as of 31 December 2022.
- (7) The company acquired 100% of the shares of Kuzey Doğu on 21 June 2022.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands Turkish Lira ("TL") 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 and 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 losses 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies and significant accounting errors are applied retrospectively and the prior period financial statements are restated. Changes in accounting estimates are applied prospectively in the current period if the change is made, if the change is related to future periods, both in the period in which the change is made and in the future period.

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 Amendments in International Financial Reporting Standards

a) *Standards, amendments and interpretations applicable as at 31 December 2022:*

- **Amendment to TFRS 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 TFRS 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.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 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 TAS 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 TAS 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 TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

These amendments do not have any significant impact on Group’s financial condition and performance.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.4 Amendments in International Financial Reporting Standards (Continued)

b) *Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:*

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 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 TAS 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.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **TFRS 17, 'Insurance contracts' as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group is in the process of assessing the impact of the amendments on its financial position or performance.

2.5 Summary of Significant Accounting Policies

Related Parties

For the purposes of these financial statements, shareholders, key management personnel and Board of Directors' Members, in each case together with companies controlled by/or affiliated with them and their close family members and associated companies are considered and referred to as related parties.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) Has control or joint control over the reporting entity;
 - (ii) Has significant influence over the reporting entity or
 - (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.5 Summary of Significant Accounting Policies (Continued)

- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the company are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity or another member of the group of which it is a part provides key management personnel services to the reporting entity or the parent of the reporting entity.

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

Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with TFRS 5.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

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

2.5 Summary of Significant Accounting Policies (Continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration that is classified as an asset or a liability is a financial asset and within the scope of TAS 39 Financial Instruments: Recognition and Measurement, the contingent asset or liability is recorded at its fair value and the corresponding gain or loss is recorded in profit or loss or other comprehensive income.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 “Business combinations”. Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in “Gains from investment activities” as a gain from bargain purchase.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Revenue Recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

Group recognises revenue based on the following five principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of the transaction price in the contracts,
- (d) Allocation of transaction price to the performance obligations,
- (e) Recognition of revenue when the performance obligations are satisfied.

Group recognises revenue from its customer when all of the the following criteria are met:

- (a) The parties have approved the contract (written or orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
- (b) Group can identify the right of parties related to goods and services,
- (c) Group can identify the payment terms of goods and services to be transferred,
- (d) The contract has commercial substance,
- (e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer. In evaluating whether collectability of a consideration is probable, the entity shall consider only the customer's ability and intention to pay the consideration when it is due.

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

2.5 Summary of Significant Accounting Policies (Continued)

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

The assumptions for the reliability of revenue recognition after the agreement of third parties are as follows:

- Contractual rights of each parties under sanction according to the agreement,
- Service fee,
- Payment terms and conditions.

The Group recognises revenue from the following major sources:

- Treatment services provided at hospitals
- Trading of medical products
- Laboratory services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Rebates, sales discounts, stock protection and other similar allowances obtained from the suppliers are accrued on an accrual basis when the rights of parties arise.

Revenue is generated from the healthcare services provided and some medical products sold. The main streams of revenue are policlinic revenue, revenue from surgical operations, x-ray revenue and all other revenue from hospital services.

Income is recognized in the period in which services are provided. Income relating to patient treatments which are partially complete at the financial year end is accrued and apportioned across financial years by reference to percentage of completion.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Tangible fixed assets, with the exception of buildings and machinery and equipment, are stated in the consolidated statement of financial position at their net book values, being the cost of the asset, less any accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprise purchase price, import taxes, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation is provided on all property and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

	Useful Life
Buildings	35 years
Machinery and equipment	5-20 years
Motor vehicles	4-5 years
Furniture and fixtures	2-20 years
Leasehold improvements	5-15 years
Leased assets	2-11 years

The useful life and depreciation method are regularly reviewed and accordingly whether the method and the depreciation period are in line with the economic benefits to be obtained from the related asset are reviewed.

When the Group's buildings and machinery and equipment are revaluated the carrying amount of buildings and machinery and equipment are adjusted to revaluated amount. At the date of revaluation, the accumulated depreciation of buildings and machinery and equipment are eliminated against the gross carrying amount of those buildings and machinery equipments. Any increase arising on the revaluation of buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Useful lives and depreciation methodology is regularly reviewed for appropriateness.

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Intangible Fixed Assets

Intangible assets mainly comprise software rights, hospital licenses obtained through business combinations or acquired separately and advances given for the purchase of hospital licenses. Intangible assets acquired separately are initially recorded at cost. The cost of an intangible asset acquired in a business combination is its fair value at the date of acquisition. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets (computer software) are amortized on a straight line basis over the best estimate of their useful lives (1 to 5). The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. The amortization expense on intangible assets is recognized in the statement of comprehensive income.

Intangible fixed assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The hospital licenses are not amortized since there is no definite useful life for licenses. However, licenses are tested for impairment annually at the cash-generating unit level. As of 31 December 2022, there has been no indication regarding impairment of licenses.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is impracticable to calculate the recoverable value of an asset, the recoverable value of the cash generating unit to which it belongs is calculated.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Intangible assets with indefinite useful lives are tested for impairment annually at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized in consolidated financial statements as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Termination Benefits

Defined benefit plans

In accordance with existing social legislation in Turkey, the Company and its subsidiaries in Turkey are required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Per revised International Accounting Standard No. 19 "Employee Benefits" ("TAS 19"), these payments are regarded as defined benefit plans.

The cost of providing benefits under the defined benefit plans is determined separately for each plan by using the projected unit credit actuarial valuation method and the Group's past experiences on employee turnover and employment termination benefit payments and discounted by earning ratio for long term treasury bond. All actuarial gains and losses are recognized in the statement of other comprehensive income.

Defined contribution plans

The Company and its subsidiaries pay contributions to Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Vacation Pay Liability

Vacation pay liability recognized in the consolidated financial statements represents the probable liability of the Group related to the unused vacation days of the employees.

Foreign Currency Transactions

The functional and presentation currency of the Company and all of its subsidiaries is Turkish Lira ("TL"). Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Assets and liabilities denominated in foreign currencies are translated by exchange rates valid on the balance sheet date. Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in profit or loss in the year in which they arise.

Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the period.

Sale and Leaseback Transactions

Under sale and leaseback transactions which are established at fair value and resulting in an operating lease, profits and losses are recognized immediately in the statement of comprehensive income. When the sale price is below fair value, any profits or losses are recognized immediately in the profit or loss except that, if the loss is compensated for by future lease payments at below market price, the losses are deferred and amortized in proportion to the lease payments over the period for which the asset expected to be used.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets include initial recognition of lease liabilities, prepayments and other direct costs made on or before commencement date of the lease. These assets are then measured by cost value after reduction of accumulated depreciation and impairment losses

The Group accounts a provision under TAS 37 in case of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are included in cost of right-of-use assets unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Right of use assets are presented as different item in consolidated statement of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'cost of sales' and "general administrative and marketing expenses" in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group leases hospital buildings and offices. Rental contracts are typically made for fixed periods of 3 to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology-equipment and small items of office furniture.

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification of financial assets

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 24).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

- a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Assets and Liabilities

Contingent Liabilities

- (a) Possible obligations that arise from past events and of which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.
- (b) Possible assets or obligations that arise from past events but not reflected to the financial statements because of the reasons below:
 - (i) A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote,
 - (ii) A contingent asset is disclosed, where an inflow of economic benefits is probable.

Contingent Assets

Possible assets that arise from past events and of which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements. A contingent asset is disclosed, when an inflow of economic benefits is highly probable.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Segmental Information

In accordance with TFRS 8 “Operating Segments”, an operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. The Group's chief operating decision maker (“CODM”) receives financial information on both an aggregate and on an individual hospital basis. No individual hospital exceeds 10% of the combined internal and external revenue of all the hospitals and it is not practicable to disclose segment information by individual hospital. Further, investment decisions are focused on potential acquisitions of new hospitals or further investment in the Group's existing hospitals in the aggregate. Therefore, the Group is considered as one single operating segment.

Subsequent Events

The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the reporting date. If non-adjusting events after the reporting date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the disclosure of the amounts of assets and liabilities reported as of the reporting period, the disclosure of contingent assets and liabilities, and the determination of estimates and assumptions by the management that may affect the amounts of income and expenses reported during the accounting period. Accounting evaluations are evaluated by taking into account estimations and assumptions, past experience, other factors and reasonable expectations about future events under current conditions. Although these estimates and assumptions are based on management's best knowledge of current events and transactions, actual results may differ from their assumptions.

3.1 Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, which are described in note 2.6, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below under notes 3.2).

Deferred Tax Assets

The Group accounts deferred tax assets and liabilities from the temporary differences between the statutory financial statements and the financial statements in accordance with TFRS.

Deferred Tax Assets calculation based on carry forward tax losses

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The subsidiaries of the Group have deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognized. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered.

Based on information gathered, if the future profit projections cannot enable the Group benefit from accumulated fiscal losses, allowance can be calculated fully or partially. Based on future profit projections, the Group estimates whole utilization of deferred tax assets.

As of 31 December 2022, the Group has a deductible tax loss of TRY59,902 (31 December 2021: TRY95,280) (Note 25).

The Group assess the recoverability of deferred tax assets related carried forward tax losses based on business models that contain management estimations related to taxable profit for future periods. The models include key management estimations such as growth rate, hospital capacities and foreign exchange rates. Based on the sensitivity analysis about carried forward tax losses performed, it is concluded that 10% increase/decrease in related estimations does not have any effect on the assessment of recoverability of deferred tax assets.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received (Note 25).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below;

Provision for Impairment of Trade Receivables

The Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the possible unconfirmed balances by the SSI and the inability of the patients to make required payments. The services rendered to patients covered by the SSI are subject to administrative review and audit by the SSI. The receivables that are not confirmed by the SSI are written off by the Group Management when the outcome is certain. As of 31 December 2022, provision for impairment of trade receivables amounting to TRY120,478 (31 December 2021: TRY125,305) (Note 8).

In addition, the Group has trade receivables arising from health services provided to foreign patients. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group and the Group Management’s expectation is that foreign patient receivables will be collected in 2023. The Group has overdue but not impaired trade receivables amounting to TRY414,391 as of 31 December 2022 (31 December 2021: TRY369,373).

In addition, the calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Provision for Legal Cases and Social Security Discount Provisions

As explained in Note 17, the Group management make provision amounting to TRY41,266 (31 December 2021: TRY29,028) for the lawsuits where the legal proceedings and penalties are still uncertain and there is a possibility of an outflow.

Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal calculations. These calculations require the use of estimates (Note 14).

Impairment test was made as at 31 December 2022 by the method of “discounted cash flows”. As the Group has terminated its activities related to Kuzey Group Companies related to laboratory services as of 31 December 2022, the net book value of TL 4.922 has been expensed in 2022.

Intangible Fixed Assets Acquired Through Business Combination; Hospital licenses

Business combinations are accounted for using the acquisition method. The cost of the business combination is calculated as the total of fair values of assets acquired, liabilities assumed and the equity instruments issued at the date of the acquisition and other costs directly attributable to the business combination. Purchase price allocation is made in order to allocate purchase price to identifiable assets as defined in TFRS 3 “Business Combinations” and TAS 38 “Intangible Assets”. As per TFRS 3 and TAS 38, fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Based on the evaluation of the Group’s transactions accounted as business combinations, the hospital licenses are identified as intangible assets. The fair values of the hospital licenses are determined based on income approach.

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

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

In accordance with the accounting policy for the hospital licenses which have indefinite useful lives stated in Note 2.6, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group.

Impairment tests for hospital licenses are performed by comparing the amount calculated according to the discounted cash flows of each cash generating unit based on long term projections, with the carrying value of the hospital licenses. These calculations require the use of estimates. As of 31 December 2022 there is no impairment on hospital licenses resulting to impairment test (Note 12).

Useful Lives of Property, Plant and Equipment

The Group reviews the estimated useful lives of its property, plant and equipment at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation (Note 12).

NOTE 4 - INTERESTS IN OTHER ENTITIES

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

In Liquidation Samsun Tip Merkezi	31 December 2022	31 December 2021
Current assets	706	739
Non-current assets	9	15
Current liabilities	1,407	11,602
Equity	(693)	(10,848)

	1 January - 31 December 2022	1 January - 31 December 2021
Other income/(expense), net	(926)	(2,327)
<u>Loss for the period</u>	<u>(926)</u>	<u>(2,327)</u>
Net cash inflow/(outflow) from operating activities	(6)	(8)
Net cash inflow/(outflow) from investing activities	6	8

Net cash inflow/(outflow)	-	-
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21. Yüzyıl Anadolu Vakfı	31 December 2022	31 December 2021
Current assets	13,872	41,964
Non-current assets	101,646	58,291
Current liabilities	62,686	76,798
Equity	52,832	23,457

	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	379	329
Other income/(expense), net	17,695	(21,060)
Loss for the period	18,074	(20,731)
Net cash inflow/(outflow) from operating activities	43,717	16,196
Net cash inflow/(outflow) from investing activities	(41,949)	(16,155)

Net cash inflow/(outflow)	1,768	41
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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 5 - 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.

As of 31 December 2022, the short-term receivables and payables details as follows:

Shareholders	31 December 2022			
	Receivables		Payables	
	Current	Trade	Current	Trade
Muharrem Usta (*)	-	74,103	-	50
Adem Elbaşı	-	2,592	-	-
	-	76,695	-	50

Other companies controlled by the shareholders	31 December 2022			
	Receivables		Payables	
	Current	Trade	Current	Trade
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	6	-	22,783	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	1	-	509	-
A ve A Sağlık A.Ş. (2)	-	-	21,346	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	3,293	-
Saray Eczanesi	-	-	737	-
Mp Sağlık ve Tic. A.Ş.	-	-	-	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	138	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	5,853	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	7	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	513	-
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	-	-	584	-
Other	45	142	-	4
	52	142	55,763	737
	52	76,837	55,763	787

- (*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio 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. Teks. 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Shareholders	31 December 2021			
	Receivables Current		Payables Current	
	Trade	Non-trade	Trade	Non-trade
Muharrem Usta (*)	-	52,797	-	50
Adem Elbaşı	-	1,854	-	-
	-	54,651	-	50

Other companies controlled by the shareholders

Other companies controlled By the shareholders	31 December 2021			
	Receivables Current		Payables Current	
	Trade	Non-trade	Trade	Non-trade
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	-
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 Tıbbi 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 charge from the current value of internal debt ratio 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 Tıbbi 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.

Advances given to related parties and Prepaid expenses

	31 December 2022	31 December 2021
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13,850	9,005
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	1,002	-
Sanport Gayrimenkul Geliştirme İnş. Ve Tic. A.Ş.	279	279
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	77	59
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	-	3
	15,208	9,346

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Fixed asset advances given to related parties

	31 December 2022	31 December 2021
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	306,817	181,359
Mp Sağlık ve Tic. A.Ş.	-	68,200
	306,817	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)

	31 December 2022	31 December 2021
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	396	2,024
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	367	787
	763	2,811

Lease liabilities from related parties

	31 December 2022	31 December 2021		
	Short-term	Long-term	Short-term	Long-term
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	59,265	-	59,724	59,089
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	15,274	80,213	9,718	70,516
Atakum Özel Sağlık Hizmetleri İnş.Turizm ve San. Tic. A.Ş.	24,775	47,871	8,764	33,021
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	-	-	3,654	-
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	4,808	-	3,407	-
Mp Sağlık ve Tic. A.Ş.	-	-	2,966	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,943	-	2,354	-
	107,065	128,084	90,587	162,626

	1 January - 31 December 2022	1 January - 31 December 2021
Purchases from related parties		
Fom Grup Mimarlık İnş.ve Tic. A.Ş. (2) (3) (4)	122,945	201,898
A ve A Sağlık A.Ş. (1)	53,997	18,461
	176,942	220,359

(1) Cleaning material
 (2) Construction and audit of ongoing hospital construction and rent expenses
 (3) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.
 (4) Turnkey fixture, private cost and hospital construction, inspection and consultancy services.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Operating expenses (including purchase of services)	1 January - 31 December 2022	1 January - 31 December 2021
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş. (1)(7)	106,231	114,311
Samsunpark Özel Sağ. Tibbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	38,065	22,229
Mp Sağlık ve Tic.A.Ş. (1)(7)	21,536	7,591
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	18,578	13,028
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	18,402	13,499
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1)(7)	12,026	8,521
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	11,788	6,850
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)(7)	10,976	8,680
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)(7)	5,452	3,632
Saray Eczanesi (6)	2,649	1,008
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	2,258	1,720
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	1,123	665
Miniso Mağazacılık A.Ş.	613	-
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	252	274
	249,949	202,008

- (1) Hospital rent expenses
- (2) Doctor expenses
- (3) Stationary and consumable expenses
- (4) Cleaning, catering and laundry services
- (5) Medical equipment rent expenses
- (6) Pharmaceutical product expenses
- (7) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.

Sales to related parties	1 January - 31 December 2022	1 January - 31 December 2021
A ve A Sağlık A.Ş. (1)	3,076	16,231
Samsunpark Özel Sağlık Tibbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	593	14
Adem Elbaşı	487	344
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	216	126
Miniso Mağazacılık A.Ş.	187	170
Tokat Medikal Grup Sağlık Truzim İnş.San.Tic.A.Ş.	154	87
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	33	224
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	6	-
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği	-	295
Saray Eczanesi	-	2
	4,752	17,493

- (1) Outsourcing laboratory services

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties	1 January - 31 December 2022	1 January - 31 December 2021
Muharrem Usta	16,403	10,199
	16,403	10,199

Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitals and head office management team. Remuneration to key management personnel include benefits such as wages, premiums, health insurances and transport. The remuneration of directors and other members of key management during the year were as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Salaries and other short term benefits	39,722	26,143
	39,722	26,143

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	8,349	20,114
Cash at banks	749,830	646,208
- <i>Demand deposits</i>	97,571	134,341
- <i>Time deposits</i>	652,259	511,867
Other cash equivalents (*)	7,698	13,919
	765,877	680,241

As of 31 December 2022 the interest rates of the Group's time deposits in TRY, USD and EUR are respectively 9%-17% (31 December 2021: 10%-21%), 0.15%-0.20% (31 December 2021: 0.5%-0.15%) and 0.15% (31 December 2021: 0.01%) and their terms are less than 3 months.

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

Financial Assets

Short Term Financial Assets	31 December 2022	31 December 2021
Time Deposits (*)	214,179	-
	214,179	-

(*) Currency Protected TRY Time Deposit Account is a deposit product that offers foreign exchange protection in case the USD exchange rate in TRY increases more than the interest rate at the end of the term. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The Group has foreign currency protected deposit financial assets of TRY92,754 with a maturity of 1 January 2023 with a 15% interest rate and a maturity of TRY121,425 with a maturity of 13 February 2023 with a 17% interest rate.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	31 December 2022	31 December 2021
Short-term bank borrowings	253,742	168,744
Short-term bonds issued	670,000	400,000
Current portion of long term borrowings	420,484	372,077
- <i>Current portion of long-term bank loans</i>	420,484	372,077
Interest expense accruals	63,717	65,386
	1,407,943	1,006,207
Long-term bank loans	243,439	549,594
Long-term bonds issued	-	70,000
	243,439	619,594
Total borrowings	1,651,382	1,625,801

The Group issued sukuk amounting to TRY100,000 with a maturity of 6 months by being sold to qualified investors on 11 October 2022. The principal payment will be made on 7 April 2023, which is the maturity date. The interest rate is 25%.

The Group issued bond amounting to TRY500,000 with a maturity of 6 months by being sold to qualified investors on 10 November 2022. The principal payment will be made on 28 April 2023, which is the maturity date. The interest rate is 29%.

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

31 December 2022

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TRY	25.40%	905,854	2,106	907,960
TRY	TLRef+4-TRLibor+3.50%-4.00%-4.50%-5.80%	502,089	241,333	743,422
		1,407,943	243,439	1,651,382

31 December 2021

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
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 31 December 2022, the Group does not have any cash blocked accounts for the loans used (31 December 2021: None).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

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

	31 December 2022	31 December 2021
Interest expense accruals	63,717	65,386
To be paid within 1 year (*)	1,344,226	940,821
To be paid between 1-2 years	169,514	376,155
To be paid between 2-3 years	73,925	169,513
To be paid between 3-4 years	-	73,926
	1,651,382	1,625,801

(*) TRY253,750 of the loans to be paid within one year consists of revolving loans and TRY670,000 part consists of bond and sukuk payments which will be redeemed within 1 year.

Covenants

The Company has a structured finance facility in place. A syndicate loan agreement was signed on 31 December 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 Sağlık, and shares in subsidiaries owned by MLP Sağlık and all fixed assets under ownership of MLP and the MLP Sağlık's bank accounts. In addition to this, the loan is secured via assignment of MLP Sağlık'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 31 December 2016.

Net debt to EBITDA Ratio cannot be above x3.5 for the year ended 31 December 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended 31 December 2018 and for the six months period ended June 30, 2019, x2.5 for the year ended 31 December 2019 and for the six months period ended June 30, 2020 and x2.5 for the remaining period of the syndicate loan. As at 31 December 2022, the Group fulfilled the required covenant ratios stated above.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of obligations arising from financing activities as of 1 January - 31 December 2022 and 1 January - 31 December 2021:

	1 January 2022	Financing cash flows (net)	Foreign exchange effect (Note 24)	Disposal of subsidiary	Other (*)	31 December 2022
Bank loans	1,625,801	25,581	-	-	-	1,651,382
Finance lease obligations	230,557	(145,480)	30,875	-	-	115,952
Lease liabilities	892,791	(390,005)	26,873	(55,987)	791,561	1,265,233
	2,749,149	(509,904)	57,748	(55,987)	791,561	3,032,567

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

	1 January 2021	Financing cash flows (net)	Foreign exchange effect (Note 24)	Disposal of subsidiary	Other (*)	31 December 2021
Bank loans	1,700,431	(77,493)	2,863	-	-	1,625,801
Finance lease obligations	196,064	(34,235)	68,728	-	-	230,557
Lease liabilities	595,102	(324,048)	27,409	-	594,328	892,791
	2,491,597	(435,776)	99,000	-	594,328	2,749,149

(*) It arises from the addition of new building contracts in some lease obligations within the scope of IFRS 16, the effect of remeasurement of discounted lease obligations and also business combination arising from changes in lease payments realized during the period and interest expenses.

Lease Obligations

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

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Within one year	99,066	131,457	76,663	128,112
In the second to fifth years inclusive	42,703	145,407	39,289	102,445
	141,769	276,864	115,952	230,557
Less : Future finance charges	(25,817)	(46,307)	-	-
Present value of finance lease obligations	115,952	230,557	115,952	230,557
Less: Amounts due to settlement within twelve months (shown under current liabilities)	76,663	128,112	76,663	128,112
Present value of finance lease obligations	39,289	102,445	39,289	102,445

Finance leases mainly include equipment with lease term of 7 years. The ownership of the leased items will be transferred to the Group by the end of the lease term. Interest rates on financial lease transactions at the contractual date were fixed during the lease term. The contractual effective interest rate TRY is 19.17% (2021: 18.80%,). The contractual effective interest rate EUR is 6.36% (2021: 5.89%). The contractual effective interest rate USD is 5.25% (2021: 5.35%).

There is no amount in short-term finance lease payables that comprise hospital equipments and devices leased from third parties which are not financial institutions (2021: None).

Liabilities arising from lease transactions:

	31 December 2022	31 December 2021
Within one year	161,674	139,932
More than one year	1,103,559	752,859
Present value of the lease liabilities	1,265,233	892,791

The Group measured liabilities arising from lease transactions at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The average lessee's incremental borrowing rate applied to the TRY lease liabilities is 28.50%, 22.25% and EUR lease liabilities is 16.07% on 1 January 2019.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Current trade receivables	31 December 2022	31 December 2021
Trade receivables	999,394	1,126,769
Income accruals from continuing treatments	496,336	282,399
Other trade income accruals	38,671	32,330
Notes receivables	41,375	1,667
Trade receivables from related parties (Note 5)	52	194
Allowance for doubtful receivables (-)	(120,478)	(125,305)
	1,455,350	1,318,054

Trade receivables due from the SSI constitute 54% (31 December 2021: 42%) and receivables due from foreign patients constitute 4.4% (31 December 2021: 16%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY44,250 as at 31 December 2022. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group.

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

As of 31 December 2022, trade receivables of an initial value of TRY120,478 (31 December 2021: TRY125,305) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

Movement of allowance for doubtful receivables	1 January - 31 December 2022	1 January - 31 December 2021
Balance at beginning of the period	125,305	16,696
Charge for the period	2,708	109,350
Collections	(560)	(741)
Disposal of subsidiary	(6,975)	-
Balance at closing of the period	120,478	125,305

The average maturity of trade receivables and notes receivables is 50 days (31 December 2021: 77 days).

Explanations for the nature and level of risks in trade receivables are given in Note 27.

Trade Payables

Current trade payables	31 December 2022	31 December 2021
Trade payables	1,710,475	1,209,258
Trade payables due to related parties (Note 5)	55,763	35,595
Other expense accruals	628,767	300,239
Other trade payables	2,951	1,245
	2,397,956	1,546,337

The average maturity of trade payables and notes payable is 153 days (31 December 2021: 151 days).

Explanations for the nature and level of risks in trade payables are given in Note 27.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	31 December 2022	31 December 2021
Non-trading receivables due from related parties (Note 5)	76,837	54,805
Receivables from tax office	24,152	28,330
Deposits given	8,275	22,678
Other miscellaneous receivables	14,358	11,944
	123,622	117,757
Other non-current receivables	31 December 2022	31 December 2021
Deposits and guarantees given	2,458	3,876
	2,458	3,876

Other Payables

Other current payables	31 December 2022	31 December 2021
Other taxes and funds payable	62,040	31,481
Payables relating to business combinations (*)	46,794	29,861
Non-trading payables due to related parties (Note 5)	787	799
Other miscellaneous payables	2,356	2,826
	111,977	64,967
Other non-current payables	31 December 2022	31 December 2021
Payables relating to business combinations (*)	294,087	93,102
	294,087	93,102

(*) The Group has committed a payment schedule that will continue in the upcoming years as a result of some business combination contracts signed in 2014, 2020 and 2022. This liability represents the net present value of forthcoming payments.

NOTE 10 - INVENTORIES

Inventories	31 December 2022	31 December 2021
Medical consumables inventory	501,836	164,452
Pharmaceutical inventory	139,024	83,447
Laboratory inventory	19,917	36,586
Other inventory	107	791
	660,884	285,276

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	31 December 2022	31 December 2021
Order advances (*)	342,309	229,112
Prepaid insurance expenses	36,110	23,119
Prepaid rent expenses	260	530
Prepaid sponsorship expenses	1,620	1,164
Other	16,479	9,483
	396,778	263,408

(*) Advances consist of mainly the turnkey hospital projects regarding new and renovated hospitals and the order advances given for the construction services for the hospitals under construction.

Long term prepaid expenses	31 December 2022	31 December 2021
Fixed asset advances given	592,512	318,514
Prepaid rent expenses	397	2,544
Other	2,823	3,125
	595,732	324,183

Deferred Income

Short term accrued income	31 December 2022	31 December 2021
Advances received (*)	295,139	230,309
Deferred revenue	46,728	13,421
	341,867	243,730

(*) Advances are received from mainly local and medical tourism related patients with regards to cost of their treatments. After treatments are completed, realized remunerations are netted with advances.

Long term accrued income	31 December 2022	31 December 2021
Deferred revenue	68,594	18,374
	68,594	18,374

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 12 - PROPERTY, PLANT, 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 1 January 2022	817	881,016	1,551	444,028	436,934	723,446	80,237	2,568,029
Additions	-	139,582	699	95,641	33,035	203,551	207,819	680,327
Acquired through business combination (Note 29)	-	59,888	-	-	-	-	-	59,888
Disposals	-	(18,645)	(486)	(41,497)	(262)	(2,060)	(18,693)	(81,643)
Changes due to the disposal of subsidiary	-	(88,139)	-	(95,200)	(83,889)	-	-	(267,228)
Transfers	-	98,159	82	78,110	3,555	70	(179,976)	-
Closing balance as of 31 December 2022	817	1,071,861	1,846	481,082	389,373	925,007	89,387	2,959,373
Accumulated depreciation								
Opening balance as of 1 January 2022	(111)	(599,327)	(1,586)	(274,258)	(346,256)	(331,758)	-	(1,553,296)
Charge for the period (*)	(15)	(113,403)	(41)	(45,559)	(27,069)	(53,169)	-	(239,256)
Disposals	-	10,882	403	3,649	61	1,708	-	16,703
Disposal of associate	-	65,317	-	47,209	51,982	-	-	164,508
Transfers	-	-	-	-	-	-	-	-
Closing balance as of 31 December 2022	(126)	(636,531)	(1,224)	(268,959)	(321,282)	(383,219)	-	(1,611,341)
Carrying value as of 31 December 2022	691	435,330	622	212,123	68,091	541,788	89,387	1,348,032

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 12 - PROPERTY, PLANT, 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 1 January 2021	817	753,417	1,546	361,807	371,073	601,052	65,220	2,154,932
Additions	-	112,108	80	63,443	95,715	135,235	51,817	458,398
Disposals	-	(11,096)	(75)	(3,447)	12	(12,813)	-	(27,419)
Changes in accounting policies	-	(17,882)	-	-	-	-	-	(17,882)
Transfers	-	44,469	-	22,225	(29,866)	(28)	(36,800)	-
Closing balance as of 31 December 2021	817	881,016	1,551	444,028	436,934	723,446	80,237	2,568,029
Accumulated depreciation								
Opening balance as of 1 January 2021	(96)	(527,196)	(1,550)	(241,003)	(322,872)	(297,970)	-	(1,390,687)
Charge for the period (*)	(15)	(81,713)	(75)	(36,079)	(23,372)	(45,744)	-	(186,998)
Disposals	-	9,582	39	2,824	(12)	11,956	-	24,389
Transfers	-	-	-	-	-	-	-	-
Closing balance as of 31 December 2021	(111)	(599,327)	(1,586)	(274,258)	(346,256)	(331,758)	-	(1,553,296)
Carrying value as of 31 December 2021	706	281,689	(35)	169,770	90,678	391,688	80,237	1,014,733

(*) As of 1 January - 31 December 2022, depreciation and amortization expense of TRY222,023 (1 January - 31 December 2021: TRY176,762) has been charged to 'cost of service', TRY32,447 (1 January - 31 December 2021: TRY20,152) in 'general administrative and marketing expenses'.

As at 31 December 2022 carrying value of fixed assets acquired via finance lease is TRY68,091 (31 December 2021: TRY90,678).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

Cost	Licenses (*)	Rights	Other	Total
Opening balance as of 1 January 2022	596,072	117,180	3,245	716,497
Additions	-	89,647	-	89,647
Acquired through business combination (Note 29)	308,111	-	-	308,111
Changes due to the disposal of subsidiary (Note 2.1)	(58,359)	(1,476)	-	(59,835)
Disposals	-	(1,610)	(164)	(1,774)
Closing balance as of 31 December 2022	845,824	203,741	3,081	1,052,646

Accumulated amortization

Opening balance as of 1 January 2022	-	(52,272)	(1,147)	(53,419)
Disposal of associate (Note 2.1)	-	1,098	-	1,098
Charge for the period	-	(15,015)	(199)	(15,214)
Disposals	-	1,479	164	1,643
Closing balance as of 31 December 2022	-	(64,710)	(1,182)	(65,892)

Carrying value as of 31 December 2022 **845,824** **139,031** **1,899** **986,754**

Cost	Licenses (*)	Rights	Other	Total
Opening balance as of 1 January 2021	596,072	82,384	3,245	681,701
Additions	-	34,806	-	34,806
Disposals	-	(10)	-	(10)
Transfers	-	-	-	-
Closing balance as of 31 December 2021	596,072	117,180	3,245	716,497

Accumulated amortization

Opening balance as of 1 January 2021	-	(42,629)	(884)	(43,513)
Charge for the period	-	(9,653)	(263)	(9,916)
Disposals	-	10	-	10

Closing balance as of 31 December 2021 **-** **(52,272)** **(1,147)** **(53,419)**

Carrying value as of 31 December 2021 **596,072** **64,908** **2,098** **663,078**

(*) The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%, 31%, 27%, 23%, 21%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 13 - RIGHT OF USE ASSET

	Hospital Buildings	Total
1 January 2022	539,308	539,308
Additions	567,411	567,411
Acquired through business combination (Note 29)	71,917	71,917
Charge for the year (*)	(191,007)	(191,007)
Subsidiary exit (Note 2.1)	(55,987)	(55,987)
31 December 2022	931,642	931,642
	Hospital Buildings	Total
1 January 2021	257,440	257,440
Additions	420,689	420,689
Charge for the year (*)	(138,821)	(138,821)
31 December 2021	539,308	539,308

(*) For the period ended 31 December 2022, right of use assets depreciation expenses of TRY187,455 has been charged to 'cost of service' (1 January - 31 December 2021: TRY136,997), TRY3,552 to 'general administrative and marketing expenses (1 January - 31 December 2021: TRY1,824).

NOTE 14 - GOODWILL

Hospital	Date of acquisition	31 December 2022	31 December 2021
Saray Hospital	2005	18,387	18,387
Yükseliş Hospital	2006	10,262	10,262
Kocaeli Hospital	2007	3,364	3,364
Batman Hospital (branch of Sentez Hospital)	2007	-	702
Tokat Hospital	2007	792	792
Kuzey Group Entities	2010	-	3,406
Acarkent Hospital	2011	232	232
KHB	2014	-	1,516
		33,037	38,661

The Group Management regards each hospital as a single cash generating unit for the purpose of determining fair value less costs of disposal for impairment testing. In assessing value in use, the estimated future cash flows, which are based on financial budgets approved by the directors covering a five year period, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value calculations include TRY based after-tax cash flow projections based on financial budgets approved by Group Management covering five-year period. Estimated cash flows beyond the five-year period are calculated by taking into account of the growth rates that stated below on a hospital basis and the it is foreseen that the current profitability structure will be preserved. During the financial year, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 14 - GOODWILL (Continued)

The key assumptions used in the value in use calculations for above hospitals are as follows;

Yükseliş and Acarkent Hospitals:

The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Saray Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Kocaeli Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Kuzey Group Entities:

Since the Group has terminated its activities related to Kuzey Group Companies, which are related to laboratory services, the net book value of TRY4,922 has been expensed in 2022.

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2022	31 December 2021
Fees payable to doctors and other personnel	111,285	79,800
Social security premiums payable	54,202	20,617
	165,487	100,417

Short term provision for employment benefits:

	31 December 2022	31 December 2021
Unused vacation provision	34,420	23,779
	34,420	23,779

Long term provision for employment benefits:

	31 December 2022	31 December 2021
Retirement pay provision	41,178	24,830
Unused vacation provision	20,244	13,114
	61,422	37,944

Provision for employment termination benefits:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY15,371.40 for each period of service as of 31 December 2022 (2021: TRY8,284.51).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual salary inflation rate of 13% and a discount rate of 22.68%, resulting in a real discount rate of approximately 8.57% (31 December 2021: 6.32%). The employment termination benefit that will not be paid and that will stay on the Company for those employees who leave voluntarily is estimated to be 10% (December 2021: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TRY19,982,83 which became effective as of 1 January 2023 (1 January 2022: TRY10,848.59).

- If the discount rate is 1% higher, the severance pay liability will be TRY1,579 less. If the discount rate is 1% lower, the severance pay liability will be TRY1,798 more.
- Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% lower, the severance pay liability will be TRY2,151 more. Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TRY1,863 less.

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Movement of retirement pay provision as of 31 December 2022 and 2021:

	2022	2021
Opening balance	24,830	21,311
Service cost	12,944	3,026
Interest cost	3,850	2,271
Termination benefits paid	(15,969)	(11,426)
Actuarial loss	18,678	9,648
Disposal of associate	(3,155)	-
Closing balance	41,178	24,830

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2022	31 December 2021
VAT carried forward	141,109	70,853
Other miscellaneous current assets	39,704	5,744
	180,813	76,597

NOTE 17 - PROVISIONS

Other short-term provisions:

	31 December 2022	31 December 2021
Litigation provisions	30,501	25,515
Social Security discounts provisions	10,765	3,513
	41,266	29,028

Movement of litigation provision as of 31 December 2022 and 2021:

	2022	2021
Opening balances	25,515	13,733
Charge for the period	27,655	20,799
Payment regarding cases	(20,533)	(9,017)
Affiliate exit	(2,136)	-
Closing balances	30,501	25,515

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 18 - COMMITMENTS

31 December 2022	Total TRY Equivalent	TRY	USD	EUR
A.CPM given on behalf of its own legal entity	342,671	336,753	156	150
- <i>Collateral</i>	342,671	336,753	156	150
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	68,678	68,678	-	-
- <i>Collateral</i>	68,678	68,678	-	-
- <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	411,349	405,431	156	150

(*) The Group has given guarantees amounting to TRY61,727 related to the loans in Note 5 for the companies under full consolidation.

Commitments mostly comprise guarantee letters obtained from banks to be able to participate in state tenders, courts and to be given to suppliers.

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NOTE 18 - COMMITMENTS (Continued)

31 December 2021	Total TRY Equivalent	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 TRY81,807 related to the loans in Note 5 for the companies under full consolidation.

Commitments mostly comprise guarantee letters obtained from banks to be able to participate in state tenders, courts and to be given to suppliers.

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NOTE 19 - SHARE CAPITAL/OTHER RESERVES

Shareholders	(%)	31 December 2022	(%)	31 December 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
Hujori Financieringen B.V.	-	-	3.98	8,287
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
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 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 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 thousand 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 31 December 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 (31 December 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 23 July 2010, it is regarded that 33.36% of the shares are in circulation in accordance with CSD as of 31 December 2022 (Note 1). Shares in circulation rate is 33.36% as of 1 January 2023.

Share Premium

	31 December 2022	31 December 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 that were deducted from proceeds, out of amounting 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. Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.

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NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2022	31 December 2021
Legal reserves	764	302
Restricted reserves appropriated from profit	9,958	9,958
	10,722	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.

Treasury shares

Treasury share procedures have been initiated and pursuant to the decision of the Board of Directors of the Company on May 25, 2022 for Company to continue to the share buyback program. Within the scope of the decision, the shares with a nominal value of TRY 7,234, corresponding to 3.5% of the Company's capital, has been bought back at the amount of TRY 371,763 including transaction costs as of December 31, 2022. As of the report date, there are no treasury shares that have been sold.

NOTE 20 - REVENUE AND COST OF SERVICES

	1 January - 31 December 2022	1 January - 31 December 2021
Revenue		
Hospital services (*)	9,836,916	5,795,954
	9,836,916	5,795,954

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

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of services		
Doctor expenses	(2,094,047)	(1,255,295)
Material consumption	(1,706,361)	(1,051,819)
Personnel expenses	(1,260,904)	(742,733)
Services rendered by third parties	(646,224)	(469,587)
Depreciation and amortization expenses (Note 12,13)	(409,478)	(313,759)
Rent expenses	(90,160)	(43,219)
Other (*)	(785,131)	(340,582)
	(6,992,305)	(4,216,994)

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

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 31 December 2022	1 January - 31 December 2021
Sponsorship and advertising expenses (*)	(430,309)	(168,591)
Personnel expenses	(340,833)	(172,096)
Outsourcing expenses	(43,532)	(17,679)
Depreciation and amortization expenses (Note 12,13)	(36,000)	(21,976)
Lawsuit provision (Note 17)	(27,655)	(20,799)
Tourism project expenses	(19,142)	(6,177)
Rent expenses	(13,591)	(8,667)
Communication expenses	(13,446)	(7,691)
Maintenance expenses	(6,113)	(3,370)
Taxes and duties	(3,999)	(3,015)
Utility expenses	(3,120)	(1,318)
Bad debt allowance	(2,708)	(109,350)
Representation and entertainment expenses	(2,473)	(5,184)
Other	(1,654)	(15,559)
	(944,575)	(561,472)

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

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the KGK's letter dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021 are as follows:

	2022(*)	2021(*)
Independent audit fee for the reporting period	1,015	685
Fees for tax advisory services	-	-
Fee for other assurance services	87	18
Fees for services other than independent audit	-	-
	1,102	703

(*) The fees above have been determined by including the statutory audit and other related service fees for all subsidiaries and joint ventures.

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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Other income from operating activities		
Foreign exchange gains from operations	366,987	490,279
Bank commission income	18,871	6,171
Collections from bad debt receivables (Note 8)	560	741
Trade payables discount	-	12,832
Other income	30,760	34,225
	417,178	544,248
Other expenses from operating activities		
Foreign exchange losses from operations	(247,870)	(420,592)
SSI return expenses	(31,977)	(14,945)
Non-operational hospital expenses	(18,480)	(12,699)
Biomedical equipment damage	(28,973)	(12,124)
Other expenses	(152,240)	(85,846)
	(479,540)	(546,206)

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Income from investment activities		
Income from sale in shares of associates	80,692	-
Income from business combinations	31,122	-
Exchange rate-protected time deposits	26,164	-
Gain on sale of fixed assets	24,427	9,885
	162,405	9,885
Expenses from investment activities		
Loss on sale of fixed assets	(103,840)	(1,042)
	(103,840)	(1,042)

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NOTE 24 - FINANCE EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Finance expenses		
Interest expenses from lease liabilities (*)	(211,568)	(173,639)
Interest expenses from bank borrowings	(146,002)	(226,986)
Interest expenses from bonds issued	(130,968)	(109,391)
Bank commissions	(61,795)	(29,711)
Interest expenses from financial lease obligations	(15,023)	(15,704)
Other interest expenses	(47,555)	(35,579)
Total interest expenses	(612,911)	(591,010)
Net foreign exchange loss	(30,874)	(71,591)
Net foreign exchange loss from lease liabilities (Note 7) (*)	(26,873)	(27,409)
Finance incomes		
Interest incomes	78,820	37,522
Total interest expenses	(591,838)	(652,488)

(*) Consists of interest expense and foreign exchange loss related to the lease liabilities under TFRS 16.

NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

	31 December 2022	31 December 2021
Short term payables due to current tax		
Current period tax liabilities	51,075	35,663
	51,075	35,663
Current tax liabilities		
Current corporate tax provision	61,647	82,329
Less: Prepaid taxes and funds	(10,572)	(46,666)
	51,075	35,663
Tax income/(expense)		
Current tax expense	(61,647)	(82,329)
Deferred tax expense	431,902	65,653
	370,255	(16,676)

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

1 January - 31 December 2022	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	(18,677)	3,736	(14,942)
Other comprehensive income	(18,677)	3,736	(14,942)

1 January - 31 December 2021	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	(9,648)	1,930	(7,718)
Other comprehensive income	(9,648)	1,930	(7,718)

Corporate Tax

The Group is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding 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, provisional tax is calculated and accrued on a quarterly basis. The provisional tax rate to be calculated on corporate earnings during the taxation phase of 2022 corporate earnings as of temporary tax periods is 23% (2021: 25%). Losses can be carried forward for a maximum of 5 years, to be deducted from the taxable profits that will arise in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

In Turkey, advance tax returns are filed on a quarterly basis in the Official Gazette dated 22 April 2022 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. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022. 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. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022 and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2022.

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate used in the calculation of deferred tax assets and liabilities was %23 over temporary timing differences expected to be reversed in 2022, and %20 over temporary timing differences expected to be reversed in 2023 and the following years.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The Group revalued its tangible and intangible assets and their depreciation as of 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to TFRS, related assets are continued to be accounted under cost method. The Group has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TPL, over the current TPL values that will occur with the effect of revaluation deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table, the effect of deferred tax assets is TRY434,143.

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 TRY366,510 (31 December 2021: TRY200,394). 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.

As of 31 December 2022, the Group has tax loss amounting to TRY59,902 (31 December 2021: TRY95,280). TRY13,777 (31 December 2021: TRY23,820) deferred tax assets have been recorded.

Deferred tax assets/(liabilities):	31 December 2022	31 December 2021
Tax losses carried forward	13,777	23,820
Depreciation differences of tangible and intangible assets	187,429	(120,465)
Provision for employment termination benefits	8,236	4,966
Vacation pay liability	10,933	7,379
Temporary difference between the tax base and carrying amount of financial liabilities	(3,691)	(3,544)
Prepaid building expenses	(158)	(707)
Tax advantage from investment incentive	366,510	200,394
Right of use asset	66,718	70,697
Other	61,748	102,922
	711,502	285,462
Deferred tax asset	739,548	421,896
Deferred tax liability	(28,046)	(136,434)
	711,502	285,462

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

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

Expiration schedule of carryforward tax losses	31 December 2022	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiring in 2023	12,257	-
Expiring in 2024	4,379	-
Expiring in 2025	14,375	-
Expiring in 2026	9,320	-
Expiring in 2027	19,571	-
	59,902	-

Expiration schedule of carryforward tax losses	31 December 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 January 1 - 31 December 2022 and 2021 are as follows:

Tax income/(expense)	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance as of January 1	(285,462)	(217,879)
Charged to profit or loss	(431,902)	(65,653)
Disposal of associate	9,598	-
Charged to equity	(3,736)	(1,930)
Closing balance as of year end	(711,502)	(285,462)

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

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

Reconciliation of tax provision:	1 January - 31 December 2022	1 January - 31 December 2021
Loss before tax	1,304,401	371,885
Tax at the domestic income tax rate of 23% (2021: 25%)	(300,012)	(92,971)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(64,287)	(51,519)
- Effect of tax advantage from investment incentive	166,116	40,062
- Change in income tax rate from 20% to 23% (22%)	(333)	(628)
- Discouns and exemptions	163,735	35,656
- Effect on revaluation of immovables and other economic assets subject to depreciation (*)	434,143	59,971
- Other	(29,107)	(7,247)
Income tax income recognised in profit/(loss)	370,255	(16,676)

(*) With Article 11 of the Law No. 7326 published in the Official Gazette on June 9, 2021, the opportunity to revalue the immovables and depreciable economic assets in the legal financial statements on the effective date of the law was introduced. The included assets will be subject to depreciation over the amount they are revalued with the D-PPI ("domestic producer price index"), and a 2% tax will be paid on the resulting value increase. Within the scope of the aforementioned law amendment, deferred tax asset has been calculated in the statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to this asset has been recorded in the consolidated statement of profit or loss.

NOTE 26 - EARNINGS PER SHARE

For the years ended 31 December 2022 and 2021, earnings per share is as follows:

Earnings/(loss) per share	1 January - 31 December 2022	1 January - 31 December 2021
Weighted average number of shares	208,037	208,037
Net gain/(loss) for the period for the equity holders of the parent	1,619,295	290,423
Earnings/(loss) per share for equity holder of the parent	7.78	1.40

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The Group's Board of Directors analyze the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of 31 December 2022 and 31 December 2021 the net (credit) debt/equity ratio is as follows:

	31 December 2022	31 December 2021
Total Borrowings	3,032,567	2,749,149
Less: Cash and Cash Equivalent	(765,877)	(680,241)
Net Debt	2,266,690	2,068,908
Total Equity	1,806,995	669,197
Total Capital	4,073,685	2,738,105
Gearing Ratio	56%	76%

There has been no significant change in Group's financial risk policies and credit risk management implementations compared to prior periods.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit loss
Secured receivables	Consist of secured receivables The counterparty has a low	Not generating credit loss
Recoverable receivables	risk of default and secured Amount is past due or	Not generating credit loss
Doubtful or past due receivables	there has been a significant evidence	% 100 allowance for unsecured receivables
Write-off	There is evidence indicating the asset off is credit-impaired	Amount is write

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

31 December 2022	Trade receivables		Other receivables		Deposits in bank
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	52	1,456,351	76,837	49,243	749,830
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	52	1,041,960	76,837	49,243	749,830
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	414,391	-	-	-
- the part under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	120,478	-	-	-
- Impairment (-)	-	(120,478)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

31 December 2021	Trade receivables		Other receivables		Deposits in bank
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	194	1,318,913	54,805	66,828	646,208
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	194	949,540	54,805	66,828	646,208
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	369,373	-	-	-
- the part under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	125,305	-	-	-
- Impairment (-)	-	(125,305)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Explanations on the credit quality of financial assets

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Aging of receivables that are past due but not impaired are as follows:

31 December 2022	Trade receivables	Total
Total overdue by 1-30 days	75,988	75,988
Total overdue by 1-3 months	118,318	118,318
Overdue by more than 3 months	220,085	220,085
Total overdue receivables	414,391	414,391
31 December 2021	Trade receivables	Total
Total overdue by 1-30 days	67,922	67,922
Total overdue by 1-3 months	24,355	24,355
Overdue by more than 3 months	277,096	277,096
Total overdue receivables	369,373	369,373

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Group manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

The following table details the Group's expected maturity for its derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Contractual maturities 31 December 2022	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	981,382	1,127,274	328,542	501,971	296,761	-
Debt instruments issued (Bond)	670,000	755,132	74,871	680,261	-	-
Finance lease obligations	115,952	141,769	24,088	55,942	61,739	-
Lease liability	1,265,233	2,368,524	121,042	303,403	1,345,522	598,557
Trade and other payables	2,804,020	2,922,845	1,577,244	965,307	260,294	120,000
Payables for employment benefits	165,487	165,487	165,487	-	-	-
Total liabilities	6,002,074	7,481,031	2,291,274	2,506,884	1,964,316	718,557
Contractual maturities 31 December 2021	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	1,155,801	1,557,362	138,917	705,918	712,527	-
Debt instruments issued (Bond)	470,000	524,834	175,858	275,056	73,920	-
Finance lease obligations	230,557	276,864	45,626	104,074	127,164	-
Lease liability	892,791	1,691,135	94,151	219,861	995,513	381,610
Trade and other payables	1,704,406	1,787,196	1,399,583	357,054	30,559	-
Payables for employment benefits	100,417	100,417	100,417	-	-	-
Total liabilities	4,553,972	5,937,808	1,954,552	1,661,963	1,939,683	381,610

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk management

Foreign currency risk

Transactions in foreign currencies expose the Company to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

31 December 2022

	TRY	Equivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	66,361	3,061	460	(2)	
2a. Monetary financial assets	539,391	26,834	1,737	134	
2b. Non monetary financial assets	34,190	37	1,677	3	
3. Other	8,951	-	449	-	
4. Current Assets	648,892	29,932	4,323	135	
6b. Non monetary financial assets	62,359	3,335	-	-	
7. Other	(186)	-	(9)	-	
8. Non-current assets	62,180	3,335	(9)	-	
9. Total assets	711,072	33,267	4,314	135	
10. Trade payables	(9,954)	(332)	(187)	-	
11a. Financial liabilities (loans)	-	-	-	-	
11b. Financial liabilities (leasing)	(46,185)	(280)	(2,050)	-	
11c. Lease Liabilities	(15,338)	-	(768)	-	
12a. Other monetary liabilities	(129,437)	(4,026)	(2,653)	(46)	
13. Current liabilities	(200,914)	(4,638)	(5,658)	(46)	
15a. Financial liabilities (loans)	-	-	-	-	
15b. Financial liabilities (leasing)	(5,752)	-	(288)	-	
15c. Lease Liabilities	(80,582)	-	(4,035)	-	
17. Non-current liabilities	(86,334)	-	(4,323)	-	
18. Total liabilities	(287,247)	(4,638)	(9,981)	(46)	
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)	423,825	28,629	(5,667)	89	
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	318,505	25,257	(7,784)	86	

(*) As a result of the evaluation of the provision of the temporary article 14 of the Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 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)	-	

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (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.

31 December 2022

In the case of US dollar gaining 20% value against TRY	Valuation of foreign currency	Devaluation of foreign currency
1 - USD net asset/liability	107,063	(107,063)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	107.063	(107.063)
 In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(22.593)	22.593
5 - Portion hedged against EUR risk (-)	-	-
6- EUR net effect (4+5)	(22.593)	22.593
Total (3+6)	84.470	(84.470)

31 December 2021

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)

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is subject to interest risk in relation to its variable rate bank borrowings and financial lease obligations.

31 December 2022	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount		Effect on Equity
		2,5	(20,764)	
31 December 2021	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount		Effect on Equity
		2,5	(27,462)	

Interest rate swap contracts:

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

Market risk

The Group is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Group follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Group prefers floating interest rates for long term borrowings. To hedge against the interest risk the Group uses interest swap contracts for some of its borrowings.

In the current period, there is no significant change in the Group's exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair value of financial instruments

31 December 2022	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	765,877	-	-	765,877	6
Financial investments	214,179	-	-	214,179	6
Trade receivables	1,456,403	-	-	1,456,403	8
Other receivables (related parties included)	126,079	-	-	126,079	9
Financial Liabilities					
Financial liabilities	1,767,334	-	-	1,767,334	7
Trade payables	2,397,956	-	-	2,397,956	8
Lease liabilities	1,265,233	-	-	1,265,233	7
Other liabilities (related parties included)	406,064	-	-	406,064	9
Payables for employee benefits	165,487	-	-	165,487	15
31 December 2021	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	680,241	-	-	680,241	6
Trade receivables	1,319,107	-	-	1,319,107	8
Other receivables (related parties included)	121,633	-	-	121,633	9
Financial Liabilities					
Financial liabilities	1,856,358	-	-	1,856,358	7
Trade payables	1,546,337	-	-	1,546,337	8
Lease liabilities	892,791	-	-	892,791	7
Other liabilities (related parties included)	158,069	-	-	158,069	9

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

Payables for employee benefits	100,417	-	-	100,417	15
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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value of financial instruments (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

NOTE 29 - BUSINESS COMBINATIONS

The Company acquired Özel Adana Metro Hastanesi and Özel Adana Hastanesi, located in Adana as of 1 December 2022. TFRS 3 defines the "business" as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants". As per "Hospital Operation Contract" signed with third parties, the Company acquired hospital licence and fixed assets of the aforementioned hospital. Additionally, hospital building was leased by the Company as per "Building Rent Contracts" signed on the same dates. As purchase price, the Company will pay a total of TRY240,000 through machinery lease payments over the course of 10 years. As this transaction includes "Input – Process and Output" elements mentioned in TFRS , they are accounted as business combination. As of December 31, 2022 it has been provisionally accounted for in the consolidated financial statements under the rules of TFRS 3 "Business Combinations Standard", within the scope of TFRS 3, the differences that occur due to the actual results of the valuation studies will be evaluated in the consolidated financial statements of the next period.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 29 - BUSINESS COMBINATIONS (Continued)

The details on profit/loss calculation, total acquisition amount and net assets required as a result of acquisition are as follows:

Total acquisition amount	(336,877)
Net assets acquired	367,999
Gain on bargain purchase (*)	31,122

(*) Deferred tax expense and negative goodwill balance are shown as gross.

	Adana Fair value on Acquisition
Assets/Liabilities acquired	
Non-Current Assets	
Property, plant and equipment	59,888
Intangible assets	308,111
	367,999
Long Term Liabilities	
Deferred tax liabilities	6,224
	6,224
Net assets acquired	361,775
Gain on the bargain purchase	24,898
Non-controlling interests	4,980

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

On 6 February 2023, a state of emergency was declared to include 11 provinces in the region, due to the negativities caused by the earthquakes in Kahramanmaraş province, Pazarcık and Elbistan districts, affecting many of our provinces and deeply shaking our entire country. The developments regarding the said natural disaster are closely monitored by the Group management, and no damage has been detected in the company hospitals located in the region.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

SUPPLEMENTARY OTHER INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands Turkish Lira ("TL") 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 Group management use the balance of Interest, Tax, Depreciation and Amortization ("EBITDA") for purpose to measure the Group's financial performance at consolidated level.

The EBITDA calculation movements for the period ended 31 December 2022 and 31 December 2021 are as follow:

EBITDA CALCULATION	31 December 2022	31 December 2021
i. Net gain/(loss) before tax	1,304,401	371,885
ii. Depreciation and amortization of tangible and intangible fixed assets including non- cash provisions related to assets such as goodwill	445,477	335,735
iii. Total net finance expenses, net of interest income (Note 22)	534,090	553,488
iv. Fx gains / losses, net under finance expenses (Note 24)	57,748	99,000
v. Fair value differences of derivative instruments	-	-
vi. Extraordinary (income)/ expenses	97,936	72,646
vii. Rediscount income/expense (Note 22)	1,856	(12,832)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; (Note 17)	7,122	11,782
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles (Note 15);	17,771	8,907
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; (Note 15)	16,794	5,297
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; (Note 8)	2,148	108,609
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 5)	367	787
xiv. Disposal or disabling material or intangible assets non-cash profits, adding non-gross gain/(losses); (Note 23)	(58,565)	(8,843)
EBITDA	2,427,145	1,546,461
TFRS 16 Lease payment effect	(390,005)	(324,048)
Adjusted EBITDA	2,037,140	1,222,413

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Abbreviations and Glossary

A.Ş.	Joint-stock company
EBITDA	(earnings before interest, taxes, depreciation and amortization) A financial measure that we derive from our Financial Statements. EBITDA calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses.
HIMS	The Hospital Information Management System
JCI	Joint Commission International
Middle-Upper Mass	It includes patients demanding and has the power to pay for high-quality healthcare services.
n.m.	not meaningful
Payor Mix	The distribution of patients treated in MLP Care's hospitals according to payment types (private healthcare insurance, SSI, contracted institutions, etc.)
Premium Mass	The segment between middle-upper mass and premium segments
Premium Segment	It includes patients demanding and has the power to pay for Premium healthcare services.
Protocol	Each record opened or created for a patient treatment
SSI	The Social Security Institution (Sosyal Güvenlik Kurumu) of the Republic of Türkiye, authorized under the Social Security and Universal Health Insurance (UHI) Law as the only governmental social security and health insurance organization providing general health insurance privileges to individuals in exchange for premiums. The SSI was formed through the merger and dissolution of three previous social security funds: Social Insurance Institution (Sosyal Sigortalar Kurumu-SSK), Government Employees Retirement Fund (Emekli Sandığı) and Social Security Institution for Artisans and the Self-Employed (Bağ-Kur).
SSI Agreement(s)	The Agreement for Purchase of Healthcare Services executed with the SSI to provide healthcare services to individuals with general health insurance financed by the SSI, as amended or restated from time to time by the SSI.
Top-up Insurance	A healthcare insurance type that covers additional fees and other expenses that are not paid by SSI
TTSG (Türkiye Ticaret Sicili Gazetesi)	Turkish Trade Registry Gazette

Hospitals

Yüksek İhtisas University Medical Park Ankara Hospital
 Opening Year 2014
 Location Ankara

VM Medical Park Ankara Hospital
 Opening Year 2020
 Location Ankara

Medical Park Antalya Hospital Complex
 Opening Year 2008
 Location Antalya

Altınbaş University Hospital Medical Park Bahçelievler Hospital
 Opening Year 2007
 Location Istanbul

VM Medical Park Bursa Hospital
 Opening Year 2006
 Location Bursa

Medical Park Çanakkale Hospital
 Opening Year 2014
 Location Çanakkale

IAU VM Medical Park Florya Hospital
 Opening Year 2017
 Location Istanbul

Istinye University Hospital Medical Park Gaziosmanpaşa
 Opening Year 2015
 Location Istanbul

Medical Park Gebze Hospital
 Opening Year 2011
 Location Kocaeli

Bağışçehir University Hospital Medical Park Göztepe
 Opening Year 2008
 Location Istanbul

VM Medical Park Kocaeli Hospital
 Opening Year 2015
 Location Kocaeli

VM Medical Park Maltepe Hospital
 Opening Year 2019
 Location Istanbul

VM Medical Park Mersin Hospital
 Opening Year 2018
 Location Mersin

Medical Park Ordu Hospital
 Opening Year 2009
 Location Ordu

VM Medical Park Pendik Hospital
 Opening Year 2018
 Location Istanbul

VM Medical Park Samsun Hospital
 Opening Year 2009
 Location Samsun

Medical Park Tokat Hospital
 Opening Year 2007
 Location Tokat

Medical Park Karadeniz Hospital
 Opening Year 2014
 Location Trabzon

Medical Park Yıldızlı Hospital
 Opening Year 2014
 Location Trabzon

Liv Hospital Ankara
 Opening Year 2014
 Location Ankara

Istinye University Hospital Liv Hospital Bahçesehir
 Opening Year 2016
 Location Istanbul

Liv Hospital Gaziantep
 Opening Year 2020
 Location Gaziantep

Liv Hospital Samsun
 Opening Year 2017
 Location Samsun

Liv Hospital Ulus
 Opening Year 2013
 Location Istanbul

Liv Hospital Vadistanbul
 Opening Year 2021
 Location Istanbul

Liv Bona Dea Vadistanbul
 Opening Year 2022
 Location Baku – Azerbaijan

Medical Park Adana Hospital
 Opening Year 2022
 Location Adana

Medical Park Seyhan Hospital
 Opening Year 2022
 Location Adana

Addresses

MLP SAĞLIK HİZMETLERİ A.Ş.

Head Office Address: Otakçılar Caddesi Flatojis
İstanbul, No:78, Kat: 3 D-Blok No: 103, Eyüp, İstanbul
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
info@mlpcare.com

Yüksek İhtisas University Medical Park Ankara Hospital

Address: Kent Koop Mah. 1868. Sok. No: 15,
Batıkent-Yenimahalle, Ankara
Phone: +90 312 666 80 00
Fax: +90 212 666 86 66
ankara@medicalpark.com.tr

VM Medical Park Ankara Hospital

Address: Kalaba, 06120 Keçiören/Ankara
Phone: +90 312 666 08 00
Fax: +90 312 666 02 00
Mail: vmankara@medicalpark.com.tr

Medical Park Antalya Hospital Complex

Address: Fener Mah. Tekelioglu Cad. No: 7 Lara,
Antalya
Phone: +90 242 314 34 34
Fax: +90 242 314 30 30
antalya@medicalpark.com.tr

Altınbaş University Hospital Medical Park Bahçelievler Hospital

Address: Kültür Sok. No: 1 D100 Yolu, Bahçelievler
Metro Durağı Üstü Metrobüs Hastaneler Durağı
34160 Bahçelievler, İstanbul
Phone: +90 212 484 14 84
Fax: +90 212 484 17 84
bahcelievler@medicalpark.com.tr

VM Medical Park Bursa Hospital

Address: Fevzi Çakmak Caddesi Kırcaali Mahallesi
No: 76 Osmangazi, Bursa
Phone: +90 224 270 60 00
Fax: +90 224 223 55 71
bursa@medicalpark.com.tr

Medical Park Çanakkale Hospital

Address: Barbaros Mahallesi, Troya Caddesi, No:10,
Merkez, Çanakkale
Phone: +90 286 218 24 24
Fax: +90 0286 218 24 25
canakkale@medicalpark.com.tr

IAU VM Medical Park Florya Hospital

Address: Beşyol Mah., Akasya Sok., No: 4
Küçükçekmece, İstanbul
Phone: +90 212 979 50 00
Fax: +90 212 979 50 45
florya@iauh.com.tr

Istinye University Hospital Medical Park

Gaziosmanpaşa

Address: Merkez Mahallesi Çukurçeşme Cad. No:
57-59 Gaziosmanpaşa, İstanbul
Phone: +90 212 979 30 00
Fax: +90 212 979 39 10
gaziosmanpasa@isu.edu.tr

Medical Park Gebze Hospital

Address: Kavak Cad. No: 5 Belediye Yarı Gebze,
Kocaeli
Phone: +90 262 675 75 75
Fax: +90 262 675 75 15
gebze@medicalpark.com.tr

Bahçeşehir University Hospital Medical Park

Göztepe

Address: D100 Üzeri Nisan Sok. No: 23 Merdivenköy
Kadıköy, İstanbul
Phone: +90 0216 468 44 44
Fax: +90 216 468 45 67
goztepe@medicalpark.com.tr

VM Medical Park Kocaeli Hospital

Address: Ovacık Mahallesi, D100 Karayolu Üstü, No:
34, Symbol AVM Yarı, 41140 Başiskele, Kocaeli
Phone: +90 262 888 30 00
Fax: +90 262 888 39 00
info@medicalpark.com.tr

VM Medical Park Maltepe Hospital

Address: Cevizli Bağdat Cad., No:547, 34846
Maltepe, İstanbul
Phone: +90 216 225 49 49
Fax: +90 216 225 49 50
infomaltepe@medicalpark.com.tr

VM Medical Park Mersin Hospital

Address: Gazi Mustafa Kemal Bulvarı., No: 676,
Mezitli, Mersin
Phone: +90 324 422 30 00
Fax: +90 324 422 39 50
mersin@medicalpark.com.tr

Medical Park Ordu Hospital

Address: Akyazı Mah., Gaffar Okkan Cad., No: 9,
Altınordu, Ordu
Phone: +90 452 226 10 00
Fax: +90 452 226 14 90
ordu@medicalpark.com.tr

VM Medical Park Pendik Hospital

Address: Fevzi Çakmak Mahallesi, D100, Cemal
Gürsel Cad., No: 9, 34899 Pendik, İstanbul
Phone: +90 216 275 40 00
Fax: +90 216 275 49 99
pendik@medicalpark.com.tr

Addresses

VM Medical Park Samsun Hospital

Address: Mimar Sinan Mah. Alparslan Bulvarı No: 17, Atakum, Samsun
Phone: +90 362 311 40 40
Fax: +90 362 311 40 50
samsun@medicalpark.com.tr

Medical Park Tokat Hospital

Address: Yeşilırmak Mah., Vali Zekai Gümüşdiş Cad., No: 29, Tokat
Phone: +90 356 217 10 00
Fax: +90 356 213 02 02
tokat@medicalpark.com.tr

Medical Park Karadeniz Hospital

Address: İnönü Mahallesi, Yavuz Selim Bulvarı, No: 190, Trabzon
Phone: +90 462 229 70 70
Fax: +90 462 229 70 74
karadeniz@medicalpark.com.tr

Medical Park Yıldızlı Hospital

Address: Yıldızlı Beldesi Merkez Mahallesi Devlet Sahil Yolu Cad. No: 46, Akçaabat, Trabzon
Phone: +90 462 455 61 11
Fax: +90 462 248 18 28
trabzon@medicalpark.com.tr

Medical Park Adana Hospital

Address: Atatürk Caddesi No:23 Seyhan, Adana
Phone: +90 322 459 22 22
info@medicalpark.com.tr

Medical Park Seyhan Hospital

Address: Kurtuluş Mahallesi Mustafa Kemal Paşa Bulvarı No: 15 Seyhan, Adana
Phone: +90 322 456 19 00
info@medicalpark.com.tr

Liv Hospital Ankara

Address: Bestekâr Sok., No: 8, 06680 Kavaklıdere Çankaya, Ankara
Phone: +90 312 666 40 00
Fax: +90 312 666 40 40
info@livhospital.com.tr

Istanbul University Hospital Liv Hospital

Bahçeşehir

Address: Aşık Veysel Mah. Süleyman Demirel Cad. No: 1, Esenyurt, İstanbul
Phone: +90 212 979 40 00
Fax: +90 212 299 01 62
info.bahcesehir@isu.edu.tr

Liv Hospital Gaziantep

Address: Seyrantepe, 27080 Şehitkamil / Gaziantep
Phone: +90 342 999 80 00
Fax: +90 0362 999 89 99
info@livhospital.com.tr

Liv Hospital Samsun

Address: Hançerli Mahallesi, 608 Sokak, No: 2, İlkadım, Samsun
Phone: +90 362 999 80 00
Fax: +90 362 999 80 80
info@livhospital.com.tr

Liv Hospital Ulus

Address: Ahmet Adnan Saygun Cad. Canan Sok. No: 5, 34340 Ulus Beşiktaş, İstanbul
Phone: +90 212 999 80 99
Fax: +90 212 287 10 57
info@livhospital.com.tr

Liv Hospital Vadistanbul

Address: Liv Hospital Vadistanbul Ayazağa Mahallesi, Kemerburgaz Caddesi, Vadistanbul Park Etabı, 7F Blok, 34396 Sarıyer, İstanbul
Phone: +90 212 919 60 00
info@livhospital.com.tr

Liv Bona Dea Hospital

Address: Mehdi Abbasov 2, Nizami Rayonu, Baku Azerbaijan
Phone: +994 12 525 09 00
lbdinfo@livhospital.com.tr

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