

# MLPCARE



**MLP SAĞLIK HİZMETLERİ A.Ş.**

**Interim Report of the Board of Directors for the Three Months Ended**

**as of March 31, 2023**

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**1. Overview:**

Founded in 1993, MLP Care ("MLP Care", "the Group" or "the Company") continue operations with the Liv Hospital and Medical Park brands as well as VM Medical Park concept. MLP Care is the most widespread Turkish private healthcare group, with 28 Hospitals and around 5,600 beds, located in 13 cities across Turkey and Baku, Azerbaijan.

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

Shareholder Name	Ownership Interest (%)	Ownership Interest (thousand TL)
Lightyear Healthcare B.V.	34.67%	72,131
Sancak Yatırım İç ve Dış Ticaret Anonim Şirketi (*)	15.35%	31,943
Usta Group - Elbaşı Group	14.97%	31,130
Publicly Traded (**)	35.01%	72,833
<b>Total</b>	<b>100.00%</b>	<b>208,037</b>

(\*) As of March 9, 2023, the title of Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. has been registered as Sancak Yatırım İç ve Dış Ticaret A.Ş..

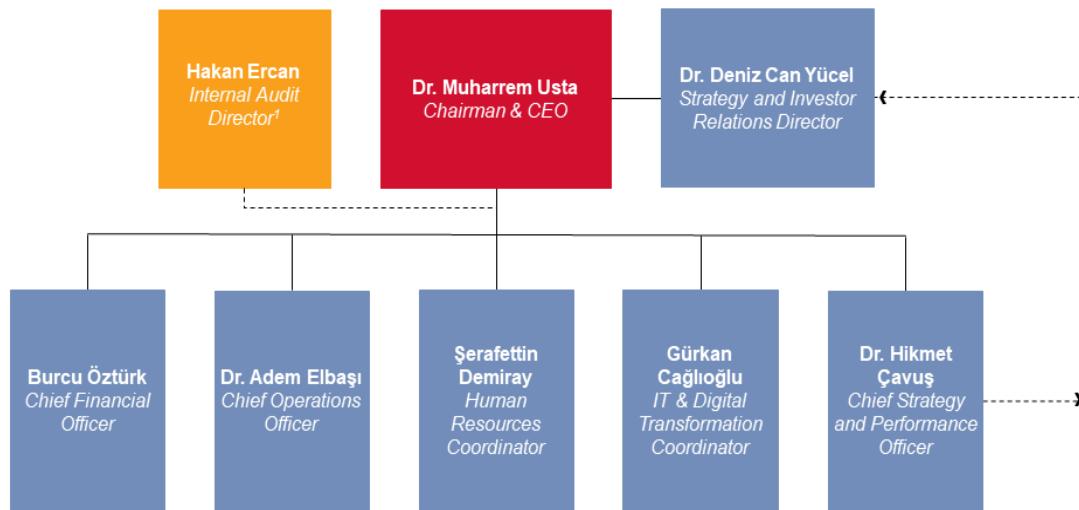
(\*\*) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,642 thousand shares representing 5% of the publicly traded portion were purchased by Lightyear ("Lightyear Healthcare B.V." ve "Hujori Financieringen B.V."), 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak Yatırım, 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta, 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 Yatırım from the publicly traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold.

**2.2 Major Participations (as of March 31, 2023):**

Trade Name	Proportion of ownership and voting power held(%)
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. ("Tokat Hastanesi")	58.84%
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Hastanesi")	80.00%
Tasfiye Halinde Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	100.00%
MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık")	100.00%
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. ("Mediplaza")	75.00%
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Group")	51.00%
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	100.00%
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	100.00%
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	60.00%
Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	100.00%
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	100.00%

Artimed Medikal Sanayi ve Ticaret A.Ş. ("Artimed")	100.00%
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	100.00%
Kuzey Doğu Sağlık Hizmetleri ve Tic. A.Ş. ("Kuzey Doğu")	100.00%

## 2.3 Organizational Chart:



<sup>1</sup> Independent directorate reporting to the Board

## 3. Developments During the Period:

### – The Issuance of Debt Securities (January 26, 2023 Dated Announcement)

The issuance of debt securities amounting to TL 250,000,000 was completed on January 26, 2023.

### – CMB Approval Regarding Registered Capital Ceiling and Validity Date (February 27, 2023 Dated Announcement)

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 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.

### – CMB Approval of the Domestic Debt Securities Issuance Certificate (April 3, 2023 Dated Announcement)

Our Company's application dated February 13, 2023 was approved by the Capital Markets Board regarding the Board of Directors' decision at its meeting on January 31, 2023, in accordance with the Capital Markets Board's Communiqué on Debt Securities numbered II-31.1 and Article 31 of the Capital Market Law. Regarding this approval, our Company will be able to issue debt securities with a nominal amount up to 500,000,000 TL (Five Hundred Million Turkish Liras), maturity up to 5 (five) years, denominated in Turkish Lira, to be sold one or more at a time, without public offering to qualified investors in the domestic market.

- **The Issuance of Debt Securities (April 17, 2023 Dated Announcement)**

The issuance of debt securities amounting to TL 500,000,000 was completed on April 17, 2023.

- **JCR Eurasia Rating Action (April 25, 2023 Dated Announcement)**

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating rated the consolidated structure of MLP Sağlık Hizmetleri A.Ş. (“MLP Care”) in investment level category with high credit quality at national level and upgraded the ratings as “A+ (Tr)” from “A (Tr)” on the Long-Term National Issuer Credit Rating and affirmed the Short-Term National Issuer Credit Rating at “J1 (Tr)” with “Stable” outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been assigned as “BB/Negative” which are capped with the sovereign ratings and outlooks of Republic of Turkey.

The rating upgrade was driven by the MLP Care’s leading position nationally in the private healthcare industry supported by established brand-names and concepts, maintenance of strong revenue and EBITDA growth, sustainable profit margins supported by EBITDA growth and operational performance, ongoing low level of net financial debt underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals, diversification of income stream supporting predictable cash flow generation, and competitive advantage across the sector owing to listed structure and established track record in the domestic debt issuance market.

- **Increase of the Allocated Funds for Share Buy-Back (May 8, 2023 Dated Announcement)**

At the meeting of our Company's Board of Directors dated May 25, 2022, a buyback program was initiated in order to support healthy price formation of MPARK shares in the equity market, to contribute to the formation of stable and appropriate share prices, to protect its shareholders and to offer them a more attractive long-term investment opportunity.

Within the framework of this decision, it was planned to purchase shares with a nominal value of TL 20,803,720.00-, which corresponds to 10% of the Company's issued capital. However, as of May 5, 2023, total nominal value of repurchased shares have become TL 10,881,309.00 which represents 5.2305% of the share capital and TL 649,960,411.00 portion has been used of the approved allocated funds as TL 650,000,000.00. At the Board of Directors' meeting held by our Company on May 8, 2023, in order to complete the repurchase of the shares, with a nominal value of TL 9,922,411.00-, which corresponds to 4.7695% of the issued capital, which has not been completed from the planned share buy-back program the following proposal was approved:

- 1) The existing share buy-back program shall be extended 1 more year (until May 25, 2024) pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the principle decision dated February 14, 2023 and numbered 9/177 by taking into account the repeal of the announcements dated July 21, 2016 and July 25, 2016,
- 2) The maximum amount of funds previously allocated for the share buy-back was TL 650,000,000.00- and shall be increased by TL 750,000,000.00- to TL 1,400,000,000.00-,
- 3) The share buy-back shall be added to the agenda of the first following general assembly meeting, and shall be presented to the information of the shareholders at the general assembly.

## **4. Corporate Governance Compliance Report:**

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### **4.1 Corporate Governance Principles Compliance Report:**

In accordance with the resolution No. 2/49 made by the Capital Markets Board of the Prime Ministry of the Republic of Turkey on January 10, 2019, the Company disclosed the “Compliance Report Format (CRF)” which indicates the compliance status of the Company with the principles of voluntary compliance and the “Corporate Governance Information Form (CGIF)” which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) in March 13, 2023. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/sirket-bilgileri/ozet/2118-mlp-saglik-hizmetleri-a-s> link.

### **4.2 Strategy and Investor Relations Department:**

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

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

#### **Dr. Deniz Can Yücel**

Strategy and Investor Relations Director

**Tel:** 0 212 227 55 55

**Fax:** 0 212 227 23 28

**e-mail:** deniz.yucel@mlpcare.com

**Licenses:** CMB Advanced and CMB Corporate Governance Rating Specialist Licenses

#### **Turgut Yılmaz**

Strategy and Investor Relations Associate Director

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**Licenses:** CMB Advanced and CMB Corporate Governance Rating Specialist Licenses

#### **Umut Kater**

Strategy and Investor Relations Specialist

**Tel:** 0 212 227 55 55

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**e-mail:** umut.kater@mlpcare.com

During the first three months period of 2023, in order to inform shareholders and investors IR Department attended a total of 43 meetings, including domestic and abroad roadshows and conferences, which were organized with both domestic and foreign corporate and individual investors, shareholders and analysts to discuss about Company's operational results, performance and other developments.

## 4.2.1 Stock Information

**Number of Shares:** 208,037,202 (each with a nominal value of TL 1.00 per share)

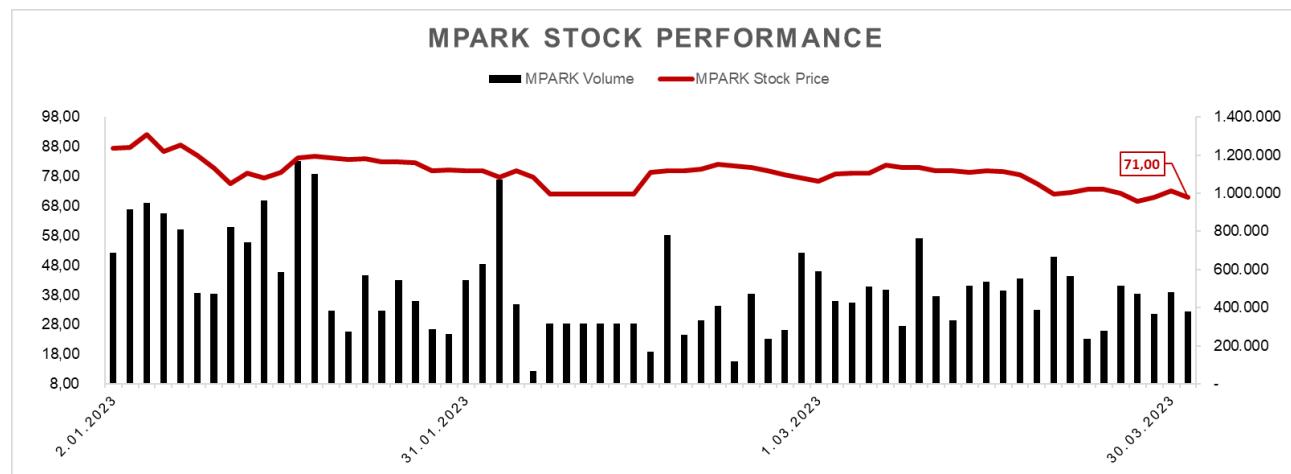
**Date of IPO:** February 13, 2018

**Public:** 35.01% (TFRS Report)

**Stock Performance in Q1 2023:**

January 1 – March 31, 2023	Lowest	Highest	Average	March 31, 2023
Stock Price (TL)	69.65	92.00	78.99	71.00
Market Value (million USD)	758	1,021	871	770

**Stock Performance:**



**Independent Auditor:**

In our General Assembly Meeting held on April 26, 2023, **DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member of Deloitte Touche Tohmatsu Limited)** has been selected as the independent auditor to audit our Company's financial reports for the year 2023 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations.

## 4.3 General Assembly Meetings:

### Annual Ordinary General Assembly Meeting for the year 2022

According to the 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 2022 has been arranged in accordance with this directive.

In its meeting dated March 31, 2023, our Board of Directors resolved by majority of votes to hold the Annual Ordinary General Assembly Meeting for the year 2022, on April 26, 2023 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 the related announcements and to take all the necessary actions required by the Turkish Commercial Code, 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 emphasised 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 2022,
4. Reading out the report of the Independent Audit Company for the fiscal year 2022,
5. Reading out, discussion and approval of the Financial Statements for the fiscal year 2022 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 2022,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. At the Board of Directors' meeting held by our Company on May 25, 2022, the following proposal was approved in order to support healthy price formation of MPARK shares in the equity market, to contribute to the formation of stable and appropriate share prices, to protect its shareholders and to offer them a more attractive long-term investment opportunity;
  - a. A share buy-back program for a period of one year shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016,
  - b. The maximum number of shares, which may be subject to the buy-back, shall be determined as TL 20,803,720.00- nominal (20,803,720.00- shares at a nominal value of TL 1 each), corresponding to 10% of the Company's issued capital,
  - c. The maximum amount of funds to be allocated for the share buy-back shall be determined as TL 650,000,000.00-,  
regarding initiation of share buy-back decision for the information and the approval of the shareholders,
9. Approval of Company's article 8 titled Capital of the Articles of Association change, in accordance with the paragraph 4 of article 5 of the Capital Markets Board "Registered Capital System Communiqué II-18-1" ("Communiqué") in order to increase the registered capital

ceiling from TL 875,000,000 to TL 5,740,000,000 and valid for the period 2023-2027 in accordance with the paragraph 2 of article 6 of the Communiqué,

10. Selection of the Independent Audit Company for the audit of the financial statements and reports for the year 2023 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,
11. Informing the shareholders on the donations made by the Company in 2022 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 2023,
12. 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,
13. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communiqué (II-17.1.) of the Capital Markets Board,
14. 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,
15. Petitions and requests.

#### **Briefing About Resolutions Approved at the Annual Ordinary General Assembly Meeting for the year 2022**

- 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 2022 have been discussed and approved.
- The shareholders were informed about the donations made by the Company in 2022 and the Board of Directors' proposal to determine the ceiling of donations to be made in 2023 as TL 20mn was approved by the General Assembly.
- The selection of the DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member of Deloitte Touche Tohmatsu Limited) as the external audit company for the audit of the financial statements and reports for the year 2023 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, 2022 – December 31, 2022.
- In accordance with the Capital Markets Board "Registered Capital System Communiqué II-18-1" ("Communiqué") for the amendment of article 8 of the Articles of Association of the Company 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 was approved.

#### **4.4 The Structure and the Formation of the Board of Directors:**

Company's Board of Directors comprises of six members:

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

#### **4.5 Working Principles of the Board of Directors:**

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

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

#### **4.6 The Number, the Structure and the Independence of the Committees within the Board of Directors:**

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

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

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

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

In 2023, the Audit Committee held three meetings on January 6, February 28, and April 27, 2023. On the other hand, the Corporate Governance Committee and Early Detection of Risk Committee held two meetings on February 24 and April 27, 2023. In the following period, they will continue to meet and perform their duties as often as their charters require.

## 5. Q1 2023 Earnings Release

### Summary Financials

(TL million)	Q1 2023	Q1 2022	Change
<b>Revenues</b>	<b>3,474</b>	<b>2,187</b>	<b>58.8%</b>
<b>EBITDA<sup>1</sup></b>	<b>814</b>	<b>501</b>	<b>62.6%</b>
EBITDA margin (%) <sup>1</sup>	23.4%	22.9%	55bps
<b>Net Profit/(Loss) Before Tax</b>	<b>437</b>	<b>210</b>	<b>108.5%</b>
Net Profit/(Loss)	258	200	29.1%
<b>Net Profit/(Loss) equity holders of the parent</b>	<b>245</b>	<b>170</b>	<b>44.0%</b>
<b>Free Cash Flow</b>	<b>473</b>	<b>254</b>	<b>86.1%</b>
Capital Expenditure	120	105	14.1%
<b>Net Debt</b>	<b>2,449</b>	<b>1,984</b>	<b>23.4%</b>
Net Debt / EBITDA	0.9x	1.3x	

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

### Financial Highlights

- ✓ In Q1 2023, total revenues increased by 59% to TL 3,474 million (Q1 2022: TL 2,187 million) total revenues normalized for divestitures increased by 82%. Domestic private medical insurance posted the highest growth among all segments.
- ✓ In Q1 2023, EBITDA increased by 63% to TL 814 million, EBITDA normalized for divestitures increased by 88%. EBITDA margin increased by 55 bps to 23.4%.
- ✓ In Q1 2023, net profit increased by 29% to TL 258 million (Q1 2022: TL 200 million). Net profit allocated to equity holders of the parent increased by 44% to TL 245 million in Q1 2023 (Q1 2022: TL 170 million). Net profit normalized for divestitures increased by 67%. Net profit improved on the back of strong operational performance, successful management of financial expenses and despite paying additional one-off corporate tax related to the earthquake (TL 137 million).
- ✓ Net debt/EBITDA ratio was stable at 0.9x in Q1 2023 on the back of strong operating performance. Net debt excluding IFRS 16 decreased by TL 140 million to TL 647 million.

### Operating Highlights

- ✓ Private medical insurance segment grew by 95% in Q1 2023 on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 54% in Q1 2023, 35% in Q1 2023 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 a price revisions in the Turkish Medical Association (TMA) price tariff December 28, 2028. The price increase resulting from the revision in December was effective from the January 1, 2023.
- ✓ There were a price revisions in the Social Security Insurance (SSI) price tariff in March 24, 2023. The price increase resulting from the revision in March was effective in the last week of first quarter of 2023.

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

*"We woke up with an unprecedented earthquake disaster on February 6. Kahramanmaraş-centered earthquakes destruction in 11 provinces and our losses sorrowed all of us. After the earthquake, we tried to meet the healthcare needs of the people of the region in all our hospitals. As a group, we contributed to the acute period work through our humanitarian aid supplies and soup kitchens. We will continue these efforts in the long term."*

*"We made a successful start to 2023 both operationally and financially. We managed to increase our revenue above inflation and our EBITDA above our revenue. Despite the high inflation period, we increased our EBITDA margin due to effective cost management. At the end of 2022, we took over 2 hospitals, 1 hospital license and 1 medical center license in Adana. We will continue to pursue growth opportunities that will provide efficiency for our Group in the coming periods."*

## Revenues

	Q1 2023	Q1 2022	Change
<b>Total Revenues (TL million)</b>	<b>3,474</b>	<b>2,187</b>	<b>58.8%</b>
Domestic Patient Revenues	2,888	1,771	63.1%
<i>Inpatient Revenues</i>	1,567	1,000	56.7%
<i>Outpatient Revenues</i>	1,321	700	71.4%
Foreign Medical Tourism Revenues	502	325	54.2%
Other Ancillary Business	84	91	(7.3%)

**Domestic Patient Revenues:** Revenues from domestic patients increased by 63.1% in Q1 2023 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 56.7% in Q4 2022. The outpatient revenues grew by 71.4% in Q1 2023.

**Foreign Medical Tourism (FMT) Revenues:** FMT revenues increased by 54.2% in TL terms and 13.9% in USD terms in Q1 2023 due to earthquake, which reduced demand from foreign patients. FMT revenues as a percentage of the total revenues was 14.4% in Q1 2023 (Q1 2022: 14.9). FMT revenues was USD 27 million in Q1 2023 (Q1 2022: USD 23 million).

**Other Ancillary Business:** Revenues from other ancillary business decreased by 7.3% in Q1 2023 due to decreasing laboratory business in line with the strategy to focus on core business.

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

(% of Revenues)	Q1 2023	Q1 2022	Change (bps)
	<b>76.6%</b>	<b>77.1%</b>	<b>(55)</b>
Material	12.4%	18.6%	(612)
Doctor	23.0%	21.3%	179
Personnel	21.9%	16.9%	503
Rent	0.7%	0.9%	(14)
Outsourced services purchases	6.6%	7.7%	(114)
All other expenses	11.8%	11.8%	3

Material consumption as a percentage of total revenue decreased by 612 bps in Q1 2023 due to the lagging effect of increased costs on the back of effective inventory management.

Doctor costs as a percentage of total revenue increased by 179 bps in Q1 2023 due to decreasing revenue generated from hospitals which are in the earthquake area.

Personnel expenses as a percentage of total revenue increased by 503 bps to 21.9% in Q1 2023 due to increase in the salary of the personnel and provisions for vacation and severance pay in line with the minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 114 bps to 6.6% in Q1 2023 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 3 bps to 11.8% in Q1 2023 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 62.6% to TL 814 million in Q1 2023. EBITDA margin increased by 55 bps to 23.4% in Q1 2023. EBITDA margin increased due to decreased volume of the outsourced PCR test service expenses and on the back of effective inventory management.

## Cash Flow

The operating cash flow increased by 62.6% to TL 593 million in Q1 2023 due to the robust EBITDA growth (Q1 2022: TL 363 million). Therefore, the operating cash flow/EBITDA ratio was at 72.9% in Q1 2023 (Q1 2022: 72.6%).

Free cash flow increased by 86.1% to TL 473 million in Q1 2023 (Q1 2022: TL 254 million). Therefore, free cash flow/EBITDA ratio was at 58.1% in Q1 2023 (Q1 2022: 50.8%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.0% in Q1 2023 (Q1 2022: 2.8%). Total capital expenditures as a percentage of revenues was at 3.5% in Q1 2023 (Q1 2022: 4.8%).

## Profit/(Loss) for the Period

Net profit increased by 29.1% to TL 258 million in Q1 2023. Net profit normalized for divestitures increased by 67.2% in Q1 2023. Despite the additional one-off corporate tax of TL 137 million which is related to earthquake, net profit improved on the back of successful operational performance.

Net profit allocated to non-controlling interest was TL 13 million in Q1 2023 (Q1 2022: TL 30 million). Therefore, net profit allocated to equity holders of the parent increased by 44.0% to TL 245 million in Q1 2023 (Q1 2022: TL 170 million).

## Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2023	Vertical %	2022	Vertical %	Change
TL	1,308	42%	1,272	62%	(18.4%)
USD + Euro (*)	(391)	(16%)	(485)	(24%)	(19.3%)
<b>Total loan, financial leasing</b>	<b>647</b>	<b>26%</b>	<b>787</b>	<b>38%</b>	<b>(17.8%)</b>
TL (IFRS 16)	1,706	70%	1,170	57%	45.9%
USD + Euro (IFRS 16)	96	4%	95	5%	0.7%
<b>Total lease liabilities (IFRS16)</b>	<b>1,802</b>	<b>74%</b>	<b>1,265</b>	<b>62%</b>	<b>42.5%</b>
<b>Total net debt</b>	<b>2,449</b>	<b>100%</b>	<b>2,053</b>	<b>100%</b>	<b>19.3%</b>

(\*) A Currency Protected Deposit transaction amounting to TL 266.9 million (EUR 6.6 million and USD 7.0 million) was made in January-February 2023 and presented under financial investments account. As the related EUR and USD balances was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position. There is a net long position of EUR 34.7 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was stable at 0.9x in Q1 2023 on the back of strong operating performance.

In Q1 2023, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 140 million to TL 647 million (Q1 2022: TL 787 million) due to lease agreements of newly opened and existing hospitals. The net debt/EBITDA ratio decreased to 0.3x in Q1 2023 from 0.4x in 2022.

Total net debt including obligations under operational leases related to TFRS 16 increased by TL 397 million to TL 2,449 million due to lease agreements of newly opened and existing hospitals (2022: TL 2,053 million).

### **Share Buy-Back Program**

MLP Care Board of Directors have decided in their May 25, 2022 meeting to start a share buyback program to acquire up to 10% free-float shares as treasury shares over the next twelve months. The rationale of this transaction is to support healthy share price formation. As of March 31, 2023, total nominal value of purchased shares have become TL 10,086,610 which represents 4.8485% of the share capital. As of May 9, 2023 total nominal value of repurchased shares have become TL 11,061,309 which represents 5.3170% of the share capital.

## EBITDA RECONCILIATION

TL million	Q1 2023	Q1 2022	Change
<b>Revenue</b>	<b>3,474</b>	<b>2,187</b>	<b>58.8%</b>
Cost of service (-)	(2,490)	(1,596)	56.0%
<b>Gross profit</b>	<b>984</b>	<b>591</b>	<b>66.5%</b>
General administrative expenses (-)	(349)	(198)	76.2%
Depreciation and amortization expenses (Cost of service)	167	101	65.9%
Depreciation and amortization expenses (General administrative expenses)	12	7	70.9%
<b>EBITDA<sup>1</sup></b>	<b>814</b>	<b>501</b>	<b>62.6%</b>
<b>EBITDA margin (%)<sup>1</sup></b>	<b>23.4%</b>	<b>22.9%</b>	<b>55bps</b>

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

## SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited	Unaudited	Change (%)
	Q1 2023	Q1 2022	
<b>Revenue</b>	<b>3,474</b>	<b>2,187</b>	<b>58.8%</b>
Cost of service (-)	(2,490)	(1,596)	56.0%
<b>Gross profit</b>	<b>984</b>	<b>591</b>	<b>66.5%</b>
General administration expenses (-)	(349)	(198)	76.2%
Other income from operations	48	115	(58.8%)
Other expenses from operations (-)	(50)	(148)	(66.3%)
<b>Operating profit/(loss)</b>	<b>633</b>	<b>360</b>	<b>75.7%</b>
Income from investing activities	10	17	(40.7%)
Expense from investing activities (-)	(2)	(6)	(57.5%)
<b>EBIT</b>	<b>641</b>	<b>372</b>	<b>72.3%</b>
<i>EBIT margin</i>	<i>18.4%</i>	<i>17.0%</i>	<i>144bps</i>
Interest (expenses) / income, net (-)	(197)	(140)	41.5%
Net foreign exchange profit / (loss) (including hedging cost)	(6)	(23)	(73.3%)
<b>Net profit / (loss) before tax</b>	<b>437</b>	<b>210</b>	<b>108.5%</b>
Tax income / (expense) from operations	(179)	(10)	1,730.1%
<b>Net profit / (loss)</b>	<b>258</b>	<b>200</b>	<b>29.1%</b>
Net profit / (loss) non-controlling interest	13	30	(55.3%)
<b>Net profit / (loss) equity holders of the parent</b>	<b>245</b>	<b>170</b>	<b>44.0%</b>

## SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2023	Audited December 31, 2022
Cash and cash equivalents	937	766
Financial investments	267	214
Trade receivables	1,708	1,455
Inventory	651	661
Short term other assets	734	701
<b>Current assets</b>	<b>4,297</b>	<b>3,798</b>
Tangible and intangible fixed assets	2,400	2,368
Right of use assets	1,433	932
Deferred tax assets	710	740
Long term other assets	713	599
<b>Non-current assets</b>	<b>5,257</b>	<b>4,638</b>
<b>Total assets</b>	<b>9,554</b>	<b>8,436</b>
Trade payables	2,543	2,398
Short term other liabilities	1,043	746
Short term financial liabilities (incl, financial and operational leases)	1,997	1,646
<b>Current liabilities</b>	<b>5,583</b>	<b>4,790</b>
Long term other liabilities	438	424
Deferred tax liabilities	3	28
Long term financial liabilities (incl, financial and operational leases)	1,656	1,386
<b>Non-current liabilities</b>	<b>2,097</b>	<b>1,838</b>
Shareholders' equity	1,859	1,805
Non-controlling interest	15	2
<b>Equity</b>	<b>1,875</b>	<b>1,807</b>
<b>Total liabilities &amp; equity</b>	<b>9,554</b>	<b>8,436</b>

## Appendix – 1 Independence Statements of the Independent Board Members

In the context of the Article 4.3.6. of the Corporate Governance Communiqué (II-17.1.), 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 Turkey in accordance with the Income Tax Law dated December 31, 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.

**Name Surname: Meral Kurdaş, Tayfun Bayazıt**

**Date: April 1, 2022**