

MLPCARE



MLP SAĞLIK HİZMETLERİ A.Ş.

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

as of March 31, 2024

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1. Overview:

Founded in 1993, MLP Care (“MLP Care”, “the Group” or “the Company”) continue operations with the Liv Hospital and Medical Park brands. MLP Care is the most widespread Turkish private healthcare group, with 30 hospitals and around 5,900 beds, located in 13 cities across Turkey, Baku, Azerbaijan and Budapest, Hungary.

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

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

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

(**) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,642 thousand shares representing 5% of the publicly traded portion were purchased by Lightyear (“Lightyear Healthcare B.V.” ve “Hujori Financieringen B.V.”), 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak Yatırım, 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta, 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı and lastly other shareholders purchased 314 shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak Yatırım from the publicly traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold.

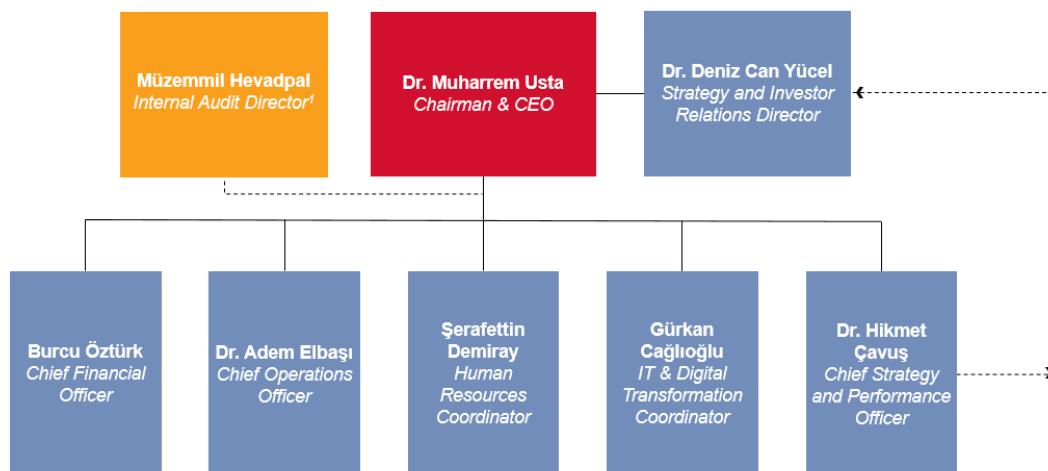
2.2 Major Participations (as of March 31, 2024):

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

Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	100.00%
Artimed Medikal Sanayi ve Ticaret A.Ş. ("Artimed")	100.00%
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	100.00%
Kuzey Doğu Sağlık Hizmetleri ve Ticaret A.Ş. (Kuzey Doğu)	100.00%

* Group's share on MLP Gaziantep Sağlık has increased to 100% as of July 18, 2023.

2.3 Organizational Chart:



3. Developments During the Period:

- **CMB Application Regarding the Suitability of Independent Board Member Candidates (February 26, 2024 Dated Announcement)**

In accordance with the Turkish Commercial Code and Article 4.3.7 of the Corporate Governance Principles annexed to the Capital Markets Board's ("CMB") Corporate Governance Communiqué (II-17.1), the necessary application has been made to the CMB for the Independent Board Membership of Temel Güzeloglu and Betül Ebru Edin, who have declared their candidacy to be elected at the first Ordinary General Assembly meeting of our Company. In the application, the independence declarations and resumes of the candidates and the Corporate Governance Committee's assessment report on the independence of the candidates were submitted to the CMB.

- **CMB Approval Regarding the Suitability of Independent Board Member Candidates (March 14, 2024 Dated Announcement)**

CMB has decided not to express any negative opinion on the independent board member candidates

- **The Statement Regarding the Acquisition of a Hospital in Ankara (April 16, 2024 Dated Announcement)**

Our Company's Board of Directors has taken the following decisions;

1. To obtain the licence of Özel Ortadoğu Fizik Tedavi Hospital through our Company on March 29, 2024,
2. To change Özel Ortadoğu Fizik Tedavi Hospital's name to Özel Medical Park İncek Hospital on April 1, 2024,

Özel Medical Park İncek Hospital, whose licence transfer processes have been completed as of April 16, 2024, has 182 beds capacity.

- **JCR Eurasia Rating Action (April 25, 2024 Dated Announcement)**

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

The rating upgrade was driven by the MLP Care's continuing strong revenue growth, sustainable EBITDA growth and improved operational profitability indicators, low level of leverage underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals, diversification funding structure through debt security issuances, strong equity level supported by internal resource generation capacity, diversification of income stream supporting predictable cash flow generation, national position in private healthcare industry supported by established brand-names and concepts, and enhanced practice of corporate governance principles.

4. Corporate Governance Compliance Report:

4.1 Corporate Governance Principles Compliance Report:

In accordance with the resolution No. 2/49 made by the Capital Markets Board of the Prime Ministry of the Republic of Turkey on January 10, 2019, the Company disclosed the "Compliance Report Format (CRF)" which indicates the compliance status of the Company with the principles of voluntary compliance and the "Corporate Governance Information Form (CGIF)" which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) in March 25, 2024. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/sirket-bilgileri/ozet/2118-mlp-saglik-hizmetleri-a-s> link.

4.2 Stock Information

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

Date of IPO: February 13, 2018

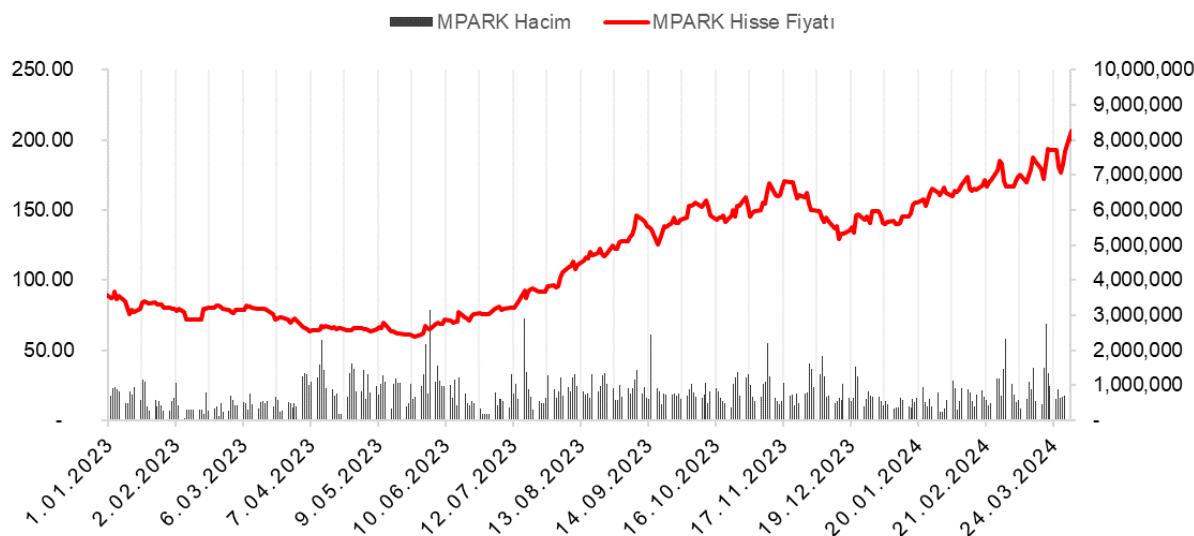
Public: 35.01% (TFRS Report)

Stock Performance in Q1 2024:

January 1 – March 31, 2024	Lowest	Highest	Average	March 31, 2024
Stock Price (TL)	139.90	193.50	165.78	192.40
Market Value (million USD)	972	1,257	1,103	1,236

Stock Performance:

MPARK STOCK PERFORMANCE



Independent Auditor:

In our General Assembly Meeting held on May 13, 2024, **DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member of Deloitte Touche Tohmatsu Limited)** has been selected as the independent auditor to audit our Company's financial reports for the year 2024 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations.

4.3 General Assembly Meetings:

Annual Ordinary General Assembly Meeting for the year 2023

According to the Article 18 “General Assembly Meetings” of the Articles of Association, the process of the General Assembly Meeting has been regulated by an internal directive. The aforementioned “Internal Directive on Working Principles and Procedures of the General Assembly” entered into force in 2013. Therefore, MLP Care’s Annual Ordinary General Assembly Meeting for the year 2023 has been arranged in accordance with this directive.

In its meeting dated April 17, 2024, our Board of Directors resolved by majority of votes to hold the Annual Ordinary General Assembly Meeting for the year 2023, on May 13, 2024 Monday at 10:00 a.m. at the address “Liv Hospital Vadistanbul Ayazağa Mahallesi, Kemerburgaz Caddesi, Vadistanbul Park Etabı, 7F Blok Sarıyer, İstanbul” with the agenda below, to make the related announcements and to take all the necessary actions required by the Turkish Commercial Code, the Articles of Association as well as other related regulations to materialize and finalize the meeting.

Also within the framework of the measures announced by the Turkish Ministry of Trade, it was emphasised to advise that the shareholders to participate in the general assembly meetings electronically without participating in the physical environment and to remind that shareholders who want to participate in the general assembly electronically can vote with the Electronic General Assembly System.

Agenda

1. Opening of the meeting and establishment of the Board of the General Assembly,
2. Authorization of the Board of the General Assembly to sign the Meeting Minutes and the List of Attendees,
3. Reading out and discussion of the Annual Report of the Board of Directors for the year 2023,
4. Reading out the report of the Independent Audit Company for the fiscal year 2023,
5. Reading out, discussion and approval of the Financial Statements for the fiscal year 2023 prepared in accordance with the regulations of CMB,
6. Acquittal of the members of the Board of Directors separately regarding their operations and transactions in 2023,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. Submitting the decision taken by the Board of Directors of our Company at its meeting dated 25.05.2022 regarding the increase of the fund allocated for the repurchase programme, which was initiated in order to support the healthy price formation of MPARK shares in the share market, to contribute to the stability of the share price and its formation in accordance with its real value, to protect the shareholders and to offer them a more attractive long-term investment opportunity, to 2,150,000,000,00- Turkish Liras for the information of the shareholders,

9. In accordance with the Capital Markets regulations, the Turkish Commercial Code and Article 12 of the Company's Articles of Association, Mr. Temel Güzeloglu and Mr. Temel Güzeloglu, who were nominated as Independent Board Members by the Board of Directors on 22.02.2024 in place of the Independent Board Members whose term of office has expired. Temel Güzeloglu and Mr. Betül Ebru Edin, who were nominated as Independent Board Members by the Board of Directors on February 22, 2024, for the approval of the General Assembly and to discuss and resolve on the determination of their remuneration,
10. Election of Board of Directors members,
11. In accordance with Article 399 of Turkish Commercial Code No. 6102, Article 24 of the Company Articles of Association, and relevant regulations of Capital Markets Law No. 6362, it is proposed to submit to the approval of the shareholders the appointment of DRT Independent Audit and Certified Public Accountant Financial Advisory Inc. as the Independent Auditor for the examination of the Company Financial Statements and Reports for the year 2024,
12. Informing the shareholders on the donations made by the Company in 2023 in accordance with the regulations laid down by the Capital Markets Board and Article 4 of the Company's Articles of Association and discussion and approval of the Board of Directors' proposal on the ceiling of donations to be made in 2024,
13. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by the Company by granting collaterals, pledges and mortgages in favor of third persons,
14. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communiqué (II-17.1.) of the Capital Markets Board,
15. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,
16. Petitions and requests.

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

Company's Board of Directors comprises of six members:

- Muharrem Usta – Chairman and CEO
- Seymur Tarı – Vice Chairman
- Hatice Hale Özsoy Bıyıklı – Board Member
- Haydar Sancak – Board Member
- Betül Ebru Edin – Independent Board Member
- Temel Güzeloglu – Independent Board Member

4.5 Working Principles of the Board of Directors:

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

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

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

In its meeting held on May 13, 2024, the Board of Directors resolved to appoint the members of the Committees in accordance with the provisions of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board,

- a) Temel Güzeloglu, one of our board members, has been elected as the chairman of the Audit Committee, while Betül Ebru Edin has been elected as a member.
- b) Betül Ebru Edin has been elected as the chairman of the Corporate Governance Committee, with Temel Güzeloglu, Hatice Hale Özsoy Bıyıklı, and Deniz Can Yücel elected as members.
- c) Betül Ebru Edin has been elected as the chairman of the Early Detection of Risk Committee, with Temel Güzeloglu and Hatice Hale Özsoy Bıyıklı elected as members.

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

Corporate Governance Committee and Early Detection of Risk Committee held a meeting on May 22, 2024, while the Audit Committee held a meeting on May 24, 2024. They will continue to convene at the frequency required by their regulations and carry out their duties in the upcoming period.

5. Q1 2024 Earnings Release

Summary Financials

(TL million)	Q1 2024	Q1 2023	Change
Revenues	7,960	6,010	32.5%
EBITDA¹	2,034	1,330	53.0%
EBITDA margin (%) ¹	25.5%	22.1%	343bps
Net Profit/(Loss) Before Tax	1,338	897	49.2%
Net Profit/(Loss)	752	343	119.1%
Net Profit/(Loss) equity holders of the parent	683	322	112.4%
Free Cash Flow	2,202	2,035	8.2%
Capital Expenditure	133	209	(36.5%)
Net Debt	3,622	3,732	(2.9%)
Net Debt / EBITDA	0.5x	0.9x	

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

Financial Highlights

- ✓ In Q1 2024, total revenues increased by 32% to TL 7,960 million (Q1 2023: TL 6,010 million). Domestic private medical insurance posted the highest growth among all segments.
- ✓ In Q1 2024, EBITDA increased by 53% to TL 2,034 million (Q1 2023: TL 1,330 million). EBITDA margin increased due to improved operating leverage.
- ✓ In Q1 2024, net profit increased by 119% to TL 752 million (Q1 2023: TL 343 million). Net profit allocated to equity holders of the parent increased by 112% to TL 683 million in Q1 2024 (Q1 2023: TL 322 million).
- ✓ Net debt/EBITDA ratio came in at 0.5x in Q1 2024, while net debt excluding IFRS 16 decreased by TL 537 million to TL 593 million.

Operating Highlights

- ✓ Turkish Medical Association (TMA) price tariff was increased by %41 in December 28, 2023 which has been effective from January, 2024.
- ✓ The Social Security Insurance (SSI) price tariff saw a ca. 50% increase on May 9, 2024.
- ✓ The license for Özel Ortadoğu Hospital in Ankara was acquired by our Company on April 16, 2024. The hospital, with a capacity of 182 beds, will continue its operations as Medical Park Incek Hospital.
- ✓ With Medical Park Pendik Hospital receiving JCI certification, the total number of JCI-accredited hospitals has now reached seven.

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

"We made a strong start to the first quarter of 2024 with increasing occupancy rates and improving operational leverage. In April, we expanded our hospital network by acquiring a hospital with a capacity of 182 beds in Ankara. In the new year, we are deepening our efforts in the field of sustainability. As we prepare to publish our fourth sustainability report this year according to both GRI and TSRS standards, we will review our sustainability goals and set new KPIs."

Revenues

	Q1 2024	Q1 2023	Change
Total Revenues (TL million)	7,960	6,010	32.5%
Domestic Patient Revenues	6,815	4,989	36.6%
<i>Inpatient Revenues</i>	3,627	2,707	34.0%
<i>Outpatient Revenues</i>	3,188	2,282	39.7%
Foreign Medical Tourism Revenues	875	867	0.9%
Other Ancillary Business	271	153	76.6%

Domestic Patient Revenues: Revenues from domestic patients increased by 36.6% in Q1 2024 due to increased patient numbers and average prices. The inpatient revenues grew by 34.0% in Q1 2024. The outpatient revenues grew by 39.7% in Q1 2024.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 0.9% in Q1 2024.

Other Ancillary Business: Revenues from other ancillary business increased by 76.6% in Q1 2024 due to management consultancy revenues from hospitals.

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

	Q1 2024	Q1 2023	Change (bps)
(% of Revenues)	74.5%	77.9%	(343)
Material	14.2%	13.9%	32
Doctor	24.1%	23.1%	108
Personnel	21.0%	21.9%	(88)
Outsourced services purchases	5.8%	6.6%	(77)
All other expenses	9.3%	12.5%	(318)

Material consumption as a percentage of total revenue increased by 32 bps to 14.2% in Q1 2024 due to the rise in drug prices.

Doctor costs as a percentage of total revenue increased by 108 bps to 24.1% in Q1 2024.

Personnel expenses as a percentage of total revenue decreased by 88 bps to 21.0% in Q1 2024.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 77 bps to 5.8% in Q1 2024.

All other expenses (energy, rent, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased to 9.3% in Q1 2024 mainly due to effect of operating leverage.

Cash Flow

The operating cash flow increased by 4.0% to TL 2,335 million in Q1 2024 due to the robust EBITDA growth. Therefore, the operating cash flow/EBITDA ratio was at 114.8% in Q1 2024.

Free cash flow increased by 8.2% to TL 2,202 million in Q1 2024 due to lower capex and strong EBITDA growth. Therefore, free cash flow/EBITDA ratio was at 108.3% in Q1 2024.

Maintenance-related capital expenditures as a percentage of revenues was at 1.1% in Q1 2024. Total capital expenditures as a percentage of revenues was at 1.7% in Q1 2024.

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2024	Vertical %	2023	Vertical %	Change
TL	1,643	45%	2,213	59%	(25.8%)
USD + Euro (*)	(1,050)	(29%)	(1,083)	(29%)	(3.1%)
Total loan, financial leasing	593	16%	1,130	30%	(47.5%)
TL (IFRS 16)	2,896	80%	2,460	66%	17.7%
USD + Euro (IFRS 16)	133	4%	142	4%	(5.9%)
Total lease liabilities (IFRS16)	3,030	84%	2,602	70%	16.4%
Total net debt	3,622	100%	3,732	100%	(2.9%)

(*)There is a net long position of USD 30.1 million in foreign currency.

The net debt/EBITDA ratio was decreased to 0.5x in Q1 2024 on the back of strong operating performance from 0.6x in 2023.

In Q1 2024, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 537 million to TL 593 million.

The net debt/EBITDA ratio without IFRS 16 lease liability decreased to 0.1x in Q1 2024 from 0.2x in 2023.

Total net debt including obligations under operational leases related to TFRS 16 decreased by 3% to TL 3,622 million.

Share Buy-Back Program

As of March 31, 2024, total nominal value of purchased shares have become TL 19,857,500 which represents 9.5452% of the share capital. As of May 24, 2024 total nominal value of repurchased shares have become TL 20,535,000 which represents 9.8708% of the share capital.

EBITDA RECONCILIATION

TL million	Q1 2024	Q1 2023	Change
Revenue	7,960	6,010	32.5%
Cost of service (-)	(5,885)	(4,513)	30.4%
Gross profit	2,076	1,497	38.7%
General administrative expenses (-)	(649)	(621)	4.4%
Depreciation and amortization expenses (Cost of service)	564	417	35.2%
Depreciation and amortization expenses (General administrative expenses)	43	37	15.8%
EBITDA¹	2,034	1,330	53.0%
EBITDA margin (%)¹	25.5%	22.1%	343bps

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

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited	Unaudited	
	Q1 2024	Q1 2023	Change (%)
Revenue	7,960	6,010	%32.5
Cost of service (-)	(5,885)	(4,513)	%30.4
Gross profit	2,076	1,497	%38.7
General administration expenses (-)	(649)	(621)	%4.4
Other income from operations	288	82	%250.2
Other expenses from operations (-)	(276)	(86)	%220.1
Operating profit/(loss)	1,439	871	%65.1
Income from investing activities	0	17	(%98.7)
Expense from investing activities (-)	--	(4)	(%100.0)
EBIT	1,439	884	%62.7
<i>EBIT margin</i>	<i>18.1%</i>	<i>14.7%</i>	<i>336bps</i>
Interest (expenses) / income, net (-)	(587)	(610)	(%3.8)
Net foreign exchange profit / (loss) (including hedging cost)	(9)	(27)	(%65.6)
Monetary gain / (loss)	495	650	(%23.8)
Net profit / (loss) before tax	1,338	897	%49.2
Tax income / (expense) from operations	(586)	(554)	%5.8
Net profit / (loss)	752	343	%119.1
Net profit / (loss) non-controlling interest	69	22	%219.7
Net profit / (loss) equity holders of the parent	683	322	%112.4

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2024	Audited December 31, 2023
Cash and cash equivalents	2,557	3,236
Financial investments	--	--
Trade receivables	4,441	4,208
Inventory	1,282	1,239
Short term other assets	969	1,051
Current assets	9,248	9,734
Tangible and intangible fixed assets	9,494	9,618
Right of use assets	9,590	8,332
Deferred tax assets	1,346	2,082
Long term other assets	3,216	2,930
Non-current assets	23,645	22,962
Total assets	32,894	32,695
Trade payables	4,717	4,697
Short term other liabilities	2,309	2,005
Short term financial liabilities (incl, financial and operational leases)	2,673	3,524
Current liabilities	9,699	10,226
Long term other liabilities	457	482
Deferred tax liabilities	4,071	3,709
Long term financial liabilities (incl, financial and operational leases)	3,506	3,444
Non-current liabilities	8,033	7,635
Shareholders' equity	14,925	14,584
Non-controlling interest	236	250
Equity	15,161	14,834
Total liabilities & equity	32,894	32,695