

MLPCARE



MLP SAĞLIK HİZMETLERİ A.Ş.

**Interim Report of the Board of Directors for the Six Months Ended
as of June 30, 2023**

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM ACTIVITY REPORT)

To the Board of Directors of
MLP Sağlık Hizmetleri A.Ş.
İstanbul

Introduction

We have been charged with reviewing the consistency of condensed consolidated interim financial information provided in interim activity report of MLP Sağlık Hizmetleri A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") dated 30 June 2023 with the reviewed condensed consolidated interim financial statements. The Group Management is responsible from the aforementioned interim activity report. Our responsibility is to express a conclusion as to whether the financial information presented in the interim activity report is consistent with the reviewed condensed consolidated interim financial statements and explanatory notes over which auditor's review report is issued as of 8 August 2023.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Our review involves the examination as to whether financial information provided management's interim period report are consistent with the reviewed condensed consolidated interim financial statements and explanatory notes. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 limited review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information provided in the interim activity report and reviewed condensed consolidated interim financial statements and explanatory notes, in all material respects, are not consistent.

Other Matter

The Management's Annual Report of the Group for the year ended 31 December 2022 were audited and the Management's Interim Report report 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 Management's Annual Report as of 31 December 2022 in the auditor's report dated 8 March 2023 and expressed an unqualified conclusion conclusion on the Management's Interim Report as of 30 June 2022 in the review report dated 11 August 2022.

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



Volkan Becerik, SMMM
Partner

İstanbul, 8 August 2023

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1. Overview:

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

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

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

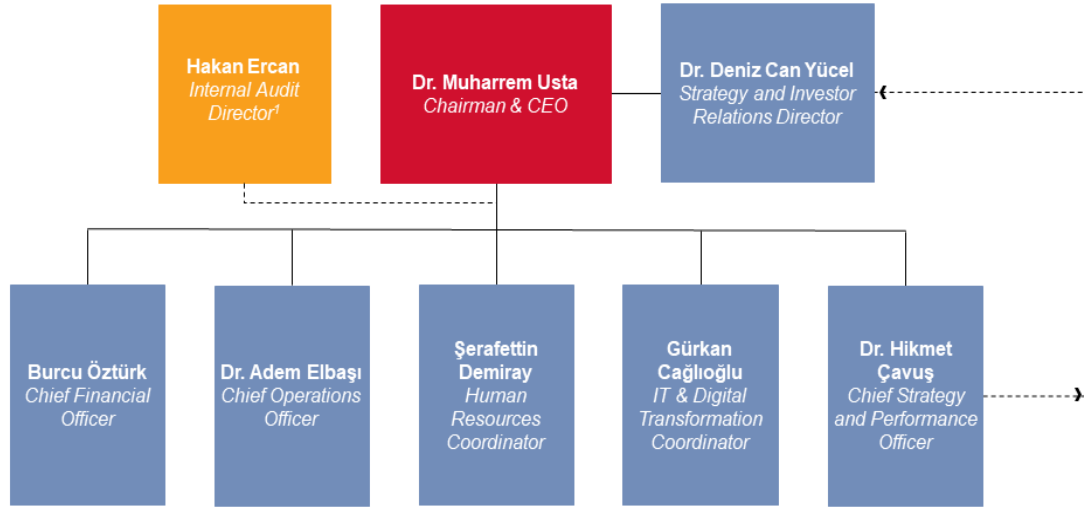
(**) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,642 thousand shares representing 5% of the publicly traded portion were purchased by Lightyear (“Lightyear Healthcare B.V.” ve “Hujori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

2.2 Major Participations (as of June 30, 2023):

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

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

2.3 Organizational Chart:



¹ Independent directorate reporting to the Board

3. Developments During the Period:

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

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

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

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

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

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

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

– **The Amortization of Debt Securities (April 28, 2023 Dated Announcement)**

The amortization of debt securities amounting to TL 500,000,000 was realized on April 28, 2023.

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

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

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

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

– **Resolution on Domestic Debt Securities Issuance and CMB Application (May 31, 2023 Dated Announcement)**

Our Company's Board of Directors took the following decisions at its meeting dated May 31, 2023, in accordance with the Capital Markets Board's Communiqué on Debt Securities numbered II-31.1 and Article 31 of the Capital Market Law;

Our Company will be authorized to apply to the Capital Markets Board regarding the issuance of debt securities to with a nominal amount up to 1,500,000,000 TL (One Billion Five Hundred Million Turkish Liras), maturity up to 5 (five) years, denominated in Turkish Lira, to be sold one or more at a time, without public offering to qualified investors in the domestic market within one year, in line with the validity period of the issuance of the certificate expected to be approved by the Capital Markets Board.

– **The Amortization of Debt Securities (July 14, 2023 Dated Announcement)**

The amortization of debt securities amounting to TL 250,000,000 was realized on July 14, 2023.

– **Announcement Regarding the Subsidiaries (July 18, 2023 Dated Announcement)**

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

– **Issuance of Lease Certificate (August 1, 2023 Dated Announcement)**

Our Company's Board of Directors took the following decisions at its meeting dated August 1, 2023; within the scope of the Capital Markets Law No. 6362, the Lease Certificates Communiqué (the "Communiqué") No. III-61.1 of the Capital Markets Board ("CMB"), and other legislation, our Company would be fund user/source entity of the issuance transactions of lease certificates based on a management contract with a nominal value of up to TL 2,000,000,000 (two billion Turkish Liras), with maturities in the range of 1-60 months, to be sold one or more at a time to qualified investors without public offering, planned to be carried out domestically through Yatırım Varlık Kiralama A.Ş..

4. Corporate Governance Compliance Report:

4.1 Corporate Governance Principles Compliance Report:

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

4.2 Strategy and Investor Relations Department:

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

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

Dr. Deniz Can Yücel

Strategy and Investor Relations Director

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Tuana Öztaş

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During the first six months period of 2023, in order to inform shareholders and investors IR Department attended a total of 98 meetings, including domestic and abroad roadshows and conferences, which were organized with both domestic and foreign corporate and individual investors, shareholders and analysts to discuss about Company's operational results, performance, and other developments.

4.2.1 Stock Information

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

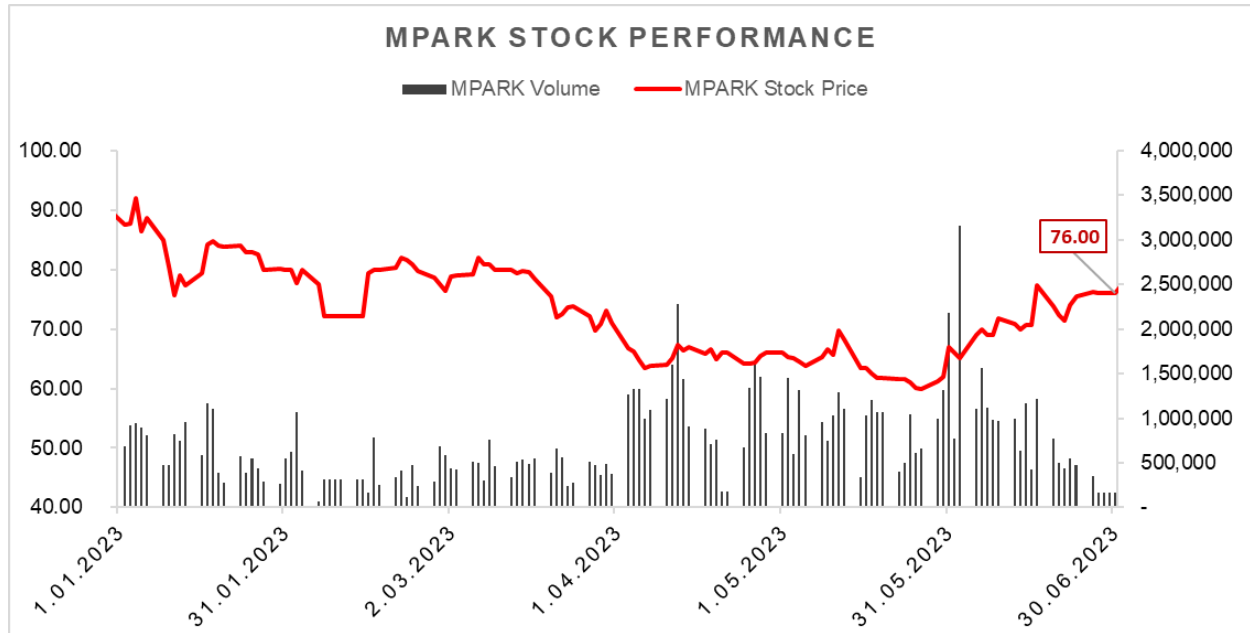
Date of IPO: February 13, 2018

Public: 35.01% (TFRS Report)

Stock Performance in H1 2023:

January 1 – June 30, 2023	Lowest	Highest	Average	June 30, 2023
Stock Price (TL)	59.95	92.00	73.06	76.00
Market Value (million USD)	607	1,021	770	608

Stock Performance:



Independent Auditor:

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

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

Company's Board of Directors comprises of six members:

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

4.4 Working Principles of the Board of Directors:

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

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

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

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

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

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

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

In 2023, the Audit Committee held four meetings on January 6, February 28, April 27, and August 2, 2023. Corporate Governance Committee held three meetings on February 24, April 27, and August 2, 2023. Early Detection of Risk Committee held four meetings on February 24, April 27, June 15, and August 2, 2023. In the following period, they will continue to meet and perform their duties as often as their charters require.

5. H1 2023 Earnings Release

Summary Financials

(TL million)	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Revenues	7,167	4,417	62.3%	3,693	2,230	65.6%
EBITDA¹	1,710	1,040	64.5%	896	539	66.1%
EBITDA margin (%) ¹	23.9%	23.5%	32bps	24.3%	24.2%	8bps
Net Profit/(Loss) Before Tax	1,097	658	66.8%	660	448	47.3%
Net Profit/(Loss)	983	604	62.6%	725	404	79.2%
Net Profit/(Loss) equity holders of the parent	932	577	61.6%	687	407	68.9%
Free Cash Flow	629	310	103.2%	156	55	181.4%
Capital Expenditure	245	298	(18.0%)	125	193	(35.4%)
Net Debt	2,570	1,344	91.2%			
Net Debt / EBITDA	0.9x	0.7x				

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

Financial Highlights

- ✓ In Q2 2023, total revenues increased by 66% to TL 3,693 million (Q2 2022: TL 2,230 million), total revenues normalized for divestitures increased by 73%. Private medical insurance segment posted the highest growth among all segments. Therefore, total revenues increased by 62% to TL 7,167 million (H1 2022: TL 4,417 million).
- ✓ In Q2 2023, EBITDA increased by 66% to TL 896 million, EBITDA normalized for divestitures increased by 72%. EBITDA margin increased by 8 bps to 24.3%. In H1 2023, EBITDA increased by 64% to TL 1,710 million, while EBITDA margin increased by 32 bps to 23.9%.
- ✓ In Q2 2023, net profit increased by 79% to TL 725 million (Q2 2022: TL 404 million). Net profit allocated to equity holders of the parent increased by 69% to TL 687 million in Q2 2023 (Q2 2022: TL 407 million). Net profit normalized for divestitures increased by 176% in Q2 2023. Net profit increased by 63% to TL 983 million in H1 2023 (H1 2022: TL 604 million). Net profit allocated to equity holders of the parent increased by 62% to TL 932 million in H1 2023 (H1 2022: TL 577 million). Net profit improved on the back of strong operational performance, deferred tax income, and FX income from operations.
- ✓ Net debt/EBITDA ratio was flat at 0.9x in Q2 2023 compared to 2022 year-end. In the same period, net debt excluding IFRS 16 increased by TL 3 million to TL 790 million.

Operating Highlights

- ✓ Private medical insurance segment grew by 97% and 96% in Q2 2023 and H1 2023, respectively on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 32% and 42% in Q2 2023 and H1 2023, respectively.
- ✓ Turkish Medical Association (TMA) price tariff was increased by %41,4 in December 28, 2022 which is effective from January 1, 2023. There was another price increase by 30.7% to TMA price tariff in June 22, 2023 due to high inflation. The price increase resulting from the revision in June was effective from July 1, 2023.
- ✓ Social Security Insurance (SSI) price tariff was increased by 31% in March 24, 2023. The price increase resulting from the revision in March was effective in the last week of March.

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

"The share of private medical insurance and foreign medical tourism segments in total turnover continues to increase in line with our long term diversification strategy. We have maintained our operating profit margins in the second quarter of the year with effective cost management. We will continue to grow in metropolitan areas through large scale hospitals and enhance our foreign medical tourism business with selected management contracts in high potential regions.

Our focus on sustainability has continued with the publishment of our first CDP report in July. After the GRI report, MLPCARE continues to be leader in the healthcare sector in Turkey with CDP reporting. In the CDP report, we explain our carbon emissions targets, our actions related to the climate crisis, and the associated financial implications of these potential risks and opportunities. Sustainability is a long journey and we are just at the start. Our Company will continue to develop further in ESG with diversified projects."

Revenues

	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Total Revenues (TL million)	7,167	4,417	62.3%	3,693	2,230	65.6%
Domestic Patient Revenues	5,944	3,532	68.3%	3,056	1,762	73.5%
Inpatient Revenues	3,269	2,024	61.5%	1,701	1,023	66.3%
Outpatient Revenues	2,676	1,509	77.4%	1,355	738	83.6%
Foreign Medical Tourism Revenues	1,030	724	42.2%	529	399	32.5%
Other Ancillary Business	192	160	19.9%	108	69	55.4%

Domestic Patient Revenues: Revenues from domestic patients increased by 73.5% and 68.3% in Q2 2023 and H1 2023, respectively driven by improved inpatient and outpatient average prices as well as increase in inpatient numbers. The inpatient revenues grew by 66.3% and 61.5% in Q2 2023 and H1 2023, respectively. On the other hand, the outpatient revenues grew by 83.6% and 77.4% in Q2 2023 and H1 2023, respectively.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 32.5% in TL terms and 0.3% in USD terms in Q2 2023 and increased by 42.2% in TL terms and 6.4% in USD terms in H1 2023. FMT revenues as a percentage of the total revenues was 14.3% and 14.4% in Q2 2023 and H1 2023, respectively (Q2 2022: 17.9%, H1 2022: 16.4%). FMT revenues was USD 25 million in Q2 2023 and USD 52 million in H1 2023 (Q2 2022: USD 25 million, H1 2022: USD 49 million).

Other Ancillary Business: Revenues from other ancillary business increased by 55.4% and 19.9% in Q2 2023 and in H1 2023, respectively driven by the management consultancy revenues from university hospitals. The consultancy revenues increased by 61.9% to TL 93 million in Q2 2023 and increased by 77.6% to TL 187 million in H1 2023.

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

	H1 2023	H1 2022	Change (bps)	Q2 2023	Q2 2022	Change (bps)
(% of Revenues)	76.1%	76.5%	(32)	75.7%	75.8%	(8)
Material	13.5%	18.8%	(532)	14.5%	19.1%	(458)
Doctor	23.6%	20.9%	271	24.1%	20.5%	358
Personnel	20.6%	16.0%	460	19.4%	15.2%	422
Rent	0.8%	1.2%	(44)	0.8%	1.5%	(73)
Outsourced services purchases	6.3%	7.3%	(100)	6.1%	6.9%	(85)
All other expenses	11.3%	12.2%	(87)	10.8%	12.5%	(173)

Material consumption as a percentage of total revenue decreased by 458 bps to 14.5% in Q2 2023 and decreased by 532 bps to 13.5% in H1 2023 due to the lagged impact of increased costs thanks to effective inventory management.

Doctor costs as a percentage of total revenue increased by 358 bps to 24.1% in Q2 2023 and increased by 271 bps to 23.6% in H1 2023 due to decreasing revenue generated from hospitals which are in the earthquake area.

Personnel expenses as a percentage of total revenue increased by 422 bps to 19.4% in Q2 2023 and increased by 460 bps to 20.6% in H1 2023 due to salary adjustments of the personnel in line with the minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 85 bps to 6.1% in Q2 2023 and decreased by 100 bps to 6.3% in H1 2023 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased by 173 bps to 10.8% in Q2 2023 and decreased by 87 bps to 11.3% in H1 2023 due to the increases in energy (electricity and natural gas) expenses was below the inflation rate.

EBITDA

EBITDA number increased by 66.1% to TL 896 million in Q2 2023 and increased by 64.5% to TL 1,710 million in H1 2023. EBITDA margin increased by 8 bps to 24.3% in Q2 2023 and increased by 32 bps to 23.9% in H1 2023. EBITDA margin increased due to effective inventory management, increases in energy (electricity and natural gas) expenses was below the inflation rate, and decreased outsourced services purchases.

Cash Flow

The operating cash flow increased by 22.3% to TL 304 million in Q2 2023 and increased by 46.7% to TL 898 million in H1 2023 due to the robust EBITDA growth (Q2 2022: TL 249 million, H1 2022: TL 612 million). Therefore, the operating cash flow/EBITDA ratio was at 34.0% in Q2 2023, and 52.5% in H1 2023 (Q2 2022: 46.1%, H1 2022: 58.9%).

Free cash flow increased by 181.4% to TL 156 million in Q2 2023 and increased by 103.2% to TL 629 million in H1 2023 due to lower capex (Q2 2022: TL 55 million, H1 2022: TL 310 million). Therefore, free cash flow/EBITDA ratio was at 17.4% in Q2 2023 and 36.8% in H1 2023 (Q2 2022: 10.3%, H1 2022: 29.8%).

Maintenance-related capital expenditures as a percentage of revenues was at 1.9% in Q2 2023 and 3.7% in H1 2023 (Q2 2022: 6.2%, H1 2022: 4.5%). Total capital expenditures as a percentage of revenues was at 3.4% in Q2 2023 and 6.6% in H1 2023 (Q2 2022: 8.7%, H1 2022: 6.8%).

Profit/(Loss) for the Period

Net profit increased by 79.2% to TL 725 million in Q2 2023 and increased by 62.6% to TL 983 million in H1 2023. Net profit normalized for divestitures increased by 175.7% in Q2 2023 and 135.5% in H1 2023. Net profit improved on the back of successful operational performance, deferred tax income, and FX income from operations.

Net profit allocated to non-controlling interest was TL 38 million in Q2 2023 and TL 51 million in H1 2023 (Q2 2022: TL 2 million net loss, H1 2022: TL 27 million net profit). Therefore, net profit allocated to equity holders of the parent increased by 68.9% to TL 687 million in Q2 2023 and 61.6% to TL 932 million in H1 2023 (Q2 2022: TL 407 million, H1 2022: TL 577 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	H1 2023	Vertical %	2022	Vertical %	Change
TL	1,235	48%	1,272	62%	(2.9%)
USD + Euro (*)	(445)	(17%)	(485)	(24%)	(8.2%)
Total loan, financial leasing	790	31%	787	38%	0.4%
TL (IFRS 16)	1,655	64%	1,170	57%	41.5%
USD + Euro (IFRS 16)	125	5%	95	5%	30.7%
Total lease liabilities (IFRS16)	1,780	69%	1,265	62%	40.7%
Total net debt	2,570	100%	2,053	100%	25.2%

(*) A Currency Protected Deposit transaction amounting to TL 99.3 million (USD 5.0 million) was made in April 2023 and presented under financial investments account. As the related USD balances was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position. There is a net long position of USD 23.2 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was flat at 0.9x in H1 2023 on the back of strong operating performance. (2022: 0.9x)

In H1 2023, net debt excluding obligations under operational leases related to TFRS 16 increased by TL 3 million to TL 790 million (2022: TL 787 million). The net debt/EBITDA ratio without IFRS 16 lease liability decreased to 0.2x in H1 2023 from 0.4x in 2022.

Total net debt including obligations under operational leases related to TFRS 16 increased by TL 518 million to TL 2,570 million due to lease agreements of existing hospitals (2022: TL 2,053 million).

Share Buy-Back Program

MLP Care Board of Directors have decided at their May 25, 2022 meeting to start a share buyback program to acquire up to 10% Company's issued capital. The rationale of this transaction is to support healthy share price formation. The fund of TL 650,000,000, which was previously allocated for the share buyback, was increased by TL 750,000,000 and determined as TL 1,400,000,000 and its duration was extended until May 25, 2024. As of June 30, 2023, total nominal value of purchased shares have become TL 13,020,000 which represents 6.2585% of the share capital. As of August 8, 2023 total nominal value of repurchased shares have become TL 13,690,000 which represents 6.5806% of the share capital.

EBITDA RECONCILIATION

TL million	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Revenue	7,167	4,417	62.3%	3,693	2,230	65.6%
Cost of service (-)	(5,121)	(3,189)	60.6%	(2,631)	(1,593)	65.2%
Gross profit	2,046	1,228	66.6%	1,062	637	66.7%
General administrative expenses (-)	(701)	(399)	75.7%	(352)	(201)	75.2%
Depreciation and amortization expenses (Cost of service)	339	196	73.2%	172	95	80.8%
Depreciation and amortization expenses (General administrative expenses)	26	15	75.2%	14	8	79.0%
EBITDA¹	1,710	1,040	64.5%	896	539	66.1%
EBITDA margin (%)¹	23.9%	23.5%	32bps	24.3%	24.2%	8bps

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

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Reviewed			Reviewed		
	H1 2023	H1 2022	Change (%)	Q2 2023	Q2 2022	Change (%)
Revenue	7,167	4,417	62.3%	3,693	2,230	65.6%
Cost of service (-)	(5,121)	(3,189)	60.6%	(2,631)	(1,593)	65.2%
Gross profit	2,046	1,228	66.6%	1,062	637	66.7%
General administration expenses (-)	(701)	(399)	75.7%	(352)	(201)	75.2%
Other income from operations	325	206	57.9%	278	91	206.7%
Other expenses from operations (-)	(178)	(251)	(29.1%)	(128)	(103)	24.2%
Operating profit/(loss)	1,492	784	90.4%	859	423	102.9%
Income from investing activities	50	144	(65.6%)	39	127	(69.0%)
Expense from investing activities (-)	(3)	(9)	(67.9%)	(0)	(3)	(88.3%)
EBIT	1,539	919	67.4%	898	547	64.1%
<i>EBIT margin</i>	<i>21.5%</i>	<i>20.8%</i>	<i>66bps</i>	<i>24.3%</i>	<i>24.5%</i>	<i>(22bps)</i>
Interest (expenses) / income, net (-)	(394)	(224)	76.0%	(197)	(84)	133.1%
Net foreign exchange profit / (loss) (including hedging cost)	(48)	(38)	26.9%	(42)	(15)	179.4%
Net profit / (loss) before tax	1,097	658	66.8%	660	448	47.3%
Tax income / (expense) from operations	(114)	(53)	114.4%	65	(44)	n.m.
Net profit / (loss)	983	604	62.6%	725	404	79.2%
Net profit / (loss) non-controlling interest	51	27	85.3%	38	(2)	n.m.
Net profit / (loss) equity holders of the parent	932	577	61.6%	687	407	68.9%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Reviewed June 30, 2023	Reviewed June 30, 2022	Audited December 31, 2022
Cash and cash equivalents	788	1,158	766
Financial investments	99	186	214
Trade receivables	2,063	1,083	1,455
Inventory	676	436	661
Short term other assets	842	539	701
Current assets	4,469	3,403	3,798
Tangible and intangible fixed assets	2,428	1,813	2,368
Right of use assets	1,357	550	932
Deferred tax assets	829	436	740
Long term other assets	918	410	599
Non-current assets	5,532	3,210	4,638
Total assets	10,001	6,613	8,436
Trade payables	2,624	1,909	2,398
Short term other liabilities	1,121	604	746
Short term financial liabilities (incl, financial and operational leases)	1,833	1,534	1,646
Current liabilities	5,578	4,047	4,790
Long term other liabilities	414	144	424
Deferred tax liabilities	12	146	28
Long term financial liabilities (incl, financial and operational leases)	1,624	1,154	1,386
Non-current liabilities	2,051	1,444	1,838
Shareholders' equity	2,319	1,148	1,805
Non-controlling interest	53	(26)	2
Equity	2,372	1,122	1,807
Total liabilities & equity	10,001	6,613	8,436