

**(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 FOR THE PERIOD
ENDED 1 JANUARY- 30 SEPTEMBER 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 OF 30 SEPTEMBER 2023

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

		Current Period Not Audited 30 September 2023	Prior Period Audited 31 December 2022
	Notes		
ASSETS			
Current Assets		5,627,144	3,797,503
Cash and Cash Equivalents	4	1,177,474	765,877
Financial Investments		-	214,179
Trade Receivables	6	2,591,839	1,455,350
<i>Trade Receivables from Related Parties</i>	3	667	52
<i>Trade Receivables from Third Parties</i>		2,591,172	1,455,298
Other Receivables	7	197,095	123,622
<i>Other Receivables from Related Parties</i>	3	108,610	76,837
<i>Other Receivables from Third Parties</i>		88,485	46,785
Inventories	8	847,217	660,884
Prepaid Expenses	9	589,319	396,778
Other Current Assets	13	224,200	180,813
Non-Current Assets		6,258,222	4,638,256
Trade Receivables		1,053	1,053
Other Receivables	7	2,400	2,458
Property, Plant and Equipment	10	1,879,693	1,348,032
Intangible Assets		1,164,736	1,019,791
<i>Goodwill</i>		147,663	33,037
<i>Other Intangible Assets</i>	10	1,017,073	986,754
Right-of-Use Assets	11	1,435,477	931,642
Prepaid Expenses	9	825,184	595,732
Deferred Tax Asset	22	949,679	739,548
TOTAL ASSETS		11,885,366	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 OF 30 SEPTEMBER 2023

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

		Current Period Not Audited 30 September 2023	Prior Period Audited 31 December 2022
	Notes		
LIABILITIES			
Current Liabilities		7,153,359	4,790,328
Short-Term Borrowings	5	1,787,916	923,742
Short-Term Portions of Long-Term Borrowings	5	439,114	484,201
Short-Term Financial Lease Liabilities	5	45,970	76,663
Short-Term Lease Liabilities	5	305,263	161,674
Trade Payables	6	3,318,645	2,397,956
<i>Trade Payables to Related Parties</i>	3	48,420	55,763
<i>Trade Payables to Third Parties</i>	6	3,270,225	2,342,193
Payables Related to Employee Benefits	12	336,605	165,487
Other Payables	7	158,701	111,977
<i>Other Payables to Related Parties</i>	3	18,237	787
<i>Other Payables to Third Parties</i>	7	140,464	111,190
Deferred Income	9	538,256	341,867
Short-Term Provisions		117,073	75,686
<i>Short-Term Provisions for Employee Benefits</i>	12	73,359	34,420
<i>Other Short-Term Provisions</i>	14	43,714	41,266
Current Tax Liabilities	22	105,816	51,075
Non-Current Liabilities		2,104,644	1,838,436
Long-Term Borrowings	5	72,954	243,439
Long-Term Financial Lease Liabilities	5	19,632	39,289
Long-Term Lease Liabilities	5	1,579,633	1,103,559
Other Payables		277,873	294,087
<i>Other Payables to Third Parties</i>	7	277,873	294,087
Deferred Income	9	44,119	68,594
Long-Term Provisions		100,798	61,422
<i>Long-Term Provisions for Employee Benefits</i>	12	100,798	61,422
Deferred Tax Liability	22	9,635	28,046
EQUITY		2,627,363	1,806,995
Equity Attributable to the Owner of the Company		2,500,584	1,805,022
Paid-in Capital	16	208,037	208,037
Share Premiums	16	556,162	556,162
Treasury Shares		(943,486)	(371,763)
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss		(55,886)	(58,511)
<i>Loss on Remeasurement of Defined Benefit Plans</i>		(55,886)	(58,511)
Restricted Reserves Appropriated from Profit	16	11,336	10,722
Prior Years' Profit / Losses		1,103,414	(158,920)
Net Profit for the Period		1,621,007	1,619,295
Non-Controlling Interest		126,779	1,973
TOTAL LIABILITIES AND EQUITY		11,885,366	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 SEPTEMBER 2023

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

	Notes	Current Period		Prior Period	
		Not Audited 1 January- 30 September 2023	Not Audited 1 July- 30 September 2023	Not Audited 1 January- 30 September 2022	Not Audited 1 July- 30 September 2022
Profit or Loss					
Revenue	17	12,035,372	4,868,679	6,892,620	2,475,777
Cost of Sales (-)	17	(8,488,646)	(3,367,581)	(4,938,415)	(1,749,416)
Gross Profit		3,546,726	1,501,098	1,954,205	726,361
General Administrative expenses (-)	18	(1,158,908)	(458,297)	(641,820)	(243,158)
Other Income from Operating Activities	19	531,064	205,720	329,744	123,750
Other Expenses from Operating Activities (-)	19	(422,408)	(244,154)	(352,709)	(101,281)
Operating Profit		2,496,474	1,004,367	1,289,420	505,672
Income from Investing Activities	20	56,086	6,534	128,983	(15,000)
Expenses from Investing Activities (-)	20	(8,029)	(5,245)	(13,024)	(4,357)
Operating Profit Before Finance Expenses		2,544,531	1,005,656	1,405,379	486,315
Finance Expenses (-)	21	(798,287)	(331,139)	(452,201)	(138,637)
Finance Income	21	58,529	33,023	86,194	34,049
Profit Before Tax		1,804,773	707,540	1,039,372	381,727
Tax Income / (Expense)		(97,474)	16,930	40,057	93,410
Current Tax Expense	22	(326,672)	(101,430)	(101,249)	(34,735)
Deferred Tax (Expense)/Income	22	229,198	118,360	141,306	128,145
Profit for the Period		1,707,299	724,470	1,079,429	475,137
Profit for the Period Attributable to:					
Non-Controlling Interests		86,292	35,378	40,906	13,429
Equity Holders of the Parent		1,621,007	689,092	1,038,523	461,708
		1,707,299	724,470	1,079,429	475,137
Earnings/(Loss) Per Share	23	7.79	3.31	4.99	2.22
Other Comprehensive Income/ (Expense)		2,625	(17,398)	(9,883)	(5,596)
Items that will not be Reclassified to Subsequently Profit or Loss					
Remeasurement Gains/(Losses) of Defined Benefit Plans		3,281	(21,748)	(12,354)	(6,995)
Taxes Related to Other Comprehensive Income that will not be Reclassified Subsequently to Profit to Loss		(656)	4,350	2,471	1,399
Total Comprehensive Income		1,709,924	707,072	1,069,546	469,541
Total Comprehensive Income Attributable to:					
Non-Controlling Interests		86,292	35,378	40,906	13,429
Equity Holders of the Parent		1,623,632	671,694	1,028,640	456,112
		1,709,924	707,072	1,069,546	469,541

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 SEPTEMBER 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 expense, net	-	-	-	(9,883)	-	-	-	(9,883)	-	(9,883)
Net profit/(loss) for the period	-	-	-	-	-	-	1,038,523	1,038,523	40,906	1,079,429
Total comprehensive income / (expense)	-	-	-	(9,883)	-	-	1,038,523	1,028,640	40,906	1,069,546
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	-	-	(150,260)	-	150,260	(150,260)	-	(150,260)	-	150,260
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 September 2022	208,037	556,162	(150,260)	(53,452)	160,982	(267,882)	1,038,523	1,492,110	(12,802)	1,479,308
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 / (expense), net	-	-	-	2,625	614	-	-	3,239	-	3,239
Net profit for the period	-	-	-	-	-	-	1,621,007	1,621,007	86,292	1,707,299
Total comprehensive income / (expense)	-	-	-	2,625	614	-	1,621,007	1,624,246	86,292	1,710,538
Transfers	-	-	-	-	-	1,619,295	(1,619,295)	-	-	-
Dividend distribution	-	-	-	-	-	(23,373)	-	(23,373)	-	(23,373)
Increase/(decrease) due to share repurchase transactions	-	-	(571,723)	-	-	-	-	(571,723)	-	(571,723)
Changes in non-controlling interests (***)	-	-	-	-	-	(333,588)	-	(333,588)	38,514	(295,074)
Balance as of 30 September 2023	208,037	556,162	(943,486)	(55,886)	11,336	1,103,414	1,621,007	2,500,584	126,779	2,627,363

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

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

(***) As of 30 September 2023, the Group's shareholding in MLP Gaziantep Sağlık Hizmetleri 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 ENDED 30 SEPTEMBER 2023

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

		Current Period Not Audited 1 January- 30 September 2023	Prior Period Not Audited 1 January- 30 September 2022
	Notes		
A. CASH FLOWS FROM OPERATING ACTIVITIES		2,521,254	1,234,067
Profit / (Loss) for the Period		1,707,299	1,079,429
Adjustments to Reconcile Profit / (Loss) for the Period		1,401,630	584,389
- Adjustments Related to Depreciation and Amortization Expenses	10,11	564,280	319,837
- Adjustments Related to Impairment / Reversal		6,457	1,662
Adjustments Related to Impairment / Reversal of Receivables	6	6,457	1,662
- Adjustments Related to Provisions		76,610	43,429
Adjustments Related to / Reversal of Provision for Employee Benefits		76,269	26,643
Adjustments Related to Litigation or Penalty Provisions / Annulment		341	16,786
- Adjustments Related to Interest Income and Expense		635,804	323,350
Adjustments Related to Interest Income		(110,045)	(86,194)
Adjustments Related to Interest Expense	21	745,849	409,544
- Adjustments Related to Tax Expense / Income	22	97,474	(40,057)
- Adjustments Related to Non-Cash Items		17,546	52,127
- Adjustments Related to Losses (Gains) on Disposal of Fixed Assets		3,459	(9,166)
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment		3,459	(9,166)
- Adjustments related to losses (gains) from the disposal of subsidiaries or joint operations		-	(106,793)
Changes in working capital		(249,036)	(358,150)
- Adjustments Related to Increase / Decrease in Trade Receivables		(1,250,551)	(414,014)
- Adjustments Related to Increase / Decrease in Inventories		(186,333)	(308,172)
- Adjustments Related to Increase / Decrease in Trade Payables		991,591	410,015
- Adjustments Related to Increase / Decrease in Other Payables Related to Operations		334,684	147,092
- Adjustments Related to Other Increase / Decrease in Working Capital		(138,427)	(193,071)
Increase / Decrease in Other Assets Related to Operations		(138,427)	(193,071)
Cash generated from operations		2,859,893	1,305,668
- Payments Related with Provision for Employee Benefits		(68,174)	(12,718)
- Tax Payments / Returns	22	(271,931)	(46,235)
- Payments for Other Provisions		(2,107)	(13,083)
- Other Cash Inflows / (Outflows)	6	3,573	435

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 ENDED 30 SEPTEMBER 2023

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

		Current Period Not Audited 1 January- 30 September 2023	Prior Period Not Audited 1 January- 30 September 2022
	Notes		
B. CASH FLOWS FROM INVESTING ACTIVITIES		(1,207,890)	(224,706)
- Cash Outflows Related to Share Purchases in Subsidiaries		(460,334)	(17,687)
- Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		323	20,555
<i>Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets</i>	10	323	20,555
- Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(782,946)	(462,643)
<i>Cash Outflows from Purchase of Property, Plant and Equipment</i>	10	(727,560)	(379,898)
<i>Cash Outflows from Purchase of Intangible Assets</i>	10	(55,386)	(82,745)
- Cash Advances and Payables Given	9	(230,628)	(248,370)
- Interest Received	20	51,516	-
- Cash Inflows from Sales that Result in Loss of Control of Subsidiaries		-	697,618
- Other Cash Inflows/ (Outflows) (*)		214,179	(214,179)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(901,767)	(695,634)
- Cash Inflows from Borrowings		1,697,299	672,224
<i>Cash Inflows from Loans</i>		447,299	396,924
<i>Cash Inflows from Issued Debt Instruments</i>		1,250,000	275,300
- Cash Outflows Related to Debt Payments		(1,171,239)	(644,095)
<i>Cash Outflows Related to Loan Repayments</i>		(251,239)	(244,095)
<i>Cash Outflows from Issued Debt Instruments</i>		(920,000)	(400,000)
- Cash Outflows Related to Debt Payments Arising from Lease Contracts		(510,354)	(284,780)
- Cash Outflows Related to Debt Payments Arising from Financial Lease Contracts		(61,388)	(117,728)
- Interest Paid		(319,518)	(253,465)
- Interest Received		58,529	86,194
- Dividend Paid		(23,373)	(3,724)
- Cash Outflows Related to Repurchase of Own Shares or Reduced Capital		(571,723)	(150,260)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		411,597	313,727
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		411,597	313,727
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	1,177,474	993,968

(*) Cash inflows/outflows from currency hedged deposits are included in this item.

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

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2023, MLP is the holding company of 15 subsidiaries (31 December 2022: 15) (collectively referred as the “Group”), each operating in the healthcare sector in Turkey.

The Group’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 September 2023, the shares representing 33.16% of MLP Sağlık’s capital are considered to be in circulation. As of 1 October 2023, this ratio is 33.16% (Note 16).

The number of employees of the Group as at 30 September 2023 is 11,805 (31 December 2022: 11,699).

Approval of condensed consolidated financial statements

The condensed consolidated financial statements have been approved by the Group Management and authorized for issue on 7 November 2023.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

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

As of 30 September 2023, the subsidiaries of the Group are as summarized below:

Name	Place of incorporation and activity
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
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi") in Liquidation	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
Şile CNS Gayrimenkul Sağlık Hizmetleri A.Ş.	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 13 June 2013 which is published on Official Gazette numbered 28676.

The Group prepared its condensed interim financial statements for the period ended 30 September 2023 in accordance with Turkish Accounting Standard No:34 "Interim Financial Reporting". Accordingly, the Group has prepared its interim consolidated financial statements as of 30 September 2023 by choosing summary presentation, and the explanations and notes required to be included in the annual consolidated financial statements prepared in accordance with TFRS have been summarized or not included in accordance with TAS 34.

Interim condensed financial statements of the Group do not include all the information and disclosures required in the annual financial statements and accompanying condensed consolidated financial statements should be read together with the independently audited consolidated financial statements as at 31 December 2022 and their accompanying notes.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

Inflation accounting

In accordance with the CMB's decision dated 17 March 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 September 2023 in accordance with TAS 29.

Comparative Information and Restatement of Prior Periods' Financial Statements

The condensed consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period condensed consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

As of 30 September 2023, the Group management has reclassified interest income amounting to TL 86,194, which was included in other operating income in the statement of profit or loss for the period 1 January – 30 September 2022, to finance income and interest income amounting to TL 86,194, which was included in cash flows from operating activities in the statement of cash flows, to cash flows (used in) generated from financing activities.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2023 and 31 December 2022 are as follows:

Subsidiaries	Place of incorporation and operation	30 September 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 (4)	Gaziantep	100.00%	60.00%	Hospital Services
Sotte Sağlık Temizlik Yemek	İstanbul - Ankara	100.00%	100.00%	Hospital Services
Kuzey	Ankara	100.00%	100.00%	Ancillary Services
Artimed	Ankara	100.00%	100.00%	Ancillary Services
21. Yüzyıl Anadolu Vakfı (2)	İstanbul	100.00%	100.00%	Ancillary Services
Kuzey Doğu	İstanbul	100.00%	100.00%	Ancillary Services
Şile CNS Gayrimenkul ve Sağlık Hizmetleri A.Ş.(5)	İstanbul	25.00%	-	Ancillary Services

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

(2) Represents voting power held

In 2011, the Group with the help of its real person shareholders decided to establish a medical university. Based on current legislation, foundations have to be owned by real persons rather than companies and since MLP Sağlık could not be the shareholder of an association, 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.

(4) The Company's share has increased to 100% as of 30 September 2023.

(5) The Company participated in the Company by acquiring shares corresponding to 25% of the company's capital as of 30 September 2023. All management rights of the Company will belong to MLP Sağlık Hizmetleri A.Ş.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company 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 of acquisition to the date of disposal.

Profit or loss and each component of other comprehensive income are attributed to the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full 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. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ("TFRS")

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 12	<i>International Tax Reform — Pillar Two Model Rules</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.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 ("TFRS") (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. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2023 are as follows:

	30 September 2023			
	Receivables		Payables	
	Current		Current	
	Trade	Non-trade	Trade	Non-trade
Shareholders				
Muharrem Usta (*)	-	104,772	-	50
Adem Elbaşı	-	3,695	-	-
	-	108,468	-	50

Other companies controlled by the shareholders

A ve A Sağlık A.Ş. (2)	469	-	8,511	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	6	-	18,541	-
Cotyora Med. Özel Sağ.	-	-	7,514	-
Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (3)	-	-	509	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	1	-	808	-
Saray Eczanesi	-	-	11,959	-
Samsunpark Özel Sağlık Tıbbi	-	-	-	-
Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	-	-	-	18,183
Mehmet Fatih Yalçınkaya (5)	-	-	577	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	-	4
Other	190	142	-	-
	667	142	48,420	18,187
	667	108,610	48,420	18,237

- (*) 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 to the Group's hospitals.
- (4) Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti. provides cleaning and catering services for the Group.
- (5) Mehmet Fatih Yalçınkaya is shareholder of Şile CNS.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2022			
	Receivables		Payables	
	Current		Current	
	Trade	Non-trade	Trade	Non-trade
Shareholders				
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 Tıbbi	-	-	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 Tıbbi 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 September 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
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	-	1,002
	14,129	15,208

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	30 September 2023	31 December 2022
Fixed asset advances given to related parties		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	302,860	306,817
	302,860	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 September 2023	31 December 2022
Related parties (sale and leaseback transactions)		
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (included in prepaid expenses)	367	367
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (included in long-term prepaid expenses)	123	396
	490	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. The Efes Hospital building land was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2010 with a loss of TL 6,211 and was leased back for 15 years, effective from the beginning of 2011. Bahçelievler Hospital building was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009 with a loss of 5,591 TL and was leased back for 15 years, effective from December 2009. As of 30 September 2023, the Group has incurred rent expense amounting to TL 273 due to amortization of prepaid rent (31 December 2022: TL 367).

	30 September 2023		31 December 2022	
Lease liabilities from related parties	Short-term	Long-term	Short-term	Long-term
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	95,534	-	59,265	-
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	24,940	98,076	15,274	80,213
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	4,472	139,415	24,775	47,871
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	12,855	-	4,808	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	7,822	-	2,943	-
	145,623	237,491	107,065	128,084

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Purchases from related parties				
A ve A Sağlık A.Ş. (1)	23,755	14,245	38,286	13,306
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2) (3)	25,791	10,249	25,245	6,385
	49,546	24,495	63,531	19,691

- (1) Cleaning material purchases
(2) Represents the paid rent expenses of the related period, evaluated within the scope of TFRS 16
(3) Turnkey fixtures, special costs and hospital construction, inspection and consultancy services

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Operating expenses (including purchase of services)				
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş (1)(7)	137,355	45,785	79,659	20,100
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	50,368	19,292	25,634	10,148
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	31,500	9,900	13,902	4,500
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1)(7)	5,188	5,188	-	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	18,663	7,360	8,416	3,444
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	20,824	9,561	12,568	2,379
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)(7)	5,943	1,469	4,208	1,050
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	3,588	1,588	1,636	626
Mp Sağlık ve Tic.A.Ş. (1)(7)	-	-	21,536	(2,280)
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)(7)	-	-	7,904	3,072
Saray Eczanesi (6)	2,575	1,208	1,959	511
Miniso Mağazacılık A.Ş. (3)	-	-	613	-
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	1,011	381	797	345
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	-	-	176	32
	277,015	101,734	179,008	43,927

- (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. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 3 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Sales to related parties				
A ve A Sağlık A.Ş. (1)	818	407	3,032	45
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	269	118	143	58
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	684	249	-	-
Miniso Mağazacılık A.Ş.	363	183	136	34
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	89	69	6	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	316	221	109	36
Samsunpark Özel Sağlık Hiz.İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti.	5	5	400	178
	2,544	1,252	3,826	351

(1) Outsourced laboratory services

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Interest income from related parties				
Muharrem Usta	21,829	12,551	11,242	4,200
Adem Elbaşı	781	450	336	120
	22,610	13,001	11,578	4,320

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 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Salaries and other short-term benefits	56,988	21,985	28,134	10,596
	56,988	21,985	28,134	10,596

NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash on hand	16,764	8,349
Cash at banks	1,145,604	749,830
- Demand deposits	194,104	97,571
- Time deposits	951,500	652,259
Other cash equivalents (*)	15,106	7,698
	1,177,474	765,877

As of 30 September 2023, the effective interest rates of the Group's TL denominated time deposits are 12%-30% (31 December 2022: 9%-17%) and maturities are less than 3 months. The Group has no time deposits denominated in USD and EUR (31 December 2022: 0.15%). As of 30 September 2023, the Group has Eurobond issued by the Republic of Türkiye Ministry of Treasury and Finance amounting to USD 12,000 with maturity less than 3 months (31 December 2022: None).

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

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 5 - FINANCIAL INSTRUMENTS

Financial Payables

	30 September 2023	31 December 2022
Financial Liabilities		
Short-term loans received	787,916	253,742
Short-term bonds issued	1,000,000	670,000
Short-term portion of long-term borrowings	252,855	420,484
- <i>Short-term portion of long-term bank loans</i>	252,855	420,484
Interest accrual	186,259	63,717
	2,227,030	1,407,943
Long-term bank loans	72,954	243,439
	72,954	243,439
Total financial borrowings	2,299,984	1,651,382

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

	1 January 2023	Financing cash flows	Foreign exchange movements (Note 21)	Disposal of subsidiary	Other adjustments (*)	30 September 2023
Bank loans and bonds issued	1,651,382	648,602	-	-	-	2,299,984
Finance lease liabilities	115,952	(61,388)	11,038	-	-	65,602
Lease liabilities	1,265,233	(510,354)	41,400	-	1,088,617	1,884,896
	3,032,567	76,860	52,438	-	1,088,617	4,250,482

	1 January 2022	Financing cash flows	Foreign exchange movements (Note 21)	Disposal of subsidiary	Other adjustments (*)	30 September 2022
Bank loans and bonds issued	1,625,801	41,207	-	-	-	1,667,008
Finance lease liabilities	230,557	(117,728)	25,430	-	-	138,259
Lease liabilities	892,791	(281,408)	17,227	(55,987)	281,900	854,523
	2,749,149	(357,929)	42,657	(55,987)	281,900	2,659,790

(*) 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. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 5 - FINANCIAL INSTRUMENTS (Continued)

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

		30 September 2023		
Currency	Weighted Average Effective Interest Rate	Short-term	Long-term	Total
TL	40.76%	504,149	-	504,149
TL	TLRef+4,TLRef+18,TRLibor+4.00+-5.80	1,722,881	72,954	1,795,835
		2,227,030	72,954	2,299,984

		30 December 2022		
Currency	Weighted Average Effective Interest Rate	Short-term	Long-term	Total
TL	25.40%	905,854	2,106	907,960
TL	TLRef+4-TRLibor+3.50-4.00-4.50-5.80	502,089	241,333	743,422
		1,407,943	243,439	1,651,382

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

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

	30 September 2023	31 December 2022
Interest accruals	186,259	63,717
To be paid within 1 year (*)	2,040,771	1,344,228
To be paid between 1-2 years	72,954	169,514
To be paid between 2-3 years	-	73,925
	2,299,984	1,651,382

(*) TL 787,916 of the loans to be paid within one year consists of revolving loans and TL 1,000,000 part consists of bond payments which will be redeemed within 1 year.

Covenants

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. Regarding the loan in question, 25% of the Group's non-public shares, the Company's shares in companies that are subsidiaries of the Group, and the commercial enterprise lien on all fixed assets owned by the Company and the Group's bank account lien have been removed as of 24 April 2023. 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. As of 30 September 2023, the Group has fulfilled the rates in the above-mentioned contractual provisions.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2023	31 December 2022	30 September 2023	31 December 2022
Lease liabilities				
Within one year	63,749	99,066	45,970	76,663
In the second to fifth years inclusive	16,720	42,703	19,632	39,289
	80,469	141,769	65,602	115,952
Less : prepaid finance expenses	(14,866)	(25,817)	-	-
Present value of lease liabilities	65,602	115,952	65,602	115,952
Less: Amounts due to settlement within twelve months (shown under current liabilities)	45,970	76,663	45,970	76,663
To be paid after 12 months	19,632	39,289	19,632	39,289

Lease Liabilities:

	30 September 2023	31 December 2022
Within one year	305,263	161,674
More than one year	1,579,633	1,103,559
Present value of the lease liabilities	1,884,896	1,265,233

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	30 September 2023	31 December 2022
Short-term trade receivables		
Trade receivables	1,817,431	999,394
Notes receivables	39,986	41,375
Trade receivables from related parties (Note 3)	667	52
Patient income accruals	834,917	496,336
Other trade income accruals	25,392	38,671
Additions due to subsidiary acquisition	47	-
Provision for doubtful receivables (-)	(126,601)	(120,478)
	2,591,839	1,455,350

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2023, trade receivables of an initial value of TL 126,601 (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 September 2023	1 January - 30 September 2022
Movement of allowance for doubtful receivables		
Opening balance	120,478	125,305
Charge for the period (Note 18)	6,457	1,662
Collections (Note 19)	(334)	(435)
Disposal of subsidiary	-	(6,975)
Closing balance	126,601	119,557

Trade Payables

	30 September 2023	31 December 2022
Short-term trade payables		
Trade payables	2,511,700	1,710,475
Trade payables to related parties (Note 3)	48,420	55,763
Other expense accruals	749,245	628,767
Other trade payables	9,280	2,951
	3,318,645	2,397,956

NOTE 7 - OTHER RECEIVABLES AND PAYABLES

Other Receivables

	30 September 2023	31 December 2022
Other short-term receivables		
Receivables from tax office	24,152	24,152
Deposits given	18,749	8,275
Non-trading receivables from related parties (Note 3)	108,610	76,837
Other miscellaneous receivables	45,584	14,358
	197,095	123,622
Other long-term receivables		
Deposits and guarantess given	2,400	2,458
	2,400	2,458

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

	30 September 2023	31 December 2022
Other short-term payables		
Other taxes and funds payable	89,988	62,040
Payables related to business combinations (*)	47,178	46,794
Non-trade payables to related parties (Note 3)	54	787
Additions due to subsidiary acquisition	18,183	-
Other miscellaneous payables	3,298	2,356
	158,701	111,977
Other long-term payables		
Payables related to business combinations (*)	277,873	294,087
	277,873	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 September 2023	31 December 2022
Laboratory inventories	-	19,917
Pharmaceutical inventories	198,762	139,024
Medical inventories	647,902	501,836
Other	553	107
	847,217	660,884

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

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

	30 September 2023	31 December 2022
Short-term prepaid expenses		
Order advances given (*)	465,477	342,309
Prepaid insurance expenses	93,555	36,110
Prepaid rent expenses	2,063	260
Prepaid sponsorship expenses	2,298	1,620
Other	25,926	16,479
	589,319	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. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

	30 September 2023	31 December 2022
Long-term prepaid expenses		
Fixed asset advances given (*)	823,141	592,512
Prepaid rent expenses	122	397
Other	1,921	2,823
	825,184	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 September 2023	31 December 2022
Short-term deferred income		
Advances received (*)	488,086	295,139
Deferred income	50,170	46,728
	538,256	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 September 2023	31 December 2022
Long-term deferred income		
Deferred income	44,119	68,594
	44,119	68,594

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land	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	9,916	-	164,973	500	134,116	-	126,953	291,102	727,560
Additions due to subsidiary acquisition	63,463	-	-	-	1	-	-	2,639	66,103
Disposals	-	-	(23,198)	-	(8,475)	(6,284)	(1,158)	-	(39,115)
Transfers	-	-	61,754	-	32,893	(9,103)	-	(85,544)	-
Closing balance as of 30 September 2023	73,379	817	1,215,502	2,346	699,505	373,988	1,050,800	297,584	3,713,921
<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 (*)	-	-	(100,635)	(159)	(50,898)	(16,396)	(90,132)	-	(258,220)
Disposals	-	-	20,136	-	8,183	6,284	730	-	35,333
Closing balance as of 30 September 2023	-	(126)	(717,030)	(1,383)	(311,674)	(331,394)	(472,621)	-	(1,834,228)
Carrying value as of 30 September 2023	73,379	691	498,472	963	387,831	42,594	578,179	297,584	1,879,693

(*) For the period ended 1 January - 30 September 2023, depreciation and amortisation expense amounting to TL 244,642 (1 January - 30 September 2022: TL 162,887) is included in cost of sales and TL 38,645 (1 January - 30 September 2022: TL 23,706) is included in marketing and general administrative expenses.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

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

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Cost									
Opening balance as of 1 January 2022	-	817	881,016	1,551	444,028	436,934	723,446	80,237	2,568,029
Additions	-	-	220,984	-	88,058	-	68,988	1,868	379,898
Disposals	-	-	(18,476)	-	(8,253)	(62)	-	-	(26,791)
Disposal of subsidiary	-	-	(88,139)	(486)	(65,668)	(83,889)	-	1,098	(237,084)
Transfers	-	-	(87,359)	83	37,495	66,238	(40,773)	28,433	4,117
Closing balance as of 30 September 2022	-	817	908,026	1,148	495,660	419,221	751,661	111,636	2,688,169
Accumulated depreciation									
Opening balance as of 1 January 2022	-	(111)	(599,327)	(1,586)	(274,258)	(346,256)	(331,758)	-	(1,553,296)
Charge for the period (*)	-	(12)	(91,430)	-	(25,807)	(19,963)	(38,888)	-	(176,100)
Disposals	-	-	10,493	-	3,434	62	1,708	-	15,697
Disposal of subsidiary	-	-	65,317	404	47,210	11,140	40,841	-	164,912
Transfers	-	-	(34)	34	-	-	-	-	-
Closing balance as of 30 September 2022	-	(123)	(614,981)	(1,148)	(249,421)	(355,017)	(328,097)	-	(1,548,787)
Carrying value as of 30 September 2022	-	694	293,045	-	246,239	64,204	423,564	111,636	1,139,382

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

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

Cost	Licenses	Rights	Other	Total
Opening balance as of 1 January 2023	845,824	203,741	3,081	1,052,646
Additions	-	55,386	-	55,386
Disposals	-	(811)	-	(811)
Closing balance as of 30 September 2023	845,824	258,316	3,081	1,107,221

Accumulated Amortization

Opening balance as of 1 January 2023	-	(64,710)	(1,182)	(65,892)
Charge for the period	-	(24,994)	(73)	(25,067)
Disposals	-	811	-	811
Closing balance as of 30 September 2023	-	(88,893)	(1,255)	(90,148)

Carrying value as of 30 September 2023	845,824	169,423	1,826	1,017,073
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Cost	Licenses	Rights	Other	Total
Opening balance as of 1 January 2022	596,072	117,180	3,245	716,497
Disposal of subsidiary	(57,907)	(1,928)	-	(59,835)
Additions	-	82,745	-	82,745
Disposals	-	(1,598)	(164)	(1,762)
Transfers	-	(4,116)	-	(4,116)
Closing balance as of 30 September 2022	538,165	192,283	3,081	733,529

Accumulated Amortization

Opening balance as of 1 January 2022	-	(52,272)	(1,147)	(53,419)
Disposal of subsidiary (Note 30)	-	3,443	-	3,443
Charge for the period	-	(10,344)	(149)	(10,493)
Disposals	-	1,467	-	1,467
Closing balance as of 30 September 2022	-	(57,706)	(1,296)	(59,002)

Carrying value as of 30 September 2022	538,165	134,577	1,785	674,527
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NOTE 11- RIGHT-OF-USE ASSETS

	Hospital	Total
Opening balance as of 1 January 2023	931,642	931,642
Additions during the period	784,828	784,828
Depreciation expense for the period (*)	(280,993)	(280,993)
Closing balance as of 30 September 2023	1,435,477	1,435,477

(*) For the period ended 30 September 2023, depreciation and amortisation expenses of right-of-use assets amounting to TL 277,871 is included in cost of sales and TL 3,122 is included in marketing and general administrative expenses.

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

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

NOTE 11 – RIGHT-OF-USE ASSETS (Continued)

	Hospital	Total
Opening balance as of 1 January 2022	539,308	539,308
Additions during the period	198,260	198,260
Depreciation expense for the period (*)	(133,244)	(133,244)
Disposal of subsidiary	(55,987)	(55,987)
Closing balance as of 30 September 2022	548,337	548,337

(*) For the period ended 30 September 2022, right of use assets depreciation expenses amounting to TL 130,703 is included in cost of service, TL 2,541 is included in 'general administrative and marketing expenses.

NOTE 12- EMPLOYEE BENEFITS

	30 September 2023	31 December 2022
<u>Payables related to employee benefits</u>		
Fees payable to doctors and other personnel	202,195	111,285
Social security premiums payable	134,410	54,202
	336,605	165,487

	30 September 2023	31 December 2022
<u>Short term provision for employee benefits</u>		
Provision for unused vacation	73,359	34,420
	73,359	34,420

	30 September 2023	31 December 2022
<u>Long term provision for employee benefits:</u>		
Provision for unused vacation	47,978	20,244
Provision for employment termination benefits	52,820	41,178
	100,798	61,422

NOTE 13 - OTHER ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
<u>Other current assets:</u>		
VAT carried forward	211,079	141,109
Additions due to subsidiary acquisition	559	-
Other miscellaneous current assets	12,562	39,704
	224,200	180,813

NOTE 14 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
<u>Other short-term provisions</u>		
Litigation provisions	30,842	30,501
SSI penalty provisions	12,872	10,765
	43,714	41,266

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 15 – COMMITMENTS

30 September 2023	Total TL equivalent	TL	USD	EUR
A. CPM Given on Behalf of its Own Legal Entity	272,085	263,460	156	145
- <i>Collateral</i>	272,085	263,460	156	145
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
B. CPM's given on Behalf of the Fully Consolidated Companies (*)	89,631	89,631	-	-
- <i>Collateral</i>	89,631	89,631	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
C. CPM's Given on Behalf of Third Parties for Ordinary Course of Business				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
D. Total Amount of Other CPM's Given				
i. Total Amount of CPM's Given on Behalf of the Main Shareholder				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
ii. Total Amount of CPM's Given on Behalf of the Group Companies which are not in Scope of B and C				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
iii. Total Amount of CPM's Given on Behalf of Third Parties which are not in Scope of C				
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
	361,716	353,091	156	145

(*) The Group has given guarantees amounting to TL 79,083 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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(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
- <i>Collateral</i>	342,671	336,753	156	150
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
B. CPM's given on Behalf of the Fully Consolidated Companies (*)	68,678	68,678	-	-
- <i>Collateral</i>	68,678	68,678	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
C. CPM's Given on Behalf of Third Parties for Ordinary Course of Business	-	-	-	-
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
D. Total Amount of Other CPM's Given				
i. Total Amount of CPM's Given on Behalf of the Main Shareholder	-	-	-	-
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
ii. Total Amount of CPM's Given on Behalf of the Group Companies which are not in Scope of B and C	-	-	-	-
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
iii. Total Amount of CPM's Given on Behalf of Third Parties which are not in Scope of C	-	-	-	-
- <i>Collateral</i>	-	-	-	-
- <i>Pledge</i>	-	-	-	-
- <i>Mortgage</i>	-	-	-	-
	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, RESERVES AND OTHER EQUITY ITEMS

Shareholders	%	30 September 2023	%	31 December 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 9 March 2023, the title of Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. has been registered as "Sancak Yatırım İç ve Dış Ticaret Anonim Şirketi."

** 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." and "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 24 September 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 September 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 Principle Decision No. 21/655 dated 23 July 2010, amended by the CMB's Principle Decision No. 31/1059 dated 30 October 2014, it is regarded that 33.16% of the shares are in circulation in accordance with CSD as of 30 September 2023 (Note 1). Shares in circulation rate is 33.16% as of 1 October 2023.

On 7 February 2018, the Group launched initial public offering ("IPO") of 72,834 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, 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. The premium for shares represents the difference between the nominal amount of shares offered to the public and the sales amount.

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

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NOTE 16- SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (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 September 2023	31 December 2022
Legal reserves	1,378	764
Property sale gains	9,958	9,958
	11,336	10,722

NOTE 17 – REVENUE

Revenue	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Hospital service income (*)	12,035,372	4,868,679	6,892,620	2,475,777
	12,035,372	4,868,679	6,892,620	2,475,777

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

Cost of sales	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Material consumption	(1,627,700)	(658,989)	(1,203,998)	(371,969)
Doctor expenses	(2,837,058)	(1,146,197)	(1,449,483)	(527,026)
Personnel expenses	(1,956,142)	(784,259)	(915,143)	(345,740)
Depreciation and amortization expenses (Note 10,11)	(552,513)	(183,143)	(293,590)	(97,596)
Outsourced benefits and services	(698,428)	(266,872)	(456,516)	(157,874)
Rent expenses (Hospitals)	(64,740)	(21,168)	(69,338)	(22,084)
Other (*)	(782,065)	(306,953)	(550,347)	(227,127)
	(8,488,646)	(3,367,581)	(4,938,415)	(1,749,416)

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

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NOTE 18 – GENERAL ADMINISTRATIVE EXPENSES

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
General administrative and marketing expenses				
Personnel expenses	(499,632)	(191,950)	(223,575)	(84,198)
Sponsorship and advertising expenses (*)	(454,567)	(190,222)	(296,615)	(116,961)
Depreciation and amortization expenses (Note 10,11)	(41,767)	(16,232)	(23,516)	(8,940)
Outsourced benefit and services	(38,289)	(16,341)	(33,995)	(9,153)
Turism project expenses	(37,579)	(17,784)	(12,077)	(5,482)
Rent expenses	(17,033)	(5,599)	(9,447)	(3,509)
Communication expenses	(10,008)	(3,932)	(10,853)	(3,148)
Doubtful receivable expense (Note 6)	(6,457)	(2,814)	(1,662)	(177)
Maintenance and repair expenses	(4,648)	(1,334)	(4,747)	(1,279)
Taxes and duties	(3,429)	(1,029)	(2,726)	(840)
Service expenses	(2,521)	(829)	(2,223)	(676)
Representation and entertainment expenses	(1,382)	(750)	(2,178)	(206)
Other	(41,596)	(9,481)	(18,206)	(8,589)
	(1,158,908)	(458,297)	(641,820)	(243,158)

(*) 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 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Other income from operating activities				
Foreign exchange gains from operations	375,767	118,990	300,958	118,316
Trade payables discount income	77,692	55,048	(146)	(6,806)
Bank commission income	37,137	12,515	7,552	2,344
Collection of doubtful receivables (Note 6)	334	91	435	282
Other income	40,134	19,076	20,945	9,614
	531,064	205,720	329,744	123,750

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Other expenses from operating activities				
Foreign exchange losses from operations	(195,244)	(104,102)	(196,424)	(52,668)
SSI penalty and deduction expenses	(14,376)	(6,087)	(27,466)	(5,206)
Non-operational portion expenses	(25,088)	(11,569)	(12,989)	(7,396)
Depreciation and amortization expenses (Note 10,11)	-	-	(2,731)	-
Trade receivables discount expense	(40,693)	(29,615)	(3,913)	138
Biomedical equipment damage	(4,690)	(1,340)	(9,859)	(2,255)
Other expenses	(142,317)	(91,441)	(99,327)	(33,894)
	(422,408)	(244,154)	(352,709)	(101,281)

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NOTE 20 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Income from investing activities				
Exchange rate protected deposits	51,516	2,504	-	-
Income from sale of disposal of subsidiary	-	-	106,793	(19,157)
Income from sale of fixed assets	4,570	4,030	22,190	4,157
	56,086	6,534	128,983	(15,000)
Expense from investing activities				
Loss on sale of fixed assets	(8,029)	(5,245)	(13,024)	(4,357)
	(8,029)	(5,245)	(13,024)	(4,357)

NOTE 21 - FINANCE EXPENSES

	1 January - 30 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Finance expenses				
Interest expenses from borrowings	(107,398)	(44,098)	(80,800)	(15,042)
Interest expenses from financial lease liabilities	(11,372)	(3,285)	(13,490)	(3,784)
Interest expenses from bonds issued	(155,470)	(98,681)	(90,157)	(42,226)
Bank commissions	(97,404)	(41,444)	(40,393)	(16,287)
Loss on derivative transactions	-	-	-	-
Interest expenses from lease liabilities	(303,789)	(105,641)	(142,999)	(46,944)
Other interest expenses	(70,416)	(33,167)	(41,705)	(9,208)
Total interest expenses	(745,849)	(326,316)	(409,544)	(133,491)
Net foreign exchange loss	(11,038)	(922)	(25,430)	(3,056)
Exchange difference expenses on lease liabilities (Note 5)	(41,400)	(3,901)	(17,227)	(2,090)
	(798,287)	(331,139)	(452,201)	(138,637)
Finance income				
Interest income	58,529	33,023	86,194	34,049
Net financial expenses	(739,758)	(298,116)	(366,007)	(104,588)

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

	30 September 2023	31 December 2022
Short-term payables due to current tax		
Current tax liabilities	105,816	51,075
	105,816	51,075

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NOTE 22 -INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

	30 September 2023	31 December 2022
<u>Current tax liability</u>		
Current corporate tax provision	326,672	61,647
Less: Prepaid taxes and funds	(220,856)	(10,572)
	105,816	51,075

	1 Ocak - 30 Eylül 2023	1 Temmuz - 30 Eylül 2023	1 Ocak - 30 Eylül 2022	1 Temmuz - 30 Eylül 2022
<u>Vergi (gideri) / geliri</u>				
Cari vergi gideri	(326,672)	(101,430)	(101,249)	(34,735)
Ertelenmiş vergi geliri	229,198	118,360	141,306	128,145
	(97,474)	16,930	40,057	93,410

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 25% in 2023 (31 December 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 25% (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.

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (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 September 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 was 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 TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes and they are given below. In the financial statements as at 30 September 2023, deferred tax assets and liabilities are calculated with a tax rate of 25% for the part that will create a tax effect in 2023, and 20% for the part that will create a tax effect in 2024 and beyond, based on temporary differences (31 December 2022: 23% for the part that will create tax effect in 2022, 20% for the part that will create tax in 2023 and beyonds). 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 TPL 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 173,989 (30 September 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 527,966 (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 September 2023, the Group has an accumulated tax loss of TL 69,612 (31 December 2022: TL 59,902). A deferred tax asset amounting to TL 17,403 was recognized for these losses (31 December 2022: TL 13,777 deferred tax assets were recorded).

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

	30 September 2023	31 December 2022
<u>Deferred tax assets / (liabilities):</u>		
Accumulated financial losses	17,403	13,777
Temporary differences of property, plant and equipment and intangible assets	210,135	187,429
Provision for employment termination benefits	10,564	8,236
Provision for unused vacation	24,267	10,933
Temporary difference between the tax base and carrying amount of financial liabilities	2,142	(3,691)
Prepaid building expenses	83	(158)
Tax advantage from investment incentive	527,966	366,510
Right-of-use asset	89,884	66,718
Other	57,600	61,748
	940,044	711,502
Deferred tax asset	949,679	739,548
Deferred tax liability	(9,635)	(28,046)
	940,044	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 September 2023	31 December 2022
<u>Expiration schedule of carryforward tax losses</u>	<u>Carry-forward tax losses on which deferred tax assets are calculated</u>	<u>Carry-forward tax losses on which deferred tax assets are calculated</u>
Expiring in 2023	-	12,257
Expiring in 2024	5,773	4,379
Expiring in 2025	14,375	14,375
Expiring in 2026	7,398	9,320
Expiring in 2027	11,688	19,571
Expiring in 2028	30,378	-
	69,612	59,902

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

Movement of deferred tax liabilities:

	1 January - 30 September 2023	1 January - 30 September 2022
Opening balance as of 1 January	(711,502)	(285,462)
Charged to profit or loss	(229,198)	(141,306)
Disposal of subsidiary	-	9,599
Charged to equity	656	(2,471)
Closing balance as of period end	(940,044)	(419,640)

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NOTE 22 - INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (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 September 2023	1 January - 30 September 2022
Profit / (loss) before tax	1,804,773	1,039,372
Income tax rate of 25% (2022: 23%)	(451,193)	(239,056)
Tax effects of:		
- expenses that are not deductible	(103,399)	(47,233)
- adjustment related to investment incentive	161,456	118,162
- change in tax rate	(18,964)	(565)
- reduced corporate tax effect	163,789	147,220
- revaluation of assets for tax purposes	173,990	-
- other (*)	(23,153)	61,529
Income tax income recognised in profit or loss	(97,474)	40,057

(*) 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 September 2023	1 July- 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2022
Weighted average number of shares present during the year	208,037	208,037	208,037	208,037
Net profit / (loss) for the period for the equity holders of the parent	1,621,007	689,092	1,038,523	461,708
Earnings per share for parent company shares	7.79	3.31	4.99	2.22

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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 September 2023			
	TL Equivalent (Functional currency)	USD	EUR	GBP
1. Trade Receivable	153,730	4,591	966	-
2a. Monetary Financial Assets	597,089	17,401	3,835	280
2b. Non-Monetary Financial Assets	133,394	2,765	1,984	3
3. Other	16,180	-	557	-
4. CURRENT ASSETS	900,393	24,757	7,342	283
6b. Non-Monetary Financial Assets	124,318	4,541	-	-
8. NON-CURRENT ASSETS	124,318	4,541	-	-
9. TOTAL ASSETS	1,024,711	29,298	7,342	283
10. Trade Payables	(342,924)	(12,208)	(300)	-
11b. Financial Liabilities (leasing)	(16,025)	-	(552)	-
11c. Lease Liabilities	(41,194)	-	(1,419)	-
12a. Other Monetary Liabilities	(184,504)	(4,310)	(2,223)	(59)
13. CURRENT LIABILITIES	(584,647)	(16,518)	(4,494)	(59)
14. Trade Payables	-	-	-	-
15a. Financial Liabilities (loans)	-	-	-	-
15b. Financial Liabilities (leasing)	-	-	-	-
15c. Lease Liabilities	(130,492)	-	(4,140)	-
17. NON-CURRENT LIABILITIES	(130,492)	-	(4,140)	-
18. TOTAL LIABILITIES	(715,139)	(16,518)	(8,634)	(59)
20. Net Foreign Currency Asset Liability Position (9+18+19)	309,572	12,780	(1,292)	224
21. Monetary items net foreign currency asset / liability position (1+2a+10+11a+11b+11c+12a+14+15a+15b+15c+16a)	35,680	5,474	(3,833)	221

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 Receivable	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	648,893	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	711,066	33,267	4,314	135
10. Trade Payables	(9,954)	(332)	(187)	-
11a. Financial liabilities (loans)	-	-	-	-
11b. Financial Liabilities (leasing)	(46,185)	(280)	(2,050)	-
11c. Lease Liabilities	(15,338)	-	(768)	-
12a. Other Monetary Liabilities	(129,437)	(4,026)	(2,653)	(46)
13. CURRENT LIABILITIES	(200,914)	(4,638)	(5,658)	(46)
15b. Financial Liabilities (leasing)	(5,752)	-	(288)	-
15c. Lease Liabilities	(80,582)	-	(4,035)	-
17. NON-CURRENT LIABILITIES	(86,334)	-	(4,323)	-
18. TOTAL LIABILITIES	(287,247)	(4,638)	(9,981)	(46)
20. Net Foreign Currency Asset Liability Position (9+18+19)	423,819	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)	318,505	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 USD and EUR. 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. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 24 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Foreign currency sensitivity (continued)

	30 September 2023	
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In the case of US dollar increases in 20% against TL		
1 - USD net asset/liability	69,975	(69,975)
2 - Portion hedged against USD risk (-)	-	-
3 - USD net effect (1 +2)	69,975	(69,975)
In the case of EUR increases in 20% against TL		
4 - EUR net asset/liability	(7,500)	7,500
5 - Portion hedged against EUR risk (-)	-	-
6 - EUR net effect (4+5)	(7,500)	7,500
TOTAL (3+6)	62,475	(62,475)
	31 December 2022	
	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In the case of US dollar increases in 20% 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 increases in 20% 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. VE BAĞLI ORTAKLIKLARI

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

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

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

In line with our strategy to increase foreign health tourism revenue, a management service agreement was signed on 2 October 2023 between MLP Sağlık Hizmetleri A.Ş. ("MLP Care") and Duna Medical Centre Kft. ("Hospital") in Hungary.

Liv Duna Hospital, the second hospital opened by MLP Care abroad and the eighth hospital of the Liv Hospital brand, will play a major role in promoting Liv Hospital's strong brand and quality healthcare services abroad with its 22,000 m2 closed area and 154 bed capacity.

MLP SAĞLIK HİZMETLERİ A.Ş. VE BAĞLI ORTAKLIKLARI

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

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

APPENDIX I TAMAMLAYICI DİĞER BİLGİLER

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

Earnings before interest taxes depreciation and amortization ("EBITDA") is calculated by the Group Management with the addition of the period's depreciation and amortization, financial expenses, other adjustments and tax expenses to net profit before tax.

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

	30 September 2023	30 September 2022
EBITDA CALCULATION		
Net loss before tax	1,804,773	1,039,372
Depreciation and amortization of property, plant and equipment and intangible assets, including non-cash provisions for assets such as all kinds of fixed assets and goodwill that are not considered within the scope of working capital;	564,279	319,837
Total net finance cost, net of interest income;	635,804	323,350
Realized and unrealized foreign exchange gains deducted from and foreign exchange losses added to financial liabilities;	52,438	42,657
Fair value differences of derivative instruments (net) (Note 21);	-	-
Extraordinary (income)/expense	111,237	58,667
Rediscount income/expense, net (Note 20)	(36,999)	4,059
Income on bargain purchase price	-	(106,793)
Legal case provision expenditures which are reflected to financial statements by the general accounting principles;	341	3,703
Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles;	66,673	14,634
Employment termination benefit provision expenses which are reflected to financial statements by the general accounting principles;	9,596	12,009
One-off doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles;	6,123	1,227
Non-cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	591	591
Non-cash profit added to non-cash losses from the disposal or deactivation of property, plant and equipment or intangible assets;	3,459	(9,166)
EBITDA	3,218,315	1,704,147
TFRS 16 Lease payment effect	(510,354)	(284,780)
Adjusted EBITDA	2,707,961	1,419,367