

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

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
1 JANUARY- 31 DECEMBER 2023
AND INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of MLP Sağlık Hizmetleri A.Ş. ("the Company") and its subsidiaries (all together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS"s).

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

Consolidated financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" within the scope of the "Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit" dated 23 November 2023 published by the POA. Accordingly, we draw attention to Note 2 of the consolidated financial statements, which describes the transition to inflation accounting. Our opinion is not modified in respect of this matter.

4) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
<i>Revenue recognition</i> The Group's main source of revenue is hospital services income. The measurement of revenue from the hospital services and recognition to correct period are determined in accordance with the protocol opened at patient admission process for each patient and invoices are issued over the accounting system. In addition, income relating to patient treatments which are partially completed but not invoiced at financial reporting date is accounted as income accruals. Since there may be a risk of misstatement possibility in recognition of revenue in respect of correct amount and correct period, this matter is considered as key audit matter. Explanations regarding accounting policies related to revenue and the amounts are disclosed in Note 2.5 and Note 20.	The following procedures were performed during the audit. The design and implementation of relevant controls defined by the Management in the revenue cycle are evaluated. The reconciliation between the service revenue data extracted from accounting system and the consolidated financial statements is controlled and the completeness and accuracy of this data is tested. Substantive procedures have been applied for the samples selected by sampling method from the data determined as the population. Such substantive procedures include examination of invoices and collections and timing of the revenue recognized regarding selected samples. In addition, samples are selected from the service revenue recognized subsequent to reporting period and tested whether revenue is recognized in the correct period. As per these procedures, for the Social Security Institution ("SSI") revenue, Medula, a SSI central program, have been controlled and the completeness and accuracy of service revenue, which are checked and approved by SSI, are evaluated. The details for revenue from the records related to the service revenues that have been accrued as of the date of the consolidated financial statement have been obtained and the accuracy of the data has been tested and the reconciliation with the consolidated financial statement has been evaluated. Patient records have been compared with the samples selected from the relevant data and the examination of completeness and accuracy of the amount recorded as revenue recognized in the correct period is evaluated. In addition, the adequacy of disclosures in Note 20 Revenue is evaluated in accordance with TFRS.

4) Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<i>Assessment of impairment</i> The Group has TL 3.677.848 thousand hospital licences presented under intangible assets in the consolidated financial statements. Since the assessment of impairment contains a number of significant judgments and there may be a risk of misstatement possibility in calculation of impairment in respect of these intangible assets, this matter is considered as key audit matter. The value of Group's hospital licenses and goodwill is supported via value-in-use calculations based on the future cash flow forecasts. Explanations regarding accounting policies related to revenue and the amounts are disclosed in Note 2.5 and Note 12.	The audit procedures regarding the impairment analysis performed by the Group Management is explained below. The reasonableness of the Group Management's assessment regarding any impairment indicator in these assets are evaluated. The assumptions and estimations used by Management in the determination of recoverable amounts of hospital licences and goodwill are evaluated by us. This evaluation includes review of basic curves, analysis of hospital revenue and costs and review of hospital capital expenditure estimations. Factors that have a significant impact on cash flow projections including service volumes and costs, service costs, operational and growth rates, operating capital and investment expenditures have been analyzed. In addition, the adequacy of disclosures in Note 12 Tangible and Other Intangible Assets is evaluated in accordance with TFRS.

5) Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 8 March 2023.

6) Other Information

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

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

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

7) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

8) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

As part of an audit in accordance with the regulations of the Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

8) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 19 March 2024.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

B) Report on Other Legal and Regulatory Requirements (Continued)

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Volkan Becerik.

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

Volkan Becerik, SMMM
Partner

İstanbul, 19 March 2024

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

INDEX	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	6-77
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	6-7
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	7-30
NOTE 3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	31-33
NOTE 4 INTERESTS IN OTHER ENTITIES	33
NOTE 5 RELATED PARTY DISCLOSURES.....	34-38
NOTE 6 CASH AND CASH EQUIVALENTS	38
NOTE 7 FINANCIAL INSTRUMENTS.....	39-42
NOTE 8 TRADE RECEIVABLES AND PAYABLES.....	43
NOTE 9 OTHER RECEIVABLES AND PAYABLES.....	44
NOTE 10 INVENTORIES	44
NOTE 11 PREPAID EXPENSES AND DEFERRED INCOME	45
NOTE 12 PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS	46-48
NOTE 13 RIGHT-OF-USE ASSETS	49
NOTE 14 GOODWILL	49-50
NOTE 15 EMPLOYEE BENEFITS	51-52
NOTE 16 OTHER CURRENT ASSETS.....	52
NOTE 17 PROVISIONS, CONTINGENT ASSETS AND PAYABLES.....	52-53
NOTE 18 COMMITMENTS.....	53-54
NOTE 19 SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS.....	55-56
NOTE 20 REVENUE AND COST OF SALES	56
NOTE 21 GENERAL ADMINISTRATIVE EXPENSES.....	57
NOTE 22 OTHER INCOME AND EXPENSE FROM OPERATING ACTIVITIES.....	57-58
NOTE 23 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	58
NOTE 24 FINANCE EXPENSES.....	58
NOTE 25 INCOME TAXES (INCLUDING DEFERRED TAX ASSET AND LIABILITIES).....	59-62
NOTE 26 EARNINGS PER SHARE	63
NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	63-72
NOTE 28 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING).....	73-75
NOTE 29 BUSINESS COMBINATIONS.....	75-76
NOTE 30 EVENTS AFTER THE REPORTING PERIOD.....	76
APPENDIX I OTHER ADDITIONAL INFORMATION.....	77

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

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

		Audited	Audited
	Notes	31 December 2023	31 December 2022
ASSETS			
Current Assets:		8.459.545	6.964.561
Cash and cash equivalents	6	2.812.373	1.261.961
Financial investments	7	--	352.909
Trade receivables	8	3.657.198	3.009.894
- Due from related parties	5,8	113	86
- Trade receivables from third parties		3.657.085	3.009.808
Other receivables	9	212.981	203.696
- Due from related parties	5,9	134.865	126.607
- Other receivables from third parties		78.116	77.089
Inventories	10	1.076.596	1.173.794
Prepaid expenses	11	491.648	664.376
Other current assets	16	208.749	297.931
Non-current Assets:		19.955.558	15.651.507
Trade receivables	8	1.053	1.735
Other receivables	9	222.539	4.050
Property plant and equipment	12	3.865.840	3.509.971
Intangible assets		4.492.593	4.458.315
- Goodwill	14	512.279	512.279
- Other intangible assets	12	3.980.314	3.946.036
Right of use assets	13	7.241.449	4.485.867
Prepaid expenses	11	2.322.864	1.818.132
Deferred tax assets	25	1.809.220	1.373.437
TOTAL ASSETS		28.415.103	22.616.068

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

		Audited	Audited
	Notes	31 December 2023	31 December 2022
LIABILITIES			
Current Liabilities:		8.886.964	7.968.031
Short term borrowings	7	2.166.870	1.522.077
Short term portion of long term borrowings	7	500.125	797.832
Obligations under finance leases	7	39.451	126.320
Short term lease liabilities	7	355.985	266.395
Trade payables	8	4.082.221	3.951.182
- Due to related parties	5,8	60.032	91.882
- Trade payables to third parties		4.022.189	3.859.300
Payables related to employee benefits	15	345.895	272.678
Other payables	9	184.982	184.507
- Due to related parties	5,9	61	1.296
- Other payables to third parties		184.921	183.211
Deferred income	11	857.144	638.172
Short term provisions		125.466	124.710
- Short term provisions for employment benefits	15	78.409	56.715
- Other short term provisions	17	47.057	67.995
Current tax liabilities	25	228.825	84.158
Non-current Liabilities:		6.635.816	4.751.037
Long term borrowings	7	1.072.954	401.122
Obligations under finance leases	7	14.918	64.738
Long term lease liabilities	7	1.905.391	1.818.366
Other payables		272.231	484.576
- Other payables to third parties	9	272.231	484.576
Deferred income	11	33.681	113.024
Long term provisions		112.823	101.207
- Long term provisions for employee benefits	15	112.823	101.207
Deferred tax liabilities	25	3.223.818	1.768.004
EQUITY:		12.892.323	9.897.000
Equity Attributable to the Owner of the Company:		12.675.031	9.891.660
Share capital	19	208.037	208.037
Share capital adjustment differences	19	2.129.483	2.129.483
Share premium	19	2.645.882	2.645.882
Treasury shares	19	(1.925.591)	(650.344)
Other comprehensive income or expenses that will not be reclassified		(40.788)	18.431
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(40.788)	18.431
Restricted reserves	19	65.511	64.571
Accumulated income		5.062.903	734.003
Net profit for the period		4.529.594	4.741.597
Non-controlling interest		217.292	5.340
TOTAL LIABILITIES AND EQUITY		28.415.103	22.616.068

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

		Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
	Dipnotlar		
PROFIT OR LOSS			
Revenue	20	22.449.345	18.902.871
Cost of sales (-)	20	(16.018.962)	(14.015.535)
GROSS PROFIT		6.430.383	4.887.336
General administration expenses (-)	21	(2.188.941)	(1.869.451)
Other income from operating activities	22	953.189	897.874
Other expenses from operating activities (-)	22	(822.946)	(940.611)
OPERATING PROFIT		4.371.685	2.975.148
Income from investing activities	23	78.129	999.939
Expense from investing activities (-)	23	(10.723)	(176.699)
OPERATING PROFIT BEFORE FINANCE EXPENSE		4.439.091	3.798.388
Finance expenses (-)	24	(1.713.213)	(1.241.346)
Monetary gain/(loss)		3.099.062	2.223.522
NET PROFIT BEFORE TAX		5.824.940	4.780.564
Tax expense from operations			
Current tax expense	25	(534.583)	(106.007)
Deferred tax gain/loss net	25	(542.425)	216.887
NET PROFIT		4.747.932	4.891.444
Allocation of net profit			
Non-controlling interest		218.338	149.847
Equity holders of the parent		4.529.594	4.741.597
NET PROFIT FOR THE YEAR		4.747.932	4.891.444
Basic gain per share	26	21,77	22,79
OTHER COMPREHENSIVE EXPENSES			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(78.959)	24.575
Income tax relating to items that will not be reclassified subsequently		19.740	(6.144)
TOTAL COMPREHENSIVE INCOME		4.688.713	4.909.875
Total comprehensive profit distribution			
Non-controlling interest		218.338	149.847
Equity holders of the Parent		4.470.375	4.760.028

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

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

				Other comprehensive income or expenses that will not be reclassified		Accumulated gain				
	Share capital	Share premium	Treasury shares	Accumulated gain/(loss) on remeasurement of defined benefit plans	Restricted reserves	Accumulated gain	Net profit for the period	Equity Attributable to the Owner of the Company	Non- controlling interest	Total equity
Balance as at January 1, 2022	2.337.520	2.645.882	--	--	63.647	(142.641)	786.092	5.690.500	353.392	6.043.892
Other comprehensive income for the period, net of tax	--	--	--	18.431	--	--	--	18.431	--	18.431
Net profit for the period	--	--	--	--	--	--	4.741.597	4.741.597	149.847	4.891.444
Total comprehensive gain/(loss) for the period	--	--	--	18.431	--	--	4.741.597	4.760.028	149.847	4.909.875
Transfers	--	--	--	--	924	785.168	(786.092)	--	--	--
Increase/(decrease) due to share repurchase transactions (Note 19)	--	--	(650.344)	--	--	--	--	(650.344)	--	(650.344)
Loss of control in subsidiaries	--	--	--	--	--	307.072	--	307.072	(544.624)	(237.552)
Changes in non-controlling interests	--	--	--	--	--	(164.296)	--	(164.296)	46.725	(117.571)
Dividend distribution	--	--	--	--	--	(51.300)	--	(51.300)	--	(51.300)
Balance as at December 31, 2022	2.337.520	2.645.882	(650.344)	18.431	64.571	734.003	4.741.597	9.891.660	5.340	9.897.000
Balance as at January 1, 2023	2.337.520	2.645.882	(650.344)	18.431	64.571	734.003	4.741.597	9.891.660	5.340	9.897.000
Other comprehensive income for the period, net of tax	--	--	--	(59.219)	--	--	--	(59.219)	--	(59.219)
Net profit for the period	--	--	--	--	--	--	4.529.594	4.529.594	218.338	4.747.932
Total comprehensive gain/(loss) for the period	--	--	--	(59.219)	--	--	4.529.594	4.470.375	218.338	4.688.713
Transfers	--	--	--	--	940	4.740.657	(4.741.597)	--	--	--
Increase/(decrease) due to share repurchase transactions	--	--	(1.275.247)	--	--	--	--	(1.275.247)	--	(1.275.247)
Changes in non-controlling interests	--	--	--	--	--	(366.798)	--	(366.798)	(6.386)	(373.184)
Dividend distribution	--	--	--	--	--	(44.959)	--	(44.959)	--	(44.959)
Balance as at December 31, 2023	2.337.520	2.645.882	(1.925.591)	(40.788)	65.511	5.062.903	4.529.594	12.675.031	217.292	12.892.323

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

		Audited 1 January 2023-31 December 2023	Audited 1 January-31 December 2022
	Notes		
CASH FLOWS FROM OPERATING EXPENSES		4.475.698	3.626.483
Profit loss for the period		4.747.932	4.891.444
Adjustments related to reconciliation of net profit / (loss) for the period		(414.384)	(2.088.424)
Adjustments related depreciation and amortisation expense	12-13	1.542.287	1.261.724
Adjustments related to impairment (reversal)		15.528	5.554
Adjustments related to impairment (reversal) of receivables	8	15.528	5.554
Adjustments related to provisions		87.642	59.065
Adjustments related to (reversal) of provision of provision for employment benefits		87.555	31.410
Adjustments related to lawsuit (reversal) of provision for lawsuit		87	27.655
Adjustments related to interest (income) expense		963.943	688.270
Adjustments related to interest income	24	(314.794)	(199.551)
Adjustments related to interest expense	24	1.278.737	887.821
Adjustments related to tax (gain) loss	25	1.077.008	(110.881)
Other adjustments related to non-cash items		(81.940)	(3.723)
Adjustments regarding to (gain) loss on sale of fixed assets		3.498	137.328
Adjustments regarding to (gain) loss on sale of property, plant and equipment		3.498	137.328
Adjustments related to losses (gains) on disposal of subsidiaries or joint operations		--	58.061
Monetary loss/gain		(4.022.350)	(4.183.823)
Changes in working capital		580.117	886.857
Adjustments related to (increase) decrease in trade receivables		(2.087.308)	(593.922)
Adjustments related to (increase) decrease in inventories		97.198	(296.808)
Adjustments related to increase (decrease) in trade payables		1.853.437	1.403.348
Adjustments related to increase (decrease) in other payables related with operations		689.193	266.043
Adjustments related to other increase (decrease) in working capital		27.597	108.196
Decrease (increase) in other operating assets		27.597	108.196
Cash flows from operating activities		4.913.665	3.689.877
Payments related to provisions for employee benefits		(77.500)	(26.311)
Tax payments	25	(359.672)	(46.235)
Payments related to other provisions		(1.268)	8.229
Other cash inflows	6	473	923
CASH FLOWS FROM INVESTING ACTIVITIES		(1.821.583)	(2.195.636)
Cash outflows related to share purchases in subsidiaries		(373.184)	(117.571)
Proceeds from sale of property, plant and equipment and intangible assets		6.851	700.603
Proceeds from sale of property, plant and equipment and intangible assets		6.851	700.603
Cash outflows from the acquisition of property, plant and equipment and intangible assets		(1.371.645)	(1.795.521)
Cash outflows from purchase of property, plant and equipment	12	(1.272.221)	(992.355)
Cash outflows from purchase of intangible assets	12	(99.424)	(803.166)
Cash advances given and payables		(507.418)	(435.799)
Interest received		70.904	43.111
Cash outflows related to disposals that result in the loss of control of subsidiaries		--	(237.550)
Other cash outflows		352.909	(352.909)
CASH FLOWS FROM FINANCING ACTIVITIES		(656.656)	(1.743.966)
Cash inflows from borrowings		3.670.220	1.106.190
Cash inflows from loans		420.220	230.890
Cash inflows from debt instruments issued		3.250.000	875.300
Cash outflows related to debt payments		(1.844.447)	(1.078.940)
Cash outflows related to loan repayments		(424.447)	(403.640)
Cash outflows related to other financial debt payments		(1.420.000)	(675.300)
Cash outflows related to debt payments arising from lease agreements		(718.551)	(390.005)
Cash outflows related to debt payments arising from financial lease agreements		(136.688)	(432.995)
Interest paid		(550.874)	(403.012)
Interest received		243.890	156.440
Dividend payment		(44.959)	(51.300)
Cash Outflows Related to Repurchase of Own Shares or Reduction in Capital (-)		(1.275.247)	(650.344)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		1.997.459	(313.119)
INFLATION EFFECT ON CASH		(447.047)	(266.141)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1.550.412	(579.260)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	1.261.961	1.841.221
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	2.812.373	1.261.961

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

MLP Sağlık Hizmetleri A.Ş. (the "Company" or "MLP Sağlık") has started its healthcare services operations in 1993, with the opening of Sultangazi Medical Center within the structure of Yükseliş Sağlık Hizmetleri Gıda Tekstil San. Ltd. Şti. in which Muharrem Usta is the majority shareholder. Following this, in 1995, it continues its operations, with the opening of Fatih Hospital under the legal entity of Saray Sağlık Hizmet Ticaret ve Sanayi A.Ş. in which Muharrem Usta was the majority shareholder. In 2005, with the establishment of MLP Sağlık, Fatih and Sultangazi Hospitals were merged under the legal entity of MLP Sağlık.

As of 31 December 2023, MLP is the holding company of 14 subsidiaries (31 December 2022: 14) (collectively referred as the "Group"), each operating in the healthcare sector in Türkiye.

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 31 December 2023, the shares representing 33.16% of MLP Sağlık's capital are considered to be in circulation. As of 1 January 2024, this ratio is 33.16% (Note 19).

The number of employees of the Group as at 31 December 2023 is 12,677 (31 December 2022: 11,699).

Approval of consolidated financial statements

The consolidated financial statements have been approved by the Group Management and authorized for issue on 19 March 2024. Although there is no such intention, the General Assembly and certain regulatory bodies have the power to make changes following the publication of the financial statements.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

As of 31 December 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
Tasfiye Halinde Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	Ankara
Artimed Medikal Sanayi ve Ticaret A.Ş. ("Artimed")	Ankara
MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık")	Ankara
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. ("Mediplaza")	Gebze – İzmit
21. Yüzyıl Anadolu Vakfı ("21. Yüzyıl Anadolu Vakfı")	İstanbul
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	İstanbul – Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Group")	İstanbul
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	İstanbul
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	İstanbul
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	Gaziantep
Kuzey Doğu Sağlık Hizmetleri ve Tic. A.Ş. ("Kuzey Doğu")	İstanbul

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

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

In addition, the financial statements have been prepared in accordance with "Announcement on TFRS Taxonomy" published by POA on 4 October 2022 and with the "Examples of Financial Statements and the User Guide" issued by CMB.

The consolidated financial statements are prepared on the basis of historical cost, except for financial assets recognized at fair value and derivative financial instruments carried at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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)

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, 31 December 2022 and 2021, inflation adjustment has been made in accordance with TAS 29.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1,859.38	1,000	268%
31.12.2022	1,128.45	1,647	156%
31.12.2021	686.95	2,706	74%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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)

Restatement of financial statements during periods of high inflation (cont'd)

- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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)

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and significant changes are disclosed if necessary.

Basis of Consolidation

The details of the Company and its subsidiaries as of 31 December 2023 and 31 December 2022 are as follows:

Subsidiaries	Place of establishment and operation	31 December 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

(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 31 December 2023.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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 Group 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 Group'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 Group 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 Group obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date 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.

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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 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)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

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.

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 New and Amended Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.4 New and Amended Turkish Accounting Standards (Continued)

a) Amendments that are mandatorily effective from 2023 (Continued)

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 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.

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 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</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>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</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 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

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

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

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

Amendments are effective with the first application of TFRS 17.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.4 New and Amended Turkish Accounting Standards (Continued)

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

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.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.4 New and Amended Turkish Accounting Standards (Continued)

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

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

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

Business Combinations

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

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

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. The fair value of other contingent consideration is remeasured and changes are recognised in profit or loss.

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

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

Goodwill

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

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

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions

Foreign Currency Transactions and Balances

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

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

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

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

Revenue

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

Group recognises revenue based on the following five principles:

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

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

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

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

The Group recognises revenue from the following major sources:

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

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

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

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

Inventories

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

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment. Depreciation is provided on all property and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

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

If events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable, the carrying amount of the asset is written down to its recoverable amount, less any provision for impairment. The recoverable amount of an item of property, plant and equipment is the higher of future net cash flows from its current use and its net selling price.

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

Intangible assets

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

Intangible assets acquired in a business combination; Hospital licences

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

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

The hospital licenses are not amortized since there is no definite useful life for licenses. However, licenses are tested for impairment annually at the cash-generating unit level. As of 31 December 2023, there has been no indication regarding impairment of licenses.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Impairment of property, plant and equipment and intangible assets other than goodwill

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

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

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

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

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

Taxation

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

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

Current Tax

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Deferred Tax

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

Deferred tax liabilities or assets arising from the initial recognition of assets or liabilities in the financial statements due to temporary timing differences, excluding goodwill or business combinations, are not calculated. These differences do not affect both commercial and financial profits or losses.

The company and its subsidiaries within the scope of consolidation have reflected deferred tax assets and liabilities in their financial statements by offsetting them, but no offsetting has been made on a consolidated basis. Deferred tax is calculated based on the tax rates expected to be applicable when the assets are realized or the liabilities are settled, and is recorded in the income statement as an expense or income. However, if the deferred tax is related to assets directly associated with equity in the same or different period, it is associated with the equity account group.

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

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

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

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

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Employee Termination Benefits

Defined benefit plans

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

The severance pay liability recognised in the balance sheet is calculated by estimating the net present value of the future probable liability of the Company arising from the retirement of all employees and reflected in the financial statements. All actuarial gains and losses are recognised in other comprehensive income. All actuarial gains and losses are recognized in the statement of other comprehensive income.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Defined contribution plans

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

Vacation Pay Liability

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

Foreign Currency Transactions

The functional and presentation currency of the Company and all of its subsidiaries is Turkish Lira ("TL"). Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Assets and liabilities denominated in foreign currencies are translated by exchange rates valid on the balance sheet date. Exchange differences arising from the translation of foreign currency transactions and financial statement items into Turkish Lira are recognised in the statement of comprehensive income.

Earnings / (loss) per share

Basic earnings/(loss) are calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares outstanding during the period.

Sale and leaseback transactions

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

Leases

The Group as lessee

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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

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

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

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

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

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

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

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

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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

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

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

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

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

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

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

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

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial instruments

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

Financial assets

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

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

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

(i) Amortised cost and effective interest method

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

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

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

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

(ii) Financial assets at FVTPL

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

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

Foreign exchange gains and losses

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

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

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

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

Measurement and recognition of expected credit losses

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

The expected credit loss of financial assets is the present value of the difference between the Group's contractually realized cash flows and all the cash flows (all cash deficits) that the Group expects to receive, calculated over the initial effective interest rate (or credit-adjusted effective interest rate for credit-impaired financial assets when purchased or created).

Derecognition of financial assets

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial liabilities

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

A financial liability is subsequently classified at amortized cost except:

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

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

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

Provisions

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

2.5 Summary of Significant Accounting Policies (Continued)

Contingent Assets and Liabilities

Contingent liability

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

Contingent Assets

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

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

Share Capital and Dividends

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

Segmental Information

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

Subsequent Events

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Critical judgments in applying the entity's accounting policies

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

Deferred Tax Assets

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

Deferred tax assets calculation based on carry forward tax losses

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The subsidiaries of the Group have deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognized. The recoverable amount of deferred tax assets, partially or fully, is estimated under the current conditions. During the assessment, future profit projections, losses incurred in current periods, the expiry dates of unused losses and other tax assets and tax planning strategies that can be used when necessary were taken into consideration.

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

As of 31 December 2023, the Group has a deductible tax loss of TL 70,400 (31 December 2022: TL 59,902) (Note 25).

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

Government Grants

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

3.2 Key sources of estimation uncertainty

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

Provision for Impairment of Trade Receivables

The Group calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the possible unconfirmed balances by the SSI and the inability of the patients to make required payments. The services rendered to patients covered by the SSI are subject to administrative review and audit by the SSI. The receivables that are not confirmed by the SSI are written off by the Group Management when the outcome is certain. As of 31 December 2023, provision for impairment of trade receivables amounting to TL 140,633 (31 December 2022: TL 198,515) (Note 8).

In addition, the Group has trade receivables arising from health services provided to foreign patients. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group and the Group Management's expectation is that foreign patient receivables will be collected in 2023. The Group has overdue but not impaired trade receivables amounting to TL 857,137 as of 31 December 2023 (31 December 2022: TL 682,804).

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

Provision for Legal Cases and Social Security Discount Provisions

As explained in Note 17, the Group management make provision amounting to TL 47,057 (31 December 2022: TL 67,995) for the lawsuits where the legal proceedings and penalties are still uncertain and there is a possibility of an outflow.

Impairment of Goodwill

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

The impairment test was conducted as of 31 December 2023 and the "discounted cash flows method" calculation was used.

Intangible assets acquired through business combination; Hospital licenses

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

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

3.2 Key sources of estimation uncertainty (Continued)

Impairment tests for hospital licenses are performed by comparing the amount calculated according to the discounted cash flows of each cash generating unit based on long term projections, with the carrying value of the hospital licenses. These calculations require the use of estimates. As of 31 December 2023, there is no impairment on hospital licenses resulting to impairment test (Note 12).

Useful lives of property, plant and equipment

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

NOTE 4 - INTERESTS IN OTHER ENTITIES

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

In Liquidation Samsun Tıp Merkezi	31 December 2023	31 December 2022
Current assets	934	1.163
Non-current assets	--	15
Current liabilities	208	2.318
Equity	(1.142)	(1.142)
	1 January-31 December 2023	1 January-31 December 2022
Other income/(expense), net	(262)	(1.807)
Loss for the period	--	(1.807)
Net cash inflow/(outflow) from operating activities	(9)	(6)
Net cash inflow/(outflow) from investing activities	9	6
Net cash inflow/(outflow)	--	--
21.Yüzyıl Anadolu Vakfı	31 December 2023	31 December 2022
Current assets	14.156	22.858
Non-current assets	201.122	167.485
Current liabilities	68.018	103.290
Equity	147.260	87.053
Non-controlling interests	38.651	38.651
	1 January-31 December 2023	1 January-31 December 2022
Revenue	1.302	739
Other income/(expense), net	34.281	34.522
Loss for the period	35.583	35.261
Net cash inflow/(outflow) from operating activities	33.636	43.717
Net cash inflow/(outflow) from investing activities	(33.637)	(41.949)
Net cash inflow/(outflow)	(1)	1.768

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES

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

As of 31 December 2023, the details of short-term receivables and payables as follows:

	31 December 2023			
	Receivables		Payables	
	Short-term		Short-term	
Shareholders	Trade	Non-trade	Trade	Non-trade
Muharrem Usta (*)	--	130.149	--	50
Adem Elbaşı	--	4.599	--	--
Other companies controlled by the shareholders				
A ve A Sağlık A.Ş. (2)	--	--	17.345	--
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	6	--	18.882	--
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	--	--	7.951	--
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	1	--	509	--
Saray Eczanesi	--	--	985	--
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	--	--	13.782	--
Tokat Emar Sağlık Hiz. Ltd. Şti.	--	--	578	--
Özel Gebze Sentez Sağlık Hizmetleri Ve Tic. A.Ş.	--	--	--	7
Other	106	117	--	4
	113	134.865	60.032	61

- (*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio of Group.
- (1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.
- (2) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.
- (3) Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.
- (4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2022			
	Receivables		Payables	
	Short-term		Short-term	
	Trade	Non-trade	Trade	Non-trade
Shareholders				
Muharrem Usta (*)	--	122.102	--	82
Adem Elbaşı	--	4.271	--	--
Other companies controlled by the shareholders				
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	10	--	37.540	--
A ve A Sağlık A.Ş. (2)	--	--	35.172	--
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	--	--	5.426	--
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	--	839	--
Saray Eczanesi	--	--	1.214	--
Samsunpark Özel Sağlık Tıbbi				
Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	--	--	9.644	--
Mp Sağlık ve Tic. A.Ş.	--	--	--	1.208
Tokat Emar Sağlık Hiz. Ltd. Şti.	--	--	845	--
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	--	--	227	--
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	--	--	12	--
Sanport Gayrimenkul Geliştirme İnş.ve Tic. A.Ş	--	--	--	--
Atk Sağlık Hizmetleri ve Danışmanlık A.Ş.	--	--	963	--
Other	74	234	--	6
	86	126.607	91.882	1.296

- (*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio of Group.
- (1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.
- (2) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.
- (3) Samsunpark Özel Sağlık Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.
- (4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Advances given to related parties and Prepaid expenses	31 December 2023	31 December 2022
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13.850	22.821
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	--	1.651
Sanport Gayrimenkul Geliştirme İnş. Ve Tic. A.Ş.	279	459
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	--	126
	14.129	25.057

Fixed asset advances given to related parties	31 December 2023	31 December 2022
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	992.760	606.710
	992.760	606.710

- (1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides turn key project management services for the furniture & fixture and leasehold improvements of the hospitals and audit of ongoing construction of the Group hospitals.

Related parties (sale and leaseback transactions)	31 December 2023	31 December 2022
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (peşin ödenmiş giderler kalemi içerisinde)	367	653
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (uzun dönem peşin ödenmiş giderler kalemi içerisinde)	33	605
	400	1.258

Lease liabilities from related parties

	31 December 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.	102.120	--	97.653	--
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	29.047	102.375	25.167	132.169
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	8.397	237.772	40.822	78.878
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	8.284	--	7.922	--
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	5.864	--	4.849	--
	153.712	340.147	176.413	211.047

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	1 January-31 December 2023	1 January-31 December 2022
Purchases from related parties		
A ve A Sağlık A.Ş. (1)	49.751	105.344
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	46.852	239.857
	96.603	345.201

(1) Cleaning material purchase

(2) Building rent expense

	1 January-31 December 2023	1 January-31 December 2022
Operating expenses (including purchase of services)		
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş (1)(7)	234.160	207.249
Samsunpark Özel Sağ. Tıbbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	89.344	74.262
Atakum Özel Sağlık Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	52.933	35.901
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş. (1)(7)	6.633	23.462
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)(7)	--	21.413
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	33.897	22.998
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş. (2)	42.669	36.244
Mp Sağlık ve Tic.A.Ş. (1)(7)	--	42.015
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	11.553	--
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş. (1)(7)	10.074	10.636
Miniso Mağazacılık A.Ş.	--	1.196
Tokat Emar Sağlık Hiz. Ltd. Şti. (2) (5)	6.965	4.405
Saray Eczanesi (6)	4.859	5.168
Özdenler Sağ. Hiz. Dan. Turz. Gıd. San. Tic. Ltd. Şti. (2)	1.907	2.191
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (3)	--	492
	494.994	487.632

(1) Hospital rent expenses

(2) Doctor expenses

(3) Stationary and consumable expenses

(4) Cleaning, catering and laundry services

(5) Medical equipment rent expenses

(6) Pharmacological product expenses

(7) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	1 January-31 December 2023	1 January-31 December 2022
Sales to related parties		
A ve A Sağlık A.Ş. (1)	660	6.001
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	531	421
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	1.330	1.157
Miniso Mağazacılık A.Ş.	--	365
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	230	64
Adem Elbaşı	1.742	950
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	466	300
Samsunpark Özel Sağlık Hiz.İş Sağlığı ve Güvenlik. Dan. Eğitim. Müh.Tic.Ltd. Şti.	6	--
	4.965	9.270

(1) Outsourcing laboratory services

	1 January-31 December 2023	1 January-31 December 2022
Interest Income from Related Parties		
Muharrem Usta	49.204	32.001
	49.204	32.001

Compensation of key management personnel:

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

	1 January-31 December 2023	1 January-31 December 2022
Salaries and other short term benefits	103.313	77.494
	103.313	77.494

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	23.621	13.760
Cash at banks	2.780.898	1.235.517
- Demand deposit	703.346	160.771
- Time deposit	2.077.552	1.074.746
Other cash equivalents (*)	7.854	12.684
	2.812.373	1.261.961

As of 31 December 2023, the interest rates of the Group's time deposits in TL are respectively 10%-46%. (As of December 31, 2022, the effective interest rates for the Group's time deposits denominated in Turkish Lira, US Dollar, and Euro are respectively 9%-17%, 0.15%-0.20%, and 0.15%, and are short-term, less than 3 months).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Assets

	31 December 2023	31 December 2022
Time Deposits (*)	--	352.909
	--	352.909

(*) Currency Protected TL Time Deposit Account is a deposit product that offers foreign exchange protection in case the USD exchange rate in TL increases more than the interest rate at the end of the term. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The Group has currency hedged deposit financial assets amounting to TL 152,833 with an interest rate of 15% and TL 200,076 with an interest rate of 17% maturing on 1 January 2023 and 13 February 2023, respectively. There are no currency protected deposits as of 31 December 2023.

Financial Liabilities

Bank Loans and Bonds

	31 December 2023	31 December 2022
Short-term bank borrowings	666.870	418.098
Short-term bonds issued	1.500.000	1.103.979
Current portion of long term borrowings	173.615	692.844
<i>Current portion of long-term bank loans</i>	173.615	692.844
Interest expense accruals	326.510	104.988
	2.666.995	2.319.909
Long-term bank loans	72.954	401.122
Long-term bonds issued	1.000.000	--
	1.072.954	401.122
Total borrowings	3.739.949	2.721.031

The Group issued sukuk totaling 500,000 TL with a maturity of 6 months on July 14, 2023, to be sold to qualified investors. The principal repayment will be made on the maturity date of January 9, 2024, with an interest rate of 41%.

The Group issued bonds totaling 1,000,000 TL with a maturity of 12 months on October 2, 2023, to be sold to qualified investors. The principal repayment will be made on the maturity date of October 1, 2024, with an interest rate of 48.5%.

The Group issued sukuk totaling 1,000,000 TL with a maturity of 18 months on December 12, 2023, to be sold to qualified investors. The principal repayment will be made on the maturity date of June 12, 2025, with an interest rate of 50%.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

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

31 December 2023

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TL	47,50%	1.502.106	1.000.000	2.502.106
TL	TLRef+4,+ 13,55%- TRLibor+4%-5,80%	1.164.889	72.954	1.237.843
		2.666.995	1.072.954	3.739.949

31 December 2022

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TL	25,40%	1.492.602	3.470	1.496.072
TL	TLRef+4- TRLibor+%3,50- %4,00-%4,50-%5,80	827.307	397.652	1.224.959
		2.319.909	401.122	2.721.031

As of 31 December 2023, the Group does not have any cash blocked accounts for the loans used (31 December 2022: None).

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

	31 December 2023	31 December 2022
Interest expense accruals	326.510	104.988
To be paid within 1 year (*)	2.340.485	2.214.922
To be paid between 1-2 years (**)	1.072.954	279.312
To be paid between 2-3 years	--	121.809
	3.739.949	2.721.031

(*) TL 670,000 of the loans to be paid within one year consists of revolving loans and TL 1,500,000 part consists of bond and sukuk payments which will be redeemed within 1 year.

(**) TL 1,000,000 part of the loans consists of bond payments which will be redeemed between 1-2 years.

Provisions of the bank loan agreement

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, lien on the 25% of the Group's non-public shares have been removed. 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 continue. In addition, the Group's receivables arising from medical tourism contracts and insurance policies have also been assigned.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

The syndicated loan also includes certain financial covenants mentioned below;

Debt Service Coverage Ratio ("DSCR") cannot fall below 1.1 during the contract period (2016-2024). The BSCR is tested every six months starting from 31 December 2016.

Net debt to EBITDA Ratio cannot be above x3.5 for the year ended 31 December 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended 31 December 2018 and for the six months period ended 30 June 2019, x2.5 for the year ended 31 December 2019 and for the six months period ended 30 June 2020 and x2.5 for the remaining period of the syndicate loan. As of 31 December 2023, the Group has fulfilled the rates in the contract provisions stated above.

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

Reconciliation of obligations arising from financing activities as of 1 January - 31 December 2023 and 1 January - 31 December 2022:

	1 January 2023	Financing cash flows(net)	Foreign exchange effect (Note 22)	Disposal of subsidiary	Other (*)	Inflation effect	31 December 2023
Bank Loans	2.721.031	2.088.567	--	--	--	(1.069.649)	3.739.949
Finance lease obligations	191.058	(73.889)	16.168	--	--	(78.968)	54.369
Lease liabilities	2.084.761	(718.551)	73.806	--	1.658.523	(837.163)	2.261.376
	4.996.850	1.296.127	89.974	--	1.658.523	(1.985.780)	6.055.694
	1 January 2022	Financing cash flows(net)	Foreign exchange effect (Note 22)	Disposal of subsidiary	Other (*)	Inflation effect	31 December 2022
Bank Loans	4.400.585	42.151	--	--	--	(1.721.705)	2.721.031
Finance lease obligations	624.052	(239.712)	61.387	--	--	(254.669)	191.058
Lease liabilities	2.416.534	(642.623)	53.431	(92.251)	1.304.278	(954.608)	2.084.761
	7.441.171	(840.184)	114.818	(92.251)	1.304.278	(2.930.982)	4.996.850

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

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	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Within one year	56.032	163.234	39.451	126.320
In the second to fifth years inclusive	10.455	70.363	14.918	64.738
	66.487	233.597	54.369	191.058
Less: Future finance charge	(12.118)	(42.539)	--	--
Present value of finance lease obligations	54.369	191.058	54.369	191.058

Finance leases mainly include equipment with lease term of 7 years. The ownership of the leased items will be transferred to the Group by the end of the lease term. Interest rates on financial lease transactions at the contractual date were fixed during the lease term. The contractual effective interest rate TL is 19.17% (2022: 19.17%). The contractual effective interest rate EUR is 6.36% (2022: 6.36%). The contractual effective interest rate USD is 5.25% (2022: 5.25%).

There is no amount in short-term finance lease payables that comprise hospital equipments and devices leased from third parties which are not financial institutions (31 December 2022: None).

Lease Liabilities:

	31 December 2023	31 December 2022
Within one year	355.985	266.395
More than one year	1.905.391	1.818.366
	2.261.376	2.084.761

When measuring lease payables, the Group discounted the lease payments using the alternative borrowing rate on 1 January 2019. The average lessee's incremental borrowing rate applied to the TL lease liabilities is 28.50%, 22.25% and EUR lease liabilities is 16.07% on 1 January 2019.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Current trade receivables	31 December 2023	31 December 2022
Trade receivables	2.738.473	2.258.602
Notes receivables	916	68.175
Trade receivables from related parties (Note 5)	113	86
Income accruals from continuing treatments	1.001.828	817.827
Other trade income accruals	56.501	63.719
Allowance for doubtful receivables (-)	(140.633)	(198.515)
	3.657.198	3.009.894
Non-current trade receivables	31 December 2023	31 December 2022
Income accruals	1.053	1.735
	1.053	1.735

Trade receivables due from the SSI constitute 46% (31 December 2022: 54%) and receivables due from foreign patients constitute 3,8% (31 December 2022: 4.4%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TL 104,617 as at 31 December 2023. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group.

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

As of 31 December 2023, trade receivables of an initial value of TL 140,633 (31 December 2022: TL 198,515) were fully impaired and fully provided for. No collaterals are received in relation to these trade receivables.

Movement of allowance for doubtful receivables	1 January-31 December 2023	1 January-31 December 2022
Opening balance	198.515	339.165
Charge for the period (Note 21)	15.528	5.554
Collections	(473)	(923)
Inflation effect	(72.937)	(133.788)
Disposal of subsidiary	--	(11.493)
Ending balance	140.633	198.515

The average maturity of trade receivables and notes receivables is 68 days (31 December 2022: 50 days).

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

Trade Payables

Current trade payables	31 December 2023	31 December 2022
Trade payables	3.011.369	2.818.400
Trade payables due to related parties (Note 5)	60.032	91.882
Other expense accruals	996.438	1.036.038
Other trade payables	14.382	4.862
	4.082.221	3.951.182

The average maturity of trade payables and notes payable is 125 days (31 December 2022: 153 days).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	31 December 2023	31 December 2022
Receivables from tax office	50.757	39.796
Non-trading receivables due from related parties (Note 5)	134.865	126.607
Deposits given	21	13.635
Other miscellaneous receivables	27.338	23.658
	212.981	203.696
Other non-current receivables	31 December 2023	31 December 2022
Deposits and guarantess given	222.539	4.050
	222.539	4.050

Other Payables

Other current payables	31 December 2023	31 December 2022
Other taxes and funds payable	128.111	102.225
Payables relating to business combinations (*)	48.259	77.104
Non-trading payables due to related parties (Note 5)	61	1.296
Other miscellaneous payables	8.551	3.882
	184.982	184.507
Other non-current payables	31 December 2023	31 December 2022
Payables relating to business combinations (*)	272.231	484.576
	272.231	484.576

(*) The Group has committed a payment schedule that will continue in the upcoming years as a result of some business combination contracts signed in 2014, 2020 and 2022. This liability represents the net present value of forthcoming payments.

NOTE 10 – INVENTORIES

	31 December 2023	31 December 2022
Medical consumables inventory	864.105	891.310
Pharmaceutical inventory	212.098	246.921
Laboratory inventory	--	35.374
Other inventories	393	189
	1.076.596	1.173.794

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	31 December 2023	31 December 2022
Advances given	369.663	564.033
Prepaid insurance expenses	80.132	66.522
Prepaid rent expenses	10.554	479
Prepaid sponsorship expenses	2.242	2.984
Other	29.057	30.358
	491.648	664.376

Long term prepaid expenses	31 December 2023	31 December 2022
Fixed asset advances given	2.317.115	1.809.697
Prepaid rent expenses	55	1.040
Other	5.694	7.395
	2.322.864	1.818.132

(*) 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

Short term accrued income	31 December 2023	31 December 2022
Advances received (*)	808.762	561.176
Deferred revenue	48.382	76.996
	857.144	638.172

(*) Advances are received from mainly local and medical tourism related patients with regards to cost of their treatments. After treatments are completed, realized remunerations are netted with advances.

Long term accrued income	31 December 2023	31 December 2022
Deferred revenue	33.681	113.024
	33.681	113.024

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixtures	Leased assets	Leasehold improvements	Construction in progress	Total
Cost									
Opening balance as of 1 January 2023	--	9.665	5.254.230	15.168	1.634.456	3.629.476	5.218.762	133.812	15.895.569
Additions	144.611	--	414.456	732	284.924	--	356.527	70.971	1.272.221
Disposals	--	--	(30.316)	(36)	(11.330)	(7.881)	(1.481)	(5.626)	(56.670)
Transfers	--	--	170.250	--	100.151	(136.168)	(421)	(133.812)	--
Closing balance as of 31 December 2023	144.611	9.665	5.808.620	15.864	2.008.201	3.485.427	5.573.387	65.345	17.111.120
Accumulated depreciations									
Opening balance as of 1 January 2023	--	(3.152)	(4.023.083)	(14.184)	(1.663.882)	(3.328.682)	(3.352.615)	--	(12.385.598)
Charge for the period (*)	--	(182)	(355.739)	(379)	(131.201)	(83.864)	(334.641)	--	(906.006)
Disposals	--	--	26.761	36	10.713	7.881	933	--	46.324
Closing balance as of 31 December 2023	--	(3.334)	(4.352.061)	(14.527)	(1.784.370)	(3.404.665)	(3.686.323)	--	(13.245.280)
Carrying value as of 31 December 2023	144.611	6.331	1.456.559	1.337	223.831	80.762	1.887.064	65.345	3.865.840

(*) For the period ended 1 January - 31 December 2023, depreciation and amortisation expense amounting to TL 844,070 (1 January - 31 December 2022: TL 783,971) is included in cost of goods sold and TL 127,079 (1 January - 31 December 2022: TL 114,572) is included in marketing and general administrative expenses.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

	Land	Buildings	Machinery and equipments	Vehicles	Furniture and fixtures	Leased assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>									
Opening balance as of 1 January 2022	--	9.665	5.086.100	15.374	1.514.009	3.763.327	4.849.850	239.732	15.478.057
Additions	--	--	173.185	486	281.526	--	372.215	164.943	992.355
Disposals	--	--	(30.722)	(801)	(68.375)	(102)	(3.394)	(31.131)	(134.525)
Disposal of associate	--	--	(145.229)	--	(156.863)	(138.226)	--	--	(440.318)
Transfers	--	--	130.896	109	104.159	4.477	91	(239.732)	--
Closing balance as of 31 December 2022	--	9.665	5.214.230	15.168	1.674.456	3.629.476	5.218.762	133.812	15.895.569
<u>Accumulated depreciations</u>									
Opening balance as of 1 January 2022	--	(2.970)	(3.846.544)	(14.571)	(1.631.392)	(3.312.755)	(3.031.809)	--	(11.840.041)
Charge for the period (*)	--	(182)	(302.093)	(277)	(116.291)	(101.679)	(323.620)	--	(844.142)
Disposals	--	--	17.930	664	6.012	101	2.814	--	27.521
Disposal of associate	--	--	107.624	--	77.789	85.651	--	--	271.064
Closing balance as of 31 December 2022	--	(3.152)	(4.023.083)	(14.184)	(1.663.882)	(3.328.682)	(3.352.615)	--	(12.385.598)
Carrying value as of 31 December 2022	--	6.513	1.191.147	984	10.574	300.794	1.866.147	133.812	3.509.971

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS (Continued)

	Licenses (*)	Rights	Other	Total
<u>Cost</u>				
Opening balance as of 1 January 2023	3.677.848	1.122.819	--	4.800.667
Additions	--	99.424	--	99.424
Disposals	--	(1.477)	--	(1.477)
Closing balance as of 31 December 2023	3.677.848	1.220.766	--	4.898.614
<u>Accumulated amortization</u>				
Opening balance as of 1 January 2023	--	(854.631)	--	(854.631)
Charge for the period	--	(65.143)	--	(65.143)
Disposals	--	1.474	--	1.474
Closing balance as of 31 December 2023	--	(918.300)	--	(918.300)
Carrying value as of 31 December 2023	3.677.848	302.466	--	3.980.314
	Licenses (*)	Rights	Other	Total
<u>Cost</u>				
Opening balance as of 1 January 2022	3.634.956	928.464	308	4.563.728
Disposal of associate	(560.832)	(2.432)	--	(563.264)
Additions	--	199.442	--	199.442
Acquired through business combination (Note 29)	603.724	--	--	603.724
Disposals	--	(2.655)	(308)	(2.963)
Closing balance as of 31 December 2022	3.677.848	1.122.819	--	4.800.667
<u>Accumulated amortization</u>				
Opening balance as of 1 January 2022	--	(804.476)	(308)	(804.784)
Disposal of associate	--	1.809	--	1.809
Charge for the period	--	(54.401)	--	(54.401)
Disposals	--	2.437	308	2.745
Closing balance as of 31 December 2022	--	(854.631)	--	(854.631)
Carrying value as of 31 December 2022	3.677.848	268.188	--	3.946.036

- (*) The projection period for the purposes of impairment testing was taken as 5 years between 2024 -2028 and a discount rate of 63%, 43%, 30%, 25%, 25%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Management believes that an 15% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 10% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 13 - RIGHT OF USE ASSETS

	Hospital Buildings	Total
Cost		
1 January 2023	4.485.867	4.485.867
Additions	3.326.720	3.326.720
Charge of the period	(571.138)	(571.138)
31 December 2023	7.241.449	7.241.449

	Hospital Buildings	Total
Cost		
1 January 2022	2.962.399	2.962.399
Additions	1.978.900	1.978.900
Charge of the period	(363.181)	(363.181)
Disposal of associate	(92.251)	(92.251)
31 December 2022	4.485.867	4.485.867

(*) For the period ended 31 December 2023, depreciation and amortisation expenses of right-of-use assets amounting to TL 560,517 (1 January-31 December 2022: TL 356,427) is included in cost of sales and TL 10,621 (1 January-31 December 2022: TL 6,754) is included in marketing and general administrative expenses.

NOTE 14 – GOODWILL

	Date of acquisition	31 December 2023	31 December 2022
Saray Hospital	2005	298.616	298.616
Yükseliş Hospital	2006	154.414	154.414
Elazığ Hospital	2007	46.046	46.046
Tokat Hospital	2007	10.841	10.841
Acarkent Hospital	2011	2.362	2.362
		512.279	512.279

The Group Management regards each hospital as a single cash generating unit for the purpose of determining fair value less costs of disposal for impairment testing. In assessing value in use, the estimated future cash flows, which are based on financial budgets approved by the directors covering a five year period, are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value calculations include TRY based after-tax cash flow projections based on financial budgets approved by Group Management covering five-year period. Estimated cash flows beyond the five-year period are calculated by taking into account of the growth rates that stated below on a hospital basis and it is foreseen that the current profitability structure will be preserved. During the financial year, the Group assessed the recoverable amount of goodwill, and determined that there was no impairment.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 14 - GOODWILL (Continued)

The key assumptions used in the value in use calculations for above hospitals are as follows;

Yükseliş and Acarkent Hospitals:

The projection period for the purposes of impairment testing was taken as 5 years between 2024-2028 and a discount rate of 63%, 43%, 30%, 25%, 25%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Management believes that an 15% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 10% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

Saray Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2024-2028 and a discount rate of 63%, 43%, 30%, 25%, 25%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Management believes that an 15% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 10% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2024-2028 and a discount rate of 63%, 43%, 30%, 25%, 25%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Management believes that an 15% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 10% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

Kocaeli Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2024-2028 and a discount rate of 63%, 43%, 30%, 25%, 25%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Management believes that an 15% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 10% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2023	31 December 2022
Fees payable to doctors and other personnel	206.356	183.368
Social security premiums payable	139.539	89.310
	345.895	272.678

Short-term provision for employment benefits:

	31 December 2023	31 December 2022
Unused vacation provision	78.409	56.715
	78.409	56.715

Long-term provision for employment benefits:

	31 December 2023	31 December 2022
Unused vacation provision	51.080	33.357
Retirement pay provision	61.743	67.850
	112.823	101.207

Provision for employment termination benefits:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 35,058.58 for each period of service as of 31 December 2023 (2022: TL 15,371.40)

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual salary inflation rate of 13% and a discount rate of 22,68%, resulting in a real discount rate of approximately 8.57% (31 December 2022: 8.57%). The employment termination benefit that will not be paid and that will stay on the Company for those employees who leave voluntarily is estimated to be 10% (2022: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TL 35,058.58 which became effective as of 1 January 2024 (1 January 2023: TL 19,982.83).

- If the discount rate is 1% higher, the severance pay liability will be TL 3,058 less. If the discount rate is 1% lower, the severance pay liability will be TL 2,644 more.
- Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% lower, the severance pay liability will be TL 3,115 more. Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TL 3,667 less.

Movement of provision for employment termination benefit as of 31 December 2023 and 2022 is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Movement of retirement pay provision:		
Opening balance	67.850	67.208
Actuarial (gain)/loss	(78.959)	24.575
Service cost	6.078	21.328
Interest cost	6.652	6.344
Termination benefits paid	(77.500)	(26.311)
Inflation effect	137.622	(20.095)
Disposal of associate	--	(5.199)
Closing balance	61.743	67.850

NOTE 16 - OTHER CURRENT ASSETS

Other current assets:

	31 December 2023	31 December 2022
VAT carried forward	197.545	232.509
Other miscellaneous current assets	11.204	65.422
	208.749	297.931

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Other short-term provisions:

	31 December 2023	31 December 2022
Litigation provisions	30.587	50.257
Social Security discounts provisions	16.470	17.738
	47.057	67.995

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Movement of provision for litigation as of 31 December 2023 and 2022 is as follows:

Movement of litigation provision:	1 January-31 December 2023	1 January-31 December 2022
Opening balances	50.257	69.062
Charge for the period (Note 21)	40.213	45.568
Payment regarding cases	(40.126)	(33.833)
Inflation effect	(19.757)	(27.020)
Disposal of associate	--	(3.520)
Closing balance	30.587	50.257

NOTE 18 - COMMITMENTS

31 December 2023	Total TRY Equivalent	TL	USD	EUR
A.CPM given on behalf of its own legal entity				
- Collateral	538.904	431.472	156	3.157
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	--	--	--	--
- Collateral	143.042	143.042	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
C. CPM given for execution of ordinary commercial activities to collect third parties debt	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
D. Total amount of other CPM given	--	--	--	--
i. Total Amount of CPM on behalf of the main partner	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover C	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
Total	681.946	574.514	156	3.157

(*) The Group has given guarantees amounting to TL 83,206 related to the loans in Note 5 for the companies under full consolidation.

Commitments mostly comprise guarantee letters obtained from banks to be able to participate in state tenders, courts and to be given to suppliers.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 18 - COMMITMENTS (Continued)

31 December 2022	Total TRY Equivalent	TL	USD	EUR
A.CPM given on behalf of its own legal entity				
- Collateral	564.611	554.877	156	150
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	--	--	--	--
- Collateral	113.162	113.162	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
C. CPM given for execution of ordinary commercial activities to collect third parties debt	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
D. Total amount of other CPM given	--	--	--	--
i. Total Amount of CPM on behalf of the main partner	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
iii. Total amount of CPM on behalf of third parties that do not cover C	--	--	--	--
- Collateral	--	--	--	--
- Pledge	--	--	--	--
- Mortgage	--	--	--	--
Total	677.773	668.039	156	150

(*) The Group has given guarantees amounting to TL 61.727 related to the loans in Note 5 for the companies under full consolidation.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Shareholders	%	31 December		31 December	
		2023	%	2022	
Lightyear Healthcare B.V.	34,67%	72.131	34,67%	72.131	
Sancak İnşaat Turizm Nakliyat ve Dış Tic.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	
	100%	208.037	100%	208.037	
Capital adjustment differences		2.129.483		2.129.483	
Share capital		2.337.520		2.337.520	

(*) 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; 3,224 thousand shares representing 4.43% 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, 418 thousand shares representing 0.57% of the publicly traded portion of the capital were purchased by Hujori, 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı and lastly other shareholders purchased 314 shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak 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 31 December 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, as 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 31 December 2022 (Note 1). Shares in circulation rate is 33.16% as of 1 January 2024.

Share Premium

	31 December 2023	31 December 2022
Share premium	2.645.882	2.645.882
	2.645.882	2.645.882

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 that were deducted from proceeds, out of amounting 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. Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.

The related amount became 2,645,882 TL after applying inflation accounting.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2023	31 December 2022
Legal reserves	3.738	2.798
Restricted reserves appropriated from profit	61.773	61.773
	65.511	64.571

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Treasury shares

Treasury share procedures have been initiated and pursuant to the decision of the Board of Directors of the Company on 19 December 2023 for Company to continue to the share buyback program. Within the scope of the decision, the shares with a nominal value of TL 17,025, corresponding to 8.18% of the Company's capital, has been bought back at the amount of TL 1,275,247 including transaction costs as of 31 December 2023. As of the report date, there are no treasury shares that have been sold.

Additional Information for Capital, Legal Reserves and Other Equity Items

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 December 2023 and the restated amounts in the financial statements prepared in accordance with statutory accounting are as follows:

31 December 2023	Inflation adjusted amounts in the financial statements prepared in accordance with statutory accounting	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/IFRS	Differences recognized in retained earnings
Share Capital Adjustment Differences	3.489.772	2.129.483	1.360.289
Share premium	4.941.840	2.645.882	2.295.958
Restricted Reserves			
Appropriated from Profit	87.432	65.511	21.921

NOTE 20 - REVENUE AND COST OF SERVICES

Revenue	1 January-31 December 2023	1 January-31 December 2022
Hospital services (*)	22.449.345	18.902.871
	22.449.345	18.902.871

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

Cost of services	1 January-31 December 2023	1 January-31 December 2022
Doctor expenses	(5.276.758)	(4.017.817)
Personnel expenses	(3.441.131)	(2.441.315)
Material consumption	(3.098.306)	(3.386.621)
Depreciation and amortization expenses (Note 12,13)	(1.404.587)	(1.130.181)
Services rendered by third parties	(1.267.128)	(1.251.379)
Rent expenses	(138.784)	(200.421)
Other (*)	(1.392.268)	(1.587.801)
	(16.018.962)	(14.015.535)

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January-31 December 2023	1 January-31 December 2022
Personnel expenses	(940.846)	(650.566)
Sponsorship and advertising expenses (*)	(818.602)	(817.924)
Depreciation and amortization expenses (Note 12,13)	(137.700)	(131.543)
Outsourcing expenses	(73.830)	(86.212)
Lawsuit provision (Note 17)	(40.213)	(45.568)
Rent expenses	(31.410)	(26.331)
Communication expenses	(17.489)	(26.625)
Bad debt allowance (Note 8)	(15.528)	(5.554)
Maintenance expenses	(7.944)	(11.981)
Taxes and duties	(6.824)	(7.697)
Service expenses	(4.319)	(6.057)
Representation and entertainment expenses	(2.196)	(5.241)
Other	(92.040)	(48.152)
	(2.096.901)	(1.821.299)

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

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services rendered by the independent audit firms, which is based on the POA's letter dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021 are as follows:

	2023(*)	2022(*)
The independent audit fee for the reporting period	2.479	1.974
Fees for tax advisory services	--	--
Fee for other assurance services	145	172
Fees for services other than independent audit	--	--
	2.624	2.146

(*) The fees above have been determined by including the statutory audit and other related service fees for all subsidiaries and joint ventures.

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange gains from operations	647.147	724.232
Trade payables discount	169.172	111
Other income	136.870	173.531
	953.189	897.874

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES (Continued)

	1 January-31 December 2023	1 January-31 December 2022
Other expenses from operating activities		
Foreign exchange losses from operations	(344.064)	(490.441)
Trade receivables discount	(85.964)	(4.617)
Non-operational hospital expenses	(56.369)	(35.317)
SSI return expenses	(29.118)	(67.714)
Other expenses	(307.431)	(342.522)
	(822.946)	(940.611)

NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January-31 December 2023	1 January-31 December 2022
Income from investment activities		
Exchange rate-protected time deposits	70.904	43.111
Income from sale in shares of associates	--	867.294
Income from business combinations	--	50.162
Gain on sale of fixed assets	7.225	39.372
	78.129	999.939

	1 January-31 December 2023	1 January-31 December 2022
Expenses from investment activities		
Loss on sale of fixed assets	(10.723)	(176.699)
	(10.723)	(176.699)

NOTE 24 - FINANCE EXPENSES

	1 January-31 December 2023	1 January-31 December 2022
Interest expenses from bonds issued	(714.561)	(249.396)
Interest expenses from lease liabilities (*)	(588.392)	(395.148)
Bank commissions	(223.903)	(117.046)
Interest expenses from bank borrowings	(175.929)	(393.310)
Other interest expenses	(146.637)	(97.465)
Interest expenses from financial lease obligations	(17.707)	(30.603)
Total interest expenses	(1.867.129)	(1.282.968)
Interest expenses from lease liabilities (*)	(73.806)	(53.431)
Net foreign exchange loss (Note 7)	(16.168)	(61.387)
Total financial expenses	(1.957.103)	(1.397.786)
Interest income	243.890	156.440
Finance expenses, net	(1.713.213)	(1.241.346)

(*) Consists of interest expense and foreign exchange loss related to the lease liabilities under TFRS 16.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Short term payables due to current tax	31 December 2023	31 December 2022
Current period tax liabilities	228.825	84.158
	228.825	84.158

Current tax liabilities	31 December 2023	31 December 2022
Current corporate tax provision	537.422	101.578
Less: Prepaid taxes and funds	(308.597)	(17.420)
	228.825	84.158

Tax income/(expense)	1 January-31 December 2023	1 January-31 December 2022
Current tax expense	(534.583)	(106.007)
Deferred tax expense	(542.425)	216.887
	(1.077.008)	110.880

1 January-31 December 2023	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	(78.959)	19.740	(59.219)
Other comprehensive income	(78.959)	19.740	(59.219)

1 January-31 December 2022	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	24.575	(6.144)	18.431
Other comprehensive income	24.575	(6.144)	18.431

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Corporate Tax

The Group is subject to corporate tax applicable in Turkey. Estimated tax liabilities related to the current period's operating results have been provided for in the attached financial statements. Turkish tax legislation does not allow the parent company, which consolidates subsidiary financial statements, to submit tax returns based on consolidated financial statements. Therefore, the tax liabilities reflected in these consolidated financial statements have been separately calculated for all companies included in the consolidation scope.

Corporate income tax to be accrued on taxable corporate income is calculated based on the difference between deductible expenses in determining commercial profits and additions for non-deductible expenses, as well as deductions for tax-exempt gains, non-taxable income, and other deductions (such as previous year losses and investment deductions if preferred), calculated on the remaining basis.

In Turkey, the general corporate tax rate is 25%. However, according to Law No. 7316 published in the Official Gazette dated April 22, 2021, which makes amendments to the Law on the Procedure for the Collection of Public Receivables and Some Other Laws, as of July 1, 2023, the rate for corporate profits for the 2023 tax period, to be submitted from that date, will be applied at 25% (December 31, 2022: 23%).

The corporate tax rate is applied to the net corporate income determined by adding non-deductible expenses according to tax laws and deducting exemptions and deductions provided for in tax laws. Corporate tax is declared by the twenty-fifth evening of the fourth month following the end of the relevant year and is paid in a single installment by the end of the same month.

Companies calculate provisional tax at a rate of 25% on their quarterly financial profits and declare and pay it by the fourteenth day of the second month following that period, until the seventeenth evening. The provisional tax paid during the year is offset against the corporate tax to be calculated for the year to be filed, and if there is any remaining amount after offsetting, it can be refunded in cash or offset against any other financial liability to the state.

According to the Corporate Tax Law, declared financial losses shown on the tax return can be deducted from the corporate tax base for up to five years. Declarations and related accounting records can be audited by the tax office within five years, and tax calculations can be revised.

Deferred Tax

The Group accounts for deferred tax assets and liabilities arising from temporary timing differences resulting from differences between tax-based statutory financial statements and financial statements prepared in accordance with IFRS. These differences typically stem from certain income and expense items appearing in different periods in tax-based financial statements compared to those prepared under IFRS, and are detailed below. The tax rate used in calculating deferred tax assets and liabilities is 25% based on temporary timing differences expected to reverse in 2023 (2022: 23%), and 25% based on temporary timing differences expected to reverse after 2023 (2022: 23%). Due to the inability of businesses in Turkey to declare consolidated tax refunds, deferred tax assets of subsidiaries are not offset against deferred tax liabilities of subsidiaries and are shown separately.

The Group has revalued its properties and their related depreciations as of December 31, 2023, in accordance with the General Communiqué on Tax Procedure Law (Serial No: 530) issued by the Ministry of Treasury and Finance. However, it continues to account for them using the cost method in its IFRS financial statements. The Group has calculated the deferred tax asset/liability based on the temporary difference between the Tax Procedure Law (VUK) and IFRS financial statements using the updated VUK values resulting from revaluation, and has recognized the deferred tax income of 217,487 TL resulting from this practice in the income statement as a one-time effect, to the extent it is considered recoverable.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

Investment Incentive Certificate

The Group holds various investment incentive certificates signed by the Ministry of Economy of the Republic of Turkey and approved by the Directorate General of Incentive Implementation and Foreign Capital. With these incentive certificates, the Group is entitled to a corporate tax reduction rate ranging from 40% to 80% with unlimited duration, corresponding to a total deferred tax asset of 266,296 TL (December 31, 2022: 193,864 TL). The relevant deferred tax assets are calculated as 15% to 40% of the total incentive contribution amount arising from the respective investment incentive certificates. Additionally, the Group has qualified for employer's share of social security premium support from the Ministry of Economy of the Republic of Turkey for hospitals that have completed investments from scratch.

As of December 31, 2023, the Group has accumulated tax losses amounting to 70,400 TL (December 31, 2022: 59,902 TL). A deferred tax asset of 17,600 TL related to these losses has been recognized (December 31, 2022: a deferred tax asset of 22,701 TL has been recognized).

Deferred tax assets/(liabilities):	31 December 2023	31 December 2022
Tax losses carried forward	17.600	22.701
Depreciation differences of tangible and intangible assets	(963.136)	(671.198)
Provision for employment termination benefits	21.851	36.538
Vacation pay liability	32.372	18.015
Temporary difference between the tax base and carrying amount of financial liabilities	(3.981)	(6.082)
Prepaid building expenses	186	(260)
Tax advantage from investment incentive	632.806	603.910
Right of use asset	(1.245.016)	(480.221)
Other	92.720	82.030
	(1.414.598)	(394.567)
Deferred tax asset	1.809.220	1.373.437
Deferred tax liability	(3.223.818)	(1.768.004)
	(1.414.598)	(394.567)

The years in which the right to utilize the deferred tax asset created from the accumulated tax losses will expire are as follows:

	31 December 2023	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiration schedule of carryforward tax losses		
Expiring in 2024	3.654	--
Expiring in 2025	12.113	--
Expiring in 2026	7.182	--
Expiring in 2027	12.421	--
Expiring in 2028	35.030	--
	70.400	--

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (Continued)

	31 December 2022	
	Losses carried forward for which deferred tax assets recognized	Losses carried forward for which deferred tax assets not recognized
Expiration schedule of carryforward tax losses		
Expiring in 2023	12.257	--
Expiring in 2024	4.379	--
Expiring in 2025	14.375	--
Expiring in 2026	9.320	--
Expiring in 2027	19.571	--
	59.902	--

Movement of deferred tax (assets)/liabilities for the period ended 1 January - 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Deferred tax (assets)/liabilities		
Opening balance as of January 1	(394.567)	(299.493)
Charged to profit or loss	(542.425)	216.887
Effect of inflation	(457.866)	(318.105)
Charged to equity	(19.740)	6.144
	(1.414.598)	(394.567)

The reconciliation of the current tax expense and net income for the period is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Reconciliation of tax provision:		
Loss Before Tax	5.824.940	4.780.562
Tax at the domestic income tax rate of %25 (2022: %23)	(1.456.235)	(1.099.529)
Tax effects of:		
Expenses that are not deductible in determining taxable profit	(175.884)	(76.117)
Effect of tax advantage from investment incentive	266.296	196.683
Change in income tax rate from % 23 to %25	70.813	(394)
Discounts and exemptions	206.934	193.864
Effect on revaluation of immovables and other economic assets subject to depreciation (*)	217.487	514.030
Other (**)	(206.419)	382.343
Income tax income recognised in profit/(loss)	(1.077.008)	110.880

(*) With Article 11 of the Law No. 7326 published in the Official Gazette on 9 June 2021, the opportunity to revalue the immovables and depreciable economic assets in the legal financial statements on the effective date of the law was introduced. The included assets will be subject to depreciation over the amount they are revalued with the D-PPI ("domestic producer price index"), and a 2% tax will be paid on the resulting value increase. Within the scope of the aforementioned law amendment, deferred tax asset has been calculated in the statement of financial position based on the revaluation records for fixed assets in the legal book, and the deferred tax income related to this asset has been recorded in the consolidated statement of profit or loss.

(**) 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 26 - EARNINGS PER SHARE

Weighted average of group shares and profit per unit share calculations are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Weighted average number of shares	208.037	208.037
Net gain/(loss) for the period for the equity holders of the parent	4.529.594	4.741.597
Earnings/(loss) per share for equity holder of the parent	21,77	22,79

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES

Capital Risk Management

The Group manages its capital through the optimization of the debt and the equity balance that minimizes the financial risk.

Through the forecasts regularly prepared by the Group, the future capital amount, debt to equity ratio and similar ratios are forecasted and required precautions are taken to strengthen the capital.

The Group's capital structure consists of equity items including debts, cash and cash equivalents and reserves, and retained earnings, including loans explained in Note 7.

The Group's Board of Directors analyze the capital structure in regular meetings. During these analyses, the Board of Directors also evaluates the risks associated with each class of capital together with the cost of capital. The Group, by considering the decisions of the Board of Directors, aims to balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

As of 31 December 2023 and 31 December 2022, the net (receivable) debt / total capital ratio is as follows:

	31 December 2023	31 December 2022
Total Borrowings	6.055.694	4.996.849
Less: Cash and Cash Equivalent	(2.812.373)	(1.261.961)
Net Debt	3.243.321	3.734.888
Total Equity	12.892.323	9.897.000
Total Capital	16.135.644	13.631.888
Net Debt/Total Capital Rate	20%	27%

There has been no significant change in Group's financial risk policies and credit risk management implementations compared to prior periods.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group monitors the credibility of the parties with whom they perform transactions and also takes into account the credit rating of the related instruments when making the investment preference. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Before accepting any new customer, credit limits by customer are determined and defined after the assessment of the potential customer's credit quality.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimize the credit risk, the Group has performed credit ratings considering the default risks of the counterparties and categorized the related parties.

The Group's current credit risk rating methodology includes the following categories:

Category	Description	Basis for recognizing expected credit loss
Secured receivables	Consist of secured receivables The counterparty has a low	Not generating credit loss
Recoverable receivables	risk of default and secured Amount is past due or	Not generating credit loss
Doubtful or past due receivables	there has been a significant evidence	%100 allowance for unsecured receivables
Write-off	There is evidence indicating the asset off is credit-impaired	Amount is write

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

31 December 2023	Receivables				
	Trade Receivables		Other Receivables		Deposits in bank
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	113	3.658.138	134.865	300.655	2.780.898
- The part of maximum risk under guarantee with collateral etc	--	--	--	--	--
A. Net book value of financial assets that are neither past due or impaired	113	2.801.001	134.865	300.655	2.780.898
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	--	857.137	--	--	--
- the part under guarantee with collateral	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--
- Past due (gross carrying amount)	--	140.633	--	--	--
- Impairment (-)	--	(140.633)	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--

(*) Tutarın belirlenmesinde, alınan teminatlar gibi, kredi güvenilirliğinde artış sağlayan unsurlar dikkate alınmamıştır.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Trade receivables include a large number of customers scattered in various regions. There is no risk concentration on a specific customer or a group of customers. The credit reviews are performed continuously over the accounts receivable balance of the customers. The Group does not have a significant credit risk arising from any customer.

31 December 2022	Receivables				
	Trade Receivables		Other Receivables		Deposits in bank
	Related Party	Third Party	Related Party	Third Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	86	3.011.543	126.607	81.139	1.235.517
- The part of maximum risk under guarantee with collateral etc	--	--	--	--	--
A. Net book value of financial assets that are neither past due or impaired	86	2.327.090	126.607	81.139	1.235.517
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	--	--	--	--	--
C. Carrying value of financial assets that are past due but not impaired	--	682.804	--	--	--
- the part under guarantee with collateral	--	--	--	--	--
D. Net book value of impaired assets	--	--	--	--	--
- Past due (gross carrying amount)	--	198.515	--	--	--
- Impairment (-)	--	(198.515)	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- The part of net value under guarantee with collateral etc.	--	--	--	--	--
E. Off-balance sheet items with credit risk	--	--	--	--	--

(*) The factors that increase credibility such as guarantees received are not taken into account in determination of amount.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Explanations on the credit quality of financial assets

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

The aging of overdue receivables is as follows:

31 December 2023	Trade receivables	Total
Total overdue by 1-30 days	210.607	210.607
Total overdue by 1-3 months	163.964	163.964
Overdue by more than 3 months	482.566	482.566
Total overdue receivables	857.137	857.137
The part under guarantee with collateral etc.	--	--

31 December 2022	Trade receivables	Total
Total overdue by 1-30 days	125.208	125.208
Total overdue by 1-3 months	194.956	194.956
Overdue by more than 3 months	362.640	362.640
Total overdue receivables	682.804	682.804
The part under guarantee with collateral etc.	--	--

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities and maintaining adequate funds and reserves.

Liquidity risk tables

Conservative liquidity risk management includes maintaining sufficient cash, availability of sufficient amount of borrowings and funds and ability to settle market positions.

The Group manages its funding of actual and forecasted financial obligations by maintaining the availability of sufficient number of high quality loan providers.

The following table details the Group's expected maturity for its non-derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

31 December 2023	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months(I)	3-12 months(II)	1-5 years (III)	More than 5 years(IV)
Non-derivative financial liabilities						
Bank loans	1.239.949	1.498.292	450.384	734.081	313.827	--
Debt instruments issued (Bond)	2.500.000	3.755.014	823.486	1.675.972	1.255.556	--
Finance lease obligations	54.369	66.488	56.032	10.455	--	--
Lease liability	2.261.376	3.664.859	202.843	515.865	2.094.479	851.672
Trade and other payables	4.539.434	6.151.488	4.845.690	939.627	318.226	47.945
Payables for employment benefits	345.895	345.895	--	--	--	--
	10.941.023	15.482.036	6.378.435	3.876.000	3.982.088	899.617

31 December 2022	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months(I)	3-12 months(II)	1-5 years (III)	More than 5 years(IV)
Non-derivative financial liabilities						
Bank loans	1.617.052	1.857.443	541.349	827.113	488.981	--
Debt instruments issued (Bond)	1.103.979	1.244.254	123.367	1.120.886	--	--
Finance lease obligations	191.057	233.597	39.690	92.177	101.729	--
Lease liability	2.084.761	3.902.687	199.445	499.926	2.217.056	986.260
Trade and other payables	4.620.266	4.816.058	2.598.871	1.590.565	428.895	197.728
Payables for employment benefits	272.678	272.678	272.678	--	--	--
	9.889.793	12.326.717	3.775.400	4.130.667	3.236.661	1.183.988

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

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:

	TL Equivalents (Functional currency)	USD	EUR	GBP	Other
31 December 2023					
1. Trade receivables	192.395	4.930	1.451	--	--
2a. Monetary financial assets	969.315	21.503	9.819	440	--
2b. Non monetary financial assets	7.122	28	190	3	--
3. Other	2.254	18	53	--	--
4. Current Assets	1.171.086	26.479	11.513	443	--
5. Trade receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non monetary financial assets	122.874	3.842	300	--	--
7. Other	138.820	2.943	1.602	--	--
8. Non-current assets	261.694	6.785	1.902	--	--
9. Total assets	1.432.780	33.264	13.415	443	--
10. Trade payables	(256.192)	(8.261)	(400)	--	--
11a. Financial liabilities (loans)	--	--	--	--	--
11b. Financial liabilities (leasing)	(9.385)	--	(288)	--	--
11c. Lease liabilities	(29.056)	--	(892)	--	--
12a. Other monetary liabilities	(220.690)	(3.968)	(3.111)	(68)	--
13. Current liabilities	(515.323)	(12.229)	(4.691)	(68)	--
14. Trade payables	--	--	--	--	--
15a. Financial liabilities (loans)	--	--	--	--	--
15b. Financial liabilities (leasing)	--	--	--	--	--
15c. Lease liabilities	(102.380)	--	(3.143)	--	--
16a. Other monetary liabilities	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--
17. Non-current liabilities	(102.380)	--	(3.143)	--	--
18. Total liabilities	(617.703)	(12.229)	(7.834)	(68)	--
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--	--
19a. Off balance sheet foreign currency derivative assets	--	--	--	--	--
19b. Off balance sheet foreign currency derivative liabilities	--	--	--	--	--
20. Net foreign currency asset liability position (9-18+19)	815.077	21.035	5.581	375	--
21. . Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	544.007	14.205	3.436	372	--

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

31 December 2022	TL Equivalents (Functional currency)	USD	EUR	GBP	Other
1. Trade receivables	109.345	3.061	460	(2)	--
2a. Monetary financial assets	888.770	26.834	1.737	134	--
2b. Non monetary financial assets	56.336	37	1.677	3	--
3. Other	14.759	--	449	--	--
4. Current Assets	1.069.210	29.932	4.323	135	--
5. Trade receivables	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--
6b. Non monetary financial assets	102.751	3.335	--	--	--
7. Other	(306)	--	(9)	--	--
8. Non-current assets	102.445	3.335	(9)	--	--
9. Total assets	1.171.655	33.267	4.314	135	--
10. Trade payables	(16.372)	(332)	(187)	--	--
11a. Financial liabilities (loans)	--	--	--	--	--
11b. Financial liabilities (leasing)	(75.964)	(280)	(2.050)	--	--
11c. Lease liabilities	(25.235)	--	(768)	--	--
12a. Other monetary liabilities	(212.888)	(4.026)	(2.653)	(46)	--
13. Current liabilities	(330.459)	(4.638)	(5.658)	(46)	--
14. Trade payables	--	--	--	--	--
15a. Financial liabilities (loans)	--	--	--	--	--
15b. Financial liabilities (leasing)	(9.460)	--	(288)	--	--
15c. Lease liabilities	(132.524)	--	(4.035)	--	--
16a. Other monetary liabilities	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	--
17. Non-current liabilities	(141.984)	--	(4.323)	--	--
18. Total liabilities	(472.443)	(4.638)	(9.981)	(46)	--
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--	--
19a. Off balance sheet foreign currency derivative assets	--	--	--	--	--
19b. Off balance sheet foreign currency derivative liabilities	--	--	--	--	--
20. Net foreign currency asset liability position (9-18+19)	699.212	28.629	(5.667)	89	--
21. . Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	525.673	25.257	(7.784)	86	--

Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising primarily from USD and EUR.

The following table details the Group's sensitivity to a 20% increase and decrease against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive value indicates an increase in profit before tax.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

31 December 2023

In the case of US dollar gaining 20% value against TRY	Valuation of foreign currency	Devaluation of foreign currency
1 - USD net asset/liability	123.853	(123.853)
2 - Portion hedged against USD risk (-)	--	--
3- USD net effect (1 +2)	123.853	(123.853)
In the case of EUR dollar gaining 20% value against TRY		
4 - EUR net asset/liability	36.352	(36.352)
5 - Portion hedged against EUR risk (-)	--	--
6- EUR net effect (4+5)	36.352	(36.352)
TOTAL (3+6)	160.205	(160.205)

31 December 2023

In the case of US dollar gaining 20% value against TRY	Valuation of foreign currency	Devaluation of foreign currency
1- USD net asset/liability	176.411	(176.411)
2 - Portion hedged against USD risk (-)	--	--
3- USD net effect (1+2)	176.411	(176.411)
In the case of EUR dollar gaining 20% value against TRY		
4 - EUR net asset/liability	(37.227)	37.227
5 - Portion hedged against EUR risk (-)	--	--
6- EUR net effect (4+5)	(37.227)	37.227
TOTAL (3+6)	139.184	(139.184)

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest risk management

The value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group is subject to interest risk in relation to its variable rate bank borrowings and financial lease obligations.

31 December 2023	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TL	2,5 (2,5)	(29.217) 29.217	-- --

31 December 2022	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TL	2,5 (2,5)	(40.509) 40.509	-- --

Interest rate swap contracts:

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

Market risk

The Group is exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group utilizes the following financial instruments to manage the risks associated with the foreign exchange rates and interest rates. Also, the Group follows price changes and market conditions regularly and takes action in pricing instantaneously.

The Group prefers floating interest rates for long term borrowings. To hedge against the interest risk the Group uses interest swap contracts for some of its borrowings.

In the current period, there is no significant change in the Group's exposure to the market risks or the manner which it manages and measures risk when compared to the previous year.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 28 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Classes and fair values of financial instruments

31 December 2023	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit or loss	Carrying value	Notes
Financial Assets					
Cash and cash equivalents	2.812.373	--	--	2.812.373	6
Trade receivables (related parties included)	3.658.251	--	--	3.658.251	8
Other receivables (related parties included)	435.520	--	--	435.520	9
Financial Liabilities					
Financial liabilities	3.794.318	--	--	3.794.318	7
Trade payables	4.082.221	--	--	4.082.221	8
Lease liabilities	2.261.376	--	--	2.261.376	7
Other liabilities (related parties included)	457.213	--	--	457.213	9
Payables for employee benefits	345.895	--	--	345.895	15

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 28 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

31 December 2022	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit or loss	Carrying value	Notes
Financial Assets					
Cash and cash equivalents	1.261.961	--	--	1.261.961	6
Trade receivables (related parties included)	3.011.629	--	--	3.011.629	8
Finansal yatırımlar	352.909	--	--	352.909	7
Other receivables (related parties included)	207.746	--	--	207.744	9
Financial Liabilities					
Financial liabilities	2.912.088	--	--	2.912.088	7
Trade payables	3.951.182	--	--	3.951.182	8
Lease liabilities	2.084.761	--	--	2.084.761	7
Other liabilities (related parties included)	669.084	--	--	669.084	9
Payables for employee benefits	272.678	--	--	272.678	15

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are necessary in interpreting market data to determine fair value. Accordingly, the estimates presented herein may not be indicative of the amounts the Group could realize in a current market transaction.

The following methods and assumptions were used to estimate the fair value of financial instruments:

Monetary assets

It is assumed that the registered values of financial assets, including cash and cash equivalents, are equal to their fair values due to their short-term nature.

It is assumed that the registered values of trade receivables reflect the fair value together with the relevant impairment provisions.

Monetary liabilities

It is assumed that the fair values of short-term bank loans and other monetary debts are close to their recorded values due to their short-term nature.

It is assumed that the book values as of the reporting date are approaching their fair values due to long-term financial debts mostly have variable interest rates and are repriced in the short term.

NOTE 29 - BUSINESS COMBINATIONS

The Company acquired Özel Adana Metro Hastanesi and Özel Adana Hastanesi, located in Adana as of 1 December 2022. TFRS 3 defines the "business" as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants". As per "Hospital Operation Contract" signed with third parties, the Company acquired hospital licence and fixed assets of the aforementioned hospital. Additionally, hospital building was leased by the Company as per "Building Rent Contracts" signed on the same dates. As purchase price, the Company will pay a total of TL 240,000 through machinery lease payments over the course of 10 years. As this transaction includes "Input – Process and Output" elements mentioned in TFRS, they are accounted as business combination. As of 31 December 2022 it has been provisionally accounted for in the consolidated financial statements under the rules of TFRS 3 "Business Combinations Standard", within the scope of TFRS 3. The amounts recognized as provisionals within the scope of TFRS 3 have been revalued in the current year and no difference has been observed.

The details on profit/loss calculation, total acquisition amount and net assets required as a result of acquisition are as follows:

Total acquisition amount	(555.082)
Net assets acquired	606.363
Gain on bargain purchase (*)	51.281

(*) Deferred tax expense and negative goodwill balance are presented gross.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

NOTE 29 - BUSINESS COMBINATIONS (Continued)

Assets/Liabilities acquired	Adana Fair value on Acquisition
Duran Varlıklar	
Property, plant and equipment	98.679
Intangible assets	507.683
	606.363
Long Term Liabilities	
Deferred tax liabilities	10.255
	10.255
Net assets acquired	596.107
Gain on the bargain purchase	41.025
Non-controlling interests	8.206

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

None.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

OTHER ADDITIONAL INFORMATION FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

APPENDIX I OTHER ADDITIONAL INFORMATION

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 31 December 2023 and 31 December 2022 are as follow:

EBITDA CALCULATION	31 December 2023	31 December 2022
Net loss before tax	5.824.940	4.780.562
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;	1.542.287	1.261.724
Total net finance cost, net of interest income;	1.552.335	1.083.418
Realized and unrealized foreign exchange gains deducted from and foreign exchange losses added to financial liabilities;	89.975	114.817
Fair value differences of derivative instruments (net) (Note 20);	-	-
Extraordinary (income)/expense	266.450	188.861
Rediscount income/expense, net (Note 20)	(83.208)	4.506
Income on bargain purchase price	-	-
Legal case provision expenditures which are reflected to financial statements by the general accounting principles;	40.213	45.568
Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles;	39.417	54.664
Employment termination benefit provision expenses which are reflected to financial statements by the general accounting principles;	12.730	27.672
One-off doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles;	15.055	4.631
Non-cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 3);	653	602
Non-cash profit added to non-cash losses from the disposal or deactivation of property, plant and equipment or intangible assets;	3.498	(729.966)
Monetary gain/(loss)	3.099.062	2.223.522
EBITDA	6.205.283	4.613.537
TFRS 16 Lease payment effect	(718.551)	(642.623)
Adjusted EBITDA	5.486.732	3.970.914

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