

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

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AND AUDITOR'S
REVIEW REPORT FOR THE PERIOD
ENDED 1 JANUARY- 30 JUNE 2023**

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL INFORMATION ORIGINALLY ISSUED IN
TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of MLP Sağlık Hizmetleri A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2023, and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows and other explanatory notes for the six-month period then ended ("condensed consolidated interim financial information"). Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

Other Information

The Group Management is responsible for the other information, which is presented in Appendix 1. The other information comprises non-TAS measures.

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

In connection with our review of the condensed consolidated interim financial information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the condensed consolidated interim financial information or our knowledge obtained in the review or otherwise appears to be materially misstated. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review audit procedures. Based on the review work we have performed, we have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited and the condensed consolidated interim financial statements for the six-month period ended 30 June 2022 were reviewed by another audit firm. The previous audit firm has expressed an unqualified opinion on the consolidated financial statements as of 31 December 2022 in the auditor's report dated 8 March 2023 and expressed a conclusion that the condensed interim financial information as of 30 June 2022 is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting" in the review report dated 11 August 2022.

Additional paragraph for convenience translation to English

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Volkan Becerik, SMMM
Partner

İstanbul, 8 August 2023

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

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

		Current Period Reviewed 30 June 2023	Prior Period Audited 31 December 2022
	Notes		
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	788,041	765,877
Financial Investments		99,250	214,179
Trade Receivables	6	2,063,078	1,455,350
<i>Trade Receivables from Related Parties</i>	3	86	52
<i>Trade Receivables from Third Parties</i>		2,062,992	1,455,298
Other Receivables	7	148,914	123,622
<i>Other Receivables from Related Parties</i>	3	88,833	76,837
<i>Other Receivables from Third Parties</i>		60,081	46,785
Inventories	8	676,333	660,884
Prepaid Expenses	9	505,823	396,778
Other Current Assets	13	187,599	180,813
Total Current Assets		4,469,038	3,797,503
Non-Current Assets			
Trade Receivables		1,053	1,053
Other Receivables	7	2,465	2,458
Property, Plant and Equipment	10	1,378,627	1,348,032
Intangible Assets		1,049,529	1,019,791
<i>Goodwill</i>		33,037	33,037
<i>Other Intangible Assets</i>	10	1,016,492	986,754
Right-of-Use Assets	11	1,356,797	931,642
Prepaid Expenses	9	914,649	595,732
Deferred Tax Asset	22	829,144	739,548
Total Non-Current Assets		5,532,264	4,638,256
TOTAL ASSETS		10,001,302	8,435,759

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

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

		Current Period Reviewed 30 June 2023	Prior Period Audited 31 December 2022
	Notes		
LIABILITIES AND EQUITY			
Current Liabilities			
Short-Term Borrowings	5	1,134,047	923,742
Short-Term Portions of Long-Term Borrowings	5	348,593	484,201
Short-Term Financial Lease Liabilities	5	60,037	76,663
Short-Term Lease Liabilities	5	290,180	161,674
Trade Payables	6	2,624,238	2,397,956
<i>Trade Payables to Related Parties</i>	3	39,396	55,763
<i>Trade Payables to Third Parties</i>		2,584,842	2,342,193
Payables Related to Employee Benefits	12	291,209	165,487
Other Payables	7	132,616	111,977
<i>Other Payables to Related Parties</i>	3	802	787
<i>Trade Payables to Third Parties</i>		131,814	111,190
Deferred Income	9	462,882	341,867
Short-Term Provisions		101,687	75,686
<i>Short-Term Provisions for Employee Benefits</i>	12	57,255	34,420
<i>Other Short-Term Provisions</i>	14	44,432	41,266
Current Tax Liabilities	22	132,985	51,075
Total Current Liabilities		5,578,474	4,790,328
Non-Current Liabilities			
Long-Term Borrowings	5	110,244	243,439
Long-Term Financial Lease Liabilities	5	24,544	39,289
Long-Term Lease Liabilities	5	1,489,674	1,103,559
Other Payables		281,743	294,087
<i>Other Payables to Third Parties</i>	7	281,743	294,087
Deferred Income	9	54,844	68,594
Long-Term Provisions		77,681	61,422
<i>Long-Term Provisions for Employee Benefits</i>	12	77,681	61,422
Deferred Tax Liability	22	11,810	28,046
Total Non-Current Liabilities		2,050,540	1,838,436
EQUITY			
Equity Attributable to the Owner of the Company		2,372,288	1,806,995
Equity Attributable to the Owner of the Company		2,319,401	1,805,022
Paid-in Capital	16	208,037	208,037
Share Premiums	16	556,162	556,162
Treasury Shares		(785,950)	(371,763)
Other Comprehensive Income or Expenses that will not be			
Reclassified Subsequently to Profit or Loss		(38,488)	(58,511)
<i>Accumulated Loss on Remeasurement of</i>			
<i>Defined Benefit Plans</i>		(38,488)	(58,511)
Restricted Reserves Appropriated from Profit		10,925	10,722
Prior Years' Profit / Losses	16	1,436,800	(158,920)
Net Profit for the Period		931,915	1,619,295
Non-Controlling Interests		52,887	1,973
TOTAL LIABILITIES AND EQUITY		10,001,302	8,435,759

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2023

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

		Current period		Prior period	
		Reviewed 1 January- 30 June 2023	Unaudited 1 April- 30 June 2023	Reviewed 1 January- 30 June 2022	Unaudited 1 April- 30 June 2022
Profit or Loss	Notes				
Revenue	17	7,166,693	3,693,015	4,416,843	2,230,040
Cost of Sales (-)	17	(5,121,065)	(2,631,242)	(3,188,999)	(1,592,962)
Gross Profit		2,045,628	1,061,773	1,227,844	637,078
General Administrative Expenses (-)	18	(700,611)	(352,086)	(398,662)	(200,916)
Other Income from Operating Activities	19	325,344	277,786	205,994	90,571
Other Expenses from Operating Activities (-)	19	(178,254)	(128,443)	(251,428)	(103,402)
Operating Profit		1,492,107	859,030	783,748	423,331
Income from Investing Activities	20	49,552	39,318	143,983	126,717
Expense from Investing Activities (-)	20	(2,784)	(340)	(8,667)	(2,913)
Operating Profit Before Finance Expenses		1,538,875	898,008	919,064	547,135
Finance Expenses (-)	21	(467,148)	(256,582)	(313,564)	(129,819)
Finance Income	21	25,506	18,404	52,145	30,584
Profit Before Tax		1,097,233	659,830	657,645	447,900
Tax Income / (Expense)		(114,404)	64,852	(53,353)	(43,558)
Current Tax Expense (-)	22	(225,242)	(46,222)	(66,514)	(27,171)
Deferred Tax (Expense)/Income	22	110,838	111,074	13,161	(16,387)
Net Profit		982,829	724,682	604,292	404,342
Current profit attributable to:					
Non-Controlling Interests		50,914	37,553	27,477	(2,436)
Equity Holders of the Parent		931,915	687,129	576,815	406,778
		982,829	724,682	604,292	404,342
Earnings / (Loss) per Share	23	4.44	3.30	2.77	2.00
Other Comprehensive Income / (Expenses)		20,023	(4,595)	(4,287)	(2,628)
Items that will not be Reclassified Subsequently to Profit or Loss					
Remeasurement Gains/ (Losses) of Defined Benefit Plans		25,029	(5,744)	(5,359)	(3,285)
Taxes Related to Other Comprehensive Income that will not be Reclassified Subsequently to Profit or		(5,006)	1,149	1,072	657
					-
Total Comprehensive Income		1,002,852	720,087	600,005	401,714
Total Comprehensive Income Attributable to:					
Non-Controlling Interests		50,914	37,553	27,477	(2,436)
Equity Holders of the Parent		951,938	682,534	572,528	404,150
		1,002,852	720,087	600,005	401,714

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2023

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

				Other Comprehensive Income and (Expenses) that will not be Classified Subsequently to Profit or Loss	Retained Earnings/(Losses)					
	Paid-in Capital	Share Premiums	Share Repurchases	Defined Benefit Plans Remeasurement Gains / (Losses)	Restricted Reserves Appropriated from Profit	Prior Years' Losses	Net Profit / (Loss) for the Period	Attributable to Equity Holders of the Parent	Non- Controlling Interests	Total Equity
Balance as of 1 January 2022	208,037	556,162	-	(43,569)	10,260	(482,677)	290,423	538,636	130,561	669,197
Other comprehensive loss, net of tax	-	-	-	(4,287)	-	-	-	(4,287)	-	(4,287)
Net profit/(loss) for the period	-	-	-	-	-	-	576,815	576,815	27,477	604,292
Total comprehensive income / (loss)	-	-	-	(4,287)	-	-	576,815	572,528	27,477	600,005
Transfers	-	-	-	-	462	289,961	(290,423)	-	-	-
Changes due to loss of control in subsidiaries (*)	-	-	-	-	-	113,448	-	113,448	(201,212)	(87,764)
Increase/(decrease) due to share repurchase transactions	-	-	(38,186)	-	38,186	(38,186)	-	(38,186)	-	(38,186)
Changes in non-controlling interests (**)	-	-	-	-	-	(34,630)	-	(34,630)	16,943	(17,687)
Dividend distribution	-	-	-	-	-	(3,724)	-	(3,724)	-	(3,724)
Balance as of 30 June 2022	208,037	556,162	(38,186)	(47,856)	48,908	(155,808)	576,815	1,148,072	(26,231)	1,121,841
Balance as of 1 January 2023	208,037	556,162	(371,763)	(58,511)	10,722	(158,920)	1,619,295	1,805,022	1,973	1,806,995
Other comprehensive income / (loss), net of tax	-	-	-	20,023	-	-	-	20,023	-	20,023
Net profit for the period	-	-	-	-	-	-	931,915	931,915	50,914	982,829
Total comprehensive income / (loss)	-	-	-	20,023	-	-	931,915	951,938	50,914	1,002,852
Transfers	-	-	-	-	203	1,619,092	(1,619,295)	-	-	-
Dividend distribution	-	-	-	-	-	(23,372)	-	(23,372)	-	(23,372)
Increase/(decrease) due to share repurchase transactions	-	-	(414,187)	-	-	-	-	(414,187)	-	(414,187)
Balance as of 30 June 2023	208,037	556,162	(785,950)	(38,488)	10,925	1,436,800	931,915	2,319,401	52,887	2,372,288

(*) As of 30 April 2022, the Group transferred its shares in Sentez Sağlık Hizmetleri A.Ş. (Note 2).

(**) As of 30 April 2022, the Group's shareholding in MS Sağlık Hizmetleri Ticaret A.Ş. has changed and increased to 100% (Note 2).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023

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

		Current Period Reviewed 1 January- 30 June 2023	Prior Period Reviewed 1 January- 30 June 2022
	Notes		
A. CASH FLOWS FROM OPERATING ACTIVITIES		1,481,205	798,122
Profit / (Loss) for the Period		982,829	604,292
Adjustments to Reconcile Profit / (Loss) for the Period		972,168	422,072
- Adjustments Related to Depreciation and Amortization Expenses	10,11	364,905	213,301
- Adjustments Related to Impairment / Reversal		3,642	1,485
<i>Adjustments Related to Impairment / Reversal of Receivables</i>	6	3,642	1,485
- Adjustments Related to Provisions		107,809	26,058
<i>Adjustments Related to / Reversal of Provision for Employee Benefits</i>		107,233	16,733
<i>Adjustments Related to Litigation or Penalty Provisions / Annulment</i>		576	9,325
- Adjustments Related to Interest Income and Expense		345,015	223,908
<i>Adjustments Related to Interest Income</i>	19	(74,518)	(52,145)
<i>Adjustments Related to Interest Expense</i>	21	419,533	276,053
- Adjustments Related to Tax Expense / Income	22	114,404	53,353
- Adjustments Related to Non-Cash Items		38,638	39,283
- Adjustments Related to Losses (Gains) on Disposal of Fixed Assets		(2,244)	(9,366)
<i>Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment</i>		(2,244)	(9,366)
- Adjustments related to losses (gains) from the disposal of subsidiaries or joint operations		-	(125,950)
Changes in working capital		(285,002)	(167,829)
- Adjustments Related to Increase / Decrease in Trade Receivables		(636,913)	(182,242)
- Adjustments Related to Increase / Decrease in Inventories		(15,449)	(204,912)
- Adjustments Related to Increase / Decrease in Trade Payables		237,848	215,989
- Adjustments Related to Increase / Decrease in Other Payables from Operations		243,876	85,614
- Adjustments Related to Other Increase / Decrease in Working Capital		(114,364)	(82,278)
<i>Increase / Decrease in Other Assets Related to Operations</i>		(114,364)	(82,278)
Cash generated from operations		1,669,995	858,535
- Payments Related to Provisions for Employee Benefits		(43,111)	(5,868)
- Tax Payments / Returns	22	(143,332)	(46,235)
- Payments for Other Provisions		(2,590)	(8,463)
- Other Cash Inflows / (Outflows)	6	243	153

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2023

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

		Current Period Reviewed 1 January- 30 June 2023	Prior Period Reviewed 1 January- 30 June 2022
	Notes		
B. CASH FLOWS FROM INVESTING ACTIVITIES		(397,589)	86,710
- Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		3,685	15,581
<i>Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets</i>	10	3,685	15,581
- Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(244,831)	(298,450)
<i>Cash Outflows from Purchase of Property, Plant and Equipment</i>	10	(199,690)	(250,320)
<i>Cash Outflows from Purchase of Intangible Assets</i>	10	(45,141)	(48,130)
- Cash Advances and Payables Given	9	(320,385)	(84,900)
- Interest Received	20	49,012	-
- Cash outflows from sales that do not result in loss of control of subsidiaries		-	658,416
- Other Cash Inflows/ (Outflows) (*)		114,930	(203,937)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(1,061,452)	(406,717)
- Cashflows Inflows from Borrowings		793,220	639,302
<i>Cash Inflows from Loans</i>		43,220	364,002
<i>Cash Inflows from Issued Debt Instruments</i>		750,000	275,300
- Cash Outflows Related to Debt Payments		(866,536)	(589,632)
<i>Cash Outflows Related to Loan Repayments</i>		(196,536)	(189,632)
<i>Cash outflows from issued debt instruments</i>		(670,000)	(400,000)
- Cash Outflows Related to Debt Payments Arising from Lease Contracts		(328,029)	(189,633)
- Cash Outflows Related to Debt Payments Arising from Financial Lease Contracts		(41,487)	(84,700)
- Interest Paid		(206,567)	(192,289)
- Interest Received		25,506	52,145
- Dividend Paid		(23,372)	(3,724)
- Cash Outflows Related to Repurchase of Own Shares or Reduced Capital		(414,187)	(38,186)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		22,164	478,115
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	765,877	680,241
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	788,041	1,158,356

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(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 30 June 2023, MLP is the holding company of 14 subsidiaries (31 December 2022: 14) (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. Pursuant to the CMB's Principle Decision dated 30 October 2014 and numbered 31/1059, as per the Principle Decision dated 23 July 2010 and numbered 21/655; according to the Merkezi Kayıt Kuruluşu A.Ş. ("MKK") records; as of 30 June 2023, the shares representing 33.16% of MLP Sağlık's capital are considered to be in circulation. As of 1 July 2023, this ratio is 33.16% (Note 16).

The number of employees of the Group as at 30 June 2023 is 11,838 (31 December 2022: 11,699).

Approval of financial statements

The condensed consolidated financial statements have been approved by the Group Management and authorized for issue on 8 August 2023.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

As of 30 June 2023, the subsidiaries of the Company are as summarized below:

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
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat 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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

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

The Company prepared its condensed interim financial statements for the period ended 30 June 2023 in accordance with ("IAS") 34 "Interim Financial Reporting". The condensed interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information. In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its interim financial statements in condensed.

Interim condensed financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company's annual financial statements as of 31 December 2022.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(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)

Currency Used

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

Inflation accounting

In accordance with the CMB's decision dated March 17, 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with the Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, "Financial Reporting in High Inflation Economies" Standard ("TAS 29") has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their consolidated financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying condensed consolidated interim financial statements as of 30 July 2023 in accordance with TAS 29.

Restatement and errors in the accounting policies and estimates

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

As of 30 June 2023, Group management has reclassified interest income amounting to TL 52,145 included in other operating income in the profit or loss statement for the accounting period 1 January – 30 June 2022 as finance income and reclassified interest income amounting to TL 52,145 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(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 at 30 June 2023 and 31 December 2022 are as follows:

Subsidiaries	Place of incorporation and operation	30 June 2023	31 December 2022	Principal activity
Tokat Hastanesi	Tokat	58.84%	58.84%	Hospital Services
Samsun Hastanesi	Samsun	80.00%	80.00%	Hospital Services
Samsun Tıp Merkezi (1)	Samsun	100.00%	100.00%	Hospital Services
MS Sağlık	Ankara	100.00%	100.00%	Hospital Services
Mediplaza	Gebze-İzmit	75.00%	75.00%	Hospital Services
MA Group (3)	İstanbul	51.00%	51.00%	Hospital Services
BTR Sağlık Hizmetleri	İstanbul	100.00%	100.00%	Hospital Services
Meditime Sağlık	İstanbul	100.00%	100.00%	Hospital Services
MLP Gaziantep Sağlık	Gaziantep	60.00%	60.00%	Hospital Services
Sotte Sağlık Temizlik Yemek	İstanbul - Ankara	100.00%	100.00%	Hospital Services
Kuzey	Ankara	100.00%	100.00%	Ancillary Services
Artımed	Ankara	100.00%	100.00%	Ancillary Services
21. Yüzyıl Anadolu Vakfı (2)	İstanbul	100.00%	100.00%	Ancillary Services
Kuzey Doğu	İstanbul	100.00%	100.00%	Ancillary Services

(1) Represents voting power held. In 2022, the liquidation process was started.

(2) In 2011, the Group with the help of its real person shareholders decided to establish a medical university. Based on current legislation, foundations have to be owned by real persons rather than companies and since MLP Sağlık could not be the shareholder of an association, Muharrem Usta, one of the shareholders in the company, was assigned as the chairman of the board of the foundation. The purpose of the foundation is to establish a medical university in order to align one of the hospitals of the Group to that university. Although, MLP 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) The Company decided to liquidate on 25 December 2017.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(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 Group 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 Group 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 Group in managing operation decisions (including the voting held on prior period general assemblies).

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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 Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

(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)

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 Changes in Accounting Policies

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

2.3 Changes in the Accounting Estimates and Errors

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

2.4 Significant Accounting Judgments, Estimates and Assumptions

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

2.5 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

2.5 New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 3 - RELATED PARTY DISCLOSURES

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

The details of short-term receivables and payables as of 30 June 2023 are as follows:

	30 June 2023			
	Receivables		Payables	
	Current		Current	
Shareholders	Trade	Non-trade	Trade	Non-trade
Muharrem Usta (*)	-	85,596	-	66
Adem Elbaşı	-	3,094	-	-
	-	88,690	-	66
Other companies controlled by the shareholders				
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13	-	14,515	-
A ve A Sağlık A.Ş. (2)	31	-	8,175	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (3)	-	-	5,515	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	-	-	509	-
Saray Eczanesi	-	-	655	-
Samsunpark Özel Sağlık Hizm. İş Sağlığı ve Güvenliği Danışmanlık Eğitim Mühendislik Tic. Ltd. Şti. (4)	-	-	9,045	-
Mp Sağlık ve Tic. A.Ş.	-	-	-	733
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	389	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	593	-
Other	42	143	-	3
	86	143	39,396	736
	86	88,833	39,396	802

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

(4) Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning and catering services for the Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

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

Other companies controlled by the shareholders

Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	6	-	22,783	-
A ve A Sağlık A.Ş. (2)	-	-	21,346	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	3,293	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	1	-	509	-
Saray Eczanesi	-	-	737	-
Samsunpark Özel Sağlık Tıbbı	-	-	5,853	-
Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	-	733
Mp Sağlık ve Tic. A.Ş.	-	-	513	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	7	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	138	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	584	-
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	-	-	-	4
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 turnkey 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) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.
- (4) Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.

Advance given to related parties, prepaid expenses and advances received

	30 June 2023	31 December 2022
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13,850	13,850
Sanport Gayrimenkul Geliştirme İnş. Ve Tic. A.Ş.	279	279
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	77	77
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	-	1,002
	14,205	15,208

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	30 June 2023	31 December 2022
Fixed asset advances given to related parties		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	298,691	306,817
	298,691	306,817

(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.

	30 June 2023	31 December 2022
Related parties (sale and leaseback transactions)		
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	367	367
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	213	396
	580	763

The balances above are resulting from sale and leaseback transactions of Efes Hospital's (branch of Sentez Hospital) land, Bahçelievler Hospital's buildings and are deferred under prepaid expenses and amortized in proportion to the lease payments over the period for which the asset is expected to be used since such losses are compensated for by future lease payments at below market price. Land of Efes Hospital was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2010, resulting in a loss of TL 6,211, which was totally booked under the other current and non-current assets as of 31 December 2010 since the operational leasing agreement would become effective in 2011 and will be effective for 15 years. The building of Bahçelievler Hospital has been sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009, resulting in a loss of TL 5,591. The duration of leasing agreement of the building is 15 years starting from December 2009. As of 30 June 2023, the Group has incurred rent expense amounting to TL 183 due to amortization of prepaid rent (31 December 2022: TL 367).

	30 June 2023		31 December 2022	
	Short-term	Long-term	Short-term	Long-term
Lease liabilities from related parties				
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	122,321	12,252	59,265	-
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	23,302	101,504	15,274	80,213
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	4,200	140,640	24,775	47,871
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	17,148	-	4,808	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	782	-	2,943	-
	167,753	254,396	107,065	128,084

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Purchases from related parties				
A ve A Sağlık A.Ş. (1)	9,510	5,068	24,980	14,403
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)(3)(4)	15,542	5,518	18,860	13,284
	25,052	10,586	43,840	27,687

- (1) Cleaning material purchases
(2) Hospital rent expenses
(3) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16
(4) Turnkey fixture, private cost and hospital construction, inspection and consultancy services

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Operating expenses (including purchase of services)				
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş (1)(7)	91,570	45,785	59,559	26,571
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	31,076	14,808	15,486	6,250
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	21,600	9,900	9,402	4,500
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	11,303	6,113	4,972	2,430
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	11,263	6,625	10,189	6,211
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	2,000	1,049	1,010	517
Mp Sağlık ve Tic.A.Ş. (1)(7)	-	-	23,816	21,535
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)(7)	-	-	4,832	2,547
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)(7)	4,474	1,237	3,158	973
Saray Eczanesi (6)	1,367	743	1,448	756
Miniso Mağazacılık A.Ş.	-	-	613	-
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	630	310	452	234
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	-	-	144	60
	175,283	86,570	135,081	72,584

- (1) Hospital rent expenses
(2) Doctor expenses
(3) Stationary and consumable expenses
(4) Cleaning, catering and laundry services
(5) Medical equipment rent expenses
(6) Drug purchase expenses
(7) Material purchase expenses

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Sales to related parties				
A ve A Sağlık A.Ş. (1)	411	333	2,987	584
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	151	76	85	45
Miniso Mağazacılık A.Ş.	180	90	102	51
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	95	41	73	32
Samsunpark Özel Sağlık Hiz.İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti.	435	435	222	118
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.(AK)	20	20	6	6
DM Group Sağlık İnşaat San.Ve Tic.Ltd.Şti.	224	224	-	-
	1,516	1,219	3,475	836

(1) Outsourcing laboratory services

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Interest income from related parties				
Muharrem Usta	9,278	5,178	7,042	4,212
Adem Elbaş	331	186	216	120
	9,609	5,364	7,258	4,332

Compensation of key management personnel:

Key management personnel comprise general managers, deputy general managers and chief physicians of hospitals and head office management team.

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

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Salaries and other short-term benefits	35,003	16,891	17,538	8,784
	35,003	16,891	17,538	8,784

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash on hand	18,417	8,349
Cash at banks	766,485	749,830
- Demand deposits	432,984	97,571
- Time deposits	333,501	652,259
Other cash equivalents (*)	3,139	7,698
	788,041	765,877

As of 30 June 2023, the interest rates of the Group's time deposits in TL and USD are respectively 6%-21.85% (31 December 2022: 9%-17%), 0.05%-0.15% (31 December 2022: 0.15%-0.20%) and their terms are less than 3 months. There are no time deposits in Euro (31 December 2022: 0.15%).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 5 - FINANCIAL INSTRUMENTS

Financial Payables

	30 June 2023	31 December 2022
Short-term loans received	384,047	253,742
Short-term bonds issued	750,000	670,000
Short-term portion of long-term borrowings	270,058	420,484
<i>Short-term portion of long-term loans</i>	270,058	420,484
Interest accrual	78,535	63,717
	1,482,640	1,407,943
Long-term bank loans	110,244	243,439
	110,244	243,439
Total financial borrowings	1,592,884	1,651,382

The reconciliation of the liabilities arising from financing activities as of 1 January- 30 June 2023 and 1 January- 30 June 2022 are as follows:

	1 January 2023	Financing cash flows	Foreign exchange movements (Note 22)	Disposal of subsidiary	Other adjustments (*)	30 June 2023
Bank loans and issued bonds	1,651,382	(58,498)	-	-	-	1,592,884
Financial lease liabilities	115,952	(41,487)	10,116	-	-	84,581
Lease liabilities	1,265,233	(328,029)	37,499	-	805,151	1,779,854
	3,032,567	(428,014)	47,615	-	805,151	3,457,319
	1 January 2022	Financing cash flows	Foreign exchange movements (Note 22)	Disposal of subsidiary	Other adjustments (*)	30 June 2022
Bank loans and issued bonds	1,625,801	37,377	-	-	-	1,663,178
Financial lease liabilities	230,557	(84,700)	22,374	-	-	168,231
Lease liabilities	892,791	(186,262)	15,137	(55,987)	191,811	857,490
	2,749,149	(233,585)	37,511	(55,987)	191,811	2,688,899

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

As of 30 June 2023 and 31 December 2022 the repayment schedule of the total borrowings as follows:

		30 June 2023		
Currency	Weighted average effective interest rate	Current	Non-Current	Total
TL	29.87%	691,581	-	691,581
TL	TLRef+4.00-TRLibor+4.00+-5.80	791,059	110,244	901,303
		1,482,640	110,244	1,592,884

		31 December 2022		
Currency	Weighted average effective interest rate	Current	Non-Current	Total
TL	25.40%	905,854	2,106	907,960
TL	TLRef+4.00-TRLibor+3.50-4.00-4.50-5.80	502,089	241,333	743,422
		1,407,943	243,439	1,651,382

As of 30 June 2023, there are no blocked cash accounts related to the group's loans (31 December 2022: None).

As at 30 June 2023 and 31 December 2022 the repayment schedule of the borrowings in TL are as follows:

	30 June 2023	31 December 2022
Interest expense accruals	78,535	63,717
To be paid within 1 year (*)	1,404,105	1,344,228
To be paid between 1-2 years	73,364	169,514
To be paid between 2-3 years	36,880	73,925
	1,592,884	1,651,382

(*) TL 295,000 of the loans to be paid within one year consists of revolving loans and TL 750,000 part consists of bond 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 25% of shares (that are not publicly traded) of MLP, and shares in subsidiaries owned by MLP and all fixed assets under ownership of MLP and the MLP's bank accounts. In addition to this, the loan is secured via assignment of MLP's receivables arising from various agreements including medical tourism agreements and insurance policies.

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

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

Net debt to EBITDA Ratio cannot be above x4.0 for the year ended 31 December 2016 and for the six months period ended 30 June 2017, x3.5 for the year ended 31 December 2017 and for the six months period ended 30 June 2018, x3.0 for the year ended 31 December 2018 and for the six months period ended 30 June 2019 and x2.5 for the remaining period of the syndicate loan.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

Financial Lease Liabilities:

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	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Financial lease liabilities				
Within one year	79,252	99,066	60,037	76,663
In the second to fifth years inclusive	23,461	42,703	24,544	39,289
	102,713	141,769	84,581	115,952
Less : Future finance charges	(18,132)	(25,817)	-	-
Present value of finance lease obligations	84,581	115,952	84,581	115,952
Less: Amounts due to settlement within twelve months (shown under current liabilities)	-	76,663	60,037	76,663
Present value of finance lease obligations	-	39,289	24,544	39,289

Lease Liabilities

	30 June 2023	31 December 2022
Within one year	290,180	161,674
More than one year	1,489,674	1,103,559
Present value of the lease liabilities	1,779,854	1,265,233

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	30 June 2023	31 December 2022
Current trade receivables		
Trade receivables	1,493,451	999,394
Notes receivables	40,966	41,375
Trade receivables from related parties (Note 3)	86	52
Patient income accruals	619,803	496,336
Other trade income accruals	32,649	38,671
Allowance for doubtful receivables (-)	(123,877)	(120,478)
	2,063,078	1,455,350

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

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

As of 30 June 2023, trade receivables of an initial value of TL 123,877 (31 December 2022: TL 120,478) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

	1 January - 30 June 2023	1 January - 30 June 2022
Movement of provisions for doubtful receivables		
Opening balance	120,478	125,305
Charge for the period (Note 18)	3,642	1,485
Collections (Note 18)	(243)	(153)
Disposal of subsidiary	-	(6,975)
Closing balance	123,877	119,662

Trade Payables

	30 June 2023	31 December 2022
Short-term trade payables		
Trade payables	1,931,384	1,710,475
Trade payables due to related parties (Note 3)	39,396	55,763
Other expense accruals	647,742	628,767
Other trade payables	5,716	2,951
	2,624,238	2,397,956

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	30 June 2023	31 December 2022
Other short-term receivables		
Receivables from tax office	24,152	24,152
Deposits given	12,035	8,275
Non-trade receivables from related parties (Note 3)	88,833	76,837
Other miscellaneous receivables	23,894	14,358
	148,914	123,622
Other long-term receivables		
Deposits and guarantess given	2,465	2,458
	2,465	2,458

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

	30 June 2023	31 December 2022
Other current payables		
Other taxes and funds payable	83,303	62,040
Payables relating to business combinations	45,686	46,794
Non-trade payables to related parties (Note 3)	802	787
Other miscellaneous payables	2,825	2,356
	132,616	111,977
Other long-term payables		
Payables related to business combinations (*)	281,743	294,087
	281,743	294,087

(*) 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 8 – INVENTORIES

	30 June 2023	31 December 2022
Laboratory inventory	19,917	19,917
Pharmaceutical inventory	130,080	139,024
Medical inventory	526,010	501,836
Other	326	107
	676,333	660,884

As of 30 June 2023, there is no mortgage/pledge on inventories (31 December 2022: None).

As of 30 June 2023, there is no impairment on inventories (31 December 2022: None).

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

	30 June 2023	31 December 2022
Short term prepaid expenses		
Order advances given (*)	444,513	342,309
Prepaid insurance expenses	34,658	36,110
Prepaid rent expenses	3,929	260
Prepaid sponsorship expenses	2,778	1,620
Other	19,945	16,479
	505,823	396,778

(*) 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

	30 June 2023	31 December 2022
Long-term prepaid expenses		
Fixed asset advances given (*)	912,897	592,512
Prepaid rent expenses	214	397
Other	1,538	2,823
	914,649	595,732

(*) 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.

Deferred Income

	30 June 2023	31 December 2022
Short-term deferred income		
Advances received (*)	410,783	295,139
Deferred income	52,099	46,728
	462,882	341,867

(*) 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.

	30 June 2023	31 December 2022
Long-term deferred income		
Deferred income	54,844	68,594
	54,844	68,594

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 10 - PROPERTY, EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>								
Opening balance as of 1 January 2023	817	1,011,973	1,846	540,970	389,375	925,005	89,387	2,959,373
Additions	-	44,476	500	68,205	-	23,573	62,935	199,689
Disposals	-	(1,576)	(28)	(793)	(456)	(34)	-	(2,887)
Transfers	-	59,236	-	31,365	(5,057)	-	(85,544)	-
Closing balance as of 30 June 2023	817	1,114,109	2,318	639,747	383,862	948,544	66,778	3,156,175
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2023	(126)	(636,531)	(1,224)	(268,959)	(321,282)	(383,219)	-	(1,611,341)
Charge for the period (*)	(4)	(64,691)	(100)	(32,454)	(11,093)	(59,312)	-	(167,654)
Disposals	-	799	-	209	435	4	-	1,447
Closing balance as of 30 June 2023	(130)	(700,423)	(1,324)	(301,204)	(331,940)	(442,527)	-	(1,777,548)
Carrying value as of 30 June 2023	687	413,686	994	338,543	51,922	506,017	66,778	1,378,627

(*) Depreciation and amortization expense of TL 158,958 (January 1 - 30 June 2022: TL 109,542) has been charged in 'cost of service', TL 24,099 (January 1-30 June 2022: TL 15,695) has been charged in 'operating expenses' for the period ended between January 1- 30 June 2023.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>								
Opening balance as of 1 January 2022	817	881,016	1,551	444,028	436,934	723,446	80,237	2,568,029
Additions	-	96,787	81	80,703	72,749	-	-	250,320
Disposals	-	(3,454)	-	(2,757)	(62)	(3,243)	(1,098)	(10,614)
Disposal of subsidiary	-	(88,139)	(486)	(65,668)	(82,791)	-	-	(237,084)
Transfers	-	29,415	-	19,175	(9,131)	-	(39,930)	(471)
Closing balance as of 30 June 2022	817	915,625	1,146	475,481	417,699	720,203	39,209	2,570,180
<u>Accumulated depreciation</u>								
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 (*)	(8)	(55,266)	(42)	(22,125)	(14,994)	(29,910)	-	(122,345)
Disposals	-	3,052	-	1,358	62	160	-	4,632
Disposal of subsidiary	-	68,760	404	47,210	11,140	40,841	-	168,355
Transfers	-	54	(54)	-	-	-	-	-
Closing balance as of 30 June 2022	(119)	(582,727)	(1,278)	(247,815)	(350,048)	(320,667)	-	(1,502,654)
Carrying value as of 30 June 2022	698	332,898	(132)	227,666	67,651	399,536	39,209	1,067,526

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

<u>Cost</u>	Licenses	Rights	Other	Total
Opening balance as of 1 January 2023	845,824	203,741	3,081	1,052,646
Additions	-	45,141	-	45,141
Disposals	-	(628)	-	(628)
Closing balance as of 30 June 2023	845,824	248,254	3,081	1,097,159
<u>Accumulated amortization</u>				
Opening balance as of 1 January 2023	-	(64,710)	(1,182)	(65,892)
Charge for the period	-	(15,332)	(71)	(15,403)
Disposals	-	628	-	628
Closing balance as of 30 June 2023	-	(79,414)	(1,253)	(80,667)
Carrying value as of 30 June 2023	845,824	168,840	1,828	1,016,492
<u>Cost</u>	Licenses	Rights	Other	Total
Opening balance as of 1 January 2022	596,072	117,180	3,245	716,497
Disposal of subsidiary	-	(1,476)	-	(1,476)
Additions	-	48,130	-	48,130
Disposals	-	(1,329)	(164)	(1,493)
Transfers	-	473	-	473
Closing balance as of 30 June 2022	596,072	162,978	3,081	762,131
<u>Accumulated amortization</u>				
Opening balance as of 1 January 2022	-	(52,272)	(1,147)	(53,419)
Charge for the period	-	(2,779)	(113)	(2,892)
Disposals	-	1,260	-	1,260
Closing balance as of 30 June 2022	-	(53,791)	(1,260)	(55,051)
Carrying value as of 30 June 2022	596,072	109,187	1,821	707,080

NOTE 11- RIGHT OF USED ASSETS

	<u>Hospital Buildings</u>	<u>Total</u>
Opening balance as of 1 January 2023	931,642	931,642
Additions	607,003	607,003
Depreciation expense for the period (*)	(181,848)	(181,848)
Closing balance as of 30 June 2023	1,356,797	1,356,797

(*) For the period ended June30, 2023, right of use assets depreciation expenses of TL 180,412 has been charged to 'cost of service', TL 1,436 to 'general administrative and marketing expenses'.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 11 - RIGHT OF USE ASSETS (Continued)

	Hospital Buildings	Total
Opening balance as of 1 January 2022	539,308	539,308
Additions during the period	155,114	155,114
Depreciation expense for the period (*)	(88,064)	(88,064)
Subsidiary disposal	(55,987)	(55,987)
Closing balance as of 30 June 2022	550,371	550,371

(*) For the period ended June30, 2022, right of use assets depreciation expenses of TL 86,452 has been charged to 'cost of service', TL 1,612 to 'general administrative and marketing expenses'.

NOTE 12- EMPLOYEE BENEFITS

	30 June 2023	31 December 2022
Payables for employment benefits:		
Fees payable to doctors and other personnel	169,663	111,285
Social security premiums payable	121,546	54,202
	291,209	165,487

	30 June 2023	31 December 2022
Short-term provision for employment benefits:		
Unused vacation provision	57,255	34,420
	57,255	34,420

	30 June 2023	31 December 2022
Long term provision for employment benefits:		
Unused vacation provision	36,554	20,244
Retirement pay provision	41,127	41,178
	77,681	61,422

NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Other current assets:		
VAT carried forward	176,336	141,109
Other miscellaneous current assets	11,263	39,704
	187,599	180,813

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND PAYABLES

	30 June 2023	31 December 2022
Other short-term provisions:		
Litigation provisions	31,077	30,501
SSI penalty provisions	13,355	10,765
	44,432	41,266

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 15 - COMMITMENTS

30 June 2023	Total		USD	EUR
	TL equivalent	TL		
A. CPM given on behalf of its own legal entity	376,924	368,673	156	150
-Collateral	376,924	368,673	156	150
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	87,597	87,597	-	-
-Collateral	87,597	87,597	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C,				
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	464,521	456,270	156	150

(*) The Group has given guarantees amounting to TL 61,727 related to the loans in Note 5 for the companies under full consolidation.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 15 - COMMITMENTS (Continued)

31 December 2022	Total TL equivalent	TL	USD	EUR
A. CPM given on behalf of its own legal entity	342,671	336,753	156	150
-Collateral	342,671	336,753	156	150
-Pledge	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	68,678	68,678	-	-
-Collateral	68,678	68,678	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C,	-	-	-	-
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	411,349	405,431	156	150

(*) The Group has given guarantees amounting to TL 61,727 related to the loans in Note 5 for the companies under full consolidation.

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

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NOTE 16 - SHARE CAPITAL/OTHER RESERVES

Shareholders	%	30 June	%	31 December
		2023		2022
Lightyear Healthcare B.V.	34.67%	72,131	34.67%	72,131
Sancak Yatırım İç ve Dış Ticaret A.Ş. (*)	15.35%	31,943	15.35%	31,943
Muharrem Usta	8.98%	18,678	8.98%	18,678
Adem Elbaşı	2.99%	6,226	2.99%	6,226
İzzet Usta	1.20%	2,490	1.20%	2,490
Saliha Usta	0.90%	1,868	0.90%	1,868
Nurgül Dürüstkan Elbaşı	0.90%	1,868	0.90%	1,868
Publicly Traded (**)	35.01%	72,833	35.01%	72,833
Nominal capital	100.00%	208,037	100.00%	208,037

(*) 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 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 30 June 2023 the total number of ordinary shares is 208,037 thousand shares (2022: 208,037 thousand shares) with a par value of TL 1 per share (2022: TL 1 per share).

The share capital is divided into 208,037 thousand shares (31 December 2022: 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 33.16% of the shares are in circulation in accordance with CSD as of 30 June 2023 (Note 1). Shares in circulation rate is 33.16% as of 1 June 2023.

On 7 February 2018, the Group launched initial public offering ("IPO") of 72,833 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TL 600,000 was generated to the Group. After the IPO related expenses amounting to TL 12,259 were deducted from proceeds, out of TL 587,741, share capital increase was made with the amount of TL 31,579 and the remaining amount was used in the share premium increase by TL 556,162.

	30 June 2023	31 December 2022
Share premiums	556,162	556,162
	556,162	556,162

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NOTE 16- SHARE CAPITAL/OTHER RESERVES (Continued)

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.

	30 June 2023	31 December 2022
Legal reserves	967	764
Real estate sales earnings	9,958	9,958
	<u>10,925</u>	<u>10,722</u>

NOTE 17 - REVENUE

Revenue	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Hospital service income (*)	7,166,693	3,693,015	4,416,843	2,230,040
	<u>7,166,693</u>	<u>3,693,015</u>	<u>4,416,843</u>	<u>2,230,040</u>

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

Cost of services	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Material consumption	(968,711)	(536,307)	(832,029)	(425,994)
Doctor expenses	(1,690,861)	(890,392)	(922,457)	(457,740)
Personnel expenses	(1,171,883)	(571,846)	(569,403)	(272,940)
Depreciation and amortization expenses (Note 10,11)	(339,370)	(172,337)	(195,994)	(95,299)
Outsourced benefit and services	(431,556)	(212,879)	(298,642)	(145,964)
Rent expenses (Hospitals)	(43,572)	(22,998)	(47,254)	(30,801)
Other (*)	(475,112)	(224,483)	(323,220)	(164,224)
	<u>(5,121,065)</u>	<u>(2,631,242)</u>	<u>(3,188,999)</u>	<u>(1,592,962)</u>

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

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NOTE 18 – GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
General administrative expenses				
Personnel expenses	(307,682)	(145,879)	(139,377)	(66,257)
Sponsorship and advertising expenses (*)	(264,345)	(139,431)	(179,654)	(97,830)
Depreciation and amortization expenses (Note 10,1	(25,535)	(13,778)	(14,576)	(7,697)
Outsourced benefit and services	(21,948)	(12,179)	(24,842)	(8,794)
Turism project expense	(19,795)	(653)	-	-
Rent expenses	(11,434)	(6,025)	(5,938)	(2,964)
Communication expenses	(6,076)	(3,492)	(7,705)	(3,821)
Bad debt allowance	(3,642)	(2,294)	(1,485)	(246)
Maintenance and repair expenses	(3,314)	(1,461)	(3,468)	(1,892)
Taxes and duties	(2,400)	(1,315)	(1,886)	(901)
Service expenses	(1,692)	(699)	(1,547)	(768)
Representation and entertainment expenses	(632)	(389)	(1,972)	(725)
Litigation expense	(576)	1,404	(9,325)	(8,771)
Other	(31,540)	(25,895)	(6,887)	(250)
	(700,611)	(352,086)	(398,662)	(200,916)

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

NOTE 19 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Other income from operating activities				
Foreign exchange gains from operations	256,777	241,943	182,642	76,771
Trade payables discount income	22,644	19,143	6,660	6,338
Bank commission income	24,622	12,393	5,208	(252)
Collection of doubtful receivables (Note 6)	243	165	153	34
Other income	21,058	4,142	11,331	7,680
	325,344	277,786	205,994	90,571
	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Other expenses from operating activities				
Foreign exchange expense from operations	(91,142)	(76,501)	(143,756)	(68,209)
SSI penalty and deduction expenses	(8,289)	(3,421)	(22,260)	1,244
Non-operational part expenses	(13,519)	(7,788)	(5,593)	(726)
Depreciation and amortization expenses (Note 10,11)	-	-	(2,731)	(1,421)
Trade receivables discount expenses	(11,078)	(10,968)	(4,051)	(153)
Biomedical equipment damages	(3,350)	(1,925)	(7,604)	1,480
Other expenses	(50,876)	(27,840)	(65,433)	(35,617)
	(178,254)	(128,443)	(251,428)	(103,402)

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NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Income from investing activities				
Currency protected time deposit income	49,012	39,278	-	-
Income from the sale of subsidiaries	-	-	125,950	125,950
Income from the sale of fixed assets	540	40	18,033	767
	49,552	39,318	143,983	126,717
Expense from investing activities				
Loss on sale of fixed assets	(2,784)	(340)	(8,667)	(2,913)
	(2,784)	(340)	(8,667)	(2,913)

NOTE 21 - FINANCE EXPENSES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Finance expenses (-)				
Interest expenses from borrowings	(63,300)	(41,960)	(65,758)	(14,815)
Interest expenses from financial lease liabilities	(8,087)	(4,029)	(9,706)	(4,357)
Interest expenses from bonds issued	(56,789)	(17,597)	(47,931)	(20,771)
Bank commissions	(55,960)	(32,222)	(24,106)	(11,432)
Interest expenses from lease liabilities	(198,148)	(98,229)	(96,055)	(42,685)
Other interest expenses	(37,249)	(20,977)	(32,497)	(20,884)
Total interest expenses	(419,533)	(215,014)	(276,053)	(114,944)
Net foreign exchange expense	(10,116)	(8,415)	(22,374)	(8,534)
Fair value differences of derivative financial instruments (Note 5)	(37,499)	(33,153)	(15,137)	(6,341)
	(467,148)	(256,582)	(313,564)	(129,819)
Finance income				
Interest income	25,506	18,404	52,145	30,584
Net financial expenses	(441,642)	(238,178)	(261,419)	(99,235)

NOTE 22 – INCOME TAXES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES)

	30 June 2023	31 December 2022
Short-term payables related to current tax		
Current period tax liabilities	132,985	51,075
	132,985	51,075

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NOTE 22 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

	30 June		31 December	
Short-term payables related to current tax	2023		2022	
Current period tax liabilities	132,985		51,075	
	132,985		51,075	

	1 January -	1 April-	1 January -	1 April-
	30 June	30 June	30 June	30 June
Tax (expense) / income	2023	2023	2022	2022
Current tax expense	(225,242)	(46,222)	(66,514)	(27,171)
Deferred tax income	110,838	111,074	13,161	(16,387)
	(114,404)	64,852	(53,353)	(43,558)

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 back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The advance corporate income tax rate is 20% in 2023 (2022: 23%). With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the first paragraph of Article 32 of the Corporate Tax Law was amended, and the corporate tax rate was increased to 25% for the corporate earnings of 2023 and the following taxation periods.

Except for the changes in the corporate tax rate, the 50% exemption applied to the earnings generated from the sale of intangibles and the deferred tax rate to be applied based on the temporary differences arising on the revaluation of the related assets are 10%. With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the exemption rate to be applied to the gains arising from the sale of immovables has been determined as 25%.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 20% (2022: 23%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

It has been accepted by the Ministry of Treasury and Finance that the taxpayers in the provinces affected by the earthquake were in force majeure between 6 February 2023 and 31 July 2023. In this context, the deadlines for submitting tax returns and notifications during force majeure have been extended until 15 August 2023.

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NOTE 22 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

Corporate Tax (Continued)

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 2021.

Pursuant to the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, by being shown in the corporate tax return for the year 2022, in accordance with the regulations in the laws, an additional tax of 10% should be calculated on the exemptions and deductions subject to deduction from corporate income and on the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 30 June 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TL 136,620, and the payment for the said tax will be made in two installments in 2023.

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. As of 30 June 2023, tax rate used in the calculation of deferred tax assets and liabilities was 20% over temporary timing differences (31 December 2022: 23% for the part that will create tax effect in 2022, 20% for the part that will generate tax in 2023 and beyond). 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 deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TFRS financial statements, has been calculated over the current TPL values that will occur with the effect of revaluation and the deferred tax income that will arise due to this application has been recognized in the income statement at once, to the extent that the recovery of the said tax advantage is possible, the deferred tax asset effect of TL 106,620 (30 June 2022: TL 59,971).

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 TL 447,527 (31 December 2022: TL 366,510). Respective deferred tax asset was calculated to be 15%- 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TL 3,546 will be netted off against personnel expenses over the period of 2020-2026.

As of 30 June 2023, the Group has an accumulated tax loss of TL 64,901 (31 December 2022: TL 59,902). A deferred tax asset amounting to TL 12,980 was recognized for these losses (31 December 2022: TL 13,777 deferred tax assets were recorded).

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NOTE 22 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

	30 June 2023	31 December 2022
Deferred tax assets / (liabilities):		
Accumulated financial losses	12,980	13,777
Temporary differences related to property, plant and equipment and intangible assets	188,442	187,429
Provision for employment termination benefits	8,225	8,236
Vacation pay liability	18,762	10,933
Temporary difference between the tax base and carrying amount of financial liabilities	(4,691)	(3,691)
Prepaid building expenses	186	(158)
Tax advantage from investment incentive	447,527	366,510
Right-of-use asset	84,611	66,718
Other	61,292	61,748
	817,334	711,502
Deferred tax asset	829,144	739,548
Deferred tax liability	(11,810)	(28,046)
	817,334	711,502

The years in which the right to use the prior year's losses for which deferred tax assets are created will expire are as follows:

	30 June 2023	31 December 2022
Expiration schedule of carryforward tax losses	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets recognized
Expiring in 2023	-	12,257
Expiring in 2024	11,845	4,379
Expiring in 2025	12,876	14,375
Expiring in 2026	7,398	9,320
Expiring in 2027	11,688	19,571
Expiring in 2028	21,094	-
	64,901	59,902

Movement of deferred tax (assets) / liabilities for the periods ending as of 1 January - 30 June 2023 and 1 January - 30 June 2022 is given below:

Movement of deferred tax liabilities:

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance as of 1 January	(711,502)	(285,462)
Charged to profit or loss	(110,838)	(13,161)
Disposal of subsidiary	-	9,598
Charged to equity	5,006	(1,072)
Closing balance as of the end of the period	(817,334)	(290,097)

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NOTE 22 - 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:

<u>Reconciliation of tax provision:</u>	1 January - 30 June 2023	1 January - 30 June 2022
Profit / (loss) before tax	1,097,233	657,645
Income tax rate of 20% (2022: 23%)	(219,447)	(151,258)
Tax effects of:		
- Non-deductable expenses	(26,333)	(31,123)
- Investment incentive adjustment	81,017	72,605
- Change in income tax rate	12,505	3,393
- Reduced corporate tax effect	86,363	141,442
- Revaluation of assets for tax purposes	106,620	-
- Other (*)	(155,129)	(88,412)
Tax (expense)/income in the profit or loss statement	<u>(114,404)</u>	<u>(53,353)</u>

(*) It is due to the additional tax payable amounting to TL 136,620 in accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023.

NOTE 23 - EARNINGS PER SHARE

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

Earnings / (loss) per share	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Weighted average number of shares	208,037	208,037	208,037	208,037
Net profit / (loss) for the period for the equity holders of the parent	931,915	687,129	576,815	406,778
Earnings per share	4.44	3.30	2.77	1.96

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NOTE 24 - FINANCIAL RISK MANAGEMENT AND POLICIES

Financial Risk Factors

Foreign currency risk management

Foreign currency risk

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

	30 June 2023			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade Receivables	130,351	3,890	1,062	-
2a. Monetary Financial Assets	507,258	17,176	1,930	286
2b. Non-Monetary Financial Assets	102,063	1,840	1,934	3
3. Other	13,748	-	488	-
4. CURRENT ASSETS	753,420	22,906	5,414	289
6b. Non-Monetary Financial Assets	128,315	4,969	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	128,315	4,969	-	-
9. TOTAL ASSETS	881,735	27,875	5,414	289
10. Trade Payables	(27,945)	(730)	(323)	-
11b. Financial Liabilities (leasing)	(29,731)	-	(1,056)	-
11c. Lease Liabilities	(39,951)	-	(1,419)	-
12a. Other Monetary Liabilities	(192,956)	(4,620)	(2,538)	(67)
13. CURRENT LIABILITIES	(290,583)	(5,350)	(5,336)	(67)
14. Trade Payables	-	-	-	-
15a. Financial Liabilities (loans)	-	-	-	-
15b. Financial Liabilities (leasing)	(225)	-	(8)	-
15c. Lease Liabilities	(126,552)	-	(4,495)	-
17. NON-CURRENT LIABILITIES	(126,777)	-	(4,503)	-
18. TOTAL LIABILITIES	(417,360)	(5,350)	(9,839)	(67)
20. Net Foreign Currency Asset Liability Position (9+18+19)	464,375	22,525	(4,425)	222
21. Monetary Items Net Foreign Currency Asset/Liability Position				
(1+2a+10+11a+11b+11c+12a+14+15a+15b+15c+16a)	220,249	15,716	(6,847)	219

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 29.01.2022 and numbered 31734, our company made a Currency Protected Deposit transaction amounting to TL 99,250 (USD 5,000) on 4 April 2023. The related balances are not included in the above mentioned Foreign Currency Position as they are converted to TL on the transaction date.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 24 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

	31 December 2022			
	TL 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	62,173	3,335	(9)	-
9. TOTAL ASSETS	711,072	33,267	4,314	135
10. Trade Payables	(9,936)	(332)	(187)	-
11b. Financial Liabilities (leasing)	(46,102)	(280)	(2,050)	-
11c. Lease Liabilities	(15,315)	-	(768)	-
12a. Other Monetary Liabilities	(129,201)	(4,026)	(2,653)	(46)
13. CURRENT LIABILITIES	(200,554)	(4,638)	(5,658)	(46)
15b. Financial Liabilities (leasing)	(5,741)	-	(288)	-
15c. Lease Liabilities	(80,428)	-	(4,035)	-
17. NON-CURRENT LIABILITIES	(86,169)	-	(4,323)	-
18. TOTAL LIABILITIES	(286,723)	(4,638)	(9,981)	(46)
20. Net Foreign Currency Asset Liability Position (9+18+19)	424,349	28,629	(5,667)	89
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11a+11b+11c+12a+14+15a+15b+15c+16a)	319,029	25,257	(7,784)	86

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 before tax.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

30 June 2023		
Profit / (Loss)		
	Foreign currency appreciation	Foreign currency depreciation
In the case of US dollar gaining 20% value against TL		
1 - USD net asset/liability	116,333	(116,333)
2 - Portion hedged against USD risk (-)	-	-
3 - USD net effect (1 +2)	116,333	(116,333)
In the case of EUR gaining 20% value against TL		
4 - EUR net asset/liability	(24,914)	24,914
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(24,914)	24,914
TOTAL (3+6)	91,419	(91,419)
31 December 2022		
Profit / (Loss)		
	Foreign currency appreciation	Foreign currency depreciation
In the case of US dollar gaining 20% value against TL		
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 TL		
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)

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

MLP Sağlık Hizmetleri A.Ş. ("MLP Care") board of directors has decided to,

- acquire 25% of the capital of the company named Şile Cns Gayrimenkul Sağlık Hizmetleri A.Ş. ("Şile Cns"), in order to develop a new hospital project on its land located in Istanbul, Ataşehir. In this context, all management rights of Şile Cns will be transferred to MLP Care, by registering and announcing the amendments of the articles of association of Şile Cns,
- increase the subsidiary MLP Gaziantep Sağlık Hizmetleri A.Ş., which owns Liv Hospital Gaziantep, share of MLP Care to 100% from 60%

on 18 July 2023, in line with its strategy of growing with medium and large-scale hospitals in metropolitan areas.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2023

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

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

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

The EBITDA calculation movements for the period ended 30 June 2023 and 30 June 2022 are as follow:

EBITDA CALCULATION	30 June 2023	30 June 2022
i. Net loss before tax	1.097.233	657.645
ii. Depreciation and amortization of tangible and intangible fixed assets including non-cash provisions related to assets such as goodwill	364.905	213.301
iii. Total net finance expenses, net of interest income	345.015	223.908
iv. Fx gains/losses, net under finance expenses	47.615	37.511
v. Fair value differences of derivative instruments (Note 21)	-	-
vi. Extraordinary (income)/expenses	61.565	48.717
vii. Rediscount income/expense (net imputed interest)	(11.566)	(2.609)
viii. Gain on bargain purchase price	-	(125.950)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles;	576	862
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles;	39.145	8.184
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles;	68.088	8.549
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles;	3.399	1.332
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	394	394
xiii. (Income)/expenses from investment operations;	2.244	(9.366)
EBITDA	2.018.613	1.062.478
TFRS 16 Lease payment effect	(328.029)	(189.633)
Adjusted EBITDA	1.690.584	872.845