ANNUAL REPORT 2021

MLPCARE

MEDICALPARK | liv HOSPITAL

As being Turkey’s leading private healthcare provider, MLP Care were established in 1993. We grew steadily with the right steps and became the most widespread hospital group in Turkey.

We have the largest number of city-wide hospital networks, with our brands targeting three different price segments, with sustainable, exceptional healthcare quality. 38% of our beds are in the attractive Istanbul market. We also have the highest number of bed capacity in almost all the cities in which we operate.

We continue to take steady growth steps with our expert and professional staff and our understanding of superior service, and to offer health assurance to the future from today.

We are proceeding with healthy growth steps

We move forward with the strategy of unique and strong growth since we founded. We focus on increasing our operations with the capacity utilization of big hospitals and also growth in metropolitans with large and medium scale hospitals. We continue to get positive results with brand power, operational know-how, expert doctors and management team. We successfully decreased our debt ratios despite the new investments.

TL **5.8** billion

Total Revenue

We earn world's trust

We are the shining star of the foreign medical tourism. With our services organization, we had a big breakout before the pandemic. As the vaccination rates increased both in Turkey and other countries and the normalization process started, our revenues in this field increased significantly. We aim to increase our effectiveness internationally with international branding and advertisement activities with the support of Turquality program.

109.2%
Growth in Foreign Medical Tourism Revenue

We continue to invest in the future

Our Liv Hospital brand, which aim to use advanced diagnosis and treatment methods simultaneously with the world, is getting stronger. Vadistanbul, the 6th hospital of Liv Hospital brand, started its operations in May 2021. Liv Hospital Vadistanbul, which has approximately 35 thousand square meter area, with its expert doctors who carry out academic studies became the new center of healthy life, and also will increase significantly the foreign medical tourism revenues.

125
Bed Capacity

76
Policlinic Rooms

7
Operating Rooms

liv HOSPITAL
liv HOSPITAL

We complete health with confidence and expertise

Interest in top-up insurance continues to increase in our country. More than 2.5 million people has top-up insurance. As MLP Care we operate in this field. Our private health insurance revenues increase significantly especially with top-up insurance contribution.

83%

Growth in Private Medical Insurance Revenues

CONTENTS

In this annual report, the number of employees includes the employees of 3 university hospitals operating under the management contract, interns, and employees within the scope of 4-1A. There-fore, the number of permanent employees is different from the 12,618 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

All figures in this annual report include the impact of IFRS 16 unless otherwise stated.

TURKEY'S MOST WIDESPREAD HEALTHCARE GROUP

MLP Care has strong brand recognition, as well as a unique business model that appeals to diverse price segments.

We operate with state-of-the-art infrastructure and advanced technological facilities
- 15 cities, 30 hospitals
- Over 20 thousand employees, including more than 15 thousand permanent employees and over 2,500 physicians

We continue to increase our scientific depth through our collaborations with universities and faculties of medicine.
-7 Group hospitals that collaborate with the university
-379 academicians* who work as doctors in Group hospitals (14.6% of all our doctors)

MLP Care, provides world-class healthcare services with 30 hospitals within the Group.

MLP care operates with 20,000+ staff, 2,500+ doctors.

We have operational and surgical superiority recognized globally thanks to the high-tech equipment and innovative methods we use.
- Da Vinci Robotic Surgery System
- Gamma Knife Treatment

We have medical quality accreditations that are the best in their classes in general.
- JCI Accreditation
- Global Surgical Review Corporation Standard in Surgery, and Centers of Excellence awards in three centers

We have sustainable financial growth performance.
- Business growth through Top-up Health Insurance System
- Business growth through revenue diversification

*Per regulations issued by YÖK (The Council of Higher Education), academicians from other provinces are no longer permitted to work at universities in İstanbul, Ankara, and İzmir. While the number of academicians with an academic title and appointed in the academic staff of universities is 379, the total number of physicians with academic titles assigned or not assigned to academic staff is 983.

MLPCARE ACTIVITY MAP

MLP Care continues its operations with 30 hospitals in Turkey

Liv Hospital Vadistanbul
Opening: May 2021
Location: İstanbul

TL 5.8 Billion
Revenue

TL 1.5 Billion
EBITDA*

More than
20 Thousand
Employees

S IN TURKEY

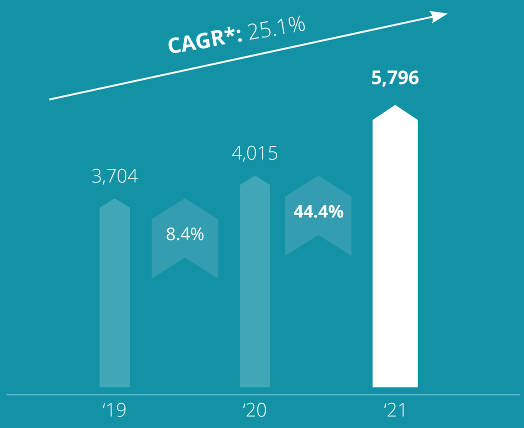
15 CITIES, 30 HOSPITALS

*Adj. EBITDA is based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses.

KEY INDICATORS

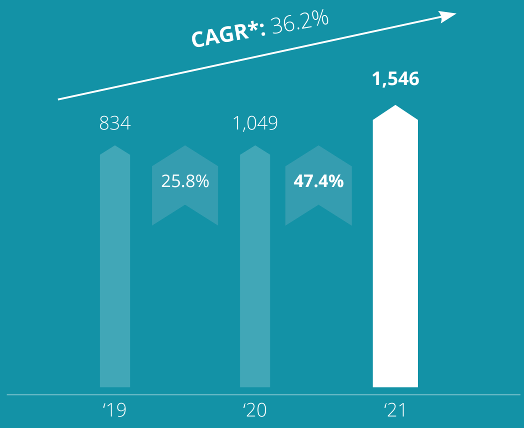
MLP Care continued to provide high quality healthcare services in 2021, with strong financial and operational strength.

Revenue (TL Million)



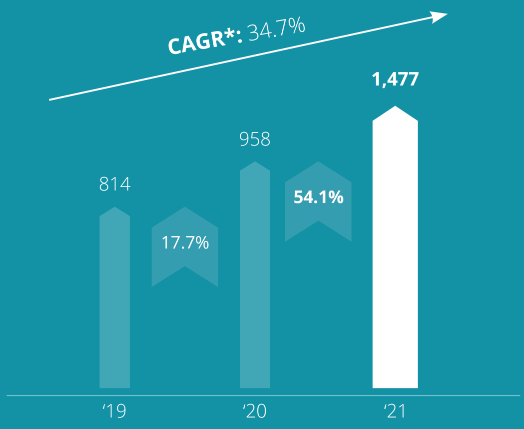
*CAGR: Compound Annual Growth Rate

EBITDA** (TL Million)



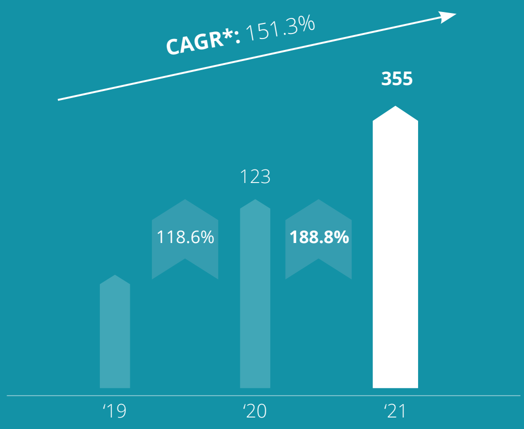
**Adj. EBITDA is based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income)/expenses, net and non-cash GAAP provision expenses.

EBITDA*** (TL Million)



***Adjusted (excluding FX effect of other income/expenses from operating activities

Net Profit (TL Million)



Main Income Statement Items

	2020	2021	Change
Revenue (TL million)	4,015	5,796	44.4%
Operating Income (TL million)	870	1,062	22.1%
Operating Income Margin	21.7%	18.3%	(334bps)
Net Profit/ (Loss) (TL million)	123	355	188.8%
Adjusted EBITDA*(TL million)	1,049	1,546	47.4%
Adjusted EBITDA* Margin	26.1%	26.7%	55 bps
Adjusted EBITDA** (TL million)	958	1,477	54.1%
Adjusted EBITDA Margin**	23.9%	25.5%	161 bps
Free Cash Flow (TL million)	733	1,160	58.1%

Main Balance Sheet Items

	2020	2021	Change
Cash and Cash Equivalents (TL million)	375	680	81.4%
Total Assets (TL million)	4,572	5,748	25.7%
Equity Attributable to the Owner of the Company (TL million)	282	539	90.7%
Net Financial Debt (TL million)	2,117	2,069	(2.3%)
Net Financial Debt/Adjusted EBITDA	2.0	1.3	

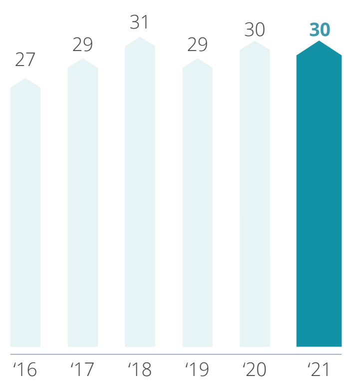
*Adj. EBITDA is based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses.
**Adjusted EBITDA (excluding FX effect of other income/expenses from operating activities)

MLPCARE IN BRIEF

Strong brand recognition and a broad portfolio of services aimed at diversified customer segments, MLP Care is Turkey's most widespread multidisciplinary hospital group.

Originally founded in 1993 as Medical Park, MLP Sağlık Hizmetleri A.Ş. (MLP Care) continues to extend its reach with the Liv Hospital brand and the VM Medical Park concept for a quarter of a century. As the most widespread healthcare group in the industry, MLP Care currently operates 30 hospitals in 15 cities across the country – from Bursa and Elazığ to Trabzon and Antalya. MLP Care operates in the Turkish healthcare sector with its hospital facilities, affiliates and more than 20 thousand employees.

Number of Hospitals



As MLP Care with over a quarter of a century experience, we successfully continue our journey that began with Medical Park and Liv Hospital brands alongside VM Medical concept.

MLP Care is Turkey's most widespread multidisciplinary hospital group. Our Company's highly centralized business model supports hospital field operations and central management. MLP Care has a nationwide network that spans the most populated cities in Turkey.

Maintaining strong and profitable growth, as MLP Care our business model is supported by a balanced payer profile. Our Company's executive management team consists of senior professionals who have extensive industry knowledge and experience gained at Turkey's leading healthcare institutions and enterprises.


VM

MLPCARE IN BRIEF

MLP Care provides services under 2 brands and 1 concept, featuring 3 pricing strategies in Turkey.

Balanced Revenue Sources

MLP Care has a unique approach that allows our Company to target diverse segments in the population. Our Company provides services in Turkey under two brands and one concept, featuring three pricing strategies: These are the Medical Park and Liv Hospital brands, and the VM Medical Park concept, respectively.

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Premium

VM MEDICALPARK

Premium Mass

MEDICALPARK

Middle-Upper Mass

Our Strengths

1
Operates in the attractive Turkish healthcare market

2
Leader in private hospital provision

3
Strong brand recognition and unique business model addressing all price points

4
Clinical excellence and world-class service offering

5
Superior operational and financial performance

6
Outstanding platform for further growth

7
Visionary leadership supported by an exceptional management team

VISION, MISSION AND VALUES

Our Vision

We aim to become a reference institution abroad and the most preferred private healthcare service provider in Turkey.

We are going to reach our vision by;
1. Keeping our patients as the top priority,
2. Achieving measurable and high-quality clinical results,
3. Investing in human, infrastructure, and technology,
4. Being the most attractive institution in which physicians and other medical personnel are willing to work.

Our Mission

We work to ensure that all people live healthy lives.

Our Values

- We value people – reliability is our core indispensable principle.
- We make a difference with our services.
- We are committed to scientific methods and continuous improvement.
- We are an agile, goal- and success-oriented team.
- We serve as a model institution with our ethical principles and professional ethics.

Certifications and Awards

- JCI (Joint Commission International) Accreditation Standards
- Ministry of Health Quality Standards
- SRC* Center of Excellence Certification
- Runner-up Award in the Healthcare Services Category in the 2020 Service Export Champions Survey conducted by the Service Exporters Association (HİB)
- MLP Care's Investor Relations practices ranked at the top of the list both in EMEA and in Turkey for all sectors according to a survey by Institutional Investor.

* Surgical Review Corporation

GROWTH STRATEGY

As MLP Care we continue our strong growth through acquisitions and the opening of new hospitals, our university affiliations and our brands targeting different price segments. Featuring two brands and one concept, our Company serves a diverse range of patients, including the middle-upper mass, premium mass, and premium segments.

16

There are 16 hospitals operating under the Medical Park brand.

8

There are 8 hospitals operating under the VM Medical Park concept.

6

There are 6 hospitals operating under the Liv Hospital brand.

Altınbaş University Hospital Medical Park Bahçelievler

Medical Park

With Medical Park, our first brand that we introduced with the Health for Everyone motto, we offer our services to middle and upper segments. The brand is mainly aimed at patients covered by SSI (Social Security Institution) health insurance. Currently, 16 of our Group hospitals operate under our brand.

GROWTH STRATEGY

VM Medical Park Maltepe Hospital

VM Medical Park

Our VM Medical Park concept, which is named Value Added Medicine, was launched in 2015. This concept targets the patients in higher income groups relying on private health insurance and self-pay patients willing to pay higher prices for high quality services. Under the VM Medical Park concept, our Company provides elevated service quality compared to the Medical Park brand in terms of advanced medical technology and equipment, high-caliber physicians, more nursing and administrative staff per patient, sophisticated contemporary décor, and inpatient suites. Currently, 8 of our Group hospitals operate under this concept.

Liv Hospital Gaziantep

Liv Hospital

Launched in 2013, the Liv concept is our Company's premium segment service. Taking its name from the acronym for Leading International Vision, Liv Hospital targets the premium segment, consisting mainly of self-pay patients or patients who have private health insurance and are willing to pay more for VIP service. Liv Hospital delivers an advanced level of comfort and hospitality services in terms of more staff per patient and the latest in-room technology. Our company operates 6 hospitals under the Liv Hospital brand exclusively: Istanbul Ulus, Vadistanbul, Ankara Çankaya, Samsun, and Gaziantep along with Istinye University Hospital Liv Hospital Bahçeşehir, currently operating pursuant to a management contract.

GROWTH STRATEGY

MLP Care added 18 hospitals to the Company's portfolio between 2014 and 2021 with new hospital investments and acquisition.

Our Fundamental Growth Strategies
We aim to continue providing our world-class services to all patient groups in different segments in the upcoming periods. We follow the strategies below to achieve these objectives.

Maintaining the leading position in the private healthcare sector and expanding footprint with new investments and acquisitions
Our proven track record of growth, both through greenfield expansions and acquisitions, added 18 hospitals to the Company's portfolio between 2014 and 2021. As part of its strategy to focus growth in metropolitan areas with mid-large scale hospitals, we evaluate the opportunities for greenfield expansions and acquisitions. In addition to organic growth, our Company regularly monitors acquisition opportunities in the sector. The Company expects to benefit from the consolidation trend of the fragmented private healthcare sector in the upcoming years.

We aim to continue providing our world-class services, and evaluate the opportunities for greenfield expansions and acquisitions with mid-large scale hospitals in metropolitan areas as part of our strategy.

Support of private medical insurance policies into further top-line growth
Up to 9% of the total population in Turkey is covered by private medical insurance; this ratio decreases to 6% when emergency and travel insurance are excluded. Of the total 8.9 million insurance policies sold in Turkey, 2.5 million are for comprehensive healthcare insurance and 2.6 million are top-up insurance policies. This growth was mainly driven by the affordability of the top-up insurance policies compared to the comprehensive healthcare insurance policies. Due to the Covid-19 pandemic that affected the whole world, the demand for top-up insurance has increased.

Increasing the share of medical tourism in the total revenue
The medical tourism market in Turkey is growing in terms of visitors and expenditures, representing the significant potential for our Company's business. Turkey has an important position in the medical tourism market, offering both clinical excellence and competitive prices for the most common operations.

VM Medicalpark Florya

As well, the country's advantageous position in the medical tourism market is supported by recent regulatory initiatives, including government financial incentives, such as Turquality, intended to stimulate medical tourism.

As of December 30, 2019, our Company became the first company in the service sector to be admitted to the Turquality Support Program with two different brands.

The Turquality Support Program is the first and only state-sponsored branding program that supports Turkish brands to become global players in international markets. Unlike traditional export supports, the focus of the Turquality Program is to contribute to companies' branding objectives, rather than simply increasing exports.

As a leading healthcare service provider in terms of revenue generated from medical tourism, we have consistently expanded our market share by offering high medical quality and affordable prices. In 2021, medical tourism revenue increased by 109.2% to TL 712 million compared to the last year. While medical tourism revenue is 12% of the total revenues in 2021, it is expected to grow in upcoming years.

712
TL Million

In 2021, the total medical tourism revenue was TL 712 Million

Continuing to focus on university affiliations

Our Company's portfolio includes seven private medical school-affiliated hospitals. Altınbaş University Hospital Medical Park Bahçelievler, Bahçeşehir University Hospital Medical Park Göztepe, Izmir University of Economics Medical Park Hospital, and Yüksek İhtisas University Medical Park Ankara Hospital are owned by our Company, while Istanbul Aydın University VM Medical Park Florya, Istinye University Hospital Liv Hospital Bahçeşehir, and Istinye University Hospital Medical Park Gaziosmanpaşa are operated pursuant to a management contract.

GROWTH STRATEGY

We are constantly increasing our scientific depth thanks to affiliation of our 7 hospitals with university and medical faculties as of 2021.

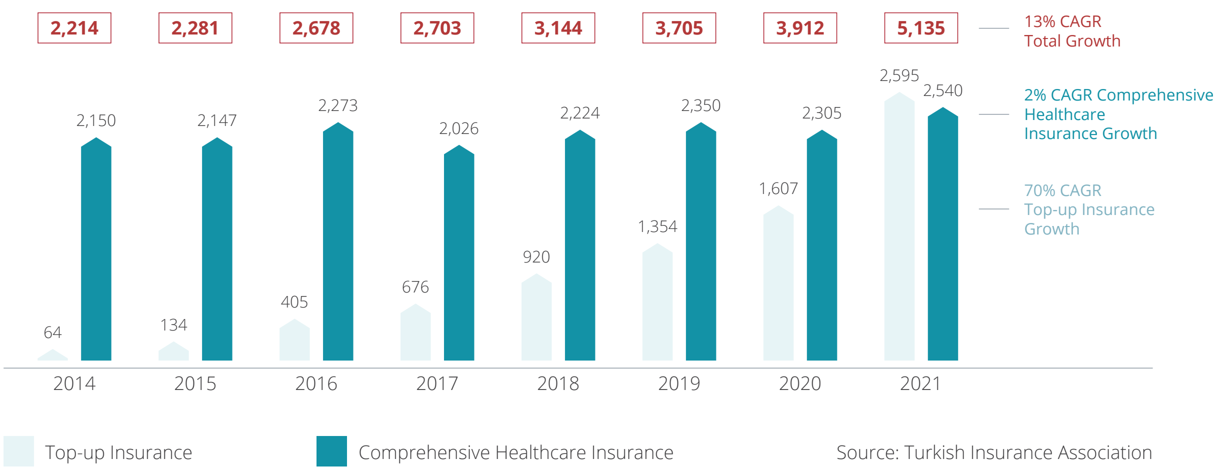
The hospitals that are currently operated pursuant to a management contract are owned by their respective universities but operated under MLP Care brands and concepts; thus, they are included in our Company portfolio. While our Company does not own these hospitals, we are responsible for its setup and operation pursuant to long-term service contracts. In return, our Company receives a share of the hospitals' annual revenues and profit.

2.6 million

Total number of people with top-up insurance passed the number of people with comprehensive healthcare insurance.

Our Company's ability to recruit physicians effectively depends on its strong brand and capability to support participation in scientific activities through affiliations with medical schools.

TOTAL NUMBER OF POLICIES SOLD IN TURKEY ('000)



Source: Turkish Insurance Association

MILESTONES

As MLP Care, we put into service the 6th hospital of our Liv Hospital brand in Vadistanbul in May 2021, in line with our strategy of growing with large and medium-sized hospitals in metropolitans.

1993
Sultangazi hospital was opened by Muharrem Usta and Adem Elbaşı.

1995
İstanbul Fatih hospital was opened

2005
The company was established by incorporated by founders Muharrem Usta and Adem Elbaşı, together with Sancak İnşaat on a (50%/50%) ownership basis.

2006
VM Medical Park Bursa Hospital was opened

2007
Istanbul Bahçelievler hospital was opened; Batman, Elazığ and Tokat hospitals were acquired.

2008
Antalya, Gaziantep, and Istanbul Göztepe hospitals were opened.

2009
• 40% stake in the Company's share capital was acquired by Summer Investment S.A.R.L. an entity controlled by The Carlyle Group
• Ordu and Samsun hospitals were opened

2010
Uşak hospital was acquired.

2011
Gebze, Tarsus, and Izmir hospitals were opened.

2013
Our first premium hospital, Liv Hospital Ulus was opened.

2014
• Sale of Summer Investment S.A.R.L.' stake to funds advised by Turk Ventures Advisory Limited.
• Trabzon Yıldızlı and Trabzon Karadeniz hospitals were acquired. In addition, Silivri, Ereğli, Çanakkale, and Istanbul Avcılar hospitals were acquired from Arkaz Group.
• Liv Hospital Ankara and Medical Park Ankara hospitals were opened.

2015
Kocaeli VM Hospital, the first hospital managed under the VM Medical Park concept, and Istanbul Gaziosmanpaşa Hospital were opened.

2016
Istanbul Istinye University Hospital Liv Hospital Bahçeşehir commenced operations pursuant to a management contract.

2017
• Istanbul Aydin University Hospital VM Medical Park Florya started operations pursuant to a management contract.
• Liv Hospital Samsun was opened

2018
• In February, MLP Care started trading at Borsa Istanbul with MPARK code
• VM Medical Park Pendik and VM Medical Park Mersin hospitals were opened.

2019
• 57% of the shares of Avcılar, Ereğli, and Silivri hospitals were sold to Arkaz Sağlık Hizmetleri A.Ş. (Arkaz).
• The ownership share in Çanakkale hospital was increased to 100%.
• Özel Mehmet Toprak Hospital was acquired.

2020
• Liv Hospital Gaziantep was opened.
• Uşak hospital was sold.
• Ankara hospital was acquired.

2021
• Istanbul Vadistanbul, the 6th hospital of the Liv Hospital brand, was opened.
• Istanbul Fatih hospital was closed.

MESSAGE FROM THE CHAIRMAN AND CEO

We believe that Liv Hospital Vadistanbul, which we started accepting patients during the pandemic with the aim of serving humanity and creating value for our country, will become one of Turkey's reference hospitals.

Esteemed Shareholders, Business Partners, and Employees,

We are passing through times when we deepen our search for meaning, both individually and institutionally, as our efforts to heal proceed in every section of our lives that effected by the global pandemic. The search to make sense of things is characteristic of human; It is one of our most basic features that distinguishes us from other living things. This search; It is also the reason why humanity develops with science, is motivated to do better by pushing its capacity, is motivated to maximize its contribution to the world, and is able to overcome the greatest challenges.

World healthcare authorities have maximized their contribution to improve life by primarily treating those affected by the pandemic and focusing on developing vaccines, drugs, treatments, and investigating the unknown effects of the virus for more than two years. We are proud to be a part of this community.

From the very beginning, we have been actively involved in our country's fight against the pandemic with all our hospitals and healthcare personnel. Last year, we also increased our contribution by being involved in the vaccination process. Although it is a very tiring period for us, we have been able to serve our country properly and we continue to do so thanks to the dedication and self-sacrificing approach of our employees from all levels in different positions. The effect of vaccination as expected turns our tiredness into a feeling of gratitude.

5.7
TL billion
Total Assets

MLP Care increased total assets to TL 5.7 billion in 2021.

As vaccination increases in the society, the burden of the pandemic on the healthcare sector decreases. We think that this easing, which started last year, will become more and more noticeable.

At the end of 2020, we shared with you our expectation that the Turquality program supports will contribute to the rapid recovery of medical tourism, which was adversely affected by the global pandemic. When the global vaccination efforts and these supports are combined; In 2021, we managed to increase the total medical tourism revenue of our Medical Park and Liv Hospital brands by 109%.

Medical tourism, which provides foreign exchange inflow to our country, will be one of our focus areas in 2022. Because many patients with serious health problems in different parts of the world go out of their countries to receive their treatment. As a healthcare group that can successfully perform extremely complex treatments with our experience, up-to-date technology, scientific depth and expert staff, we want to be instrumental in making our country preferred by more and more foreign patients every year.

We continued our investments in 2021 in parallel with these targets. We believe that Liv Hospital Vadistanbul, which we started accepting patients during the pandemic period with the aim of serving humanity and creating value for our country, will become one of Turkey's reference hospitals. To open Liv Hospital Vadistanbul during the pandemic, we are proud to be able to follow our strategy to focus on mid-large scale hospitals in any circumstances.

In 2021 we also focused on the pursuit of sustainable efficiency for our Company. We have succeeded in increasing our operational and financial efficiency in a way that will contribute to profitability in our balance sheet. The fact that we were able to reduce our net debt by converting our foreign currency debts to TL was effective in our financial efficiency.

I can say that the driving force of our operational efficiency was our digitalization efforts, which we intensified together with the pandemic and which cover all our business units. We defined our digital transformation studies as 11 main and 30 sub-processes and made our plans. We have completed our work in 20 processes so far. Our work in 10 different processes continues. We implement it to improve our digitalization processes in a wide range of areas, from human resources to billing and even data management that enables us to monitor the delivery of healthcare services in real time.

109%

Total medical tourism revenue growth of Medical Park and Liv Hospital brands was 109%.

Increasing digitalization efforts with the pandemic and the effective contribution of companies to their activities have clearly begun to be reflected in their results. Digitalization has become one of the critical issues of the business world in terms of sustainability studies as well as efficiency.

As MLP Care, our aim is to ensure that all people live healthier lives. We know that, the delivery of healthcare services is essential in terms of making the world a better place and sustainability of well being. However, it is also obvious that our world needs more attention from all of us... While our natural resources are rapidly depleting, we believe that in this period when we are starting to feel the negative effects of climate change on public health worldwide, we should reconsider our habits and put sustainability at the center of our lives and the way we do business, both as individuals and as institutions.

For this reason, for the first time this year, we have presented our report, in which we describe our sustainability efforts in detail, to the public. We are proud of being the first hospital group to publish a sustainability report in Turkey. Due to our leading position among Turkey's private hospitals, we consider it among our responsibilities to implement projects that will inspire and guide sustainability studies in the field of healthcare.

I hope you will gladly review both our sustainability and annual reports. The success of our Company is the result of the efforts of our employees and their contributions by embracing all these processes. I would like take this opportunity to express my gratitude to all our employees once again. I would also like to express my gratitude to all our stakeholders who support us in our work to add meaning to life.

Respectfully yours,

Dr. Muharrem Usta
Chairman of the Board of Directors and CEO

2021 HIGHLIGHTS

We expanded our hospital network with the opening of Liv Hospital Vadistanbul in May 2021.

As MLP Care we continued our strong growth trend in 2021, increasing revenue and EBITDA to TL 5.8 billion up by 44.4%, and to TL 1.5 billion up by 47.4%, respectively.

As MLP Care we expanded our hospital network with the opening of Liv Hospital Vadistanbul in May 2021.

Despite the worldwide pandemic, MLP Care completed the year with operational success due to effective cost management. On February 8, 2021, we strengthened our balance sheet against possible macroeconomic headwinds by converting foreign currency syndicated loans for the years 2022-2024 into TL.

February 2021

The Conversion of The FX Denominated Loans into TL
We converted all of the principal payments of EUR 46.5 million of syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. As a result of this transaction we closed our FX Net Debt open position.

As MLP Care we expanded our hospital network with the opening of Liv Hospital Vadistanbul in May 2021.

May 2021

Liv Hospital Vadistanbul opening
6th hospitals of Liv Hospital brand, Vadistanbul started its operations in line with our strategy of focusing on growth in metropolitans with large-and medium-scale hospitals. On the other hand we closed Fatih Hospital.

Liv Hospital Vadistanbul has started accepting patients on May 24, 2021 in Istanbul, Sarıyer with a capacity of 125 beds, 35,000 square meter area and 70 doctors. In addition to domestic patients, this hospital will serve foreign patients from European and Balkan countries, the Middle East and Arab countries.

Liv Hospital Vadistanbul especially serve all robotic surgery applications, adult and children pediatric cancer surgeries, expert hearth health clinic, spine clinic and athlete health clinic, rehabilitation clinic with innovative treatments, advanced endoscopy clinic, stem cell, and regenerative medical center, and many other clinics and treatments.

September 2021

Institutional Investor 2021
As MLP Care, we were awarded by Institutional Investor for our successful investor relations practices in 2021 like 2020.

Our Company, ranked at the top of the list EMEA Healthcare and Medicine category Best Investor Relations Program, MLP Care's Chairman of the Board of Directors and CEO Muharrem Usta awarded Best CEO, our CFO Burcu Öztürk awarded Best CFO and our Strategy and Investor Relations Director Deniz Can Yücel awarded Best Investor Relations Professional.

In the BIST All category Best Investor Relations Program of the same research, our CFO Burcu Öztürk Best CFO and Strategy and Investor Relations Director Deniz Can Yücel Best Investor Relations Professional awarded.

As MLP Care, we were awarded by Institutional Investor for our successful investor relations practices in 2021 like 2020.

December 2021

The Issuance of Lease Certificate
Within the framework of the Capital Markets Board (CMB) Lease Certificates Communiqué (III-61.1) (Communiqué), MLP Care will take place as a fund user, with various maturities within one year. Based on the management agreement stipulated in the Communiqué, our application to the CMB for the purpose of issuing lease certificates domestically and obtaining the necessary permissions in order to be sold to qualified investors with an issue ceiling of TL 750,000,000- (seven hundred and fifty million Turkish Liras) without being offered to the public, has been approved.

2021 HIGHLIGHTS

In 2021, Adjusted EBITDA (without fx impact) increased by 54% to TL1,477 million, while the adjusted EBITDA margin increased by 161 bps to 25.5%.

2021 Financial Review

Summary Financials

(TL million)	2021	2020	Change
Revenue	5,796	4.,015	44.4%
EBITDA[1]	1,546	1,049	47.4%
EBITDA[1] Margin (%)	26.7%	26.1%	55p
EBITDA[2] (without fx impact)	1,477	958	54.1%
EBITDA[2] Margin (%)	25.5%	23.9%	161p
Net Profit/(Loss) Before Tax	372	186	100.5%
Net Profit/(Loss)	355	123	188.8%
Net Profit/(Loss) (allocated to equity holders of the parent)	290	65	347.3%
Free Cash Flow	1,160	733	58.1%
Capital Expenditure	493	166	197.1%
Net Debt[3] (including TFRS 16 impact)	2,069	2,117	(2.3)

[1] Adj. EBITDA is based on reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses

[2] Without fx impact of other income/expenses from operating activities

[3] Including obligations under operational leases related to TFRS 16

Financial Highlights

- 2021 revenues increased by 44% to TL 5,796 million (2020: TL 4,015 million). The continued robust uptick in domestic patient and foreign medical tourism business revenues quarter-on-quarter have been the main drivers for the strong performance.
- In 2021, the adj. EBITDA increased by 54% to TL 1,477 million, while the adj. EBITDA margin increased by 161 bps to 25.5%.
- Net profit in 2021 increased to TL 355 million (2020: TL 123 million). Net profit improved on the back of robust revenue growth, effective cost optimization, and deferred tax income generated from new investments and revaluation of fixed assets, despite the provision of overdue Libyan trade receivables.
- The net debt/adj. EBITDA ratio was successfully decreased to 1.3x in 2021 from 2.0x in 2020 on the back of strong EBITDA and cash generation performance. Net debt decreased by TL 48 million compared to 2020. This decrease was realized despite the additional debt (financial leasing and obligations under operational leases related to TFRS 16) of TL 298 million related to renewed hospital rental contract and Liv Hospital Vadistanbul which was opened in May 2021.

Operating Highlights

- In 2021, private medical insurance revenue went up by 83% especially driven by the strong growth of the top-up insurance. This high growth momentum was supported by the increase in demand for private medical insurance after the pandemic.
- Foreign Medical Tourism (FMT) revenue grew by 109% in 2021 due to the low base effect triggered by the 22% contraction in 2020 and the gradual openings of international flights this year.

In 2021, private medical insurance revenue went up by 83% especially driven by the strong growth of the top-up insurance.

- Liv Hospital Vadistanbul has started accepting patients on May 24, 2021 in Istanbul, Sarıyer with a capacity of 125 beds. In addition to domestic patients, this hospital will serve foreign patients from European and Balkan countries, the Middle East and Arab countries. Vadistanbul has a successful ramp-up profile and generated positive EBITDA in Q4 2021.
- There has been an upward revision in the SSI price tariff effective from February , 2022.

Revenue

Domestic Patient Revenues: 2021 revenues increased by 43.9% which was driven by the improvement in number of patients throughout the year, the average price increase related to SUT price revisions in June 2021, and the strong last quarter figures.

Foreign Medical Tourism (FMT) Revenues: FMT revenues was up more than 100% in TL terms in 2021, and also exceeded the 2019 revenues, which did not have any pandemic effect, in US dollars terms, due to the vaccination coverage increased in society both in Turkey and in many of the countries and the increasing the number of traveling passengers. FMT revenues as a percentage of the total revenues was 12.3% in 2021.

Other Ancillary Business: Revenues from other ancillary business decreased by 32.7% in 2021 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business.

On the other hand, management consultancy revenues from university hospitals increased by 65.3% to TL 117 million in 2021 (Currently, we have 7 university hospitals, of which 3 have management service contracts with us).

2021 HIGHLIGHTS

Material consumption as a percentage of total revenue decreased by 377 bps in 2021 due to decrease in the share of other ancillary laboratory business, which has a high cost base and increase in inpatient unit prices.

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

	2021	2020	Change (bps)
(% of Revenues)	**73.3%**	**73.9%**	**(55)**
Material	18.1%	21.9%	(377)
Doctor	21.7%	21.0%	65
Personnel	15.8%	16.0%	(21)
Rent	0.9%	0.9%	1
Outso. Serv. Purch.	8.4%	8.2%	21
All other exp.	8.4%	5.9%	255

Material consumption as a percentage of total revenue decreased by 377 bps in 2021 due to decrease in the share of other ancillary laboratory business, which has a high cost base and increase in inpatient unit prices.

Doctor costs as a percentage of total revenue increased by 65 bps in 2021. The increase is due to the new hospital opening in Q2 2021, and increased percentage of hospital revenue in total revenue in line with contraction of the ancillary business revenue.

Marketing expenses related to FMT revenues increased.

Personnel expenses as a percentage of total revenue decreased by 21 bps to 15.8% in 2021 due to the strong revenue growth.

Due to increased volume of the outsourced PCR test service expenses, especially compared to the first half of 2021, outsourced services percentage of the total revenue increased by 21 bps to 8.4% in 2021.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 255 bps to 8.4% in 2021 primarily due to increase in the marketing expenses related to FMT revenues and increase in electricity, water and gas expenses.

EBITDA
The adj. EBITDA number increased by 47.4% to TL 1,546 million in 2021. On the other hand, adj. EBITDA margin increased by 55 bps to 26.7% due to decreasing percentage of material costs in total revenue.

In 2021, the adj. EBITDA (w/o fx impact) increased by 54.1% to TL 1,477 million, while the adj. EBITDA (w/o fx impact) margin increased by 161 bps to 25.5%.

Cash Flow
The operating cash flow increased by 83.8% to TL 1,653 million in 2021 (2020: TL 899 million). Therefore, the operating cash flow/ EBITDA ratio increased to 106.9% in 2021 (2020: 85.7%).

Free cash flow increased by 58.1% to TL 1,160 million in 2021 (2020: TL 733 million) due to the decrease in working capital requirements. Therefore, free cash flow/adj. EBITDA ratio increased to 75.0% in 2021 (2020: 69.9%).

Maintenance-related capital expenditures as a percentage of revenue increased to 4.0% in 2021 (2020: 2.3%). The increase is related to a one-time growth related imaging machinery capex. Total capital expenditures as a percentage of revenue increased to 8.5% in 2021 (2020: 4.1%).

Profit/(Loss) for the Period
Net profit in 2021 increased to TL 355 million. Net profit improved on the back of robust revenue growth, effective cost optimization, and deferred tax income (increased by TL 94 million in 2021) generated from revaluation of fixed assets, despite the TL 104 million write-off of overdue Libyan trade receivables.

The adj. EBITDA number increased by 47.4% to TL 1,546 million in 2021.

Net profit allocated to non-controlling interest was TL 65 million in 2021 due to profitable subsidiaries (2020: TL 58 million). Therefore, net profit allocated to equity holders of the parent increased to TL 290 million in 2021 (2020: TL 65 million).

Borrowings and Indebtedness
The net debt/adj. EBITDA ratio was down to 1.3x in 2021 from 2.0x in 2020 on the back of strong operating performance.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 48 million to TL 2,069 million (2020: TL 2,117 million). This decrease was realized despite the additional debt (financial leasing and obligations under operational leases related to TFRS 16) of TL 298 million related to renewed hospital rental contract and Liv Hospital Vadistanbul, which was opened in May 2021.

Currency risk management
Our Company has converted all of the debt service for EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. The Company maintained its fx denominated net debt long cash position of EUR 12.8 million in 2021. Therefore, potential FX volatility will not impact company financials going forward.

SUSTAINABILITY APPROACH

We formed the Sustainability Working Group in order to ensure that our sustainability efforts are carried on regularly and efficiently, also our understanding of sustainability has an impact on all our processes and all our stakeholders.

2021 has been a year that gave us a chance to rethink our business processes from a sustainability perspective. We are experiencing globally that institutions, which can respond quickly to the changing needs of society and the environment, even anticipate these changes proactively and take positions early, can create more effective and permanent values in the business. Both all around the world and in our country, the steps became more frequent for sustainable development, in 2021. Turkey's ratification of the Paris Agreement in the last quarter of this year, commitments, which have the red-alert characteristics, made by both our country and other countries to protect society and the environment at the 26th CoP (Conference of the Parties) summit in Glasgow, it is an obvious indicator of how critical sustainability has become for indi-viduals and institutions.

In 2021, we accelerated our sustainability efforts in order to align with all these developments, to increase the value we create for society and the environment, to deliver the commitments we made to our stakeholders. We started to carry out our sustainability efforts by forming a Sustainability Working Group consisting of our senior executives, in order to ensure that our work progresses regularly and efficiently, that understanding of sustainability affects all our business processes, hospitals and stakeholders. The organization of the Working Group is undertaken by the Investor Relations and Strategy Directorate, also the works are led by the Investor Relations and Strategy Director, who is a member of the Corporate Governance Commit-tee and reports directly to the Chairman of the Board of Directors. The Sustainability Working Group, plays a guiding role in sustainability issues which include determining strategies and targets, planning social and environmental studies that will benefit the institution, and carrying out related studies systematically in all hospitals.

We determined our corporate sustainability strategy in order to gain the maximum efficiency and benefit from our sustainability efforts.

In 2021, as MLP Care, we determined our sustainability strategy in order to ensure the maximum efficiency and benefit in our sustainability efforts, to carry out our sustainability efforts in line with our corporate business strategy and our industry systematically, to meet the needs of the people we serve. We accepted this strategy as our roadmap to take solid and effective steps and

we continue our efforts to set specific, measurable, achievable, relevant and timely targets in the short, medium, long term, after that we will measure our progress depend on these targets.

While we were determining our strategy, we took into account the global risks, opportunities and trends, also evaluated the threats that our sector and our company may be exposed to in the short term and long term and the opportunities that may arise. We concluded these out-puts with our literature researches, our experience in the healthcare sector and the stances of our stakeholders. Rather than regarding our sustainability efforts as a new subject that will be added to our usual business processes, we designed our sustainability strategy in a way that is aligned with our corporate business strategies and serves our business goals in order to make it our usual business manner. As being the most widespread healthcare group in the private healthcare sector, we want to add another leadership to this, so we plan to carry this success to global platforms and to represent our country as the leading company of the sector with our sustainability efforts. After this year, when we determined our sustainability strategy that serves the United Nations Sustainable Development Goals (SDGs), our corporate business goals and our industry, we committed to announcing our sustainability targets which are based on this strategy in 2022.

Besides, we are working on to determining key performance indicators (KPIs) for all business units in light of these targets. We aim to complete these studies, which are included all directorates in our company, in 2022.

We published the MLP Care 2020 Sustainability Report which is our first sustainability report in accordance with the Global Reporting Initiative (GRI) Standards, one of the most concrete steps of our sustainability efforts and all departments are excited to be involved in. The report covers all our hospitals' activities in 2020 by dividing them into corporate governance, environ-ment, social and employee pillars. We explain our perspective on sustainability, our the good practices we implemented and the United Nations Sustainable Development Goals (SDGs) with which we are connected, in this report that is particularly important for us as it is the first document in which we present our material sustainability issues. The report preparation process took longer than planned, because we had discussions on determining our sustainability metrics, when and from where the relevant and correct data would be obtained, and taking advantage of technological opportunities in the data collection process. While proceeding with all these discussions and carrying out our report preparation studies, we analyzed our strengths and open for improvement issues within the scope of sustainability and used this analysis as a compass in the conduction of our sustainability strategy.

The Sustainability Principles Compliance Framework published by the Capital Markets Board (CMB) in 2020 includes the core principles that public companies are expected to disclosure about environmental, social and governance issues while carrying on the their business. Based on this expectation, you could find our answers and explanations within the scope of the Capital Markets Board's Sustainability Principles Compliance Framework on page 85 of this report.

ENVIRONMENTAL APPROACH

Each MLP Care hospital has a dedicated Environmental Consultant, who conducts spot check evaluations on a regular basis and determines the necessary improvement actions together with hospital management.

As MLP Care, we have a safe environmental management system covering energy, water consumption and waste management in all our hospitals. While we carry on our environmental studies to meet national regulations, we improve our standards in order to enhance the service we offer to our guests and the environment in where we serve. We consider both national environmental legis-lation and the environment-related articles of the JCI (Joint Commission International) Accreditation Standards which evaluates international hospital management systems from both the patient and operational perspectives.

We care and implement about energy efficiency projects with environmental awareness.

We receive consultancy service on environmental issues and hazardous material safety management in all our hospitals, our consultants make evaluations continuously, carry out the studies to comply with the legislation and take the necessary improvement actions with the hospital management.

In addition, environmental consultants collaborate together with the Infection Control Committees in our hospitals. Thanks to this collaboration, we fulfill all the legal requirements in the light of both the Environmental Law and the European Agreement concerning the International Carriage of Dangerous Goods by Road . There are no incidents that affect the use of tangible assets, including all machines, equipment and devices at MLP Care hospitals, or that create environmental risk.

Our Environmental Policy, which forms the basis of the Environmental Management System, includes a set of environmental procedures and instructions and we shared it with all our employees.

In 2021, we put down our Energy Policy in writing and announced on our website in order to gather our maintenance works and practices related to energy use, to guide our following work, and to share our perspective on energy, which has become more critical, because of the climate crisis, while performing our sustainability efforts.

In 2021, we carried out works for a sustainable environment and one of them was a calculation of our greenhouse gas emissions caused by our activities for the first time. While making this calculation for 2020, we used internationally accepted methods. The result of the calculation showed that our electricity consumption is the main emission source, so we started to evaluate our maintenance and improvement works which we are currently carrying out.

In 2021, we carried out works for a sustainable environment and one of them was a calculation of our greenhouse gas emissions. While making this calculation, we used internationally accepted methods.

In the forthcoming periods, we will set sustainability targets in order to reduce our greenhouse gas emissions, support the combat climate crisis and save on energy, also based on these targets we will continue to develop and generalize our good practices.

We look closer not only energy consumption but also our water usage and realize good practices in order to increase water efficiency.

As a result of the services we ensure that all people live healthy lives, we generate and collect our hazardous and non-hazardous wastes separately at source in our hospitals, and manage in accordance with the legislation.

In the light of the United Nations Sustainable Development Goals, we carry on our waste management processes sensitively and efficiently to minimize the negative effects of wastes on the climate and the environment by supporting the recycling for a circular economy. We collaborate with companies licensed by the Ministry of Environment, Urbanization and Climate Change for the disposal and transportation of hazardous wastes, in accordance with the legislation.

QUALITY STANDARDS

As MLP Care, we apply our understanding of quality service at every level of our hospitals. In this context, we receive very important quality certificates in their field every year.

Accreditations, Awards, Quality Management

The MLP Care Quality Management System was established in accordance with the accreditation standards of the JCI (Joint Commission International) and ISO 9001:2015 International Standardization Organization) Quality Management Systems standards, which evaluates national and international hospital management systems from both patient and operational perspectives, and the Ministry of Health's Quality Standards for Healthcare. Our Quality Management System is focused on patients, employees, environmental safety and facility safety. The Group consistently ensures that patients receive healthcare that is timely, equitable and adequate, as well as efficient, effective and safe. Every year, inspectors from the Ministry of Health perform Healthcare Quality inspections at the Group's hospitals.

Istinye University Hospital Medical Park Gaziosmanpaşa was certified by the internationally recognized TS EN ISO 9001:2015 Quality Management System Standards for diagnosis and treatment services under the audit of TÜV Austria Cert procedure.

Certifications

Bahçeşehir University Hospital Medical Park Göztepe, Altınbaş University Hospital Medical Park Bahçelievler, and Izmir University of Economics Medical Park Izmir hospital underwent a rigorous audit conducted by the Joint Commission International (JCI), an internationally recognized accrediting body that works to improve healthcare service safety and quality. All three hospitals passed the inspection and received their certificates of accreditation. Audits are conducted to ensure the validity and reliability of the Quality Management System, periodically.

Liv Hospital Ulus successfully passed an international inspection conducted by SRC (Surgical Review Corporation) and obtained the Center of Excellence Certificate.

Izmir University of Economics Medical Park Izmir hospital received certification by the ISO 10002 Customer Satisfaction Management System after passing the inspection concluded by the British Standards Institute (BSI). The continuity of the system is ensured by annual audits.

Our Medical Park Gaziantep Hospital was certified by the Health Accreditation Standards (SAS), accredited by the International Society for Quality in Health Care (ISQqua), and given by the Turkey Healthcare Services Quality and

Accreditation Institute (TÜSKA) under the Turkey Health Institutions Council (TUSEB), thus becoming the second private hospital to receive the certificate. The continuity of the system is ensured by periodical audits.

Istinye University Hospital Medical Park Gaziosmanpaşa was certified by the internationally recognized TS EN ISO 9001:2015 Quality Management System Standards for diagnosis and treatment services under the audit of TÜV Austria Cert procedure.

Our MLP Care information security process was certified by TÜV Austria Türk with the TS EN ISO 27001:2013 Information Security Management System Certificate.

Clinical Success and the Provision of World-Class Services

MLP Care provides high-quality services in every specialty area. This is achieved thanks to the our Company's advanced technological infrastructure, state-of-the-art hospital facilities, internationally recognized operational and surgical success (three JCI accreditations, three SRC Center of Excellence awards), academic collaborations with university hospitals, and a full range of services in various disciplines.

Company affiliations with university hospitals include the four affiliations of Ankara, Göztepe, Bahçelievler, and Izmir Hospitals with Bahçeşehir University, Altınbaş University, and the Yüksek İhtisas University respectively (in accordance with the Procedures and Principles concerning the Affiliation Between Foundation Universities and Private Hospitals); and the management consulting services provided by MLP Care to three hospitals, namely Istinye University Hospital in Bahçeşehir and Gaziosmanpaşa, and Istanbul Aydın University Hospital in Florya.

Such arrangements also offer physicians the opportunity to participate in exchange programs and various seminars, allow for more flexibility in the Company's physician portfolio, and create an attractive work environment for talented and experienced physicians in Turkey. Currently, 379 academicians serve as physicians at the Group's hospitals.

Our MLP Care information security process, certificate by the leading companies in the industry.

SOCIAL APPROACH

MLP Care provides high-quality services in every specialty area. This is achieved thanks to the Company's advanced technological infrastructure, state-of-the-art hospital facilities, internationally recognized operational and surgical success, academic collaborations with university hospitals, and a full range of services in various disciplines.

Human Resources Approach
To create a corporate culture aiming to increase employee engagement with fair and incentive human resources practices and processes, we have four main human resources strategies that support the development of our employees and prioritize open communication. The first of these strategies is to dynamically shape the organization structures to achieve an efficient and effective operation in line with the strategic goals and to ensure sustainability of this operation. Another of our goals while achieving this is to create an encouraging, fair performance culture in which success is evaluated against measurable and concrete criteria. Additionally, building effective human resources systems that maximize technology use taking into consideration cost and speed factors and developing a service-oriented HR structure that contributes to the performances of work units with its process and infrastructure are also among our critically important strategies. Our fourth strategy is, in addition to attract new talents to our Group, to support these talents with career opportunities, training and development programs to ensure sustainability of the organization.

20,016
Total Employee

Employee profile

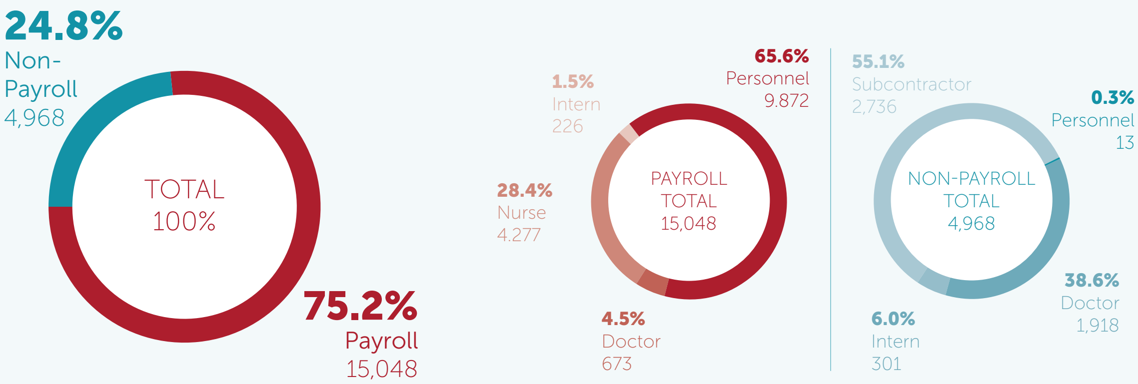
Based on the belief that a company can be as strong as its weakest link we think that our employees should have distinctive qualities. We, at MLP Care provide equal opportunity to our employees in our recruitment, promotion and assignment procedures and we believe that our comprehensive corporate identity is a wealth for our ecosystem. We employ candidates who have improved themselves in their area of expertise throughout their academic life and career journey and who are open for continuous improvement. We believe that the most important driving force together with our improvementoriented management approach, which makes us successful is our people. We main-tain our position as the leader in the healthcare industry thanks to our more than 20 thousand employees who act in unison and work hard to meet healthcare needs of millions of people everywhere in Turkey. In line with our objective to grow and provide high quality healthcare services to more people every day; we use our internal resources first in our recruitment and placement processes.

Human Resources aims to sustainability of our Group with bringing new talents and supporting this talents with career opportunities, education and development programs.

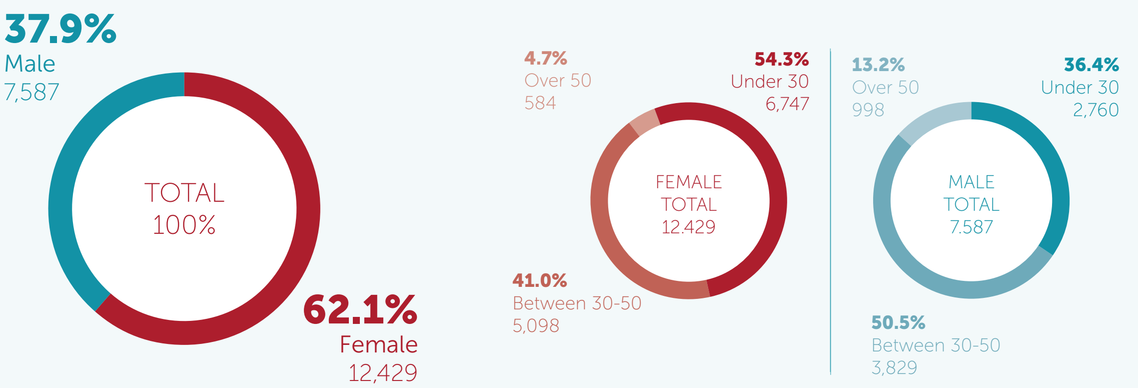
In this annual report, the number of employees includes the employees of 3 university hospitals operating under the management contract, interns, and employees within the scope of 4-1A. Therefore, the number of permanent employees is different from the 12,618 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

SOCIAL APPROACH

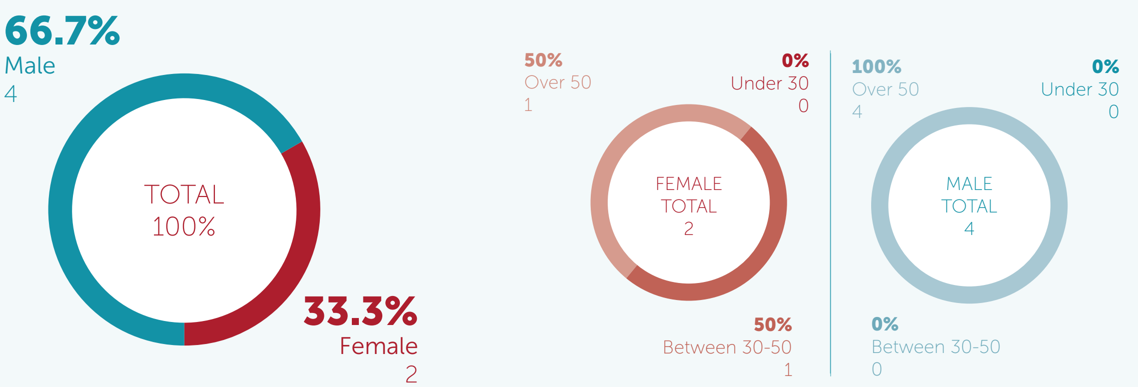
Distribution of Payroll and Non-payroll employees by employment type is as follows;



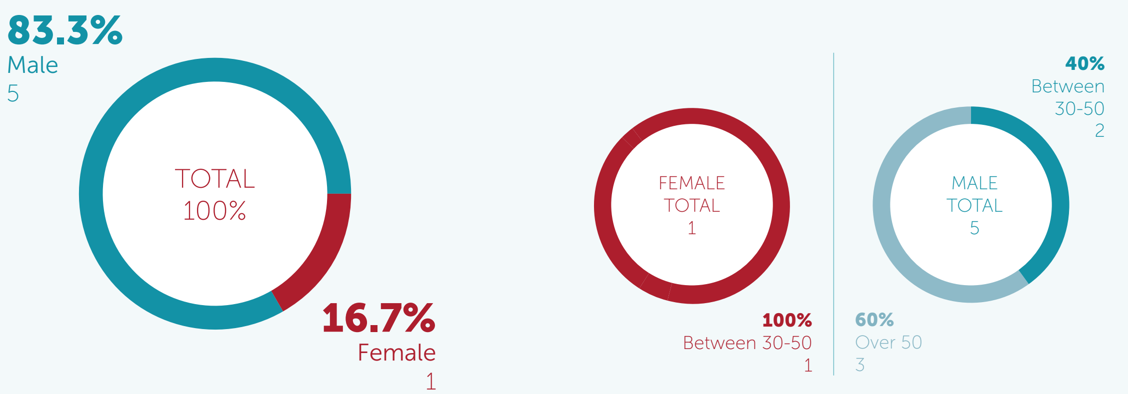
Distribution of the Members of the Board of Directors According to Age



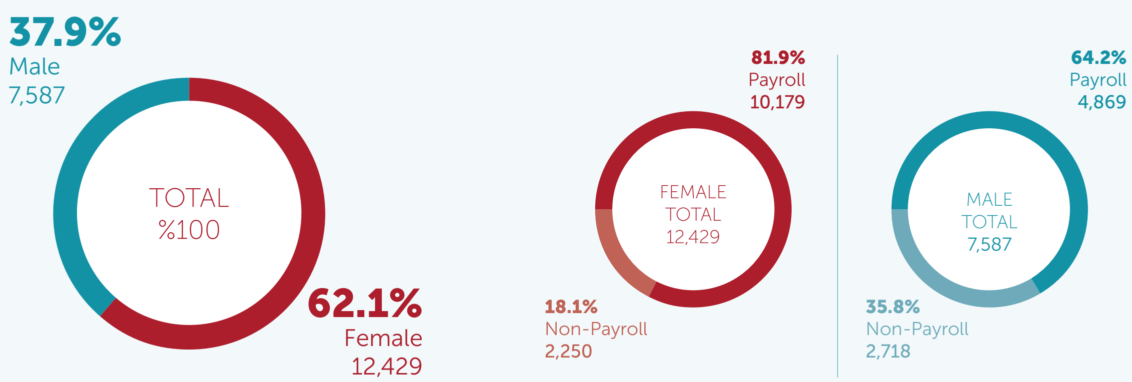
Distribution of the Members of the Board of Directors According to Age



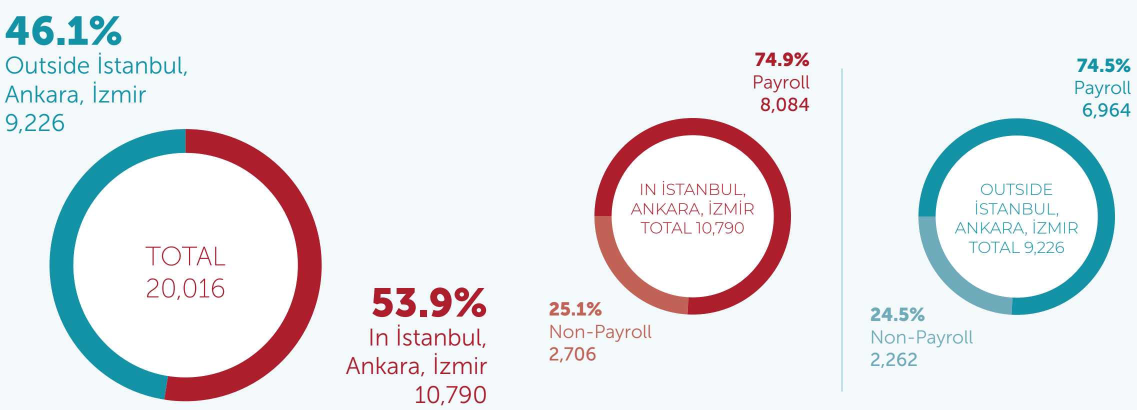
Distribution of Executive Managers According to Age



Distribution of Employees According to Contract Type and Gender

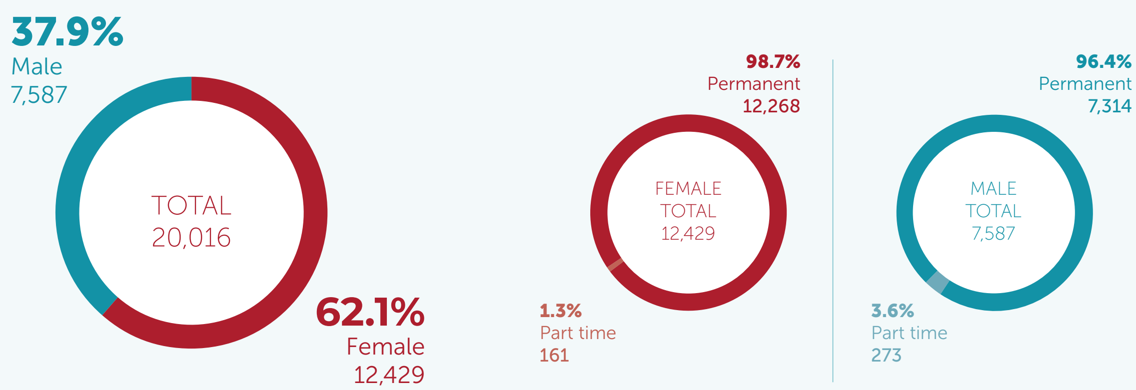


Distribution of Employees According to Contract Type and Workplace

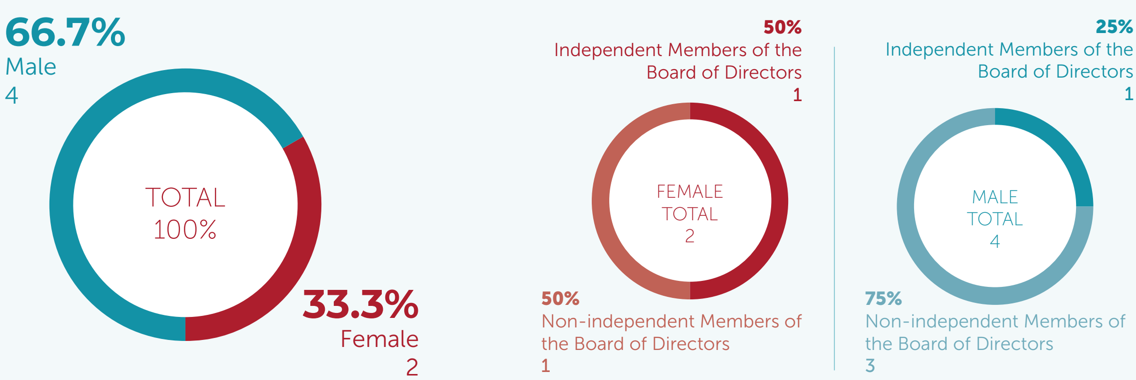


SOCIAL APPROACH

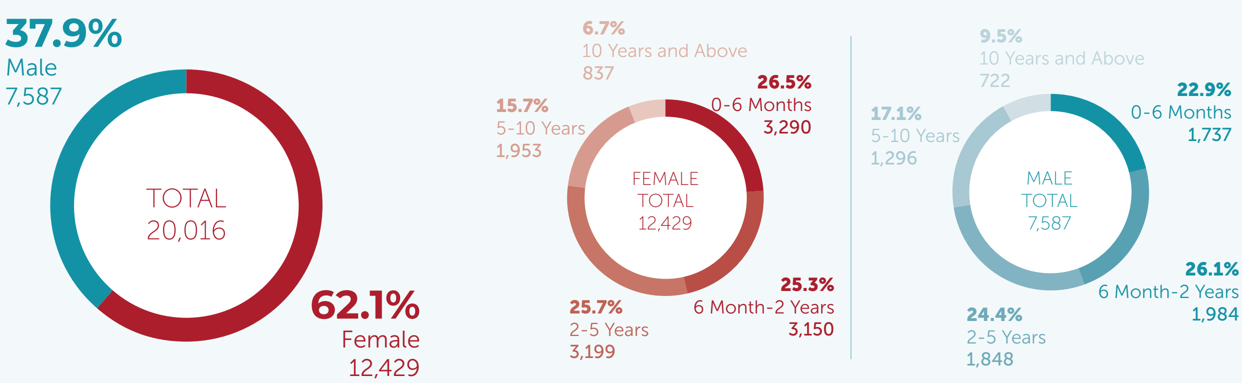
Distribution of Employees by Recruitment Category and Gender



Distribution of Board of Directors Members According to Their Independent Status



Distribution of Employees According to Seniority



Employee Loyalty and Satisfaction

We respond to needs and expectations of all of our employees working in our group and measure and assess their job satisfaction levels every year to increase engagement and improve their motivation. Our employee satisfaction was 80 % in 2020 and our goal is to increase this rate in the next reporting period.

We respond quickly to the expectations and needs of our employees, and we measure their satisfaction every year in order to increase their engagement and motivation.

Prevention of Discrimination and Equal Opportunities

We offer equal opportunities to all of our employees working in our hospitals under MLP Care Group in line with the universal human rights regardless of their ethnical origin, gender, skin colour, race, nationality, economic status and religion/faith. We are committed to protecting the rights of all of our employees with our business processes that are in compliance with laws, legal regulations and human rights Our main expectation from all of our employees is to embrace all rights offered in MLP Care at the maximum level, and improve their engagement and use the working environment where they can provide their services effectively. No discrimination case occurred during this reporting period.

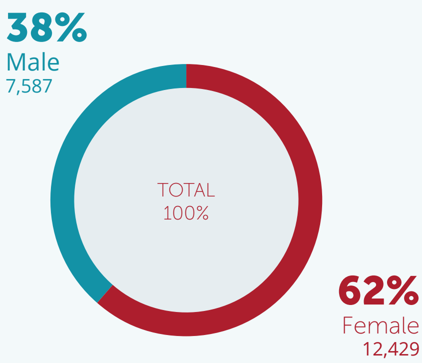
SOCIAL APPROACH

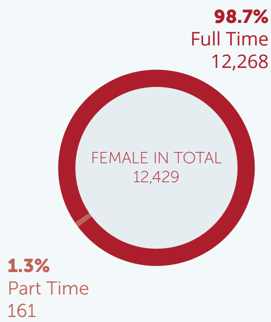
We provide equal rights within the framework of universal human rights to all of our employee

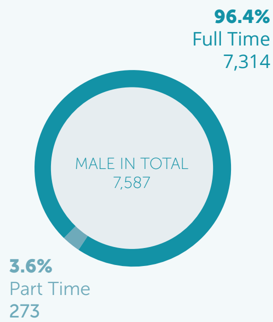
We believe that women should have social and economic freedom and build their career expectations independently for a free and equal society. In line with this approach, we are diligent about employing women in our group. Our total number of employees was 20,016 in 2021 (2020: 18,024). The total number of female employees was 12,429 in 2021 (2020:11,065) and total number of male employees was 7,587 in 2021 (2020: 6,959).

12,429
Total Number of Woman Employee

We offer job opportunities for disabled people who are considered as a vulnerable group with the aim to overcome prejudice. We care about providing equal job opportunities in our group where social status based on gender, physical and mental disabilities is cancelled. The total number of female disabled employees was 104 in 2021 (2020: 105), and male disabled employees was 237 in 2021(2020: 237) reporting year.







Employees under collective labor agreements

Our Company is not a party to any collective bargaining agreements. Under applicable laws, our Company's employees can join labor unions. If requested by the employees, labor union membership fees may be cut from their salaries and paid to the union.

We design education programs for supporting the development of all our employees.

Education and Development Programs

We know that main factors in the improvement of performance and success of our employees are the investments we make for their development and training we provide to them. We support all of our employees' development and provide a wide variety of development and training programs. Our goal is to provide a wide range of training programs designed according to the needs of our employees to improve their knowledge and skills.

SOCIAL APPROACH

MLP Care Development Academy provided to employees e-trainings and in-class trainings in hospitals. As a result of these, 22.5 training hour per person has been carried out.

Normally conducted face to face, the orientation programs and technical trainings (programs in association with Istinye University, such as the Ministry of Health-approved Intensive Care Nursing Certificate Program, the Operating Room Nursing Certificate Program, etc.), as well as the competencybased trainings (communication, teamwork skills, etc.), leadership programs and corporate culture trainings organized by the MLP Care Development Academy, under the Group, could not be carried out in 2021, due to the pandemic and in consideration of employee health and safety. Taking into account the conditions in the hospitals, compulsory technical trainings were generally executed online via Zoom, and the trainings held in hospitals were organized in accordance with pandemic conditions.

At the same time, the e-training platform, which is open to the use of all employees within our Group, provides access to the MLP Care Development Academy platform from anywhere with an internet connection. Through this platform, e-trainings, exams and surveys can be assigned to all employees at the same time. In 2021, digital trainings gained importance and technical trainings, including e-orientation packages, video clinic process, Compass System training videos and Digital HR system, etc., were provided to employees and managers via digital channels. A primary focus of these e-trainings was on subjects that employees might benefit from both professionally and personally, including the Personal Data Protection Law (KVKK), Information Security, and Social Media Usage.

Digital training continued to dominate in 2021, when the effects of the pandemic continued.

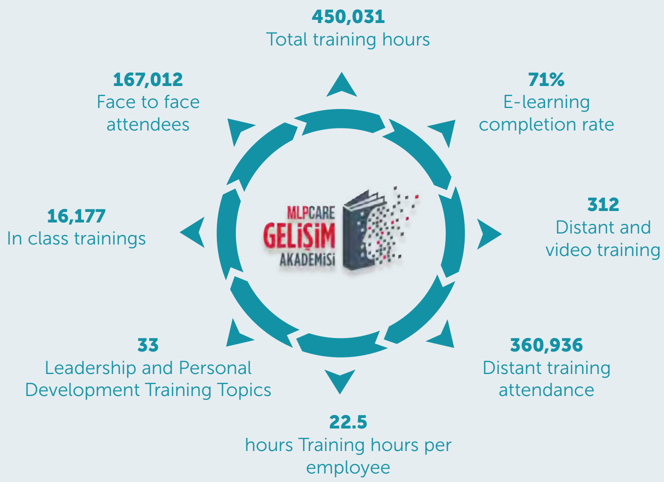
Despite the ongoing pandemic conditions and restrictions, in 2021, per capita training hours for all our Company's employees were increased by 33% to 22.5 and this rate was 16.9 in 2020, thanks to the e-trainings delivered to the employees by the MLP Care Development Academy and the in-class trainings held at the hospitals. Our total training hours in 2021 were 450,031 and it was over 428,289 training hours in 2019 before the pandemic. In the last year, nearly 100 e-training and e-books have been added to the MLP Care Development Academy.

Additionally, we share with our employees articles on personal development, leadership and global trends in the business world published in well-known journals and magazines in our weekly e-bulletin, Perspektif.

We internationally awarded second time with our education project

One of our works on digitalization was Little Details, Big Traces Project in associate with Directorates of Patient Care Services and Guest Experience, for the purpose of regarding communication and behavior standards in order to improve the service culture of our Patient Care Service staff. This series of education videos, shot with professional actors, humorously discussed all of the Emergency, Outpatient and Inpatient processes, covered the Do's and Don'ts and as a permanent training material through the MLP Care Development Academy, and delivered to all our Patient Care Services staff

Our Company with this education project awarded with the Silver Prize in Best Education Video category in the global competition organized every year by Brandhall, which is highly respect-ed consultancy group in USA. We received the our first international prize from this platform among many other local and global competitors with another education project Guest Service teams in 2018. Therefore we are proud once again to receive an international award for the second time.



Our education project was awarded with the Silver Prize in Best Education Video category.

Physician recruitment and retention

Our Company can effectively recruit physicians based on several factors. These include our strong brand, high patient traffic, and the overall company size and the number of hospitals in the portfo-lio, as well as the opportunity to be promoted academically through affiliations with medical schools, an agenda for advancing science (including in cooperation and affiliation with universities and institutional support for participation in scientific activities), state-of-the-art medical equipment, and regular and on-time payments. Other factors include access to large volumes of patient data, which is applicable for scientific work, and vast experience to draw on in complex cases.

Our Company also attaches great importance to ensuring the service quality of its physicians. Therefore, each of our physician is carefully monitored on a scorecard system. Those physicians who consistently fall behind these KPIs especially within the scope of patient-oriented principle- are subject to replacement by better performers in order to continually optimize the quality of the our Company's physician portfolio.

SOCIAL APPROACH

Personnel Attendance Control System has become possible to plan all employees' working hours, overtime, leave, reports, etc. and track them more transparently on a digital platform

Digital HR
In line with the Company's HR strategies, the Digital HR project was launched in May 2019 in order to make the Human Resources systems and processes more efficient and to support the dissemination of the digital transformation culture throughout the Company. Within the scope of the project, the first phase, Staff Demand Management, was launched in November 2020. The project is aimed to be completed by further advancing all recruitment (publishing ads, collecting candidate applications in-house) and career management (promotion, transfer, job change, temporary assignment) processes.

Digital HR – FTE Management Screen
The increased risk of infectious diseases due to the pandemic has once again demonstrated the importance of digitalization. Considering the employees who work from home and consequently cannot use the Personnel Attendence Control System (PACS) functions such as a finger, face or user card recognition, also taking into account the infection risk of using these systems, a digital HR platform, owned by MLP Care, has been established where the work hours can be logged in.

With this system, it has become possible to plan all employees' working hours, overtime, leave, reports, etc. and track them more transparently on a digital platform. Thus, managers can plan the work hours of the employees and the employees can review their schedule and request revisions. The payroll system is carried out within the scope of this data.

We launched Digital HR project in 2019 in order to support the dissemination of the digital transformation.

Corporate Performance Management System
The Corporate Performance Management System is implemented at MLP Care. In order to improve performance in line with the Company's strategies, task-based numerical targets are set for hospital and department leaders. The determined targets are assigned to our employees monthly, and premium payments are made according to the realization rates of these targets.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Occupational Health and Safety practices are carried out in accordance with related procedures, instructions, manuals and forms under applicable laws.

Our main expectation from our Occupational Health and Safety activities is to ensure that we have the highest standards for health and safety as required by our sector. Our goal in our Occupational Health and Safety activities in our hospitals under the MLP Care is to keep potential occupational accident risks under control, provide a healthy and safe working environment and to increase awareness on Occupational Health and Safety culture with the participation of all of our staff. We have an effective Occupational Health and Safety Management System based on international standards and experience of many years, which has turned into a corporate culture over time to create safe working environments. We carry out Occupational Health and Safety (OHS) activities in our MLP Care hospitals with the strong commitment and demand of

In our hospitals Occupational Health and Safety activities starts with the strong commitment and demand of the senior management.

the senior management. This strong commitment provides the basis for all activities and the management system and is shared with all stakeholders using the Occupational Health and Safety policy. Our commitment which we clearly explain in this policy is carried out effectively using tools such as internal procedures and training programs, workshops, plans, instructions, checklists and forms. We detect areas of improvement through inspections and depending on the results of such inspections we review our management system and take actions in line with the continuous improvement principle.

As MLP Care we never compromise Occupational Health and Safety and consider everyone as MLP Care staff and include them in the Occupational Health and Safety system including our contractors' employees and temporary employees during their work in our hospitals.

We carry out all of our activities in accordance with the Occupational Health and Safety Law no 6331 and standards of globally recognized organizations and implement a comprehensive risk management. We analyze all aspects of the activities we carry out to identify risks and take necessary measures. We proactively detect risks with the risk based approach of the Occupational Health and Safety System and ensure that necessary measures are taken right from the beginning. We take suitable improvement actions against all risks and dangers identified with our proactive approach and identify temporary measures against risks and dangers for which improvement actions are taken and we secure the area or situation until all related work is completed.

We never compromise Occupational Health and Safety, and we consider everyone as MLP Care staff and include them in the Occupational Health and Safety system within the working area.

Every hospital under the MLP Care has an OHS Committee and a Facility Safety Committee and these committees meet at regular intervals (monthly) in accordance with the applicable laws. During these meetings the committees review OHS, facility safety and infrastructure compliance performances and any detected major risk and requests and feedbacks are discussed and actions to be taken are decided. These committees consist of the people stipulated by law and meetings are held in a transparent and participatory environment.

In our hospitals Occupational Health and Safety work is carried out by the Occupational Health and Safety departments. These departmant consist of OHS professionals which are Occupational Health and Safety Specialist, Workplace Doctor, and other healthcare professionals. Our Occupational Health and Safety departments continue their work under the organization of the OHS Committee and Facility Safety Committee and they carry out site visits, inspections and on-site observations to identify risks and take necessary actions to reduce the possibility and impact of such risks.

CONTRIBUTING TO SOCIETY

As MLP Care, we support clubs, sports complexes, sports organizations and sportspersons in different branches with our Medical Park and Liv Hospital brands.

SOCIAL RESPONSIBILITY PROJECT TO SUPPORT SPECIAL ATHLETES

We conduct a social responsibility project in 2021 with the slogan The Power is in Our Hearts, in order to raise awareness with sharing our special athletes' inspiring experiences which are about refinding themselves undauntedly, despite the difficulties they experience.

As Liv Hospital, we signed a health protocol in cooperation with the Istanbul Provincial Directorate of Health and our amputee swimmers.

As Liv Hospital, we signed a health protocol in cooperation with the Istanbul Provincial Directorate of Health and our amputee swimmers, who honor our country and us with the medals they won, despite all the difficulties they experienced. Within the framework of this protocol, we undertook the medical checkups of our special athletes and passed the medical screenings of approximately 115 athletes who have various degrees. This medical checkup service, which we provide before and after the races, still continues.

Happiness Agenda

We took photos of business people, representatives of non-governmental organizations, prominent figures of the society and the art world, while training in the pool with athletes. We created a Happiness Agenda with using the photographs of the athletes and motivational sentences which present the athletes' perspectives on life and we distributed these agendas to our stakeholders. In addition, the income from the sale of the Happiness Agenda was transferred to the athletes.

Photograph exhibition

In addition, we organized a photography exhibition with our athletes, who inspired us, at Vadistanbul Shopping Mall on 3rd December, International Day of Disabled Persons. In addition, the Happiness Agenda was sold at this exhibition and our athletes were presented with a medal of courage.

We drew attention to the importance of the health check for early detection of breast cancer.

ATTENTION TO BREAST CANCER

As Liv Hospital, we conducted a social responsibility project about breast cancer, in this context in October, which is the month of Breast Cancer Awareness, with the importance we attach to public health. We organized a special breast examination and mammography checks for female employees, who are over the age of 40 and working for Kağıthane Municipality, in order to attract attention to the importance of the annual health check for early detection of breast cancer.

As MLP Care, we support clubs, sports complexes, sports organizations and sportspersons in different branches with our Medical Park and Liv Hospital brands.
We take pride in sponsoring the health of dozens of sports clubs which are from different branches such as Galatasaray, Samsun Medical Park Disability Sports Club, Tarsus Training Dormitory, Trabzonspor, Kasımpaşa Sports Club, Samsunspor Basketball Club, Fatih Karagümrük Sports Club and THY Volleyball Club.

In 2021, we spent TL 1,693,611 in donations and TL 6,248,994 for social responsibility projects (2020: TL 1,740,587 and TL 5,039,341 respectively).

CORPORATE GOVERNANCE APPROACH

This section provides information on system, programs and units that covers corporate governance. More detailed explanations regarding the Corporate Governance Compliance Statement are included under the Corporate Governance Title.

The Corporate Risk Management Program

The Corporate Risk Management Program is designed to provide an environment in which risks are defined, impact and probability evaluations are made, and the most efficient and appropriate responses are developed for identified risks. In our corporate risk management processes, we revise risk management processes by considering opportunities along with threats. These threats/ opportunities are measured in line with the risk appetite of the Company and ultimately enable the Company to consciously take risk reduction, transfer, acceptance or risk aversion decisions. The implementation of the Corporate Risk Management Program is carried out according to the policies determined by the Quality and Risk Management Directorate and approved by the Board of Directors.

Our Corporate Risk Management Vision

To contribute to sustainable growth by determining and measuring the risk portfolio of our company, by increasing the awareness of all our employees regarding this matter, and by assessing risks as a whole.

Our Corporate Risk Management Mission

To provide reasonable assurance for the systematic and efficient determination and management of the risks our company is exposed to and the opportunities it encounters during its operations, and to make risk management an indispensable part or the company culture and the strategic decision-making process.

Corporate Risk Management Strategies

- To achieve an efficient corporate risk management organization and to determine roles and responsibilities,
- To ensure that the risk management complies with the company strategies
- To ensure that corporate risk management is implemented in all MLP Care companies coherently
- To implement the Corporate Risk Management Program regularly, and to contribute to the development of the Program by making necessary improvements as a result of evaluations.

The fundamental processes which we consider and against which we plan precautions in relation to the risks we grouped under 4 categories are as follows:

- **Strategic risks**

1. External risks
2. Epidemics
3. Revenue Management
4. Doctor Strategies and Communication
5. Crisis Management
6. International Patient Process

- **Financial Risks**

1. Risks Related to Debts
2. Interest Risk
3. Currency Risk
4. Cash Flow / Liquidity Provision
5. Refinancing Risk

- **Legal regulation and compliance risks**

1. Code of Conduct/Abuse
2. LPPD Compliance Process
3. Legislation and Compliance

- **Operational Risks**

1. Emergency Management
2. Occupational Health and Safety
3. Facility Maintenance and Management
4. Medical Equipment Management
5. Clinical Process – Patient Safety
6. Digital Transformation
7. Service Excellence
8. IT Infrastructure and Security

The Quality and Risk Management Department works in cooperation with all departments within the Company to identify, assess and control the risks associated with the strategic objectives and operational processes of the departments.

We aim to limit the negative effects by focusing on the early detection of risks.

Safety Reporting System

We aim to maintain our clinical activities in our hospitals in the provision of medical services pursuant to International Patient Safety objectives. Compliance with patient safety objectives requires taking measures to prevent simple errors that might affect patients, identifying and reporting these errors, and planning and implementing improvement actions.

We use a Safety Reporting System on a voluntary basis in order to prevent potential negligence and errors that might affect patients in the provision of medical services. The System is an information-sharing network where physicians, nurses and other healthcare professionals can report any errors encountered in medical procedures. Notifications are based on privacy and volunteerism, with the purpose of identifying the error (rather than the person making the error) in order to preclude further mistakes. Therefore, we aim to become an organization that learn from our mistakes.

Quality Performance Indicators

The Data-Based Quality Performance System is used to oversee the operations of our hospitals in accordance with the Indicator Management Plan developed by the Central Management team. The Plan defines the Health Care Quality Indicators – which are based on JCI's International Library of Measures, the Ministry of Health's Quality Indicator System and International Patient Safety Standards – by identifying high-risk patients for triage and with references to clinical departments. The quality performance of our Group hospitals is evaluated against each target Quality Performance Indicator on a monthly basis. Hospitals that deviate from target values are identified and relevant department managers are notified so that corrective action can be taken.

The Internal Audit Department

The Internal Audit Department works under the MLP Care Board of Directors in administrative and functional terms and carries out its duties in accordance with the scope of the Internal Audit Guide (Manual Handbook). In this context, the Department carries out its activities independently and objectively in order to improve the operations of hospitals and to create added value by complying with the international standards of The Institute of Internal Audit.

The purpose of the unit is to provide modern, entrepreneurial internal audit and consultancy services. For this purpose, audits include consultancy elements, particularly on how the audit findings should be handled and how processes can be best applied.

According to the Internal Audit Guide, within the scope of the audit and consultancy services, audits are conducted for each hospital at least once every two years; in the first years for the new hospitals, and within three to six months in case of the general manager replacement at any hospital. However, follow-up audits are also conducted depending on the results of the relevant audits.

Regarding the 2021 Audit Plan prepared according to the risk matrix:
A total of 5 audits and 3 project consulting activities realized including the Full Comprehensive Internal Control System (1), General Manager Replacement Audit (1), Newly Opened Hospital Audit(1), Monitor Audit (1), Consulting Activity (3) and Other Audit (1).

In addition, the Internal Audit Department is a participant in the Audit and Early Detection of Risk Committees meetings held quarterly.

Information Technologies and Digital Business Culture

Information Technologies
We highly need the information technologies while treating our guests and conducting our activities, and therefore increase our investments in these systems.

With the COVID-19 pandemic, we started to improve our IT infrastructure, and increase the internet bandwidth and security measures in order to ensure that all our administrative units and information systems employees can continue their work remotely, safely and uninterruptedly. Security of our data is one of our priorities. Since the number of cyber-attacks increased during the pandemic, we emphasized infiltration tests to minimize our vulnerabilities. In addition, we plan to continue with our phishing tests we conducted in 2021, and monitor the level of awareness within the company concerning possible attacks.

CORPORATE GOVERNANCE APPROACH

Accordingly, we update our software and hardware used in our security systems, and continue to protect our data. We can detect any infiltration with our Intrusion Prevention System, and ensure the security of both our patients' and our company's data. Moreover, with the Cyber Security Operation Service we launched in 2020, we continue our prevention efforts proactively. In addition to these, we started our works in 2020 for obtaining ISO 27001 Information Security Certificate, and we published our Information Security Management System Policy which contains our commitments, targets and responsibilities on our company website in 2021. In order to satisfy the anonymization conditions in data analysis work, we fulfill the requirements for complying with the Law on the Protection of Personal Data.

As an indication of our environmental sensitivity, we launched our paper-free hospital project. In this way, we aim to minimize unnecessary resource usage, increase patient information security, and improve our processes.

We use Hospital Information Management System (HIMS) in our basic operational practices in our hospitals. We launched our digital transformation program where we revise our HIMS sot that it can respond to the increasing public legislations, and support the Big Data environment. With this transformation program, we aim to replace the current system with a new HIMS which will allow the collection of more electronic health data from patients, which is suitable for internet-based user experience, whose clinical data entry screens have been redesigned, and which will provide infrastructure to A.I activities.

Our R&D unit which continues its projects under Information Systems Coordinatorship developed mobile applications for our brand. These applications allow for mobile payment, transfer of personal health data to database via the mobile devices and their analysis, sending of notifications based on location, and reporting of medical results as soon as they are ready. Development of mobile applications continue by making use of different technologies.

We care about digital transformation projects and focus on works that will increase our service quality.

When the COVID-19 pandemic started, we as MLP Care continued our activities concerning projects on our road map which were already strategically well positioned roadmap under the leadership of the Digital Transformation team in 2020. An 'Operation Management Center' has been established in order to disseminate our digital projects effectively in the field. With this Center, we aim to manage the change that needs to be made in the field, to use each project according to its intended use, to integrate digital projects into daily processes quickly to provide more targeted and effective interventions to patients.

Infectious diseases related to global warming have the potential to threaten the healthcare service capacity due to their ability to spread very quickly. With the COVID-19 Pandemic, the importance of digitalization and use of technology in our operations increased dramatically. We developed infrastructures where bed management can be carried out via contemporary methodologies against these overloads to be caused by epidemics. We use software that enables monitoring of all patient beds in our hospitals from a single center. The beds that can be allocated in pandemics such as COVID-19 can be determined with the Business Intelligence application, and with Command Center Dashboard software which enables real-time data flow, we can monitor and manage our momentary bed occupancy rates.

Due to the pandemic, planning the personnel working in our hospitals became critical for the improvement of our guest and doctor experience. With our Digital HR application, we made working hours more transparent, and became able to reallocate our capacity based on patient type. Moreover, we launched Tele-Health (Video Clinic) application to be used in doctor and patient interviews and thus continued to consider the health of both our employees and our patients. The number of Tele Health (Video Clinic) Video Calls made in 2020 was 21,527.

With the Digital Invoicing Project, we aim to streamline the revenue cycle operation through automated invoicing for the services provided at the hospitals using the RPA (Robotic Process Automation) technology. Payers (insurance, Ministry of Health, contracted institutions) are exploring new ways to quantify value as it relates to reimbursement, which puts additional pressure on hospi-tals to provide documentation to support claims. Data and rule-based processes design communication between multiple existing Systems made it possible to run end-to-end cycle almost error freely. As a matter of fact, by digitalization of the invoicing process and while RPA can contribute to better data quality and compliance, claim denials reduced and the positive impact of accounts receivable has improved the cash flow.

The Digital Transformation office pioneers a close cooperation with Istinye University, which has achieved significant success in artificial intelligence studies in the health sector. We also continue to collaborate with Istinye University for the development of decision support systems and artificial intelligence solutions.

We centralized our Contract Management System to have control on all already-signed contracts, and to use a supervised system for new incoming contracts. We made the whole process traceable, and thus improved the contract approval process. With this improvement, the content of the con-tracts was made reportable for all involved parties.

As a part of our transformation process, we focus on real-time data tracking and the processing of these data correctly. The purpose of real-time healthcare data is to identify and correct the mistakes instantaneously, or even to predict and prevent them. The pandemic period showed us the importance of using real-time healthcare data to marshaling all available health resources in realtime for every patient. Data Analytics is a central part of our excellency, and anchored in the central of our digitalization journey. In order to make our services more sustainable, predictive, preventive and personalized, we improved our reporting system to be able to measure KPIs in a timely manner, and improved our quality and cost activities accordingly.

In future stages, we aim to create a centralized Command Centre where real time data flows from source systems to analytics engine, and is organized into longitudinal data models, dashboards, information or reports when necessary. As we improve operational efficiency, we also want to enable clinicians to make faster, more informed decisions through intelligent devices and data analytics, applications.

Digital Transformation Projects Completed in 2021

Number of processes planned to be digitalized	**11 Main Processes** **30 Sub Processes**
Number of processes being digitalized	10
Number of digitalized processes	20

CORPORATE GOVERNANCE COMPLIANCE REPORT

Within the period between January 1, 2021, and December 31, 2021, MLP Care complied with its Corporate Governance Principles, in accordance with the 26th Article of the Articles of Association of the Company titled Compliance With The Corporate Governance Principles - the implementation of which is declared to be obligatory by the Capital Markets Board. Any transactions carried out and any Board Resolutions passed without complying with such obligatory Corporate Governance Principles shall be null and void, and considered to be in violation of these Articles of Association. Transactions that are considered to be of a substantial nature with regard to the implementation and compliance of the Corporate Governance Principles include substantial transactions of the Company with related parties; transactions relating to the granting of securities, pledges and mortgages in favor of third parties; and regulations of the Capital Markets Board of Turkey relating to corporate governance. Accordingly, the Company carries out its activities in compliance with the regulations and the CMB's Corporate Governance Principles.

The Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 in force in 2021; and also widely implemented most of the non-mandatory principles. However, our Company has not yet achieved full compliance due to the challenges encountered in the implementation of some principles, as well as ongoing discussions in Turkey and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are working on the principles not yet implemented and we are planning to put them into practice once the administrative, legal and technical infrastructure for the effective governance of our Company has been investigated.

In accordance with resolution No. 2/49 by the Capital Markets Board 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) on March 11, 2022. The aforementioned announcements can be reached through https://www.kap.org.tr/en/sirket-bilgileri/ozet/2118-mlp-saglik-hizmetleri-a-s

Among the principles that are not compulsory to be implemented from the Corporate Governance Principles, the explanations related to the different practices carried out regarding the principles not yet fully implemented by our Company, the reasons for such deviations and the measures taken to prevent conflict of interest are given below.

1.3. GENERAL ASSEMBLY

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. (Partial)
The agenda of the 2020 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.

1.4. VOTING RIGHTS

1.4.2 - The company does not have shares that carry privileged voting rights. (No)
Only on the matters listed on the Articles of Association Article 18 (Qualified Matters Requiring Increased General Assembly Resolution Quorum), the affirmative votes of the shareholders holding at least 85% (eighty-five percent) of the capital represented by the Class A shares shall be required.

1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. (Not Applicable)
We have no subsidiary with a cross-ownership relation that provides management control.

1.5. MINORITY RIGHTS

1.5.2-The Articles of Association extend the use of minority rights to those who own less than one-twentieth of the outstanding shares and expand the scope of the minority rights. (No)
In accordance with Article 27 of the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall be applied in respect of matters not covered by these Articles of Association. Effective investor relations activities are conducted in order to prevent possible conflicts.

3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPO-RATION'S MANAGEMENT

3.2.2-Surveys/other research techniques, consultation, interviews, observation method, etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. (Partial)
Surveys, consultation methods, etc. were held in order to obtain the opinions of stakeholders. More comprehensive actions are being planned for the upcoming periods.

3.3. HUMAN RESOURCES POLICY

3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. (Not Applicable)
We have no binding trade union agreements. By law, our employees may join or form trade unions if they wish and, at their request, we would deduct trade union membership fees from salaries for payment to the trade union. We do not have any collective bargaining agreement with these or other unions or labor organizations.

4.2. ACTIVITIES OF THE BOARD OF DIRECTORS

4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined. (No)
As indicated in Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Mu-harrem Usta.

4.3. STRUCTURE OF THE BOARD OF DIRECTORS

4.3.9- The board of directors has approved the policy on its composition, setting a minimum target of 25% for female directors. The board annually evaluates its composition and nominates directors to be compliant with the policy. (Partial)
Even if there is no approved Company policy on its Board of Directors' composition, the existing composition complies with this rule. We are planning to publish a policy regarding the issue in the upcoming periods.

4.4. BOARD MEETING PROCEDURES

4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. (Partial)
There are no limits to the external commitments of board members. However, this does not create neither any conflict nor disruption of Board of Director duties in the Company. External commitments of Board Members are announced in the Appendix-2 of the General Assembly Meeting Information Document.

CORPORATE GOVERNANCE COMPLIANCE REPORT

4.5. BOARD COMMITTEES

4.5.5-The board has a charter/ written internal rules defining the meeting procedures of the board. (No)
Due to having 2 independent board members, the requirement of committee chairman to be selected from independent board members, and cross related subjects of some committees, some of our Board Members take responsibilities in more than one committee.

4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report. (Not Applicable)
In 2021, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.

4.6. FINANCIAL RIGHTS

4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. (No)
The board of directors did not conduct a board performance evaluation. We are planning to appoint external consultants to conduct the board performance evaluation in the upcoming periods.

4.6.4-The company did not extend any loans to its board directors or executives, nor extended its lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them. (Partial)
As stated in the Consolidated Financial Statements for the year ended December 31, 2021, and Independent Auditor's Report, the Company has net current other receivables from shareholders account from Muharrem Usta of TL 52.7 million and Adem Elbaşı of TL 1.9 million. Interest is accrued for the related receivables. Except for these disclosed accounts, the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.

4.6.5-The individual remuneration of board members and executives is disclosed in the annual report. (Partial)
The remuneration of the independent board members disclosed individually. As it also stated that there was no remuneration to the other board members. The total of the salaries, premiums and similar benefits provided to executives are announced in the annual report but not disclosed individually.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	√					http://investor.mlpcare.com/en/
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	√					Annual Report printed version - Other Information Related to Operating Activities > Other
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	√					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					√	There are no insiders with privileged information
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	√					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		√				The agenda of the 2020 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	√					
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	√					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4.2-The company does not have shares that carry privileged voting rights.			√			Only on the matters listed on the Articles of Association Article 18 (Qualified Matters Requiring Increased General Assembly Resolution Quorum), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					√	We have no subsidiary with cross-ownership relation that provides management control.
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	√					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.			√			In accordance with Article 27 of the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall be applied in respect of matters not covered by these Articles of Association. Effective investor relations activities are conducted in order to prevent possible conflicts.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	√					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	√					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	√					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	√					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	√					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	√					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	√					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	√					
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	√					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	√					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	√					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	√					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	√					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	√					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	√					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		√				Surveys, consultation methods etc. were held in order to obtain the opinions of stakeholders. More comprehensive actions are being planned for the upcoming periods.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	√					
3.3.2-Recruitment criteria are documented.	√					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	√					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	√					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					√	We have no binding trade union agreements. By law, our employees may join or form trade unions if they wish and, at their request, we would deduct trade union membership fees from salaries for payment to the trade union. We do not have any collective bargaining agreement with these or other unions or labor organisations. We consider our relations with our employees to be good.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	√					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	√					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	√					
3.3.9 - A safe working environment for employees is maintained.	√					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	√					
3.4.2-Customers are notified of any delays in handling their requests.	√					
3.4.3 - The company complied with the quality standards with respect to its products and services.	√					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	√					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	√					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	√					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	√					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	√					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	√					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	√					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	√					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	√					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			√			As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta.
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	√					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	√					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		√				Even if there is no approved Company policy on its own Board of Directors' composition, existing composition complies with this rule. We are planning to publish a policy regarding the issue in the upcoming periods.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	√					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	√					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	√					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	√					
4.4.4-Each member of the board has one vote.	√					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	√					

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	√					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		√				There are no limits to external commitments of board members. However, this does not create neither any confict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced in the Appendix-2 of the General Assembly Meeting Information Document.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			√			Due to having 2 independent board members, the requirement of committee chairman to be selected from independent board members, and cross related subjects of some committees, some of our Board Members take responsibilities in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	√					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					√	In 2021, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	√					
4.6. FINANCIAL RIGHTS						

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			√			The board of directors did not conduct a board performance evaluation. We are planning to appoint external consultants to conduct the board performance evaluation in the upcoming periods.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		√				As stated in the Consolidated Financial Statements for the year ended December 31,2021 and Independent Auditor's Report, The Company has net current other receivables from shareholders account from Muharrem Usta of TL 52.7 million and Adem Elbaşı of TL 1.9 million. Interest is accrued for the related receivables. Except this disclosed accounts the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.		√				The remuneration of the independent board members diclosed individually. As it also stated that there were no remuneration to the other board members. Total of the salaries, premiums and similar benefits provided to executives are announced in the annual report but not disclosed individually.

CORPORATE GOVERNANCE COMPLIANCE REPORT

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/ etc.) organised by the company during the year	In 2021, the Company organized a total of 192 investor conferences and meetings (104 meetings at 12 conferences, 9 meetings at 2 roadshows, 79 investor and analyst meetings).
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/920294
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Materials for the General Shareholders' Meeting are provided both in English and Turkish at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transactions that are not approved by unanimous votes of present board members.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations > Policies > Donations and Aids Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/928631
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 18 of the Articles of Association includes information regarding the General Assembly Meetings. Article 27 indicated that the Provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall apply in respect of matters not covered by these Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Representative from independent auditor, representative from ministry office, respresentative of legal consultant, and technical team participated in the General Assembly Meeting in 2020. There is no restriction on stakeholders' participation in General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes.
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Only on the matters listed on the Articles of Association Article 18 (Qualified Matters Requiring Increased General Assembly Resolution Quorum), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required. Each Class A and Class B shares have only one voting right. However, on the matters listed on the Articles of Association Article 18 (Qualified Matters Requiring Increased General Assembly Resolution Quorum) are Class A shares are evaluated as priviliged. There are 88,229,127 Class A shares in total. Lightyear Healthcare B.V. holds 47%, Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. holds 24%, Muharrem Usta holds 14%, Hujori Financieringen B.V. holds 6%, Adem Elbaşı holds 5%, İzzet Usta holds 2%, Saliha Usta holds 1%, and Nurgül Dürüstkan Elbaşı holds 1% of Class A shares.
The percentage of ownership of the largest shareholder	36.42%

1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No.
If yes, specify the relevant provision of the articles of association	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations > Corporate Governance > Policies > Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Approval is suggested for the Profit Distribution offer made with March 8, 2021 dated decision of the Board of Directors. The offer in question is given as a written memorial, the memorial is determined as being suitable and read by the Meeting Chairman. Whereas; 1. According to the Company's consolidated financial statements for the period between January 1, 2020-December 31, 2020, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1), a Net Profit of TL 122,997,000.00 was recorded. As per the provisions of the Turkish Code of Commerce and Corporate Tax Law, a Net Distributable Profit of TL 120,127,458.17 remained after the Primary and Secondary Legal Reserve Fund of TL 2,869,541.83 TL is reserved. 2. As a result of the calculations made in accordance with the provisions of the Tax Procedure Law, Corporate Tax and Income Tax Law a Net Profit of TL 26,963,640.25 was recorded. As per the provisions of the Turkish Code of Commerce and Corporate Tax Law, a Net Distributable Profit of TL 24,094,098.42 remained after the Primary and Secondary Legal Reserve Fund of TL 2,869,541.83 is reserved. 3. In order to strengthen the financial structure of the Company and further increase its financial flexibility, the Net Distributable Profit of the fiscal year of 2020 will not be distributed, and will be transferred to the Retained Earnings account after the Primary and Secondary Legal Reserve Fund is reserved. Meeting Chairman presented the read offer for voting. As the result of the voting, the offer in question is accepted unanimously and it is decided not to distribute any profit.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/928631

General Assembly Meetings

	General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
2020 General Assembly Meeting	April 15, 2021	0	86.30%	Investor Relations > Corporate Governance > General Assembly > 2020	Investor Relations > Corporate Governance > General Assembly > 2020	None.	56	https://www.kap.org.tr/en/Bildirim/928631

CORPORATE GOVERNANCE COMPLIANCE REPORT

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Informations required by Corporate Govenance Principles numbered 2.1.1. are included in the Investor Relations section on Company website.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations > MLP Care at a Glance > Shareholder Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company - Corporate Governance Section > The Board of Directors; Declarations on independence of board members - Corporate Governance Section > Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Section > The Board of Directors > The Structure and the Formation of the Board Of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Section > The Board of Directors > Working Principles of the Board Of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information Related to Operating Activities > Other
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Other Information Related to Operating Activities > Other
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information Related to Operating Activities > Other
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership subsidiary.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations > Corporate Governance > Policies > MLP Care Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	167
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Discipline Committee
The contact detail of the company alert mechanism.	Etikihbar@mlpcare.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	There are many committees within the company whose responsibilities and authorities are defined in the Board, Council and Committee Manual. Both managers and employees can take part in these committees.
Corporate bodies where employees are actually represented	Management bodies that represents the employees are as follows: - Executive Committee -Discipline Committee -Academic and Ethics Committee -Organ and Tissue Transplantation Coordination Committee -Occupational Health and Safety Board -Quality Council -Drug Management Committee -Transfusion Committee -Infection Control Committee -Patient Safety Committee -Evaluation and Caring Committee -Patients Right and Satisfaction Committee -Education Committee -Facility Safety Committee -Radiation Safety Comittee

3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plan for the key management positions are prepared annually and are presented to the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Investor Relations > Corporate Governance > Code of Ethics > MLP Care Business Ethics Rules
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Discipline Procedure that is accessible internally indicates that We are against any kind of discrimination or harassment against our employees, and we never compromise on that matter. The related article is also highlighted in the Annual Report section published on our website.
The number of definitive convictions the company is subject to in relation to health and safety measures	None.
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations > Corporate Governance > Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Information was provided under the Sustainability section of the Annual Report, published on our website.
Any measures combating any kind of corruption including embezzlement and bribery	It is specified in the Company's Anti-Bribery and Anti-Corruption Policy. Investor Relations > Corporate Governance > Policies > Anti-Bribery and Anti-Corruption Policy
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No.
Whether all board members released from their duties at the GSM	Yes.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no board member with specific delegated duties and authorities.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Information was provided under the Corporate Approach in the Sustainability section.
Name of the Chairman	Muharrem Usta
Name of the CEO	Muharrem Usta
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta. There is no PDP announcement other than IOC announcement on 25.01.2018 : https://www.kap.org.tr/tr/Bildirim/655665
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/969439
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Due to having ratio of 33% female directors in the Board, no additional information announced in the company website.
The number and ratio of female directors within the Board of Directors	The number of female directors within the Board of Directors is 2 (one of them is independent) out of 6 total Board of Directors. The ratio of female directors within the Board of Directors is 33%.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Muharrem Usta	Executive Director	Not Independent Director	28.12.2005	-	Not considered	Irrelevant	No
Seymur Tarı	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	Irrelevant	Yes
Haydar Sancak	Not Executive Director	Not Independent Director	6.02.2006	-	Not considered	Irrelevant	No
Hatice Hale Özsoy Bıyıklı	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	Irrelevant	Yes
Meral Kurdaş	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/tr/Bildirim/920294	Considered	No	Yes
Tayfun Bayazıt	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/tr/Bildirim/920294	Considered	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	5
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No.
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Even though the Board Charter does not include the number of minimum days ahead of the board meeting, in order to provide equal informatin flow all board members are provided information at reasonable days ahead of board meetings.
The name of the section on the corporate website that demonstrates information about the board charter	Article 14 of the Article of Association named Meetings of the Board of Directors, Meeting and Resolution Quorums demonstrates the relevant information. Section of The Articles of Association on the website: Investor Relations > Corporate Governance > Corporate Governance-More on Corporate Governance > Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limits to external commitments of board members. However, this does not create neither any confict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced in the company website: Investor Relations > Corporate Governance > Management and BOD > Board of Directors
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board Of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/934146

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As Other In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Tayfun Bayazıt	Yes	Board Member
Audit Committee	-	Meral Kurdaş	No	Board Member
Corporate Governance Committee	-	Tayfun Bayazıt	Yes	Board Member
Corporate Governance Committee	-	Meral Kurdaş	No	Board Member
Corporate Governance Committee	-	Hatice Hale Özsoy Bıyıklı	No	Board Member
Corporate Governance Committee	-	Deniz Can Yücel	No	Not Board Member
Other	Committee of Nomination and Remuneration	Meral Kurdaş	Yes	Board Member
Other	Committee of Nomination and Remuneration	Tayfun Bayazıt	No	Board Member
Other	Committee of Nomination and Remuneration	Hatice Hale Özsoy Bıyıklı	No	Board Member
Committee of Early Detection of Risk	-	Meral Kurdaş	Yes	Board Member
Committee of Early Detection of Risk	-	Tayfun Bayazıt	No	Board Member
Committee of Early Detection of Risk	-	Hatice Hale Özsoy Bıyıklı	No	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Audit Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Corporate Governance Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Nomination and Remuneration Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Early Detection of Risks Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors

CORPORATE GOVERNANCE COMPLIANCE REPORT

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations > Corporate Governance > Management and BOD > Board Committees > MLP Care Nomination and Remuneration Committee Charter Annual report -Corporate Governance Section > The Board of Directors > The Number, the Structure and the Independence of the Committees within the Board of Directors
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	MLP Care in 2021
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations > Corporate Governance > Policies > Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Information Related to Operating Activities > Compensation and Benefits Provided to Board Members and Senior Managers

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As Other In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Composition of Board Committees-II	Audit Committee	100%	100%	4	4
Composition of Board Committees-II	Corporate Governance Committee	75%	67%	4	4
Composition of Board Committees-II	Committee of Nomination and Remuneration	100%	67%	2	2
Composition of Board Committees-II	Committee of Early Detection of Risk	100%	67%	6	6

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
A.General	A1. Strategy, Policy and Targets	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them. For the sake of effectiv implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	Full Compliance	With the guidance of the Board of Directors, sustainability efforts run in the leadership of Sustainability Working Group, which consist of the senior management, the organization of the Working Group is undertaken by the Investor Relations and Strategy Directorate. Investor Relations and Strategy Director, who reports directly to the Chairman of the Board of Directors, is a Member of the Corporate Governance Committee and the relevant committee is responsible for activities within the scope of sustainability. The Board of Directors have a decide on the policies on environment, social and governance and they are disclosed publicly.	https://investor.mlpcare.com/en/corporate-governance/policies/
	A1. Strategy, Policy and Targets	Should determine a Corporation Strategy in compliance with ESG policies, risks and opportunities, and should determine and publicly disclose its short and long-term goals in line with its ESG policies.	Partial Compliance	We continue our efforts to determine short-medium-long-term goals by adding the opinions of external stakeholders to the sustainability materiality analysis, which it is based on the opinions of our internal stakeholders now, and improving our sustainability strategy.	MLP Care 2020 Sustainability Report -Our Sustainability Approach - page 49,54 MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-63
	A2. Implementation/ Monitoring	Should appoint and publicly disclose its committees/ units in charge of implementation of ESG policies. Committees/units in charge, should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	Full Compliance		MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41 MLP Care 2020 Sustainability Report
	A2. Implementation/ Monitoring	Should formulate and publicly disclose the implementation and action plans in line with the short and long-term goals determined as above.	Partial Compliance	We continue to work on determining short, medium and long-term targets related to environment, social and governance and we are commited to completing and disclosing them in 2022.	MLP Care 2021 Annual Report - Our Sustainability Approach - page 46-57
	A2. Implementation/ Monitoring	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis. In case of availability of verifiable data, it should present KPIs with local and international sector comparisons.	Non-compliance	We continue to work on determining short, medium and long-term targets related to environment, social and governance and we are commited to completing and disclosing them in 2022. Besides, we are working on to determine key performance indicators (KPIs) for all business units in the light of these targets. We aim to complete these studies, which are included all directorates in our company, in 2022.	

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
A.General	A2. Implementation/ Monitoring	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	Full Compliance		MLP Care 2021 Annual Report - Information Technologies and Digital Transformation - page 63
	A3. Reporting	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	Partial Compliance	You could find our 2020 Sustainability Report which includes our sustainability performance and actions, on the our website. We are committed to announcing our sustainability goals in 2022.	MLP Care 2020 Sustainability Report MLP Care 2021 Annual Report - Sustainability Approach - page 40-41
	A3. Reporting	It is essential to ensure that information material for stakeholders to understand and grasp the current position, performance and development of the corporation is shared directly and concisely. It may separately declare detailed information and data on its corporate internet site, and may prepare separate reports directly meeting the needs of different stakeholders.	Full Compliance		MLP Care 2020 Sustainability Report MLP Care 2021 Annual Report - Sustainability Approach - page 40-41
	A3. Reporting	It should exercise utmost care in terms of transparency and reliability. As a requirement of balanced approach, it should declare objectively all kinds of developments relating to the priority issues in its statements and reports.	Full Compliance	We explained our material topics and related actions in the 2020 Sustainability Report, and we will continue to explain the developments about material issues on reports in the upcoming years, objectively.	MLP Care 2020 Sustainability Report
	A3. Reporting	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	Full Compliance		MLP Care 2020 Sustainability Repor -UN Sustainability Development Goals and MLPCARE - page 84-85
	A3. Reporting	It should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	Full Compliance	There is no filed and/or completed against it in environmental, social and corporate governance issues in 2021.	
	A4. Assurance	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavour to increase said verification actions.	Non-compliance	Our sustainability performance measures does not verified by independent third parties.	

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
B. Environmental Principles	B. Environmental Principles	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	Partial Compliance	Our Environmental Management Policy is published on our website. In addition, our practices and action plans regarding the environment management is discussed under the title of Our Environmental Approach on page xx of the 2021 Annual Report. Our company does not have ISO 14001 certification. Each of our hospitals receives Environmental Consultancy and Dangerous Goods Safety Consultancy services; works are carried on with an environmental management system mechanism in cooperation with Infection Control Committees, Technical Services and Administrative Affairs Departments.	https://investor.mlpcare.com/en/corporate-governance/policies/
	B. Environmental Principles	It should comply with and declare the laws and other pertinent regulations with respect to the environment.	Tam Uyumlu	There was no incident regarding non-compliance with environmental laws and other relevant regulations in 2021.	
	B. Environmental Principles	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	Full Compliance	The scope of environmental data of MLP Care's 2020 Sustainability Report, which is in accordance with GRI Standards, covers the data of all hospitals in Turkey between 1 January 2019 and 31 December 2019, unless otherwise stated in the report, and was obtained from the relevant departments of MLP Care. MLP Care 2020 Sustainability Report, which is the first sustainability report, was published in March 2022, and the sustainability report for 2021 is planned to be published in the third quarter of 2022 at the latest.	MLP Care 2020 Sustainability Report -About Report - page 10 MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-58,61,63 MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41 MLP Care 2021 Annual Report - Our Environmental Approach - page 42-43
		Should provide information about the most senior director and related committees of the corporation with respect to environment and climate change issues, as well as their duties and functions.	Full Compliance		MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41
	B. Environmental Principles	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals	Non-compliance	We continue to work on determining short, medium and long-term targets related to environment and we are commited to completing and disclosing them in 2022. Besides, we are working on to determining key performance indicators (KPIs) for related business units in light of these targets. We aim to complete these studies, which are included related directorships in our company, in 2022.	
	B. Environmental Principles	Should disclose how environmental issues are integrated into business objectives and strategies.	Partial Compliance	We have taken into account the risks and opportunities regarding the environment while determining our sustainability strategy, and we plan to integrate them into our business goals and strategies in the following periods.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Responsible Environment Approach - page 56-63 MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41 MLP Care 2021 Annual Report - Our Environmental Approach - page 42-43

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
B. Environmental Principles		Should disclose sustainability performances relating to business processes or products and services, and activities for improvement of said performance.	Full Compliance		MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Responsible Environment Approach - page 56-63 MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41 MLP Care 2021 Annual Report - Our Environmental Approach - page 42-43
	B. Environmental Principles	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	Non-compliance	We continue to work on determining short-medium-long-term goals by adding the opinions of other stakeholders to our sustainability materiality analysis.	
	B. Environmental Principles	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	Non-compliance	We are not a member of any institution which works on environmental issues. In the forthcoming periods, we aim to evaluate cooperation opportunities that we can provide the highest benefit to our Company and our stakeholders.	
	B. Environmental Principles	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)}, air quality, energy management, water and waste water management, waste management, biodiversity effects].	Partial Compliance	In our first sustainability report, MLP Care 2020 Sustainability Report, we explained our environmental indicators for 2020. As of 2021, we plan to disclose our environmental indicators in comparison with the data of at least the previous year.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-63
	B. Environmental Principles	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.	Full Compliance	Energy and water consumption and waste generation data were obtained from the records of our hospitals. The details of our calculations regarding our emission amounts are explained in the MLP Care 2020 Sustainability Report.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-63
	B. Environmental Principles	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	Partial Compliance	In our first sustainability report, MLP Care 2020 Sustainability Report, we explained our environmental indicators for 2020. As of 2021, we plan to disclose our environmental indicators in comparison with the data of at least the previous year.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-63

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
B. Environmental Principles	B. Environmental Principles	Should determine and disclose short and long-term goals for reduction of its environmental impact. These goals are recommended to be determined in ScienceBased manner as advised by the United Nations Climate Change Conference of the Parties. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	Non-compliance	We continue to work on determining short, medium and long-term targets related to environment and we are commited to completing and disclosing them in 2022.	
	B. Environmental Principles	Discloses the strategy and actions to combat climate crisis.	Full Compliance		MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-63 MLP Care 2021 Annual Report - Our Sustainability Approach - page 40-41 MLP Care 2021 Annual Report - Our Environmental Approach - page 42-43
	B. Environmental Principles	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services, and should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	Partial Compliance	We plan to expand our the scope of our emission calculations and start our works on analyzing our current impact and including our supply chain in the scope of sustainability studies.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Responsible Environment Approach - page 56-60
	B. Environmental Principles	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	Partial Compliance	We are carrying on works for reducing environmental impacts, and we will measure these impacts in the future and disclose them comparatively on the annual basis.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Responsible Environment Approach - page 56-63
	B. Environmental Principles	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	Partial Compliance	We calculated our emissions for the first time for 2020. We did not include all our hospitals when calculating our emissions for 2020, and we plan to take account on all our hospitals in our emission calculations in the forthcoming years.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-60
	B. Environmental Principles	Should provide information about electricity, heat, vapour and refrigeration produced and consumed in the reporting year.	Partial Compliance	The 2020 Sustainability Report includes the energy consumption amounts of 24 of our 30 hospitals. In the coming years, we plan to disclose the energy consumption amounts of all our hospitals.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 56-60
	B. Environmental Principles	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	Non-compliance	MLP Care does not use any renewable energy, and it will planned to initiate target setting and feasibility studies on the subject.	MLP Care 2020 Sustainability Report

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
B. Environmental Principles	B. Environmental Principles	Should disclose its renewable energy generation and consumption data.	Non-compliance	MLP Care does not use any renewable energy.	
	B. Environmental Principles	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	Partial Compliance	We are carrying on energy efficiency studies and we will measure our energy consumption amounts as the energy used per unit and explain them comparatively on a yearly basis in the following years.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 60
	B. Environmental Principles	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	Partial Compliance	The 2020 Sustainability Report includes the water consumption amounts of 24 of our 30 hospitals. In the coming years, we plan to disclose the water consumption amounts of all our hospitals.	MLP Care 2020 Sustainability Report -Our Fight against Climate Change and Our Responsible Environment Approach - page 63
	B. Environmental Principles	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	Irrelevant	MLP Care is not included in the carbon pricing system.	
	B. Environmental Principles	Should disclose its carbon credit data accumulated or bought in the reporting period.	Irrelevant	We do not have any accumulated or received carbon credits.	
	B. Environmental Principles	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	Irrelevant	Carbon pricing is not applied.	
	B. Environmental Principles	Should discloses all mandatory and voluntary platforms where its environmental data are disclosed.	Full Compliance	Our Annual Reports and 2020 Sustainability Report are available on the Public Disclosure Platform and on our website.	

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
C.Social	C1. Human Rights and Employee Rights	Should provide equal opportunities in recruitment processes. Includes fair labour, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects	Full Compliance		https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/
	C1. Human Rights and Employee Rights	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.)	Full Compliance		https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/
	C1. Human Rights and Employee Rights	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labour, and disclose its regulations and measures aiming to prevent employment of child labour.	Full Compliance		MLP Care 2020 Sustainability Report -Prevention of Discrimination and Equal Opportunities- page 78 https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/
	C1. Human Rights and Employee Rights	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management. Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes. Regularly declares its activities aimed at employee satisfaction	Full Compliance		MLP Care 2020 Sustainability Report -Prevention of Discrimination and Equal Opportunities- page 78 https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/ https://investor.mlpcare.com/en/corporate-governance/policies/
	C1. Human Rights and Employee Rights	Should formulate and disclose its occupational health and safety policies. Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics	Partial Compliance		MLP Care 2020 Sustainability Report - MLP Care for our Employees -page 78-81, MLP Care 2021 Annual Report - Social Approach - page 46 https://investor.mlpcare.com/en/corporate-governance/policies/

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
C.Social	C1. Human Rights and Employee Rights	Should formulate and disclose to public its personal data protection and data security policies.	Full Compliance	We will disclose occupational statistics in the upcoming terms.	MLP Care 2020 Sustainability Report -Occupational Health and Safety- page 82-83 https://investor.mlpcare.com/en/corporate-governance/policies/
	C1. Human Rights and Employee Rights	Should formulate and disclose its ethics policy (also including business, work ethics, compliance processes, advertising and marketing ethics, public information, etc. initiatives).	Full Compliance		https://www.mlpcare.com/kisisel-verilerin-korunmasi https://www.mlpcare.com/ykb-yrd-38-00-mlp-bilgi-guvenligi-yonetim-sistemi-politikasi-.pdf
	C1. Human Rights and Employee Rights	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	Full Compliance		https://investor.mlpcare.com/en/corporate-governance/code-of-ethics/
	C1. Human Rights and Employee Rights	Should organizes information meetings and training programs for employees with respect to ESG policies and applications.	Full Compliance		MLP Care 2021 Annual Report - Contributing Society - page 60
	C2. Stakeholders, International Standards and Initiatives	Should conduct its activities in sustainability field by taking into consideration the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public administrations, shareholders, communities and non-governmental organizations, etc.).	Partial Compliance		MLP Care 2021 Annual Report -Social Approach- page 54-55
	C2. Stakeholders, International Standards and Initiatives	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints.	Full Compliance	We continue our efforts to add the opinions of external stakeholders to the our current sustainability materiality analysis and this study is planned tobe complete in 2022.	MLP Care 2020 Sustainability Report
	C2. Stakeholders, International Standards and Initiatives	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates, as well as the developments in its sustainability activities.	Full Compliance		https://investor.mlpcare.com/en/corporate-governance/policies/
	C2. Stakeholders, International Standards and Initiatives	Should disclose international reporting standards it has adopted [Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), etc.].	Full Compliance		MLP Care 2020 Sustainability Report

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
C.Social	C2. Stakeholders, International Standards and Initiatives	Should disclose the international organizations or principles it has signed or enrolled in [Equator Principles, United Nations Environmental Program - Financial Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles of Responsible Investment (UNPRI), etc.] and the international principles it has adopted [such as International Capital Markets Association (ICMA) Green/Sustainable Bond Principles].	Non-compliance	You can access our 2020 Sustainability Report, which is in accordance with GRI Standards, on our website.	MLP Care 2020 Sustainability Report
	C2. Stakeholders, International Standards and Initiatives	Should concretely endeavour to be included in the Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Full Compliance	We did not signed/enrolled any principles/organizations which are related sustainability issues. In the forthcoming periods, we aim to evaluate cooperation opportunities that we can provide the highest benefit to our Company and our stakeholders.	
	C2. Stakeholders, International Standards and Initiatives	Borsa İstanbul Sürdürülebilirlik Endeksi ve uluslararası sürdürülebilirlik endekslerinde (Dow Jones Sürdürülebilirlik Endeksi, FTSE4Good, MSCI ÇSY Endeksleri vb.) yer almak için somut çaba gösterir.	Tam Uyumlu	We started our efforts to be included in the Borsa Istanbul Sustainability Index.We are making data entry into the evaluation platform, and our efforts are contiuning to improve our current performance.	
D.Corporate Governance	Corporate Governance Principles	Should exert maximum efforts for compliance with all Corporate Governance principles, apart from the Corporate Governance principles mandatorily required to be complied under and pursuant to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board	Full Compliance		MLP Care 2021 Annual Report - Corporate Governance Compliance Report -page 66
	Corporate Governance Principles	Should take into consideration sustainability issues, environmental effects of its activities, and principles pertaining thereto in determination of its corporate governance strategy.	Partial Compliance	Our sustainability strategy is in line with our business strategy, and we continue to work on determining short, medium and long-term targets related to sustainability and we are commited to completing them in 2022. Besides, we are working on to determining key performance indicators (KPIs) for all business units in light of these targets.	MLP Care 2021 Annual Report - Sustainability Approach- page 40-41

MLPCARE SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle Description	Compliance	Description (if required)	Link
D.Corporate Governance	Corporate Governance Principles	Should take all of the required measures in order to comply with principles regarding stakeholders and to strengthen communications with stakeholders as stated in the Corporate Governance Principles. Should consult with stakeholders in determination of measures and strategies in sustainability field.	Partial Compliance	In our MLP Care 2021 Annual Report, a statement regarding the participation of stakeholders in the management is made on page 67 under the Corporate Governance Compliance Report. In addition, we continue our efforts to include all our stakeholders in our sustainability materiality analysis, and this anaylsis is planned to be completed in 2022.	MLP Care 2021 Annual Report - Corporate Governance Compliance Report -page 67
	Corporate Governance Principles	Should endeavour to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	Full Compliance		MLP Care 2021 Annual Report - Contributing Society -page 60
	Corporate Governance Principles	Should endeavour to be a member of and to contribute to works and activities of international standards and initiatives on sustainability	Non-compliance	As MLP Care, we aim to take advantage of cooperation opportunities that we can provide the highest benefit to our Company and our stakeholders with contributing to studies by becoming a member of international standards and/or initiatives on sustainability.	
	Corporate Governance Principles	Should disclose its policies and programs with respect to fight against bribery and corruption and the tax honesty principle.	Full Compliance		https://investor.mlpcare.com/en/corporate-governance/policies/

SHAREHOLDING STRUCTURE

MLP SAĞLIK HİZMETLERİ A.Ş. SHAREHOLDING STRUCTURE

December 31, 2021

Shareholders	Share in Capital (%)	Number of Shares (TL thousand)
Lightyear Healthcare B.V.	30.69%	63,844
Sancak İnşaat Turizm Nakliyat ve Dış Tic. A.Ş.	15.35%	31,943
Muharrem Usta	8.98%	18,678
Hujori Financieringen B.V.	3.98%	8,287
Adem Elbaşı	2.99%	6,226
İzzet Usta	1.20%	2,490
Saliha Usta	0.90%	1,868
Nurgül Dürüstkan Elbaşı	0.90%	1,868
Publicly Traded (*)	35.01%	72,833
Nominal Capital	100.00%	208,037

(*) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. The distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V.; 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat; 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 Financieringen B.V.; 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı, and other shareholders purchased 314 thousand shares representing 0.43% of the publicly traded portion. The 1,613 thousand shares purchased by Sancak İnşaat from the publicly traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold.

BOARD OF DIRECTORS

The Structure and the Formation of the Board of Directors

The operations and the administration of the Company are carried out by the Board of Directors, which comprises six members who are elected by the General Assembly. Board members are subject to the conditions stated in the Turkish Commercial Code and the Capital Markets Regulations.

Provided that the A Group shares continue to be at least 20% of the issued capital of the Company, three members of the Board of Directors will be elected from the candidates nominated by this Group. These members of the Board of Directors, who will be elected from the candidates nominated by the A Group shareholders, are not going to be the independent members as stated in the Corporate Governance Principles of the Capital Markets Board.

In case the shares of the A Group fall below 20% of the issued capital of the Company, the above-mentioned privilege to nominate candidates for the Board of Directors will be abolished automatically and irreversibly, starting from the moment that the legal transaction that causes the aforementioned situation is carried out. Furthermore, during the first General Assembly meeting following this transaction, this Article of Association will be amended and the references to the share groups will be removed.

The required number of independent members of the Board of Directors is elected by the General Assembly in accordance with the guidelines regarding the independence of the Board members stated in the Corporate Governance Principles of the Capital Markets Board. The independent members should have the required qualifications that are stated in the regulations of the Capital Markets Board regarding corporate governance.

Board members can be elected for a maximum of three years. When their term ends, the Board members can be re-elected. The Company complied with the regulations of the Capital Markets Board regarding corporate governance and the Articles of Association. In accordance with the resolution of the Board of Directors dated February 10, 2021, appointments of the independent board members were carried out. 3 year appointments of both independent board members and other board members were approved at the General Assembly dated April 15, 2021.

The CVs of the Board members are provided below:

Muharrem Usta – Chairman and CEO

Muharrem Usta was elected as a member of the Board of Directors for a three-year term at the General Assembly meeting held in April 2021. Mr. Usta graduated from Dokuz Eylül University Medical School in 1989 and became an ENT specialist in 1992. In 1993, Mr. Usta switched to hospital management business and took initial steps for the establishment of MLP Care. Mr. Usta served as a Board Member at Saray Sağlık Hizmetleri Ticaret ve Sanayi A.Ş. and as a Chief Physician at Universal Hospital. Mr. Usta, MLP Care's Chairman and CEO, also serves as the Chairman of the Board of Trustees of İstinye University, founder and Chairman of F.O.M. Mimarlık Mühendislik A.Ş.

Seymur Tarı - Vice Chairman (representing Sullivan B.V.)

Seymur Tarı was elected as a Member of the Board of Directors for a three-year term at the General Assembly meeting held in April 2021. Mr. Tarı is currently working at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. He previously served at McKinsey & Company, focusing on corporate portfolio strategy, and at Caterpillar Inc., as a product manager with responsibility for the EMEA and CIS regions. Mr. Tarı holds an MBA degree from INSEAD, and MSc and BSc degrees in Mechanical Engineering and Robotics from ETH Zurich.

Hatice Hale Özsoy Bıyıklı - Member (representing Elinor B.V.)

Hatice Hale Özsoy Bıyıklı was elected as a member of the Board of Directors for a three-year term at the General Assembly meeting held in April 2021. Ms. Özsoy Bıyıklı is currently working at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. She has previously served as a Senior Associate at Goldman Sachs Investment Banking Division in London and also worked for The Boston Consulting Group and Andersen Business Consulting in Istanbul and Amsterdam. Ms. Özsoy Bıyıklı holds an MBA degree from Harvard Business School and MSc and BSc degrees in Electrical Engineering and Computer Science from MIT.

Haydar Sancak - Member (representing Sancak İnşaat)
Haydar Sancak was elected as a member of the Board of Directors for a three year term at the General Assembly meeting held in April 2021. In addition to his position at MLP Care, Mr. Sancak also serves at various in positions in or out group companies of Sancak Group such as the Chairman at Sancak İnşaat Turizm Nakliyat ve Dış Tic. A.Ş., Vice Chairman at both Sancak Enerji Hizmetleri A.Ş. and Sanport Gayrimenkul Geliştirme İnşaat Tic. A.Ş..

Meral Kurdaş – Independent Board Member
Meral Kurdaş graduated from Boğaziçi University, Faculty of Administrative Sciences, Department of Business Administration. She later completed the Executive MBA program at the University of Wales, Manchester Business School, and the Executive MIS program at Boğaziçi University. Starting her professional career at Interbank in 1985, Ms. Kurdaş then served as Assistant General Manager at Garanti Investment Bank. In 1997, she joined Yapı Kredi Bank as President of the Corporate Marketing Department. In 2002, she transferred to Sabancı Group as CEO of AK Emeklilik. Ms. Kurdaş served as the CEO of AvivaSA Emeklilik ve Hayat A.Ş. between 2007 and 2016, and acted as Human Resources Group President at Sabancı Holding and served as a Board Member at Sabancı Group companies between 2017 and 2018. In 2018, Ms. Kurdaş started her management consultancy firm.

Tayfun Bayazıt – Independent Board Member
After receiving a B.S. Degree in Engineering Mechanics and Materials in 1980, Tayfun Bayazıt graduated from Columbia University's Finance and International Relations M.B.A. program. Mr. Bayazıt started his banking career at Citibank, served 13 years at Çukurova Group as Executive Vice President at Yapı ve Kredi Bankası, President and Chief Executive Officer at Interbank A.Ş., and President and Chief Executive Officer at Banque de Commerce et de Placements S.A. Switzerland. In 1999, Mr. Bayazıt became Vice Chairman of Doğan Şirketler Grubu Holding A.Ş. and Dışbank Executive Director and he was appointed as CEO of Dışbank in 2001. Tayfun Bayazıt, became the Vice Chairman of Dışbank in 2003 and later appointed to Fortis Turkey CEO position following the Dışbank's acquisition by Fortis in 2005 and Chairman position in 2006. Tayfun Bayazıt appointed as the CEO and Chairman of Yapı Kredi (JV of Koc Holding and UniCredit Group) and became the Chairman of the Bank in 2009. In 2011, Tayfun Bayazıt established his own company providing advisory services. Tayfun Bayazıt also serves as a board member in several companies and actively works in several non-govermental organizations like TÜSİAD, Eğitim Gönüllüleri Vakfı (TEGV), Kurumsal Yönetim Derneği (TKYD), WRI Türkiye and Darüşşafaka.

Working Principles of the Board of Directors
It is aimed to carry out the duties of the Board in accordance with the Corporate Governance

BOARD OF DIRECTORS

Principles in a transparent, accountable, fair and responsible manner. In this context and line with the Corporate Governance Principles, the Board meetings are conducted regularly in such a way that it can efficiently carry out its duties. The Board Members also hold meetings whenever necessary. The provisions of the Turkish Commercial Code and the Capital Market Regulations are applied regarding the quorum during the Board meetings.

Board Members	Independence Status	Board of Directors (5 meetings)	Corporate Governance Committee (4 meetings)	Early Detection of Risk Committee (6 meetings)	Audit Committee (4 meetings)	Nomination and Remuneration Committee (2 meetings)
Muharrem Usta	-	5/5				
Seymur Tarı	-	5/5				
Hatice Hale Özsoy Bıyıklı	-	5/5	4/4	6/6		2/2
Haydar Sancak	-	5/5				
Meral Kurdaş	+	5/5	4/4	6/6	4/4	2/2
Tayfun Bayazıt	+	5/5	4/4	6/6	4/4	2/2

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

According to Article 17 of the Articles of Association titled The Duties and the Responsibilities of the Board of Directors and as part of the Capital Markets Regulations Corporate Governance Principles, in order to ensure that the Board carries out its duties and responsibilities properly, the Committees that are required by law or deemed appropriate by the Board will be established, including the Early Detection of Risk Committee, the Audit Committee, the Corporate Governance Committee, the Nomination Committee, and the Remuneration Committee, within the Board of Directors. However, in case the Nomination and Remuneration Committees cannot be established due to the structure of the Board of Directors, the Corporate Governance Committee carry out their duties. The responsibilities, operating principles, and Committee members are determined by the Board and announced to the public. All members of the Audit Committee and the Chairman of the other Committees should be selected from the independent members of the Board.

In this context, by the decision of the Board dated January 15, 2018, and numbered 2018/3, the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee were established within the Company.

Nomination and Remuneration Committee was established by the decision of the Board dated April 30, 2021 and numbered 2021/23. With the sames decision Nomination and Remuneration Committee charter was established, charters of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee revisions were accepted with the attached charters, and brought to the attention of stakeholders on the Company website. The members of these Committees were appointed also on April 30, 2021.

The duties and working principles (Charters) of the Committees are already published. In accordance with the Articles of Association, changing these is subject to the approval of the General Assembly. The Committee Charters are available on the Company's website.

Audit Committee

The main purpose of the Committee is the supervision of the Company's accounting system and accounting practices, public disclosure of the Company's financial information, the operation and efficiency of the internal and external audit of the Company and the compliance of the Company with the applicable legislation. The Committee also performs the duties imposed on it under the Articles of Association and the Communiqué. Within this context, the Committee fulfills the duties and responsibilities indicated in the Charter. The Audit Committee also works continuously to increase the level of compliance with the legislation and company regulations, and to reinforce transparency, accountability, fairness, predictability and efficiency, and meets at least four times a year on a quarterly basis. The Committee held four meetings in 2021 on a quarterly basis and submitted the reports to the Board of Directors. The Audit Committee consists of two independent board members as stated below. None of the Committee Members have executive duties in the Company.

Name - Surname	Title
Tayfun Bayazıt (Independent)	Chairman of the Audit Committee
Meral Kurdaş (Independent)	Member of the Audit Committee

Corporate Governance Committee

The Committee assists the Board of Directors in relation to compliance with the Corporate Governance Principles, including the regulation of the investigations and conflicts of interest which may occur in case of violation of the Corporate Governance Principles.
The Committee shall also monitor the Investor Relations Unit. The Committee meets whenever its assigned duties requires but at least four times a year. The Committee held four meetings in 2021 on a quarterly basis and submitted the reports to the Board of Directors.
The Corporate Governance Committee consists of three Board members (two of whom are independent board members) and the Strategy and Investor Relations Director. None of the Committee members – except the Strategy and Investor Relations Director – have executive duties at the Company.

Name - Surname	Title
Tayfun Bayazıt (Independent)	Chairman of the Corporate Governance Committee
Meral Kurdaş (Independent)	Member of the Corporate Governance Committee
Hatice Hale Özsoy Bıyıklı	Member of the Corporate Governance Committee
Deniz Can Yücel (Executive)	Member of the Corporate Governance Committee

Early Detection of Risk Committee

The Committee assists the Board of Directors in identifying in a timely manner the risks that might jeopardize the existence, improvement, and continuation of the Company, establishment of an expert committee for the implementation of appropriate risk management strategies and risk management, and also performs other duties imposed on it under the applicable legislation. The Committee convene at the frequency required by the duties assigned to it, but in any event at least six times per year. The Committee held six meetings in 2021 on a two-month basis and submitted the reports to the Board of Directors. The Early Detection of Risk Committee consists of three Board members (two of whom are independent board members). None of the Committee Members have executive duties at the Company.

The Early Detection of Risk Committee consists of three Board members (two of whom are independent board members). None of the Committee Members have executive duties at the Company.

Name - Surname	Title
Meral Kurdaş (Independent)	Chairman of the Early Detection of Risk Committee
Tayfun Bayazıt (Independent)	Member of the Early Detection of Risk Committee
Hatice Hale Özsoy Bıyıklı	Member of the Early Detection of Risk Committee

The Early Detection of Risk Committee consists of three Board members (two of whom are independent board members). None of the Committee Members have executive duties at the Company.

Nomination and Remunaration Committee

Our Nomination and Remuneration Committee was established in 2021 with the resolution of the Board of Directors dated April 30, 2021 and No. 2021/23. The Committee charged with the following duties.

- To establish a transparent system for the determination, evaluation and training of candidates for Board Membership and Managerial positions with Administrative Responsibility, and to determine policies and strategies regarding this matter.
- To carry out regular assessments regarding the structure and efficiency of the Board of Directors, and to submit recommendations to the Board about changes that could be made regarding these matters.

BOARD OF DIRECTORS

- The assessment of the independence of Independent Board Membership candidates, (including the candidates for the Board of Directors and investors), and the writing of a relevant report and submitting it for the approval of the Board of Directors.
- To conduct evaluations for the election of Independent Board Members to serve until the next General Assembly Meeting to ensure that minimum number of Independent Board Members is met if the number of Independent Board members drops for any reason, and to report the result of the assessment to the Board of Directors in writing.
- To ensure that the principles, criteria and practices to be used in the remuneration of the Board Members and managers with administrative responsibilities be determined by considering the Company's long-term objectives, and that they are monitored.
- To prepare the remuneration policy of the Company and to submit it to the Board of Directors
- To prepare and submit recommendations regarding the remuneration to be paid to the Board Members and the Managers with Administrative Responsibilities to the Board of Directors considering the degree of achieving criteria used in remuneration.
- To submit the reports which contain information about the activities of the Committee and outcomes of the meetings to the Board of Directors at its first meeting.
- To revise the committee charter regularly, and to submit amendment suggestions to the Board of Directors for approval.

The Committee held two meetings and fulfill the determined duties by convening at least two meetings a year. In 2021 two meetings held and presented the report to the Board of Directors. Nomination and Remuneration Committee consist of three Board members, two of them independent. No member has any execution duties in the Company.

Name Surname	Title
Meral Kurdaş (Independent)	Chairman of the Nomination and Remuneration Committee
Tayfun Bayazıt (Independent)	Member of the Nomination and Remuneration Committee
Hatice Hale Özsoy Bıyıklı	Member of the Nomination and Remuneration Committee

EXECUTIVE MANAGEMENT

Name – Surname	Title	Total Professional Experience	Working at MLP Care as of
Dr. Muharrem Usta	CEO	29	1995
Burcu Öztürk	CFO	18	2014
Adem Elbaşı	Chief Operations Coordinator	33	1995
Dr. Hikmet Çavuş	Chief Strategy and Performance Coordinator	29	2003
Şerafettin Demiray	Chief Human Resources Coordinator	24	2021
Gürkan Cağlıoğlu	IT & Digital Transformation Coordinator	22	2019
Hakan Ercan	Internal Audit Director	23	2021
Deniz Can Yücel	Strategy and Investor Relations Director	23	2017

ETHICAL VALUES AND WORKING PRINCIPLES

The main purpose of the Ethical Values Policy is to ensure the effective use of resources; the open, transparent and lawful maintenance of all services and activities; prevention of unfair competition; and the creation of an awareness of corporate and social responsibility in our managers and employees. The following persons are required to comply with the Ethical Values Policy:

- the Company;
- the Company's directors, managers, and employees;
- the Company's affiliates, subsidiaries and members of the Board of Directors/ Managers/employees of the Company's business partners, doctors who are contracted as business partners and who are employed by the Company; and
- representative offices of the Company

Under the Ethical Values Policy, all persons noted above must act with integrity and honesty in all business processes. These persons are required to comply with relevant regulations such as healthcare and data protection (e.g. keeping patient information confidential) during their tenure at the Company. Additionally, they are also obliged to avoid any kind of conflict of interest under the Business Ethic Policy.

Anti-Bribery and Anti-Corruption Policy

The Anti-Bribery and Anti-Corruption Policy aims to prevent corruption and bribery and draw attention to the Company's strict compliance with anti-corruption laws. All employees and managers of MLP Care and Affiliated Companies, third parties (i.e., suppliers and consultants) and their employees are subject to the Anti-Bribery and Anti-Corruption Policy, which encourages employees to report to the Company any illegal or unethical behavior they witness. The Anti-Bribery and Anti-Corruption Policy includes detailed information about how to deal with public officials and other third parties in order to prevent bribery and corruption risks. The Policy informs employees regarding offers of gifts, entertainment or other hospitality to third parties, and sets limits on the value of such gifts or hospitality.

Disciplinary Committee

The Disciplinary Committee oversees the disciplinary processes applied to the employees of MLP Care and Affiliated Companies, who are subject to the rules and principles set forth by the Disciplinary Committee and Operating Procedures.

INVESTOR AND SHAREHOLDER RELATIONS

Strategy and Investor Relations Department

The Strategy and Investor Relations Department is responsible for managing MLP Care's relationships with investors and shareholders in accordance with the Company's Public Disclosure Policy, which is published on the corporate website and implemented under the supervision of the Board of Directors. The Strategy and Investor Relations Director is a natural member of the Corporate Governance Committee, which is also responsible for supervising the Strategy and Investor Relations Department. The purpose of the Public Disclosure Policy is to ensure active, effective and transparent communication by sharing all kinds of information that are not a trade secret in a complete, fair, accurate, prompt, clear, low-cost and easily accessible manner, in conformity with the provisions of the regulations binding the Company and the Articles of Association, with all stake-holders including shareholders, investors, employees, and customers. The Board of Directors has the authority and responsibility to oversee and develop the Public Disclosure Policy.

The main activities of the Strategy and Investor Relations Department are as follows:

- Carrying out transactions with the Central Registry Agency (MKK), and ensuring that correspondence between the Investors and the Company, as well as documents and records of other information, are maintained in secure, safe and updated condition;
- In line with the Company's Public Disclosure Policy, providing clear answers to the questions and shareholders' relevant information requests submitted to the Department during the period – excluding the information that is not publicly disclosed, confidential or a trade secret – by using communication tools or face-to-face methods of communication;
- Preparing the special case announcements and sharing them with the public via KAP (Public Disclosure Platform) after they are electronically signed, and publishing them on the Company's website on the next business day following the public disclosure;
- Preparing the documents that must be provided to shareholders for the General Assembly meeting, and taking necessary measures to make sure that the General Assembly meeting is held in line with the relevant legislation, the Articles of Association and other internal procedures of the Company;
- Supervising and monitoring the process of fulfilling obligations arising from the Capital Markets Legislation, including all sorts of issues related to corporate governance and public disclosure, ensuring coordination of the public communication activities in addition to the disclosures required by the legislation, and attending conferences, meetings, seminars, and roadshows in order to meet with investors and analysts.

Updated information regarding the personnel working at the Company's Strategy and Investor Relations Department in 2021 is provided below. Strategy and Investor Relations Director Dr. Deniz Can Yücel works full-time and reports directly to Muharrem Usta, the Chairman of the Board of Directors and CEO.

Information regarding the personnel working in the Company's Strategy and Investor Relations Department:

Dr. Deniz Can Yücel
Strategy and Investor Relations Director
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
e-mail: deniz.yucel@mlpcare.com
Licenses: CMB Advanced and CMB Corporate Governance Rating Specialist Licenses

Turgut Yılmaz
Strategy and Investor Relations Associate Director
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
e-mail: turgut.yilmaz@mlpcare.com

INVESTOR AND SHAREHOLDER RELATIONS

In 2021, the Company organized a total of 192 investor conferences and meetings (104 meetings at 12 conferences, 9 meetings at 2 roadshows, 79 investor and analyst meetings).

The Strategy and Investor Relations Department is responsible for overseeing and monitoring all matters related to public disclosure. Accordingly, the Department plays an essential role in protecting the rights of shareholders and facilitating the exercise of these rights, particularly the rights to information and inspection.

Exercise of Shareholders' Rights to Information and Inspection

There are no provisions within the scope of the Articles of Association of the Company restricting the process of performing a private audit. Moreover, the Company's management avoids any actions restricting the process of private audit. The Company acts in conformity with the relevant provisions of the Turkish Commercial Code regarding using the right to request a private audit. In 2021, no request was made for appointing a private auditor.

As per Article 438 of the Turkish Commercial Code, every shareholder may request the General Assembly to clarify certain cases through a private audit, in case it is necessary for exercising shareholders' rights, even if the right to demand information or review is exercised beforehand, and even if it is not on the agenda. If the General Assembly approves the request, the Company, or any shareholder, may appeal to the Istanbul Commercial Courts of First Instance in the area where the Company Headquarters is located and may make a request for appointing a private auditor within thirty days.

GENERAL ASSEMBLY MEETINGS

Annual Ordinary General Assembly Meeting for the Year 2020

According to 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 2020 has been arranged in accordance with this directive.

In the meeting dated April 15, 2021, the Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting for the year 2020, at 9:00 a.m. at the address MLP Sağlık Hizmetleri A.Ş. Merkez Ofisi, Flatofis Haliç, Defterdar Mah. Otakçılar Cad. No:78 Eyüp Istanbul, with the agenda below, to make related announcements and take all necessary actions required by the Turkish Commercial Code and the Articles of Association, as well as other related regulations, to conduct and finalize the meeting. Within the framework of the measures announced by the Turkish Ministry of Trade, it was unanimously decided at the Board of Directors meeting dated March 19, 2021, to advise shareholders to participate in the general assembly meetings electronically rather than by physical attendance. It was also decided to remind shareholders who wish to participate in the general assembly electronically that they can vote via 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 list of attendees,
3. Reading out and discussing the Annual Report of the Board of Directors for the year 2020,
4. Reading out the report of the Independent Audit Company for the fiscal year 2020,
5. Reading out, discussing and approval of the Financial Statements for the fiscal year 2020 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 2020,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. Approval of appointments of Meral Kurdaş and Tayfun Bayazıt made on February 10, 2021, as independent board members in place of those whose terms of office have expired and determine the terms of office and remuneration in line with the Capital Markets Board Regulations, Turkish Commercial Code and Article 12 of the Company's Articles of Association,
9. Selection of the board members
10. Selection of the independent audit company for the audit of the financial statements and reports for the year 2021 in accordance with Article 399 of the Turkish Commercial Code numbered 6102, Capital Markets Law numbered 6362 and Article 24 of the Company's Articles of Association,
11. Informing the shareholders on the donations made by the Company in 2020 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 2021,
12. 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,
13. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communique (II-17.1.) of the Capital Markets Board,

GENERAL ASSEMBLY MEETINGS

14. 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,
15. Petitions and requests.

Briefing on the Annual Ordinary General Assembly Meeting for the Year 2020

Invitation for the General Assembly Meeting was made three weeks before the General Assembly meeting date – date of making the call, and meeting date excluded – via all sorts of communication tools including electronic communication, in addition to the methods stipulated in the legislation. The invitation for the meeting was also made available via the Company's website, Public Disclosure Platform (KAP) and Turkish Trade Registry Gazette (TTSG). The Balance Sheet and Income Statement for the year 2020. the Annual Report of the Board of Directors and the Corporate Governance Compliance Report in its enclosure (Compliance Report Format-CRF and Corporate Governance Information Form-CGIF), dividend distribution proposal of the Board of Directors, the Independent Audit Report and the information document regarding the agenda were made available at both Public Disclosure Platform (KAP) and Company's (http://investor.mlpcare.com) website.

In this regard;

- While preparing the agenda of the Ordinary General Assembly Meeting, there were no written requests of the shareholders delivered to the Investor Relations Unit in writing or written requests to add an item to the meeting agenda by shareholders, CMB or other government institutions, which were related to the Company.
- In order to increase the attendance of the shareholders to the General Assembly meeting, it was aimed to hold the meeting without causing any inequalities between shareholders and enable shareholders to attend the meeting at a minimum cost. In this context, it was decided that the General Assembly meeting should be held at the above-mentioned address.
- The chairman of the Ordinary General Assembly has been taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders were given opportunities under equal conditions in explaining their considerations and questions. While the meeting chairman was making sure that all shareholders' questions that do not intrude on trade secrets are answered at the General Assembly Meeting, there was no question asked that is irrelevant to the agenda or that has a wide scope, which makes it impossible to give an answer right away.
- In accordance with the Corporate Governance Principles article 1.3.7, due to not having any transaction in which persons who have the privilege to Access Company information, on their behalf within the Company's field of activity, there has been no need occurred to inform the General Assembly.
- There has been no case that occurred that requires the approval of the majority of the independent Board members for the Board of Directors to make a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.

The Annual Shareholders Ordinary General Assembly Meeting was held on Thursday, April 15, 2021, at 09:00 am due to the 2020 calendar year operations. The List of Attendees and the Minutes of Meeting, together with decisions taken during the meeting, were attached to the Public Disclosure Platform announcement (KAP) dated April 15, 2021. In the Meeting, it was seen that among 208,037,202 shares corresponding to Company's total TL 208,037,202 capital were represented; that 179,537,992 shares corresponding to TL 140,274,385 capital were represented by proxy; and TL 39,263,607 capital were represented electronically. Thus, the minimum quorum envisaged in the law and the Articles of Association was available.

Briefing About Resolutions Approved at the Annual Ordinary General Assembly Meeting for the year 2020

- The Annual Report of the Board of Directors and the Report of the Independent Audit Company as well as the Consolidated Financial Statements for the calendar year 2020 have been discussed and approved.
- The shareholders were informed about the donations made by the Company in 2020 and the Board of Directors' proposal to determine the ceiling of donations to be made in 2021 at TL 10mn was approved by the General Assembly
- The reappointments of Meral Kurdaş and Tayfun Bayazıt as independent board members for 3 years and a total annual net salary of TL156,000 for each member for the first year was approved by the shareholders.
- The selection of the PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for the audit of the financial statements and reports for the year 2021 was approved.
- In order to strengthen the financial structure of the Company and further increase its financial flexibility, it was approved not to distribute any dividends for the period of January 1, 2020 - December 31, 2020.

Voting and Minority Rights:
The Company avoids any practices that would hinder the right to vote and pays utmost attention to give each shareholder the opportunity to use his/her right to vote, including across the border, in the easiest and most suitable manner through established mechanisms. In this regard, according to the Company's Articles of Association, persons who are entitled to attend the Company's General Assembly meetings in the electronic environment was determined as per the Turkish Code of Commerce Article 1527. It has been ensured that shareholders and their representatives could use the aforementioned rights through the system established at the Ordinary General Assembly Meeting of the year 2020.

Since there is no cross-shareholding relationship between the Company and the majority shareholders, there has been no vote in the general assemblies of such companies.

2021 DIVIDEND DISTRIBUTION PROPOSAL

As per the Board of Directors' resolution numbered 2022/5 and dated on March 8, 2022,
It was unanimously decided:

1. According to the Company's consolidated financial statements for the period between January 1, 2021- December 31, 2021, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the Principles of Financial Reporting in Capital Markets (II-14.1), a Net Profit of TL 355,209,000.00 was recorded.

2. As a result of the calculations made in accordance with the provisions of the Tax Procedure Law, Corporate Tax, and Income Tax Law a Net Profit of TL 168,673,159.51 was recorded.

3. In order to strengthen the financial structure of the Company and further increase its financial flexibility, the Net Profit of the fiscal year of 2021 will not be distributed, and will be transferred to the Retained Earnings account,

4. And to submit this proposal for approval at the Ordinary General Assembly meeting for the year 2021.

MUHARREM USTA

Chairman

CREDIT RATINGS

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating rated the consolidated structure of MLP Care in an investment grade category at national level and upgraded the ratings as A- (Trk) from "BBB+ (Trk)" on the Long-Term National Scale and as A-1 (Trk) from 'A-2 (Trk)" on the Short-Term National Scale with 'Stable" outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as 'BB+/ Negative' which are capped with the sovereign ratings of Republic of Turkey.

The rating upgrade was driven by the MLP Care's leading position nationally in the private healthcare industry, strong revenue and EBITDA growth, upward trend in profit margins, low net financial leverage levels, and established track record in the domestic bond market.

	29 April 2021	**22 April 2020**
Long-Term International Foreign Currency Rating	BB+ / (Negative Outlook)	B / (Negative Outlook)
Long-Term International Local Currency Rating	BB+ / (Negative Outlook)	B / (Negative Outlook)
Long-Term National Scale Rating	A-(Trk) / (Stable Outlook)	BBB+(Trk) / (Positive Outlook)
Long-Term National Scale Issuer Rating	A-(Trk)	BBB+(Trk)
Short-Term International Foreign Currency Rating	B / (Negative Outlook)	B / (Negative Outlook)
Short-Term International Local Currency Rating	B / (Negative Outlook)	B / (Negative Outlook)
Short-Term National Scale Rating	A-1 (Trk) / (Stable Outlook)	A-2 (Trk) / (Stable Outlook)
Short-Term National Scale Issuer Rating	A-1 (Trk)	A-2 (Trk)

OTHER INFORMATION RELATED TO OPERATING ACTIVITIES

MLP Sağlık Hizmetleri A.Ş. Trade Register Information

Registered Head Office Address:
Otakçılar Caddesi Flatofis Istanbul No: 78 Kat: 3 D-Blok No: 103 Eyüp, Istanbul 34050
Trade Registration Office: Istanbul
Trade Registration Number: 574014

Amendments to the Articles of Association

No amendments were made to the Articles of Association in 2021.

Capital Structure

The issued capital of the Company within the registered capital ceiling of TL 875,000,000, is TL 208,037,202.

Investment Policy and Investment Spending

To date, MLP Care has grown by greenfield investments and through acquisitions.

Liv Hospital Vadistanbul Hospital opened in May 2021. The ramp-up of this hospital is on track.

In 2021, MLP Care's capital expenditure was TL 493 million.

Utilizing Incentives

MLP Care has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by the General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Company is eligible for a corporate tax deduction rate ranging between 40%-80% for an unlimited time, which amounts to a total deferred tax asset of TL 200,394,000 (2020: TL 160,332,000). Respective deferred tax asset was calculated to be 15%-40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, MLP Care is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments.

Compensation and Benefits Provided to Board Members and Senior Managers

The Company made a gross payment of TL 26,143,000 in total to senior managers for the fiscal year ended on December 31, 2021 (2020: TL 19,397,000). No remuneration was paid to the Members of the Board of Directors, other than the Independent Members, because of the roles they assume as Board Members.

Research and Development

The Company spent approximately TL 3.3 million for sponsored research and development activities in line with its R&D Policy.

Matters Relating to the Group

The situations where the Company has directly and indirectly increased or decreased its ownership stake in its affiliates and subsidiaries in 2021 are outlined below:

- In November 4, 2021, the capital of the Artımed Medikal San. ve Tic. A.Ş. (Artımed) – increased from TL 51,475,000 to TL 134,000,000 as a result of capital injection.
- In November 3, 2021, the capital of Istanbul Meditime Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti. (Meditime Sağlık) – increased to TL 65,000,000 as a result of TL 86,000,000 capital injection
- BTN Asistans Sağlık Hizmetleri A.Ş. (BTN Asistans) has taken the decision to liquidate the company at its General Assembly dated October 26, 2021 and this decision was registered on November 3, 2021. BTN Asistans is under liquidation process.
- BTN Sigorta Aracılık Hizmetleri A.Ş. (BTN Sigorta) has taken the decision to liquidate the company at its General Assembly dated October 27, 2021 and this decision was registered on November 6, 2021. BTN Asistans is under liquidation process.

Other

There are no amendments in the legislation which may significantly affect the activities of the corporation in 2021.

The Company did not purchase any of its shares during the reporting period.

The Company's management did not enter into any transaction that would complicate the conduct of the special audit. No special audit request was received in 2021.

The Company operates in an industry and a country that have high exposure to administrative lawsuits, business lawsuits, contractual demands and medical malpractice cases. In the last 12 months, there have been no lawsuits, legal proceedings or arbitration cases within the knowledge of the Company that are pending, at risk of initiation, and/or that could have a substantial adverse effect on the Company's financial condition or profitability.

The Company accounted for a TL 25,515,000 litigation provision for the risk that may arise from pending cases and proceedings (2020: TL 13,733,000). The plaintiffs have the right to raise their claims during the proceeding and, therefore, there is a possibility that the aforementioned amount may be higher.

There are no administrative or judicial sanctions imposed on the Company or its Board Members due to violation of laws and regulations.

None of the Board Members have requested a report defined under Article 199 (paragraph four) of the Turkish Commercial Code.

The Company has a strong financial position and it is not under risk of capital loss or insolvency.

Board Members, either for themselves or on behalf of another person, do not have business dealings with the Company or engage in prohibited competitive activities, to the extent permitted by the General Assembly.

Information about conflicts of interest that may arise between the Company and the firms providing investment consulting and credit rating services to the Company, and measures are taken by the Company to prevent such conflicts of interest:

There have been no situations that involve a conflict of interest during the reporting period. The Company complies with all CMB regulations when purchasing services and uses the utmost care to avoid situations that may result in a conflict of interest.

STATEMENTS OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF FINANCIAL STATEMENTS
DATE: 08/03/2022
RESOLUTION NO: 2022/4

RESPONSIBILITY STATEMENT AS PER ARTICLE 9, PART II OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

We hereby enclose the consolidated financial statements for the period January-December 2021, which have been prepared in accordance with the Capital Markets Board's (CMB) Communiqué on the Principles of Financial Reporting in Capital Markets Series No: II-14.1 (the Communiqué), the Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS), and the mandatory formats defined by the Capital Markets Board; and independently audited, and approved by the Company's Board of Directors.

We hereby certify that:

a) The consolidated financial statements dated December 31, 2021, have been reviewed by us,
b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements, in all material respects, do not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements prepared in line with applicable financial reporting standards fairly represent the Company's assets, liabilities, financial position, profit and loss as well as the risks and uncertainties facing the Company.

Respectfully yours,

Tayfun Bayazıt	Meral Kurdaş	Burcu Öztürk
Chairman of the Audit Committee	Member of the Audit Committee	CFO

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF THE ANNUAL REPORT AND CRF - CGIF TEMPLATES
DATE: 11/03/2022
RESOLUTION NO: 2022/7

RESPONSIBILITY STATEMENT AS PER ARTICLE 9, PART II OF CAPITAL MARKETS BOARD'S COMMUNIQUÉ ON THE PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

The Company's twelve-month Annual Report for the accounting period of January-December 2021, prepared pursuant to the legislation and the Turkish Accounting Standards/Turkish Financial Reporting Standards framework issued in accordance with Capital Markets Board's (CMB) Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1), Compliance Report Format (CRF) and the Corporate Governance Information Form (CGIF) which were prepared pursuant to the Resolution No. 2/49 made by the Capital Markets Board of Turkey on January 10, 2019, approved by the Board of Directors are attached.

a) The annual report, Compliance Report Format (CRF) and Corporate Governance Information Form (CGIF) dated December 31, 2021, has been reviewed by us,
b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report prepared in line with applicable financial reporting standards fairly represents the development and performance of the business, the Company's financial position as well as the risks and uncertainties facing the Company.

Respectfully yours,

Tayfun Bayazıt	Meral Kurdaş	Burcu Öztürk
Chairman of the Audit Committee	Member of the Audit Committee	CFO

STATEMENTS OF INDEPENDENCE

Date: February 1, 2021

In the context of Article 4.3.6. of the Corporate Governance Communique (II 17.1.), I hereby declare that I comply with the independence criteria stated below and I am a candidate for the independent board members in the 2020 Annual General Assembly Meeting to be held in 2021.

I hereby declare that, with respect to MLP Sağlık Hizmetleri A.Ş.;

- No employment relationship has been established during the last five years between me, my spouse, and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (%5 and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full-time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,
- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries,
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected and so that I will be performing my duties as an independent board member.

Meral Kurdaş　　　　Tayfun Bayazıt

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

1. Opinion

We have audited the annual report of MLP Sağlık Hizmetleri A.Ş. (the Company) and its subsidiaries (collectively referred to as the Group) for the 1 January - 31 December 2021 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the TSA) issued by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the Ethical Rules) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 March 2022 on the full set consolidated financial statements for the 1 January - 31 December 2021 period.

4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code (TCC) No. 6102 and Capital Markets Board's (CMB) Communiqué Serial II, No:14.1, Principles of Financial Reporting in Capital Markets (the Communiqué) are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM
Partner

Istanbul, 11 March 2022

(CONVENIENCE TRANSLATION OF THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS ORIGINALLY ISSUED IN TURKISH)

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of MLP Sağlık Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021 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 the notes (Notes 1-30) to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

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3. 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. Key audit matters were addressed in the context of our independent 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 key audit matter was addressed in the audit
Impairment of hospital licenses	
The accompanying consolidated financial statements as of 31 December 2021 include hospital licenses under intangible assets, with carrying values of TL 596.072 thousand. The hospital licenses have indefinite useful life and are not subject to depreciation, but these indefinite-life intangible assets should be tested for impairment annually. Indefinite-life intangible fixed assets in cash generating units subject to impairment tests are material to the consolidated financial statements. The impairment assessment of these assets requires significant judgment, and significant estimations and assumptions are used in the impairment tests performed by management. These assumptions are the discount rates and long-term growth rates of cash flows generated by using the weighted average cost of capital for the impairment test. These estimations and assumptions are very sensitive to changes in market conditions. Please refer to Notes 2.6 and 12 for explanations of the Group's accounting policies and amounts regarding intangible assets.	We performed the following procedures in relation to the impairment tests of hospital licenses: - Conducting discussions with Group management, understanding the Group's performance in the industry in which it operates and its future plans and evaluating the explanations based on macroeconomic information considering the impact of the COVID-19 pandemic, - Comparing forecasted cash flows for each cash generating unit with historical financial performance results, and evaluating whether these are reasonable, - Along with our internal valuation specialists, comparing the compliance of key assumptions, including long term growth rates and discount rates used in the calculations, with the rates used in the sector, and assessing these assumptions, - Assessing management's sensitivity analysis for key assumptions, - Testing of the disclosures in the consolidated financial statements in relation to impairment tests and evaluating the adequacy of these disclosures for TFRS' requirements.

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4. Other information

Management is responsible for the other information. The other information comprises the Appendix I added to “Other information” section in the report but does not include the consolidated financial statements and our auditor’s report thereon.

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.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group 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.

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6. Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor’s report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

- Assess the 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.

- 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 independent auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

6. Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also 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. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2021 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 8 March 2022.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM
Partner

Istanbul, 8 March 2022

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
ASSETS			
Current Assets:		**2,741,333**	**2,185,278**
Cash and cash equivalents	6	680,241	374,997
Trade receivables	8	1,318,054	1,155,116
- Due from related parties	5,8	194	23,654
- Trade receivables from third parties		1,317,860	1,131,462
Other receivables	9	117,757	84,367
- Due from related parties	5,9	54,805	41,059
- Other receivables from third parties		62,952	43,308
Inventories	10	285,276	113,482
Prepaid expenses	11	263,408	414,263
Other current assets	16	76,597	43,053
Non-current Assets:		**3,006,788**	**2,386,572**
Trade receivables		1,053	1,053
Other receivables	9	3,876	2,740
Property plant and equipment	12	1,014,733	764,245
Intangible assets		701,739	676,849
- Goodwill	14	38,661	38,661
- Other intangible assets	12	663,078	638,188
Right of use assets	13	539,308	257,440
Prepaid expenses	11	324,183	282,714
Deferred tax assets	25	421,896	401,531
TOTAL ASSETS		**5,748,121**	**4,571,850**

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 2021

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

	Notes	Audited 31 December 2021	Audited 31 December 2020
LIABILITIES			
Current Liabilities:		**3,318,172**	**2,386,700**
Short term borrowings	7	568,744	363,743
Short term portion of long term borrowings	7	437,463	392,485
Obligations under finance leases	7	128,112	102,825
Short term lease liabilities	7	139,932	118,792
Trade payables	8	1,546,337	987,130
- Due to related parties	5,8	35,595	18,206
- Trade payables to third parties		1,510,742	968,924
Payables related to employee benefits	15	100,417	91,379
Other payables	9	64,967	51,684
- Due to related parties	5,9	799	799
- Other payables to third parties		64,168	50,885
Deferred income	11	243,730	221,497
Short term provisions		52,807	39,457
- Short term provisions for employment benefits	15	23,779	19,090
- Other short term provisions	17	29,028	20,367
Current tax liabilities	25	35,663	17,708
Non-current Liabilities:		**1,760,752**	**1,836,293**
Long term borrowings	7	619,594	944,203
Obligations under finance leases	7	102,445	93,239
Long term lease liabilities	7	752,859	476,310
Other payables		93,102	106,471
- Other payables to third parties	9	93,102	106,471
Deferred income	11	18,374	2,211
Long term provisions		37,944	30,207
- Long term provisions for employee benefits	15	37,944	30,207
Deferred tax liabilities	25	136,434	183,652
EQUITY:		**669,197**	**348,857**
Equity Attributable to the Owner of the Company:		**538,636**	**282,387**
Share capital	19	208,037	208,037
Share premium	19	556,162	556,162
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(43,569)	1,896
- Revaluation reserve	19	-	37,747
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(43,569)	(35,851)
Restricted reserves	19	10,260	10,260
Accumulated deficit		(482,677)	(558,898)
Net profit for the period		290,423	64,930
Non-controlling interest		**130,561**	**66,470**
TOTAL LIABILITIES AND EQUITY		**5,748,121**	**4,571,850**

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 2021

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

	Notes References	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
PROFIT OR LOSS			
Revenue	20	5,795,954	4,014,679
Cost of sales (-)	20	(4,216,994)	(3,058,183)
GROSS PROFIT		**1,578,960**	**956,496**
General administration expenses (-)	21	(561,472)	(266,009)
Other income from operating activities	22	581,770	560,562
Other expenses from operating activities (-)	22	(546,206)	(497,443)
OPERATING PROFIT		**1,053,052**	**753,606**
Income from investing activities	23	9,885	118,581
Expense from investing activities (-)	23	(1,042)	(2,454)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**1,061,895**	**869,733**
Finance expenses (-)	24	(690,010)	(684,222)
NET PROFIT BEFORE TAX		**371,885**	**185,511**
Tax expense from operations		**(16,676)**	**(62,514)**
Current tax expense	25	(82,329)	(34,119)
Deferred tax loss	25	65,653	(28,395)
NET PROFIT		**355,209**	**122,997**
Allocation of net profit			
Non-controlling interest		64,786	58,067
Equity holders of the parent		290,423	64,930
Net profit for the period		**355,209**	**122,997**
Basic gain per share	26	**1.40**	**0.31**
OTHER COMPREHENSIVE EXPENSES		**(7,718)**	**(12,545)**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(9,648)	(15,681)
Income tax relating to items that will not be reclassified subsequently		1,930	3,136
TOTAL COMPREHENSIVE INCOME		**347,491**	**110,452**
Total comprehensive profit distribution			
Non-controlling interest		64,786	58,067
Equity holders of the Parent		282,705	52,385

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 2021

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

			Accumulated other comprehensive income or expenses thatwill not be reclassified subsequently to profit or (loss)			Accumulated gain				
	Share capital	Share premium	Property revaluation reserve	Accumulated Loss on remeasurement of defined benefit plans	Legal reserves	Accumulated deficit	Net profit/ (loss) for the period	Attributable to equity holders of the parents	Non-controlling interest	Total equity
Balance as at January 1 2020	**208,037**	**556,162**	**37,747**	**(23,306)**	**10,260**	**(595,149)**	**36,251**	**230,002**	**8,403**	**238,405**
Other comprehensive incomefor the period, net of tax	-	-	-	(12,545)	-	-	-	(12,545)	-	(12,545)
Net profit for the period	-	-	-	-	-	-	64,930	64,930	58,067	122,997
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(12,545)**	**-**	**-**	**64,930**	**52,385**	**58,067**	**110,452**
Transfers	-	-	-	-	-	36,251	(36,251)	-	-	-
Balance as at 31 December 2020	**208,037**	**556,162**	**37,747**	**(35,851)**	**10,260**	**(558,898)**	**64,930**	**282,387**	**66,470**	**348,857**
Balance as at January 1 2021	**208,037**	**556,162**	**37,747**	**(35,851)**	**10,260**	**(558,898)**	**64,930**	**282,387**	**66,470**	**348,857**
Other comprehensive income for the period, net of tax	-	-	-	(7,718)	-	-	-	(7,718)	-	(7,718)
Net profit for the period	-	-	-	-	-	-	290,423	290,423	64,786	355,209
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(7,718)**	**-**	**-**	**290,423**	**282,705**	**64,786**	**347,491**
Transfers	-	-	-	-	-	64,930	(64,930)	-	-	-
Changes in accounting policies (Note 2.2)	-	-	(37,747)	-	-	19,865	-	(17,882)	-	(17,882)
Dividend distribution	-	-	-	-	-	(8,574)	-	(8,574)	(695)	(9,269)
Balance as at 31 December 2021	**208,037**	**556,162**	**-**	**(43,569)**	**10,260**	**(482,677)**	**290,423**	**538,636**	**130,561**	**669,197**

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 2021

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

	Notes References	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
CASH FLOWS FROM OPERATING ACTIVITIES		**1,652,753**	**899,264**
Net profit for the period		355,209	122,997
Profit from continuing operations		**1,125,245**	**876,198**
Adjustments related to depreciation and amortization expenses	12, 13	335,735	251,823
Adjustments related to impairment (reversal)		109,350	5,524
Adjustments related to impairment (reversal) of receivables	8	109,350	3,968
Adjustments related to goodwill	14	-	1,556
Adjustments related to provisions		35,003	12,909
Adjustments related to (reversal) of provision for employment benefits		14,204	11,939
Adjustments related to lawsuit (reversal) of provision for lawsuit		20,799	970
Adjustments related to interest (income) expense		553,488	415,203
Adjustments related to interest income	22	(37,522)	(27,412)
Adjustments related to interest expense	24	591,010	442,615
Adjustments related to gain (loss) on fair value		-	(23,450)
Loss (gain) arising on derivatives	24	-	(23,450)
Adjustments related to tax (income) expense	25	16,676	62,514
Other adjustments related to non-cash items		83,836	267,802
Adjustments regarding to (gain) loss on sale of bargain purchase	29	-	(81,980)
Adjustments regarding to (gain) loss on sale of non-current assets		(8,843)	(34,147)
Adjustments regarding to (gain) loss on sale of tangible assets		(8,843)	(34,147)
Changes in working capital		**256,375**	**(67,888)**
Adjustments related to (increase) decrease in trade receivables		(307,555)	(192,958)
Adjustments related to increase in inventories		(171,794)	(23,017)
Adjustments related to increase (decrease) in trade payables		572,039	165,964
Adjustments related to inrcrease (decrease) in other payables from operations		44,227	150,231
Adjustments related to other increase (decrease) in working capital		119,458	(168,108)
Adjustments related to (increase) decrease in other payables from other asset		119,458	(168,108)
Cash generated from operations		**1,736,829**	**931,307**
Payments due to employee termination benefits		(11,426)	(12,179)
Tax paid	25	(64,374)	(21,065)
Payments for other provisions		(9,017)	-
Other cash inflows	8	741	1,201

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 2021

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

	Notes References	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
CASH FLOWS FROM INVESTING ACTIVITIES		**(485,092)**	**(172,374)**
Cash inflows from sale of tangible and intangible assets		11,873	38,236
Proceeds from sales of property, plant, equipment and intangible assets	12	11,873	38,236
Payment for purchase of property, plant and equipment and intangible assets		(493,204)	(166,032)
Payment for purchase of property, plant and equipment	12	(458,398)	(147,995)
Payment for purchase of intangible assets	12	(34,806)	(18,037)
Cash advances and debts given	11	(41,283)	(71,990)
Interest received	22	37,522	27,412
CASH FLOWS FROM FINANCING ACTIVITIES		**(862,417)**	**(657,556)**
Proceeds from bank loans		470,000	643,434
Proceeds from borrowings	7	-	227,234
Proceeds from bonds, net of commissions	7	470,000	416,200
Repayment of lease liabilities	7	(324,048)	(258,125)
Bank borrowings paid		(569,061)	(673,410)
Cash used for repayment of borrowings	7	(246,541)	(335,009)
Cash used for repayment of bonds	7	(322,520)	(338,401)
Repayment of obligations under finance leases	7	(34,235)	(71,234)
Interest paid		(395,804)	(298,221)
Dividend paid		(9,269)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**305,244**	**69,334**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**374,997**	**305,663**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**680,241**	**374,997**

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 December, 2021, MLP Sağlık is the holding company of 17 subsidiaries (31 December 2020: 17) (collectively referred as the "Group"), each operating in the healthcare sector in Turkey.

The Company's head office is located in Otakçılar Caddesi No 78 3450, Eyüp, İstanbul.

The Group has an agreement with the Social Security Institution of Turkey (the "SSI") which includes service commitment in all branches disclosed in the Operations Approval Document. SSI is a state enterprise which pays the healthcare expenditures of the citizens of Turkey who are members of the social security system based on the law numbered 5510, and manages social security premiums and short and long term insurance expenses. According to the agreement, the Group is obliged to provide the healthcare services and to issue invoices to the SSI and patients in line with the Communiqué of Health Services published by the SSI. This transaction is performed through Medula, a web based software system, by assessing the right of the patient and obtaining provisions. As a result of the assessment the expenses relating to patients with no SSI, coverage is not charged to SSI. The healthcare expenses provided to the patients are invoiced based on the terms of the Communiqué of Health Services. In this Communiqué SSI determined a price list based on the treatments provided. Invoices are issued based on the price list announced by the Communiqué. SSI has the right not to pay the invoice or make a deduction if the treatments provided are not in compliance with the terms.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BİAŞ or "Borsa" or "BİST") since 13 February 2018. In accordance with the resolution numbered 31/1059 on 30 October 2014 and 21/655 on 23 July 2010 of CMB; according to the records of Central Registry Agency (CRA); shares representing 33.36% as of 31 December 2021, of MLP Sağlık are accepted as "in circulation". As of 1 January 2022, this ratio is 33.36% (Note 19).

The number of employees of the Group as at 31 December 2021 is 12,618 (31 December 2020: 11,704).

Approval of consolidated financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on 8 March 2022. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

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

As of 31 December 2021 the subsidiaries of the Company are:

Name	**Location and base of operation**
Sentez Sağlık Hizmetleri A.Ş. ("Sentez Hastaneleri")	Batman - İzmir - Gaziantep
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. ("Tokat Hastanesi")	Tokat
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Hastanesi")	Samsun-İstanbul
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	Ankara
Artımed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artımed")	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
BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta")	İstanbul
Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti. ve Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. İş Ortaklığı ("Kuzey Hastaneler Birliği" ya da "KHB")	İstanbul
Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	İstanbul - Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Group")	İstanbul
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Financial Reporting Standarts

The accompanying 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 Accounting Standards and interpretations ("TAS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of Public Oversight Accounting and Auditing Standards Authority ("POA") dated 15 April 2019 about the "announcement about TFRS Taxonomy" and "illustrations of financial statements and application guidance" published by Capital Markets Board ("CMB").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Currency Used

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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)

Inflation accounting

In accordance with the CMB's resolution issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 ‘Financial Reporting in Hyperinflationary Economies’ is not applied in the accompanying consolidated financial statements.

Restatement and errors in the accounting policies and estimates

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

In the previous year, the Group had not reclassified certain comparative balances in order to conform to current year’s presentation in the consolidated financial statements.

Going concern assumption

The Company’s current liabilities in the enclosed financial statements for the period ending 31 December 2021 and 2020, exceeded its total current assets by TRY576,839 and TRY201,423 respectively. The most important share in current liabilities consists of short-term financial borrowings, tradepayables and lease liabilities which provided by the Group’s financial institutions. The most important portion of the current liabilities is the short-term financial borrowings which the Group obtained from financial institutions, since a significant portion of the borrowings was obtained in the form of short-term loans the current ratio is a liability, and this indicates a need for a source to meet the Company’s short-term liabilities. The Group management anticipates that it will have any problems in making the payments of its short-term debts, considering the operational profitability of 2021 and the available credit lines.

The Group management has made their assessment according to the Communiqué Amending the Communiqué on the Procedures and Principles Regarding the Implementation of the Article 376 of the Turkish Commercial Code (“TCC”) numbered 6102 (“Amending Communiqué”) which is published in the Official Gazette dated 26 December 2020 and numbered 31346 and “Capital Loss and Financial Distress” of Turkish Commercial Code 376.

In the calculations made according to the Communiqué, in addition to the unrealized exchange difference losses arising from foreign currency liabilities that have not yet been fulfilled, depreciation and half of the total personnel expenses arising from leases accrued on 2021 may not be taken into account. Accordingly, the shareholders' equity was determined by deducting the unrealized foreign exchange losses amounting to TRY109,327 regarding the loans and other debts of the Group, the expenses arising from the leases amounting to TRY312,460 and the depreciation and personnel expenses amounting to TRY196,914 and the equity amounting to the amount of TRY1,452,151 and it was concluded that more than two-thirds of the capital is protected.

In the light of all this information, the Group management does not anticipate a significant risk regarding the continuity of the business and the consolidated financial statements have been prepared with the assumption that the company will continue its activities in the predictable future.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation

The details of the Company's subsidiaries as of 31 December 2021 and 31 December 2020 are as follows:

	Proportion of ownership and voting power held (%)			
Bağlı Ortaklıklar	**Place of incorporation operation**	**31 December 2021**	**31 December 2020**	**Principal activity**
Sentez Hastaneleri	Batman-İzmir-Gaziantep	56.00%	56.00%	Hospital services
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	75.00%	75.00%	Hospital services
Mediplaza	Gebze-İzmit	75.00%	75.00%	Hospital services
MA Group (3)	İstanbul	51.00%	51.00%	Hospital services
BTR Sağlık Hizmetleri	İstanbul	100.00%	100.00%	Hospital services
Meditime Sağlık	İstanbul	100.00%	100.00%	Hospital services
MLP Gaziantep Sağlık	Gaziantep	60.00%	60.00%	Hospital services
Sotte Sağlık Temizlik Yemek	İstanbul - Ankara	100.00%	100.00%	Hospital services
Kuzey	Ankara	100.00%	100.00%	Ancillary services
Artımed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfı (1) (2)	İstanbul	100.00%	100.00%	Ancillary services
BTN Sigorta (4)	İstanbul	100.00%	100.00%	Ancillary services
Kuzey Hastaneler Birliği ("KHB")	İstanbul	99.90%	99.90%	Ancillary services
BTN Asistans (4)	İstanbul	100.00%	100.00%	Ancillary services

(1) Represents voting power held.
(2) In 2011, the Group with the help of its real person shareholders decided to establish a medical university. Based on current legislation, foundations have to be owned by real persons rather than companies and since MLP Sağlık could not be the shareholder of an association, Muharrem Usta, one of the shareholders in the company, was assigned as the chairman of the board of the foundation. The purpose of the foundation is to establish a medical university in order to align one of the hospitals of the Group to that university. Although, MLP Sağlık has no shareholder interest in the foundation, the financial statements of the foundation are consolidated to the financial statements in accordance with TFRS 10 as the Company achieved the control by having power and the ability to use its power on the future benefit and cost of the foundation. In addition, the Company has rights to the financial and operating policies of the university from its involvement with the investee.
(3) The Company made a liquidation decision on 25 December 2017.
(4) The Company has decided to cease all activities as of 15 September 2020 on 18 September 2020.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation (Continued)

In cases where the Company has no majority voting rights on the company/asset invested, it still has the control power over that company/asset if the Company alone has sufficient voting rights to manage the investment operations of that company/asset. The Company considers all events and requirements including the items listed below to evaluate if its voting power is sufficient to get control power in an investment:

- The comparison of the Company's voting right and other shareholders' voting rights;
- Potential voting rights of the Company and other shareholders;
- Rights emerging from other agreements upon contracts;
- Other events and requirements showing the potential power of the Company in managing operation decisions (including the voting held on prior period general assemblies).

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equities, income and expenses and cash flows resulting from of Group companies' transactions are eliminated on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised 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 TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies and significant accounting errors are applied retrospectively and the prior period financial statements are restated. Changes in accounting estimates are applied prospectively in the current period if the change is made, if the change is related to future periods, both in the period in which the change is made and in the future period.

As of 31 December 2021, the Group reconsidered the measurement principle of the machinery and equipment in the tangible fixed assets group and started to apply the cost value method due to the uncertainties experienced in the fair value determination of the related fixed assets while applying the fair value method before. These uncertainties are mainly due to the limited secondary market data on the prices of the related assets, the fact that the foreign currency costs of the assets are instantly affected by the price changes in the current exchange rates, and the cash flows defined by using the assets priced in foreign currency are in Turkish lira, which is the functional currency of the Group. can be listed as. The Group has evaluated the effects of the said accounting policy change and has not applied retrospective adjustments in the consolidated financial statements in line with the materiality principle of accounting.

The accounting policy change has any effect on the consolidated equity amount, and the effects of the change on the tangible fixed assets, revaluation fund and retained earnings in the consolidated financial statements are as follows:

Property revaluation reserve	
1 January 2021	**(37,747)**
Transfers to previous year losses	19,865
Transfers to property, plant and equipment	(17,882)
31 December 2021	-

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 Amendments in International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2021:

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

- **Amendments to TFRS 4 Insurance Contracts – deferral of TFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial instrument until 1 January 2023.

  These amendments do not have any significant impact on Group's financial condition and performance.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.4 Amendments in International Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

- **Amendment to TFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to TFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **TFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

- **Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

  - **Amendments to TFRS 3**, ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  - **Amendments to TAS 16**, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  - **Amendments to TAS 37**, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

    Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.4 Amendments in International Financial Reporting Standards (Continued)

- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

  The Group is in the process of assessing the impact of the amendments on its financial position or performance.

2.5 Effects of Revised Accounting Policies

Effect of Covid 19 Outbreak on Group Activities

Covid-19 spread effect within the World and Turkey as well as duration can not be estimated yet clear. As the severity and duration of the effects become clearer, it will be possible to make a more specific and healthy evaluation for the medium and long term. However, while preparing the consolidated financial statements as of 31 December 2021, the possible effects of the Covid-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, the Group has tested possible impairment in the values of financial assets, stocks, tangible and intangible fixed assets included in the consolidated financial statements as of 31 December 2021, and no impairment was detected.

2.6 Summary of Significant Accounting Policies

Related Parties

For the purposes of these financial statements, shareholders, key management personnel and Board of Directors' Members, in each case together with companies controlled by/or affiliated with them and their close family members and associated companies are considered and referred to as related parties.

(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 AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

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

- (i) The entity and the company are members of the same group.
- (ii) 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).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) 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.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) 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).
- (viii) 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Business Combinations (Continued)

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.

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 TAS.

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. If the contingent consideration that is classified as an asset or a liability is a financial asset and within the scope of TAS 39 Financial Instruments: Recognition and Measurement, the contingent asset or liability is recorded at its fair value and the corresponding gain or loss is recorded in profit or loss or other comprehensive income.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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 TRY, 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 TRY(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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

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 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 collectabilitiy of a consideration is probable, the entity shall consider only the customer's abilitity and intention to pay the consideration when it is due.

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 policlinic 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.

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

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

2.6 Summary of Significant Accounting Policies (Continued)

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

Tangible fixed assets, with the exception of buildings and machinery and equipment, are stated in the consolidated statement of financial position at their net book values, being the cost of the asset, less any accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment comprise purchase price, import taxes, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. 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

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.

When the Group’s buildings and machinery and equipment are revaluated the carrying amount of buildings and machinery and equipment are adjusted to reveluated amount. At the date of revaluation, the accumulated depreciation of buildings and machinery and equipment are eliminated against the gross carrying amount of those buildings and machinery equipments. Any increase arising on the revaluation of buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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.

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.

Useful lives and depreciation methodology is regularly reviewed for appropriateness.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible Fixed 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 comprehensive income.

Intangible fixed assets acquired in a business combination

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 2021, there has been no indication regarding impairment of licenses.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized in consolidated financial statements as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

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.

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.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 cost of providing benefits under the defined benefit plans is determined separately for each plan by using the projected unit credit actuarial valuation method and the Group's past experiences on employee turnover and employment termination benefit payments and discounted by earning ratio for long term treasury bond. All actuarial gains and losses are recognized in the statement of other comprehensive income.

Defined contribution plans

The Company 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 rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in profit or loss in the year in which they arise.

Earnings per Share

Basic earnings per share are calculated by dividing the net profit 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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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 righ-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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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.

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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Classification of financial assets

Debt instruments 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.

Debt instruments 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.

(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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification of financial assets

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 "finance income - interest income" line item (Note 22).

(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 in the 'other gains and losses' line item;
- 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 in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

(ii) Financial assets at FVTPL (Continued)

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.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial liabilities (Continued)

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.

<u>Derecognition of financial liabilities</u>

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.

Contingent Assets and Liabilities

<u>Contingent Liabilities</u>

(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 nor 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(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 of the recoverability of deferred tax assets, future taxable profit forecasts and expiration dates of government grants, carry forward tax losses and other tax advantages were considered.

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 2021, the Group has a deductible tax loss of TRY95,280 (31 December 2020: TRY426,574) (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).

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(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 2021, provision for impairment of trade receivables amounting to TRY125,305 (31 December 2020: TRY16,696) (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 2021. The Group has overdue but not impaired trade receivables amounting to TRY369,373 as of 31 December 2021 (31 December 2020: TRY472,766). An allowance of TRY104,324 was charged to 2021 regarding the overdue receivables from the Government of Libya (31 December 2020: TRY115,680).

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 TRY29,028 (31 December 2020: TRY20,367) 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).

Impairment test was made as at 31 December 2021 by the method of "discounted cash flows". As of 31 December 2021 there is no impairment on goodwill.

Intangible Fixed 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.

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(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)

Intangible Fixed Assets Acquired Through Business Combination; Hospital licenses (Continued)

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.

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 2021 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:

Samsun Tıp Merkezi	**31 December 2021**	**31 December 2020**
Current assets	739	739
Non-current assets	15	22
Current liabilities	11,602	9,283
Equity	(10,848)	(8,522)
	1 January - 31 December 2021	**1 January - 31 December 2020**
Other income/(expense), net	(2,327)	(1,342)
Loss for the period	(2,327)	(1,342)
Net cash inflow/(outflow) from operating activities	(8)	(14)
Net cash inflow/(outflow) from investing activities	8	14
Net cash inflow/(outflow)	**-**	**-**

21. Yüzyıl Anadolu Vakfı	**31 December 2021**	**31 December 2020**
Current assets	41,964	40,442
Non-current assets	58,291	42,135
Current liabilities	76,798	38,389
Equity	23,457	44,188
	1 January - 31 December 2021	**1 January - 31 December 2020**
Revenue	329	262
Other income/(expense), net	(21,060)	13,911
Loss for the period	(20,731)	14,173
Net cash inflow/(outflow) from operating activities	16,196	4,452
Net cash inflow/(outflow) from investing activities	(16,155)	(4,262)
Net cash inflow/(outflow)	**41**	**190**

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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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 2021 the short term receivables and payables details as follows:

	31 December 2021			
	Receivables Current		Payables Current	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	52,797	-	50
Adem Elbaşı	-	1,854	-	-
	-	**54,651**	-	**50**
Other companies controlled by the shareholders				
Miniso Mağazacılık A.Ş.	96	-	-	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	64	-	21,301	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
A ve A Sağlık A.Ş. (2)	-	-	3,328	-
Konca Özel Sağlık Hizmetleri Ltd.Şti.	-	-	-	-
Supra A.Ş.-Sonotom Ltd Şti.	-	-	-	-
Ledmar Ltd Şti-Mlp A.Ş. İş Ortaklığı	-	-	-	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	2,195	-
Saray Eczanesi	-	-	593	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,998	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	183	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	4,894	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	7	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	533	-
Sanport Gayrimenkul Geliştirme İnş.Ve Tic.A.Ş	-	-	54	-
Other	32	154	-	16
	194	**154**	**35,595**	**749**
	194	**54,805**	**35,595**	**799**

(*) 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 Tıbbı 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.

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NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2020			
	Receivables Current		Payables Current	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	39,564	-	50
Adem Elbaşı	-	1,343	-	-
	-	**40,907**	**-**	**50**
Other companies controlled by the shareholders				
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	15,064	-	1,868	-
A ve A Sağlık A.Ş. (2)	8,309	-	9,125	-
Konca Özel Sağlık Hizmetleri Ltd.Şti.	208	-	-	-
Miniso Mağazacılık A.Ş.	42	-	-	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
Supra A.Ş.-Sonotom Ltd Şti. -Ledmar Ltd Şti. - Mlp A.Ş. İş Ortaklığı	-	-	-	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	1,407	-
Saray Eczanesi	-	-	216	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,291	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	116	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	3,146	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	14	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	514	-
Other	29	152	-	16
	23,654	**152**	**18,206**	**749**
	23,654	**41,059**	**18,206**	**799**

(*) 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 Tıbbı 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.

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NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Advances given to related parties and Prepaid expenses

	31 December 2021	31 December 2020
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	9,005	108,782
Sanport Gayrimenkul Geliştirme İnş.Ve Tic.A.Ş	279	-
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	59	-
Gazi Medikal Sağlık Tesisleri Ve Tic.A.Ş	3	-
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	-	323
A ve A Sağlık A.Ş.	-	296
	9,346	**109,401**

Fixed asset advances given to related parties

	31 December 2021	31 December 2020
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	181,359	124,364
Mp Sağlık ve Tic. A.Ş.	68,200	68,200
	249,559	**192,564**

(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 2021	31 December 2020
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	2,024	2,811
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	787	787
	2,811	**3,598**

The balances above are resulting from sale and leaseback transactions of Efes Hospital (branch of Sentez Hospital) and Bahçelievler Hospital's land and buildings and are deferred under prepaid expenses and amortised in proportion to the lease payments over the period for which the asset is expected to be used since such losses are compensated for by future lease payments at below market price. Land of Efes Hospital was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş in 2010, resulting in a loss of TRY6,211, which was totally booked under the other current and non¬current assets as of 31 December 2010 since the operational leasing agreement would become effective in 2011 and will be effective for 15 years. The building of Bahçelievler Hospital has been sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009, resulting in a loss of TRY5,591. The duration of leasing agreement of the building is 15 years starting from December, 2009. As at 31 December 2021, the Group has incurred rent expense amounting to TRY787 due to amortization of prepaid rent (31 December 2020: TRY787).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Lease liabilities from related parties

	31 December 2021		31 December 2020	
	Short-term	**Long-term**	**Short-term**	**Long-term**
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	59,724	59,089	52,327	75,766
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	9,718	70,516	16,332	57,562
Atakum Özel Sağlık Hizmetleri İnş.Turizm ve San. Tic. A.Ş.	8,764	33,021	7,696	8,681
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	3,654	-	6,471	3,214
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	3,407	-	3,034	-
Mp Sağlık ve Tic. A.Ş.	2,966	-	2,475	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,354	-	2,268	1,011
	90,587	**162,626**	**90,603**	**146,234**

Purchases from related parties	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Fom Grup Mimarlık İnş.ve Tic. A.Ş. (2) (3)	201,898	22,370
A ve A Sağlık A.Ş. (1)	18,461	14,081
	220,359	**36,451**

(1) Cleaning material
(2) Construction and audit of ongoing hospital construction and rent expenses
(3) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.
(4) Turnkey fixture, private cost and hospital construction, inspection and consultancy services.

Operating expenses (including purchase of services)	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş. (1)(7)	114,311	90,956
Samsunpark Özel Sağ. Tibbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	22,229	18,224
Atakum Özel Sağlik Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	13,499	10,799
Livart Tüp Bebek Özel Sağlik Hizm. A.Ş. (2)	13,028	7,130
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş. (1)(7)	8,680	5,811
Özel Gebze Sentez Sağlik Hizmetleri ve Tic. A.Ş. (1)(7)	8,521	6,319
Mp Sağlik ve Tic.A.Ş. (1)(7)	7,591	5,785
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	6,850	6,486
Tokat Medikal Grup Sağlik Turizm İnş. San. Tic. A.Ş. (1)(7)	3,632	3,026
Tokat Emar Sağlik Hiz. Ltd. Şti. (2) (5)	1,720	1,379
Saray Eczanesi (6)	1,008	808
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	665	404
Mt Sağlik Ürünleri Sanayi ve Ticaret A.Ş. (3)	274	195
Diasan Basim ve Form Matbaacilik San. ve Tic. A.Ş. (3)	-	25
	202,008	**157,347**

(1) Hospital rent expenses
(2) Doctor expenses
(3) Stationary and consumable expenses
(4) Cleaning, catering and laundry services
(5) Medical equipment rent expenses
(6) Pharmacetucial product expenses
(7) Evaluated within the scope of TFRS 16 and represents the rent expenses paid in the related period.

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NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Sales to related parties	**1 January - 31 December 2021**	**1 January - 31 December 2020**
A ve A Sağlık A.Ş. (1)	16,231	11,929
Adem Elbaşı	344	190
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği	295	22
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	224	20
Miniso Mağazacılık A.Ş.	170	174
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	126	73
Tokat Medikal Grup Sağlık Truzim İnş.San.Tic.A.Ş.	87	19
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	14	219
Saray Eczanesi	2	6
Zcatering Taşımacılık Hizmetleri San.Ve Tic.Ltd.Şti.	-	6
	17,493	**12,658**

(1) Outsourcing laboratory services
(2) Monitoring services

Interest income from related parties	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Muharrem Usta	10,199	5,605
	10,199	**5,605**

Compensation of key management personnel:

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

	1 January - 31 December 2021	**1 January - 31 December 2020**
Salaries and other short term benefits	26,143	19,397
	26,143	**19,397**

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NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	20,114	26,746
Cash at banks	646,208	338,224
- Demand deposits	*134,341*	*252,229*
- Time deposits	*511,867*	*85,995*
Other cash equivalents (*)	13,919	10,027
	680,241	**374,997**

As of 31 December 2021 the interest rates of the Group's time deposits in TRY, USD and EUR are respectively 10%-21% (31 December 2020: 15.25% - 19%), 0.5%-0.15% (31 December 2020: 0.10%) 0.01% (31 December 2020: 0.01%) and their terms are less than 3 months.

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	31 December 2021	31 December 2020
Short-term bank borrowings	168,744	41,223
Short-term bonds issued	400,000	322,520
Current portion of long term borrowings	372,077	348,666
- Current portion of long-term bank loans	*372,077*	*348,666*
Interest expense accruals	65,386	43,819
	1,006,207	**756,228**
Long-term bank loans	549,594	944,203
Long-term bonds issued	70,000	-
	619,594	**944,203**
Total borrowings	**1,625,801**	**1,700,431**

The Group issued sukuk amounting to TRY250,000 with a maturity of 1 year by being sold to qualified investors on 24 May 2021. The principal payment will be made on 25 May 2022, which is the maturity date. The interest rate is DIBS + 4.50%.

The Group issued sukuk amounting to TRY150,000 with a maturity of 1 year and quarterly coupon payments by being sold to qualified investors on 12 March 2021. The principal payment will be made on 14 March 2022, which is the due date. The interest rate is DIBS + 5%.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020 the repayment schedule of the total borrowings as follows:

31 December 2021

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TRY	23.10%	673,985	79,921	753,906
TRY	TLRef+4-TRLibor+3.50%-4.00%-4.50%-5.80%	332,222	539,673	871,895
		1,006,207	**619,594**	**1,625,801**

31 December 2020

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TRY	18%	447,991	57,770	505,761
TRY	TRLibor +3.50%- 4.00%- 4.50%- 5.80%	142,865	472,148	615,013
EUR	Euribor + 5.50%	165,372	414,285	579,657
		756,228	**944,203**	**1,700,431**

As of 31 December 2021, the Group does not have any cash blocked accounts for the loans used (31 December 2020: None).

As of 31 December 2021 and 31 December 2020 the repayment schedule of the borrowings in TRYare as follows:

	31 December 2021	31 December 2020
Interest expense accruals	65,386	43,819
To be paid within 1 year (*)	940,821	712,409
To be paid between 1-2 years	376,155	381,087
To be paid between 2-3 years	169,513	315,170
To be paid between 3-4 years	73,926	174,021
To be paid between 4-5 years	-	73,925
	1,625,801	**1,700,431**

(*) TRY168,750 of the loans to be paid within one year consists of revolving loans and TRY400,000 part consists of bond payments which will be redeemed within 1 year.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

Covenants

The Company has a structured finance facility in place. A syndicate loan agreement was signed on 31 December 2015 with seven banks including Türkiye İş Bankası A.Ş., Türkiye Garanti Bankası A.Ş., Denizbank A.Ş., Denizbank AG, Odeabank A.Ş., ING European Financial Services PLC and ING Bank A.Ş. The withdrawal of the syndicate loan took place in February 2016. As a guarantee for the syndicate loan used, there is a pledge over all of shares of MLP Sağlık , and shares in subsidiaries owned by MLP Sağlık and all fixed assets under ownership of MLP and the MLP Sağlık's bank accounts. In addition to this, the loan is secured via assignment of MLP Sağlık's receivables arising from various agreements including medical tourism agreements and insurance policies.

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

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

Net debt to EBITDA Ratio cannot be above 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 June 30, 2019, x2.5 for the year ended 31 December 2019 and for the six months period ended June 30, 2020 and x2.5 for the remaining period of the syndicate loan. As at 31 December 2021, the Group fulfilled the required covenant ratios 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 2021 and 1 January - 31 December 2020:

	1 January 2021	Financing cash flows (net)	Foreign exchange effect (Note 24)	Disposal of subsidiary	Other (*)	31 December 2021
Bank loans	1,700,431	(77,493)	2,863	-	-	1,625,801
Finance lease obligations	196,064	(34,235)	68,728	-	-	230,557
Lease liabities	595,102	(324,048)	27,409	-	594,328	892,791
	2,491,597	**(435,776)**	**99,000**	**-**	**594,328**	**2,749,149**

	1 January 2020	Financing cash flows (net)	Foreign exchange effect (Note 24)	Disposal of subsidiary	Other (*)	31 December 2020
Bank loans	1,534,863	(29,075)	194,643	-	-	1,700,431
Finance lease obligations	211,880	(71,234)	55,418	-	-	196,064
Lease liabities	601,940	(258,126)	14,996	-	236,292	595,102
	2,348,683	**(358,435)**	**265,057**	**-**	**236,292**	**2,491,597**

(*) 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 arising from changes in lease payments realized during the period and interest expenses.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Lease Obligations

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 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Within one year	131,457	113,476	128,112	102,825
In the second to fifth years inclusive	145,407	98,260	102,445	93,239
	276,864	**211,736**	**230,557**	**196,064**
Less : Future finance charges	(46,307)	(15,672)	-	-
Present value of finance lease obligations	**230,557**	**196,064**	**230,557**	**196,064**
Less: Amounts due to settlement within twelve months (shown under current liabilities)	**128,112**	**102,825**	**128,112**	**102,825**
Present value of finance lease obligations	**102,445**	**93,239**	**102,445**	**93,239**

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 TRY is 18.80% (2020: 15.30%,). The contractual effective interest rate EUR is 5.89% (2020: 5.81%). The contractual effective interest rate USD is 5.35% (2020: 5.40%).

There is no amount in short-term finance lease payables comprise hospital equipments and devices leased from third parties which are not financial institutions (2020: None).

Liabilities arising from lease transactions:

	31 December 2021	**31 December 2020**
Within one year	139,932	118,792
More than one year	752,859	476,310
Present value of the lease liabilities	**892,791**	**595,102**

The Group measured liabilities arising from lease transactions at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The average lessee's incremental borrowing rate applied to the TRYlease 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

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Current trade receivables	31 December 2021	31 December 2020
Trade receivables	1,126,769	932,886
Income accruals from continuing treatments	282,399	162,290
Other trade income accruals	32,330	35,699
Notes receivables	1,667	17,283
Trade receivables from related parties (Note 5)	194	23,654
Allowance for doubtful receivables (-)	(125,305)	(16,696)
	1,318,054	**1,155,116**

Trade receivables due from the SSI constitute 42% (31 December 2020: 43%) and receivables due from foreign patients constitute 16% (31 December 2020: 21%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY176,004 as at 31 December 2021. 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 2021, trade receivables of an initial value of TRY125,305 (31 December 2020: TRY16,696) 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 2021	1 January - 31 December 2020
Balance at beginning of the period	**16,696**	**13,929**
Charge for the period	109,350	3,968
Collections	(741)	(1,201)
Disposal of subsidiary	-	-
Balance at closing of the period	**125,305**	**16,696**

The average maturity of trade receivables and notes receivables is 77 days (31 December 2020: 97 days).

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

As of 2021, the Group has made provision for doubtful receivables from Libya amounting to TRY104,324.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade Payables

Current trade payables	31 December 2021	31 December 2020
Trade payables	1,209,258	756,834
Trade payables due to related parties (Note 5)	35,595	18,206
Other expense accruals	300,239	210,452
Other trade payables	1,245	1,638
	1,546,337	**987,130**

The average maturity of trade payables and notes payable is 151 days (31 December 2020: 152 days).

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	31 December 2021	31 December 2020
Non-trading receivables due from related parties (Note 5)	54,805	41,059
Receivables from tax office	28,330	10,983
Deposits given	22,678	4,449
Other miscellaneous receivables	11,944	27,876
	117,757	**84,367**

Other non-current receivables	31 December 2021	31 December 2020
Deposits and guarantess given	3,876	2,740
	3,876	**2,740**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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NOTE 9 -OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

Other current payables	**31 December 2021**	**31 December 2020**
Other taxes and funds payable	31,481	19,916
Payables relating to business combinations (*)	29,861	29,068
Non-trading payables due to related parties (Note 5)	799	799
Other miscellaneous payables	2,826	1,901
	64,967	**51,684**

Other non-current payables	**31 December 2021**	**31 December 2020**
Payables relating to business combinations (*)	93,102	106,471
	93,102	**106,471**

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

NOTE 10 - INVENTORIES

Inventories	**31 December 2021**	**31 December 2020**
Medical consumables inventory	164,452	29,668
Pharmaceutical inventory	83,447	44,779
Laboratory inventory	36,586	37,395
Other inventory	791	1,640
	285,276	**113,482**

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	**31 December 2021**	**31 December 2020**
Order advances (*)	229,112	366,738
Prepaid insurance expenses	23,119	19,069
Prepaid rent expenses (**)	530	16,759
Prepaid sponsorship expenses	1,164	2,586
Other	9,483	9,111
	263,408	**414,263**

(*) Advances consist of mainly the turnkeyhospital projects regarding new and renovated hospitals and the order advances given for the construction services for the hospitals under construction.

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NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	**31 December 2021**	**31 December 2020**
Fixed asset advances given	318,514	277,231
Prepaid rent expenses (*)	2,544	3,480
Other	3,125	2,003
	324,183	**282,714**

Deferred Income

Short term accrued income	**31 December 2021**	**31 December 2020**
Advances received (*)	230,309	217,754
Deferred revenue	13,421	3,743
	243,730	**221,497**

(*) 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 2021**	**31 December 2020**
Deferred revenue	18,374	2,211
	18,374	**2,211**

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

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Opening balance as of 1 January 2021	**817**	**753,417**	**1,546**	**361,807**	**371,073**	**601,052**	**65,220**	**2,154,932**
Additions	-	112,108	80	63,443	95,715	135,235	51,817	458,398
Disposals	-	(11,096)	(75)	(3,447)	12	(12,813)	-	(27,419)
Changes in accounting policies (Note 2.2)	-	(17,882)	-	-	-	-	-	(17,882)
Transfers	-	44,469	-	22,225	(29,866)	(28)	(36,800)	-
Closing balance as of 31 December 2021	**817**	**881,016**	**1,551**	**444,028**	**436,934**	**723,446**	**80,237**	**2,568,029**
Accumulated depreciation								
Opening balance as of 1 January 2021	**(96)**	**(527,196)**	**(1,550)**	**(241,003)**	**(322,872)**	**(297,970)**	**-**	**(1,390,687)**
Charge for the period (*)	(15)	(81,713)	(75)	(36,079)	(23,372)	(45,744)	-	(186,998)
Disposals	-	9,582	39	2,824	(12)	11,956	-	24,389
Transfers	-	-	-	-	-	-	-	-
Closing balance as of 31 December 2021	**(111)**	**(599,327)**	**(1,586)**	**(274,258)**	**(346,256)**	**(331,758)**	**-**	**(1,553,296)**
Carrying value as of 31 December 2021	**706**	**281,689**	**(35)**	**169,770**	**90,678**	**391,688**	**80,237**	**1,014,733**

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

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Opening balance as of 1 January 2020	**1,266**	**660,171**	**1,546**	**311,064**	**391,443**	**552,043**	**90,101**	**2,007,634**
Additions	-	26,690	80	31,242	1,543	48,226	40,214	147,995
Assets acquired by business combinations (Note 31)	-	16,771	-	-	-	-	-	16,771
Disposals	(449)	(10,934)	(80)	(5,983)	-	(22)	-	(17,468)
Transfers	-	60,719	-	25,484	(21,913)	805	(65,095)	-
Closing balance as of 31 December 2020	**817**	**753,417**	**1,546**	**361,807**	**371,073**	**601,052**	**65,220**	**2,154,932**
Accumulated depreciation								
Opening balance as of 1 January 2020	**(80)**	**(454,298)**	**(1,546)**	**(200,756)**	**(316,292)**	**(258,916)**	**-**	**(1,231,888)**
Charge for the period (*)	(16)	(65,639)	(84)	(39,145)	(28,260)	(39,065)	-	(172,209)
Disposals	-	9,134	80	4,185	-	11	-	13,410
Transfers	-	(16,393)	-	(5,287)	21,680	-	-	-
Closing balance as of 31 December 2020	**(96)**	**(527,196)**	**(1,550)**	**(241,003)**	**(322,872)**	**(297,970)**	**-**	**(1,390,687)**
Carrying value as of 31 December 2020	**721**	**226,221**	**(4)**	**120,804**	**48,201**	**303,082**	**65,220**	**764,245**

(*) As of 1 January - 31 December 2021, depreciation and amortization expense of TRY176,762 (1 January - 31 December 2020: TRY166,379) has been charged to 'cost of service', TRY20,152 (1 January - 31 December 2020: TRY14,998) in 'general administrative and marketing expenses.

As at 31 December 2021 carrying value of fixed assets acquired via finance lease is TRY90,678 (31 December 2020: TRY48,201).

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

Cost	**Licenses (*)**	**Rights**	**Other**	**Total**
Opening balance as of 1 January 2021	596,072	82,384	3,245	681,701
Additions	-	34,806	-	34,806
Disposals	-	(10)	-	(10)
Transfers	-	-	-	-
Closing balance as of 31 December 2021	**596,072**	**117,180**	**3,245**	**716,497**
Accumulated amortization				
Opening balance as of 1 January 2021	-	(42,629)	(884)	(43,513)
Charge for the period	-	(9,653)	(263)	(9,916)
Disposals	-	10	-	10
Closing balance as of 31 December 2021	**-**	**(52,272)**	**(1,147)**	**(53,419)**
Carrying value as of 31 December 2021	**596,072**	**64,908**	**2,098**	**663,078**

Cost	**Licenses (*)**	**Rights**	**Other**	**Total**
Opening balance as of 1 January 2020	477,982	64,449	3,224	545,655
Assets acquired by business combinations (Note 29)	118,090	-	-	118,090
Additions	-	18,016	21	18,037
Disposals	-	(81)	-	(81)
Transfers	-	-	-	-
Closing balance as of 31 December 2020	**596,072**	**82,384**	**3,245**	**681,701**
Accumulated amortization				
Opening balance as of 1 January 2020	-	(33,790)	(605)	(34,395)
Charge for the period	-	(8,889)	(279)	(9,168)
Disposals	-	50	-	50
Closing balance as of 31 December 2020	**-**	**(42,629)**	**(884)**	**(43,513)**
Carrying value as of 31 December 2020	**596,072**	**39,755**	**2,361**	**638,188**

(*) The projection period for the purposes of impairment testing was taken as 5 years between 2022 -2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 12.50% growth rate and existing profitability is estimated to be maintained. Management believes that an 12.50% 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, which are respectively 25% and 12.50% 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 18% and 18% below of calculated fair value of these asset and no provision is needed for impairment.

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NOTE 13 - RIGHT OF USE ASSET

	Hospital Buildings	Total
1 January 2021	257,440	257,440
Additions	420,689	420,689
Charge for the year (*)	(138,821)	(138,821)
31 December 2021	**539,308**	**539,308**

	Hospital Buildings	Total
1 January 2020	235,087	235,087
Additions	92,799	92,799
Charge for the year (*)	(70,446)	(70,446)
31 December 2020	**257,440**	**257,440**

(*) For the period ended 31 December 2021, right of use assets depreciation expenses of TRY136,997 has been charged to 'cost of service' (1 January - 31 December 2020: TRY68,643), TRY1,824 to 'general administrative and marketing expenses (1 January - 31 December 2020: TRY1,803).

NOTE 14 - GOODWILL

Hospital	Date of acquisition	31 December 2021	31 December 2020
Saray Hospital	2005	18,387	18,387
Yükseliş Hospital	2006	10,262	10,262
Kocaeli Hospital	2007	3,364	3,364
Batman Hospital (branch of Sentez Hospital)	2007	702	702
Tokat Hospital	2007	792	792
Kuzey Group Entities	2010	3,406	3,406
Acarkent Hospital	2011	232	232
KHB	2014	1,516	1,516
		38,661	**38,661**

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 the 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.

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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 2022-2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% 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 Yükseliş and Acarkent to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 25% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 12% 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 2022-2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 12.50% growth rate and existing profitability is estimated to be maintained. Company's revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from health services such as outpatients and inpatients. Management believes that the company has been operating at its optimum performance and no further capacity increased is assumed, therefore, total revenue growth in the projection period 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 Saray Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 25% and 12.50% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 11% and 10% below of calculated fair value of these asset and no provision is needed for impairment.

Kuzey Group Entities:

The projection period for the purposes of impairment testing was taken as 5 years between 2022-2026 and a discount rate of 21%. Estimated cash flows beyond the five-year period are calculated 15% growth rate and existing profitability is estimated to be maintained. Company's revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from laboratory services provided to customers. Commercial revenues are generated from the sale of medical equipment and machinery to other medical institutions. Management believes that the company has been operating at its optimum performance and no further capacity increase is assumed, therefore, total revenue growth in the projection period 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 Kuzey Group to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 21% and 15% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 12% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

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NOTE 14 - GOODWILL (Continued)

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2022-2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 20% growth rate and existing profitability is estimated to be maintained. Management believes that an 20% 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 Tokat Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 25% and 20% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 12% and 12% below of calculated fair value of these asset and no provision is needed for impairment.

Batman Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2022-2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 20% growth rate and existing profitability is estimated to be maintained. Management believes that an 20% 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 Batman Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 25% and 20% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 12% 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 2022-2026 and a discount rate of 25%. Estimated cash flows beyond the five-year period are calculated 12.50% growth rate and existing profitability is estimated to be maintained. Management believes that an 12.50% 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 Kocaeli Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 25% and 12.50% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 13% and 14% below of calculated fair value of these asset and no provision is needed for impairment.

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2021	**31 December 2020**
Fees payable to doctors and other personnel	79,800	76,191
Social security premiums payable	20,617	15,188
	100,417	**91,379**

Short term provision for employment benefits:

	31 December 2021	**31 December 2020**
Unused vacation provision	23,779	19,090
	23,779	**19,090**

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NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Long term provision for employment benefits:

	31 December 2021	**31 December 2020**
Retirement pay provision	24,830	21,311
Unused vacation provision	13,114	8,896
	37,944	**30,207**

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 TRY10,848 for each period of service as of 31 December 2021 (2020: TRY7,117).

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:

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 2021, 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 2020: 6.32%). 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% (December 2020: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TRY10,848 which became effective as of 1 January 2021 (1 January 2020: TRY7,639).

- If the discount rate is 1% higher, the severance pay liability will be TRY974 less. If the discount rate is 1% lower, the severance pay liability will be TRY1,120 more.
- Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% lower, the severance pay liability will be TRY1,327 more. Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TRY1,145 less.

Movement of retirement pay provision as of 31 December 2021 and 2020:

	2021	**2020**
Opening balance	**21,311**	**16,319**
Service cost	3,026	(589)
Interest cost	2,271	2,079
Termination benefits paid	(11,426)	(12,179)
Actuarial loss	9,648	15,681
Closing balance	**24,830**	**21,311**

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NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2021	31 December 2020
VAT carried forward	70,853	38,408
Other miscellaneous current assets	5,744	4,645
	76,597	**43,053**

NOTE 17 - PROVISIONS

Other short-term provisions:

	31 December 2021	31 December 2020
Litigation provisions	25,515	13,733
Social Security discounts provisions	3,513	6,634
	29,028	**20,367**

Movement of litigation provision as of 31 December 2021 and 2020:

	2021	2020
Opening balances	**13,733**	**12,763**
Charge for the period	20,799	970
Payment regarding cases	(9,017)	-
Closing balances	**25,515**	**13,733**

Sentez, which the Group owns with 56% share, is consolidated to the Group's financial statements. Sentez consists of İzmir, Batman, Gaziantep and Van (closed) Hospitals. Non-controlling shareholders of Sentez Sağlık Hizmetleri A.Ş. filed a lawsuit against MLP Sağlık A.Ş. and its shareholders. The Group management evaluates that there will not be any obligation of the Company as a result of this lawsuit; therefore no provision was recorded in the consolidated financial statements.

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NOTE 18 - COMMITMENTS

31 December 2021	**Total TRY Equivalent**	**TRY**	**USD**	**EUR**
A.CPM given on behalf of its own legal entity	137,079	135,055	156	-
- Collateral	*137,079*	*135,055*	*156*	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	43,988	43,988	-	-
- Collateral	*43,988*	*43,988*	-	-
- 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	**181,067**	**179,043**	**156**	**-**

(*) The Group has given guarantees amounting to TRY81,807 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.

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NOTE 18 - COMMITMENTS (Continued)

31 December 2020	**Total TRY Equivalent**	**TRY**	**USD**	**EUR**
A.CPM given on behalf of its own legal entity	71,194	66,968	156	342
- Collateral	*71,194*	*66,968*	*156*	*342*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	58,959	56,555	-	267
- Collateral	*58,959*	*56,555*	-	*267*
- 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	**130,153**	**123,523**	**156**	**609**

(*) The Group has given guarantees amounting to TRY64,991 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.

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NOTE 19 - SHARE CAPITAL/OTHER RESERVES

Shareholders	(%)	31 December 2021	(%)	31 December 2020
Lightyear Healthcare B.V.	30.69	63,844	30.69	63,844
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35	31,943	15.35	31,943
Muharrem Usta	8.98	18,678	8.98	18,678
Hujori Financieringen B.V.	3.98	8,287	3.98	8,287
Adem Elbaşı	2.99	6,226	2.99	6,226
İzzet Usta	1.20	2,490	1.20	2,490
Saliha Usta	0.90	1,868	0.90	1,868
Nurgül Dürüstkan Elbaşı	0.90	1,868	0.90	1,868
Publicly Traded (*)	35.01	72,833	35.01	72,833
Nominal capital	**100.00**	**208,037**	**100.00**	**208,037**

(*) The shareholders of the Company purchased 6,827 thousand shares from the publicy 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 Healthcare B.V., 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat, 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 Financieringen B.V., 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 thousand shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak İnşaat from the publicy 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 publicy traded portion were sold and additional 27 thousand shares from the publicy traded portion purchased by Muharrem Usta.

The ultimate parent are Elinor B.V. and Sullivan B.V., which are Netharland based, owned by Turkish Private Equity Fund III, and Muharrem Usta.

As of 31 December 2021 the total number of ordinary shares is 208,037 thousand shares (2020: 208,037 thousand shares) with a par value of TRY1 per share (2020: TRY1 per share).

The share capital is divided into 208,037 thousand shares (31 December 2020: 208,037 thousand shares), with 88,229 thousand A type shares and 119,808 thousand B type shares.

In accordance with the Capital Markets Board's (the "CMB") Resolution No: 21/655 issued on 23 July 2010, it is regarded that 33.36% of the shares are in circulaton in accordance with CSD as of 31 December 2021 (Note 1). Shares in circulation rate is 33.36% as of 1 January 2022.

Share Premium

	31 December 2021	31 December 2020
Share premium	556,162	556,162
	556,162	**556,162**

(*) On February 7, 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, TRY600,000 was generated to the Group. After the IPO related expenses amounting to TRY12,259 that were deducted from proceeds, out of amounting TRY587,741, share capital increase was made with the amount of TRY31,579 and the remaning amount was used in the share premium increase by TRY556,162. Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.

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NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2021	31 December 2020
Legal reserves	302	302
Restricted reserves appropriated from profit	9,958	9,958
Revaluation reserves	-	37,747
	10,260	**48,007**

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.

Properties revaluation reserves

	1 January - 31 December 2021	1 January - 31 December 2020
Balance at the beginning of the period	37,747	37,747
Changes in accounting policies (Note 2.2)	(37,747)	-
Balance at the end of the period	**-**	**37,747**

NOTE 20 - REVENUE AND COST OF SERVICES

Revenue	1 January - 31 December 2021	1 January - 31 December 2020
Hospital services (*)	5,795,954	4,014,679
	5,795,954	**4,014,679**

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

Cost of services	1 January - 31 December 2021	1 January - 31 December 2020
Doctor expenses	(1,255,295)	(843,317)
Material consumption	(1,051,819)	(879,724)
Personnel expenses	(742,733)	(528,659)
Services rendered by third parties	(469,587)	(318,254)
Depreciation and amortization expenses (Note 12,13)	(313,759)	(235,022)
Rent expenses	(43,219)	(27,213)
Other (*)	(340,582)	(225,994)
	(4,216,994)	**(3,058,183)**

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

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Personnel expenses	(172,096)	(113,426)
Sponsorship and advertising expenses (*)	(168,591)	(87,005)
Bad debt allowance	(109,350)	(3,968)
Depreciation and amortization expenses (Note 12,13)	(21,976)	(16,801)
Lawsuit provision (Note 17)	(20,799)	(970)
Outsourcing expenses	(17,679)	(10,827)
Rent expenses	(8,667)	(8,453)
Communication expenses	(7,691)	(3,409)
Tourism project expenses	(6,177)	-
Representation and entertainment expenses	(5,184)	(2,668)
Maintenance expenses	(3,370)	(1,843)
Taxes and duties	(3,015)	(5,924)
Utility expenses	(1,318)	(1,340)
Other	(15,559)	(9,375)
	(561,472)	**(266,009)**

(*) Sponsorship and advertising expenses includes marketing expenses related to the income of domestic and foreing 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 KGK'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:

	2021(*)	**2020(*)**
Independent audit fee for the reporting period	685	600
Fees for tax advisory services	-	-
Fee for other assurance services	18	58
Fees for services other than independent audit	-	25
	703	**683**

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

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NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Foreign exchange gains from operations	490,279	514,279
Interest income	37,522	27,412
Trade payables discount	12,832	-
Bank commission income	6,171	2,814
Collections from bad debt receivables (Note 8)	741	1,201
Other income	34,225	14,856
	581,770	**560,562**

Other expenses from operating activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Foreign exchange losses from operations	(420,592)	(423,512)
SSI return expenses	(14,945)	(6,431)
Non-operational hospital expenses	(12,699)	(3,990)
Biomedical equipment damage	(12,124)	(1,283)
Trade receivables discount	-	(2)
Tax expenses	-	(1,664)
Other expenses	(85,846)	(60,561)
	(546,206)	**(497,443)**

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Gain on bargain purchase (Note 29)	-	81,980
Gain on sale of fixed assets (*)	9,885	36,601
	9,885	**118,581**

(*) Gain on sale of fixed assets obtained as a result of the transfer of Uşak Hospital.

Expenses from investment activities	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Loss on sale of fixed assets	(1,042)	(2,454)
	(1,042)	**(2,454)**

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NOTE 24 - FINANCE EXPENSES

Finance expenses	1 January - 31 December 2021	1 January - 31 December 2020
Interest expenses from bank borrowings	(226,986)	(190,691)
Interest expenses from lease liabilities (*)	(173,639)	(143,492)
Interest expenses from bonds issued	(109,391)	(45,117)
Bank commissions	(29,711)	(21,445)
Interest expenses from financial lease obligations	(15,704)	(17,017)
Other interest expenses	(35,579)	(24,853)
Total interest expenses	**(591,010)**	**(442,615)**
Net foreign exchange loss	(71,591)	(250,061)
Fair value differences of derivative financial instruments (net)	-	23,450
Net foreign exchange loss from lease liabilities (Note 5) (*)	(27,409)	(14,996)
	(690,010)	**(684,222)**

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

NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Short term payables due to current tax	31 December 2021	31 December 2020
Current period tax liabilities	35,663	17,708
	35,663	**17,708**

Current tax liabilities	31 December 2021	31 December 2020
Current corporate tax provision	82,329	34,119
Less: Prepaid taxes and funds	(46,666)	(16,411)
	35,663	**17,708**

Tax income/(expense)	1 January - 31 December 2021	1 January - 31 December 2020
Current tax expense	(82,329)	(34,119)
Deferred tax expense	65,653	(28,395)
	(16,676)	**(62,514)**

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

1 January - 31 December 2021	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	(9,648)	1,930	(7,718)
Other comprehensive income	(9,648)	1,930	(7,718)

1 January - 31 December 2020	Before tax amount	Tax benefit	Net of tax amount
Actuarial gains/(loss)	(15,681)	3,136	(12,545)
Other comprehensive income	(15,681)	3,136	(12,545)

Corporate Tax

The Group is subject to Turkish corporate taxes in force. The necessary provisions are allocated in the consolidated financial statements for the estimated liabilities based on the Group's results for the year. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The advance corporate income tax rate is 25% in 2021 (2020: 22%).

In Turkey, provisional tax is calculated and accrued on a quarterly basis. The provisional tax rate to be calculated on corporate earnings during the taxation phase of 2021 corporate earnings as of temporary tax periods is 25% (2020: 22%). Losses can be carried forward for a maximum of 5 years, to be deducted from the taxable profits that will arise in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

In Turkey, advance tax returns are filed on a quarterly basis in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate applied in Turkey is 25% for 2021 corporate earnings, 23% for 2022, and 20% for 2023 and the following years. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods and in the provisional tax periods of the 2023 accounting period regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022 and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below. Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The Group revalued its tangible and intangible assets and their depreciation as of 31 December 2021, within the scope of the Tax Procedure Law General Communique (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to TFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table, the effect of deferred tax assets is TL 59.971 thousand.

Investment Incentive Certificate

The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 40% - 80% for an unlimited time, which amounts to a total deferred tax asset of TRY200,394 (31 December 2020: TRY160,332). Respective deferred tax asset was calculated to be 15% - 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments.

As of 31 December 2021, the Group has tax loss amounting to TRY95,280 (31 December 2020: TRY426,574). TRY23,820 (31 December 2020: TRY85,316) deferred tax assets have been recorded.

Deferred tax assets/(liabilities):	**31 December 2021**	**31 December 2020**
Tax losses carried forward	23,820	85,316
Depreciation differences of tangible and intangible assets	(120,465)	(174,096)
Provision for employment termination benefits	4,966	4,262
Vacation pay liability	7,379	5,597
Temporary difference between the tax base and carrying amount of financial liabilities	(3,544)	(3,778)
Prepaid building expenses	(707)	(3,033)
Tax advantage from investment incentive	200,394	160,332
Right of use asset	70,697	67,532
Other	102,922	75,747
	285,462	**217,879**
Deferred tax asset	421,896	401,531
Deferred tax liability	(136,434)	(183,652)
	285,462	**217,879**

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

Deferred Tax (Continued)

Tax losses carried forward and their expiry dates are as follows:

	31 December 2021	
Expiration schedule of carryforward tax losses	**Losses carried forward for which deferred tax assets recognized**	**Losses caried forward for which deferred tax assets not recognized**
Expiring in 2022	29,817	-
Expiring in 2023	12,640	-
Expiring in 2024	15,924	-
Expiring in 2025	27,697	-
Expiring in 2026	9,202	-
	95,280	**-**

	31 December 2020	
Expiration schedule of carryforward tax losses	**Losses carried forward for which deferred tax assets recognized**	**Losses caried forward for which deferred tax assets not recognized**
Expiring in 2021	43,063	-
Expiring in 2022	142,458	-
Expiring in 2023	120,453	-
Expiring in 2024	64,998	-
Expiring in 2025	55,602	-
	426,574	**-**

Movement of deferred tax (assets)/liabilities for the period ended January 1 - 31 December 2021 and 2020 are as follows:

Tax income/(expense)	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Opening balance as of January 1	**(217,879)**	**(243,138)**
Charged to profit or loss	(65,653)	28,395
Charged to equity	(1,930)	(3,136)
Closing balance as of year end	**(285,462)**	**(217,879)**

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NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

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

Reconcilation of tax provision:	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Loss before tax	371,885	185,511
Tax at the domestic income tax rate of 25% (2020: 22%)	(92,971)	(40,812)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(51,519)	(21,413)
- Effect of tax advantage from investment incentive	40,062	10,414
- Tax losses carried forward not subject to deferred tax	-	(6,762)
- Change in income tax rate from 20% to 25% (22%)	(628)	(5,552)
- Discounted corporate tax effect	35,656	1,051
- Revaluation increase	59,971	-
- Other	(7,247)	560
Income tax income recognised in profit/(loss)	**(16,676)**	**(62,514)**

NOTE 26 - EARNINGS PER SHARE

For the years ended 31 December 2021 and 2020, earnings per share is as follows:

Earnings/(loss) per share	**1 January - 31 December 2021**	**1 January - 31 December 2020**
Weighted average number of shares	208,037	208,037
Net gain/(loss) for the period for the equity holders of the parent	290,423	64,930
Earnings/(loss) per share for equity holder of the parent	**1.40**	**0.31**

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

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 capital structure of the Group consists of debt which includes the financial liabilities disclosed in Note 7, cash and cash equivalents and equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

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 2021 and 31 December 2020 the net (credit) debt/equity ratio is as follows:

	31 December 2021	**31 December 2020**
Total Borrowings	2,749,149	2,491,597
Less: Cash and Cash Equivalent	(680,241)	(374,997)
Net Debt	**2,068,908**	**2,116,600**
Total Equity	669,197	348,857
Total Capital	**2,738,105**	**2,465,457**
Gearing Ratio	**76%**	**86%**

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

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.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Financial risk factors (Continued)

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

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (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 arisng from any customer.

	Trade receivables		Diğer Alacaklar		
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in bank**
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	**194**	**1,318,913**	**54,805**	**66,828**	**646,208**
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	194	949,540	54,805	66,828	646,208
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	-	369,373	-	-	-
- the part under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	125,305	-	-	-
- Impairment (-)	-	(125,305)	-	-	-
- 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.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (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 arisng from any customer.

	Trade receivables		Diğer Alacaklar		
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in bank**
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	**23,654**	**1,132,515**	**41,059**	**46,048**	**338,224**
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	23,654	659,749	41,059	46,048	338,224
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	-	472,766	-	-	-
- the part under guarantee with collateral	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	16,696	-	-	-
- Impairment (-)	-	(16,696)	-	-	-
- 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.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Credit risk management (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.

Aging of receivables that are past due but not impaired are as follows:

31 December 2021	Trade receivables	Total
Total overdue by 1-30 days	67,922	67,922
Total overdue by 1-3 months	24,355	24,355
Overdue by more than 3 months	277,096	277,096
Total overdue receivables	**369,373**	**369,373**

31 December 2020	Trade receivables	Total
Total overdue by 1-30 days	75,104	75,104
Total overdue by 1-3 months	23,734	23,734
Overdue by more than 3 months	373,928	373,928
Total overdue receivables	**472,766**	**472,766**

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 derivative and non derivative financial liabilities. Interests which will be paid on borrowings in the future are included in the relevant columns in the following table.

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Financial risk factors (Continued)

Liquidity risk management (Continued)

Contractual maturities 31 December 2021	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	1,155,801	1,557,362	138,917	705,918	712,527	-
Debt instruments issued (Bond)	470,000	524,834	175,858	275,056	73,920	-
Finance lease obligations	230,557	276,864	45,626	104,074	127,164	-
Lease liability	892,791	1,691,135	94,151	219,861	995,513	381,610
Trade and other payables	1,704,406	1,787,196	1,399,583	357,054	30,559	-
Payables for employment benefits	100,417	100,417	100,417	-	-	-
Total liabilities	**4,553,972**	**5,937,808**	**1,954,552**	**1,661,963**	**1,939,683**	**381,610**

Contractual maturities 31 December 2020	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	1,377,911	1,701,910	102,812	474,262	1,124,836	-
Debt instruments issued (Bond)	322,520	361,263	100,191	261,072	-	-
Finance lease obligations	196,064	211,736	28,419	85,056	98,261	-
Lease liability	595,102	1,013,001	65,940	149,653	517,662	279,746
Trade and other payables	1,145,285	1,222,138	955,826	222,117	44,195	-
Payables for employment benefits	91,379	91,379	91,379	-	-	-
Total liabilities	**3,728,261**	**4,601,427**	**1,344,567**	**1,192,160**	**1,784,954**	**279,746**

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NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Foreign currency risk management

Foreign currency risk

Transactions in foreign currencies expose the Company to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

31 December 2021

	TRYEquivalent (Functional currency)	**USD**	**EUR**	**GBP**
1. Trade receivables	44,218	2,454	845	(2)
2a. Monetary financial assets	325,178	10,577	12,794	4
2b. Non monetary financial assets	25,892	28	1,734	4
3. Other	7,134	-	486	-
4. Current Assets	**402,422**	**13,059**	**15,859**	**6**
6b. Non monetary financial assets	40,646	3,132	-	-
7. Other	31	-	2	-
8. Non-current assets	**40,677**	**3,132**	**2**	**-**
9. Total assets	**443,099**	**16,191**	**15,861**	**6**
10. Trade payables	(15,333)	(867)	(278)	-
11a. Financial liabilities (loans)	-	-	-	-
11b. Financial liabilities (leasing)	(99,753)	(731)	(6,148)	-
11c. Lease Liabilities	(9,720)	-	(662)	-
12a. Other monetary liabilities	(156,011)	(5,448)	(5,808)	(2)
13. Current liabilities	**(280,817)**	**(7,046)**	**(12,896)**	**(2)**
15a. Financial liabilities (loans)	-	-	-	-
15b. Financial liabilities (leasing)	(37,963)	(279)	(2,339)	-
15c. Lease Liabilities	(70,519)	-	(4,803)	-
17. Non-current liabilities	**(108,482)**	**(279)**	**(7,142)**	**-**
18. Total liabilities	**(389,299)**	**(7,325)**	**(20,038)**	**(2)**
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)	**53,800**	**8,866**	**(4,177)**	**4**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**(19,903)**	**5,706**	**(6,399)**	**-**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Contiuned)

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency risk (Continued)

31 December 2020

	TRYEquivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	93,743	11,708	866	-
2a. Monetary financial assets	288,602	2,726	29,814	3
2b. Non monetary financial assets	41,783	2,782	2,367	4
3. Other	3,845	55	382	-
4. Current Assets	**427,973**	**17,271**	**33,429**	**7**
6b. Non monetary financial assets	22,990	3,132	-	-
7. Other	27	-	3	-
8. Non-current assets	**23,017**	**3,132**	**3**	**-**
9. Total assets	**450,990**	**20,403**	**33,432**	**7**
10. Trade payables	(22,966)	(2,747)	(311)	-
11a. Financial liabilities (loans)	(165,376)	-	(18,359)	-
11b. Financial liabilities (leasing)	(87,529)	(881)	(8,999)	-
11c. Lease Liabilities	(16,331)	-	(1,813)	-
12a. Other monetary liabilities	(67,214)	(3,740)	(4,414)	-
13. Current liabilities	**(359,416)**	**(7,368)**	**(33,896)**	**-**
15a. Financial liabilities (loans)	(408,833)	-	(45,386)	-
15b. Financial liabilities (leasing)	(83,864)	(1,010)	(8,487)	-
15c. Lease Liabilities	(57,560)	-	(6,390)	-
17. Non-current liabilities	**(550,257)**	**(1,010)**	**(60,263)**	**-**
18. Total liabilities	**(909,673)**	**(8,378)**	**(94,159)**	**-**
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)	**(458,683)**	**12,025**	**(60,727)**	**7**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**(527,328)**	**6,056**	**(63,479)**	**3**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity

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

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

31 December 2021

In the case of US dollar gaining 20% value against TRY	**Valuation of foreign currency**	**Devaluation of foreign currency**
1 - USD net asset/liability	23,009	(23,009)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	**23,009**	**(23,009)**
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(12,265)	12,265
5 - Portion hedged against EUR risk (-)	-	-
6- EUR net effect (4+5)	**(12,265)**	**12,265**
Total (3+6)	**10,744**	**(10,744)**

31 December 2020

In the case of US dollar gaining 20% value against TRY	**Valuation of foreign currency**	**Devaluation of foreign currency**
1 - USD net asset/liability	17,654	(17,654)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	**17,654**	**(17,654)**
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(109,405)	109,405
5 - Portion hedged against EUR risk (-)	-	-
6- EUR net effect (4+5)	**(109,405)**	**109,405**
Total (3+6)	**(91,751)**	**91,751**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Financial risk factors (Continued)

Interest rate risk

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 2021	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(27,462)	-
	(2,5)	27,462	-

31 December 2020	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(33,728)	-
	(2,5)	33,728	-

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 AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

Fair value of financial instruments

31 December 2021	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	680,241	-	-	680,241	6
Trade receivables	1,319,107	-	-	1,319,107	8
Other receivables (related parties included)	121,633	-	-	121,633	9
Financial Liabilities					
Financial liabilities	1,856,358	-	-	1,856,358	7
Trade payables	1,546,337	-	-	1,546,337	8
Lease liabilities	892,791	-	-	892,791	7
Other liabilities (related parties included)	158,069	-	-	158,069	9
Payables for employee benefits	100,417	-	-	100,417	15

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands Turkish Lira (“TL”) unless otherwise stated.)

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

Fair value of financial instruments

31 December 2020	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	374,997	-	-	374,997	6
Trade receivables	1,156,169	-	-	1,156,169	8
Other receivables (related parties included)	87,107	-	-	87,107	9
Financial Liabilities					
Financial liabilities	1,896,495	-	-	1,896,495	7
Trade payables	987,130	-	-	987,130	8
Lease liabilities	595,102	-	-	595,102	7
Other liabilities (related parties included)	158,155	-	-	158,155	9
Payables for employee benefits	91,379	-	-	91,379	15

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(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 of financial instruments (Continued)

Fair value is 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 by using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data. Accordingly, estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Financial assets that are carried at cost value including cash and cash equivalents are assumed to reflect their fair values due to their short term nature.

The carrying value of receivables, with related impairments are assumed to reflect their fair values.

Financial liabilities

Fair values of short term borrowings and trade payables are assumed to approximate their carrying values due to their short term nature.

Fair values of long term financial liabilities are assumed to approximate their carrying values due to mostly they have floating interest rates and repricing at short term.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

NOTE 29 - BUSINESS COMBINATIONS

The Company acquired Özel Medisis Hastanesi, located in Keçiören, Ankara as of 13 March 2020. 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 same dates. As purchase price, the Company will pay a total of TRY96,000 through machinery lease payments over the course of 10 years. As this transaction includes "Input - Process and Output" elements mentioned in TFRS 3, they are accounted as business combinations. Within this scope, identifiable assets recognized, which are hospital licences and property and equipment, are recorded at their fair values and the purchase price is presented under "other liabilities" as the present value of the liability to be paid in future years. The difference between the purchase cost and the net fair values of identifiable assets (hospital licence), the liabilities assumed, and contingent liabilities is recorded as gain from bargain purchase in "statement profit or loss and other comprehensive income" amounting to TRY81,980. For the relevant license, a value of TRY118,090 is determined by valuation report prepared by KPMG.

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

Total acquisition amount	(52,881)
Net assets acquired	134,861
Gain on bargain purchase (*)	**81,980**

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

Assets/Liabilities acquired	**Ankara Fair value on Acquisition**
Non-Current Assets	
Property, plant and equipment	16,771
Intangible assets	118,090
	134,861
Long Term Liabilities	
Deferred tax liabilities	26,972
	26,972
Net assets acquired	**107,889**
Gain on the bargain purchase	81,980
Non-controlling interests	-

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

With the decision of the Competition Board dated 15.10.2020 and numbered 20-46/624-M, MLP Sağlık Hizmetleri A.Ş. ("Company") and its subsidiary Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Medikal") as a result of the preliminary research it carries out on some undertakings; It was stated that in accordance with Article 4 of the Law No. 4054 on the Protection of Competition (Law No. 4054), it was decided to open an investigation before the Company and its subsidiary Samsun Medikal in order to determine whether the Law No. 4054 was violated, and within this scope, defense was requested from the Company.

The relevant investigation was concluded and according to the decision, a total of TRY58,000 thousand administrative fine was imposed on 18 private health institutions and an enterprise union.

Based on this decision, it has been decided to impose an administrative fine of TRY10,800 thousand in total, and TRY18,700 thousand to the Company, to Samsun Medikal, the affiliate of the Company, which has 80% shareholding.

The Competition Board fine will be paid within 30 days by taking advantage of a 25% early payment discount, without prejudice to all kinds of objections and lawsuits.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

SUPPLEMENTARY OTHER INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2021

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

APPENDIX I OTHER SUPPLEMENTARY INFORMATION

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

Interest, Tax, Depreciation and Amortization ("EBITDA") is calculated by the Group Management with the addition of the period's depreciation and amortization, financial income and expenses, other adjustments and tax deductions to net loss before tax. The Group management use the balance of Interest, Tax, Depreciation and Amortization ("EBITDA") for purpose to measure the Group's financial performance at consolidated level.

The EBITDA calculation movements for the period ended 31 December 2021 and 31 December 2020 are as follow:

EBITDA CALCULATION	**31 December 2021**	**31 December 2020**
i. Net gain/(loss) before tax	371,885	185,511
ii. Depreciation and amortization of tangible and intangible fixed assets including non- cash provisions related to assets such as goodwill	335,735	251,823
iii. Total net finance expenses, net of interest income (Note 22, 24)	553,488	415,203
iv. Fx gains / losses, net under finance expenses (Note 24)	99,000	265,057
v. Fair value differences of derivative instruments	-	(23,450)
vi. Extraordinary (income)/ expenses	72,646	54,427
vii. Rediscount income/expense (Note 22)	(12,832)	2
viii.Gain on bargain purchase price (Note 23) (Note 29)	-	(81,980)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; (Note 17)	11,782	970
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles (Note 15);	8,907	10,449
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; (Note 15)	5,297	1,490
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; (Note 8)	108,609	2,767
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 5)	787	787
xiiii. Disposal or disabling material or intangible assets non-cash profits, adding non-gross gain/(losses); (Note 23)	(8,843)	(34,147)
EBITDA	**1,546,461**	**1,048,909**
TFRS 16 Lease payment effect	(324,048)	(258,126)
Adjusted EBITDA	**1,222,413**	**790,783**

ABBREVIATIONS AND GLOSSARY

Adjusted EBITDA	EBITDA adjusted for net one-off gain or losses and non-cash IFRS provision expenses
A.Ş.	Joint-stock company
EBITDA	(earnings before interest, taxes, depreciation and amortization) A financial measure that we derive from our Financial Statements. We measure Reported EBITDA by excluding from profit generated through continuing operations the impact of taxation, net finance costs, depreciation and amortization, and net (gains)/losses from the disposal of tangible and intangible assets and income from negative goodwill
(earnings before interest, taxes, depreciation, amortization and rent expenses)	A non-IFRS measure that we derive from our consolidated financial statements. We measure Reported EBITDAR by excluding from profit generated through continuing operations the impact of taxation, net finance costs, depreciation, amortization, net (gains)/losses from the disposal of tangible and intangible assets and income from negative goodwill and rent expenses.
HIMS	The Hospital Information Management System
Inpatient Treatments	All medical treatments requiring patients to stay in the hospital
JCI	Joint Commission International
Middle-Upper Mass	It includes patients demanding and has the power to pay for high-quality healthcare services.
n.m.	no meaning
Outpatient Treatment	Treatments other than inpatient treatments
Payor Mix	The distribution of patients treated in MLP Care's hospitals according to payment types (private healthcare insurance, SSI, contracted institutions, etc.)
Premium Mass	The segment between middle-upper mass and premium segments
Premium Segment	It includes patients demanding and has the power to pay for Premium healthcare services.
Protocol	Each record opened or created for a patient treatment
SSI	The Social Security Institution (Sosyal Güvenlik Kurumu) of the Republic of Turkey, authorized under the Social Security and Universal Health Insurance (UHI) Law as the only governmental social security and health insurance organization providing general health insurance privileges to individuals in exchange for premiums. The SSI was formed through the merger and dissolution of three previous social security funds: Social Insurance Institution (Sosyal Sigortalar Kurumu-SSK), Government Employees Retirement Fund (Emekli Sandığı) and Social Security Institution for Artisans and the Self-Employed (Bağ-Kur).
SSI Agreement(s)	The Agreement for Purchase of Healthcare Services executed with the SSI to provide healthcare services to individuals with general health insurance financed by the SSI, as amended or restated from time to time by the SSI.
Top-up Insurance	A healthcare insurance type that covers additional fees and other expenses that are not paid by SSI
TTSG (Türkiye Ticaret Sicili Gazetesi)	Turkish Trade Registry Gazette

HOSPITALS

Yüksek İhtisas University Medical Park Ankara Hospital
Opening Year
2014
Location
Ankara

VM Medical Park Ankara Hospital
Opening Year
2020
Location
Ankara

Medical Park Antalya Hospital Complex
Opening Year
2008
Location
Antalya

Altınbaş University Hospital Medical Park Bahçelievler
Opening Year
2007
Location
Istanbul

Medical Park Batman Hospital
Opening Year
2007
Location
Batman

VM Medical Park Bursa Hospital
Opening Year
2006
Location
Bursa

Medical Park Çanakkale Hospital
Opening Year
2014
Location
Çanakkale

Medical Park Elazığ Hospital
Opening Year
2007
Location
Elazığ

IAU VM Medical Park Florya Hospital
Opening Year
2017
Location
Istanbul

Medical Park Gaziantep Hospital
Opening Year
2008
Location
Gaziantep

Istinye University Hospital Medical Park Gaziosmanpaşa
Opening Year
2015
Location
Istanbul

Medical Park Gebze Hospital
Opening Year
2011
Location
Kocaeli

Bahçeşehir University Hospital Medical Park Göztepe
Opening Year
2008
Location
Istanbul

Izmir University of Economics Medical Park Izmir Hospital
Opening Year
2011
Location
Izmir

VM Medical Park Kocaeli Hospital
Opening Year
2015
Location
Kocaeli

VM Medical Park Maltepe Hospital
Opening Year
2019
Location
Istanbul

VM Medical Park Mersin Hospital
Opening Year
2018
Location
Mersin

Medical Park Ordu Hospital
Opening Year
2009
Location
Ordu

VM Medical Park Pendik Hospital
Opening Year
2018
Location
Istanbul

VM Medical Park Samsun Hospital
Opening Year
2009
Location
Samsun

Medical Park Tarsus Hospital
Opening Year
2011
Location
Mersin

Medical Park Tokat Hospital
Opening Year
2007
Location
Tokat

Medical Park Karadeniz Hospital
Opening Year
2014
Location
Trabzon

Medical Park Yıldızlı Hospital
Opening Year
2014
Location
Trabzon

Liv Hospital Ankara
Opening Year
2014
Location
Ankara

Istinye University Hospital Liv Hospital Bahçeşehir
Opening Year
2016
Location
Istanbul

Liv Hospital Gaziantep
Opening Year
2020
Location
Gaziantep

Liv Hospital Samsun
Opening Year
2017
Location
Samsun

Liv Hospital Ulus
Opening Year
2013
Location
Istanbul

Liv Hospital Vadistanbul
Opening Year
2021
Location
Istanbul

ADDRESSES

MLP SAĞLIK HİZMETLERİ A.Ş.
Head Office Address: Otakçılar Caddesi Flatofis Istanbul, No:78, Kat: 3 D-Blok No: 103, Eyüp, Istanbul
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
info@mlpcare.com

Yüksek İhtisas University Medical Park Ankara Hospital
Address: Kent Koop Mah. 1868. Sok. No: 15, Batıkent-Yenimahalle, Ankara
Phone: +90 312 666 80 00
Fax: +90 212 666 86 66
ankara@medicalpark.com.tr

VM Medical Park Ankara Hospital
Address: Kalaba, 06120 Keçiören/Ankara
Phone: +90 312 666 08 00
Fax: +90 312 666 02 00
Mail: vmankara@medicalpark.com.tr

Medical Park Antalya Hospital Complex
Address: Fener Mah. Tekelioğlu Cad. No: 7 Lara, Antalya
Phone: +90 242 314 34 34
Fax: +90 242 314 30 30
antalya@medicalpark.com.tr

Altınbaş University Hospital Medical Park Bahçelievler
Address: Kültür Sok. No: 1 D100 Yolu, Bahçelievler Metro Durağı Üstü Metrobüs Hastaneler Durağı 34160 Bahçelievler, Istanbul
Phone: +90 212 484 14 84
Fax: +90 212 484 17 84
bahcelievler@medicalpark.com.tr

Medical Park Batman Hospital
Address: Atatürk Bulvarı No: 141 Merkez, Batman
Phone: +90 488 213 44 44
Fax: +90 488 213 60 70
batman@medicalpark.com.tr

VM Medical Park Bursa Hospital
Address: Fevzi Çakmak Caddesi Kırcaali Mahallesi No: 76 Osmangazi, Bursa
Phone: +90 224 270 60 00
Fax: +90 224 223 55 71
bursa@medicalpark.com.tr

Medical Park Çanakkale Hospital
Address: Barbaros Mahallesi, Troya Caddesi, No:10, Merkez, Çanakkale
Phone: +90 286 218 24 24
Fax: +90 0286 218 24 25
canakkale@medicalpark.com.tr

Medical Park Elazığ Hospital
Address: Olgunlar Mahallesi, Atatürk Bulvarı, No: 5, Merkez, Elazığ
Phone: +90 424 234 80 00
Fax: +90 424 234 81 45
elazig@medicalpark.com.tr

IAU VM Medical Park Florya Hospital
Address: Beşyol Mah., Akasya Sok., No: 4 Küçükçekmece, Istanbul
Phone: +90 212 979 50 00
Fax: +90 212 979 50 45
florya@iauh.com.tr

Medical Park Gaziantep Hospital
Address: Mücahitler Mah., 52063 No.'lu Sok., No: 2 Şehitkamil, Gaziantep
Phone: +90 342 211 16 00
Fax: +90 342 324 88 60
gaziantep@medicalpark.com.tr

Istinye University Hospital Medical Park Gaziosmanpaşa
Address: Merkez Mahallesi Çukurçeşme Cad. No: 57-59 Gaziosmanpaşa, Istanbul
Phone: +90 212 979 30 00
Fax: +90 212 979 39 10
gaziosmanpasa@isu.edu.tr

Medical Park Gebze Hospital
Address: Kavak Cad. No: 5 Belediye Yanı Gebze, Kocaeli
Phone: +90 262 675 75 75
Fax: +90 262 675 75 15
gebze@medicalpark.com.tr

Bahçeşehir University Hospital Medical Park Göztepe
Address: D100 Üzeri Nisan Sok. No: 23 Merdivenköy Kadıköy, Istanbul
Phone: +90 0216 468 44 44
Fax: +90 216 468 45 67
goztepe@medicalpark.com.tr

Izmir University of Economics Medical Park Izmir Hospital
Address: Yeni Girne Bulvarı 1825 Sok. No: 12 Karşıyaka, Izmir
Phone: +90 232 399 50 50
Fax: +90 232 399 50 70
info@medicalparkizmir.com

ADDRESSES

VM Medical Park Kocaeli Hospital
Address: Ovacık Mahallesi, D100 Karayolu Üstü, No: 34, Symbol AVM Yanı, 41140 Başiskele, Kocaeli
Phone: +90 262 888 30 00
Fax: +90 262 888 39 00
info@medicalpark.com.tr

VM Medical Park Maltepe Hospital
Address: Cevizli Bağdat Cad., No:547, 34846 Maltepe, Istanbul
Phone: +90 216 225 49 49
Fax: +90 216 225 49 50
infomaltepe@medicalpark.com.tr

VM Medical Park Mersin Hospital
Address: Gazi Mustafa Kemal Bulvarı., No: 676, Mezitli, Mersin
Phone: +90 324 422 30 00
Fax: +90 324 422 39 50
mersin@medicalpark.com.tr

Medical Park Ordu Hospital
Address: Akyazı Mah., Gaffar Okkan Cad., No: 9, Altınordu, Ordu
Phone: +90 452 226 10 00
Fax: +90 452 226 14 90
ordu@medicalpark.com.tr

VM Medical Park Pendik Hospital
Address: Fevzi Çakmak Mahallesi, D100, Cemal Gürsel Cad., No: 9, 34899 Pendik, Istanbul
Phone: +90 216 275 40 00
Fax: +90 216 275 49 99
pendik@medicalpark.com.tr

VM Medical Park Samsun Hospital
Address: Mimar Sinan Mah. Alparslan Bulvarı No: 17, Atakum, Samsun
Phone: +90 362 311 40 40
Fax: +90 362 311 40 50
samsun@medicalpark.com.tr

Medical Park Tarsus Hospital
Address: Öğretmenler Mah. Şehit İsmet Akın Cad. No: 10, Tarsus, Mersin
Phone: +90 324 241 41 41
Fax: +90 324 241 41 90
tarsus@medicalpark.com.tr

Medical Park Tokat Hospital
Address: Yeşilırmak Mah., Vali Zekai Gümüşdiş Cad., No: 29, Tokat
Phone: +90 356 217 10 00
Fax: +90 356 213 02 02
tokat@medicalpark.com.tr

Medical Park Karadeniz Hospital
Address: İnönü Mahallesi, Yavuz Selim Bulvarı, No: 190, Trabzon
Phone: +90 462 229 70 70
Fax: +90 462 229 70 74
karadeniz@medicalpark.com.tr

Medical Park Yıldızlı Hospital
Address: Yıldızlı Beldesi Merkez Mahallesi Devlet Sahil Yolu Cad. No: 46, Akçaabat, Trabzon
Phone: +90 462 455 61 11
Fax: +90 462 248 18 28
trabzon@medicalpark.com.tr

Liv Hospital Ankara
Address: Bestekâr Sok., No: 8, 06680 Kavaklıdere Çankaya, Ankara
Phone: +90 312 666 40 00
Fax: +90 312 666 40 40
info@livhospital.com.tr

Istinye University Hospital Liv Hospital Bahçeşehir
Address: Aşık Veysel Mah. Süleyman Demirel Cad. No: 1, Esenyurt, Istanbul
Phone: +90 212 979 40 00
Fax: +90 212 299 01 62
info.bahcesehir@isu.edu.tr

Liv Hospital Gaziantep
Address: Seyrantepe, 27080 Şehitkamil / Gaziantep
Phone: +90 342 999 80 00
Fax: +90 0362 999 89 99
info@livhospital.com.tr

Liv Hospital Samsun
Address: Hançerli Mahallesi, 608 Sokak, No: 2, İlkadım, Samsun
Phone: +90 362 999 80 00
Fax: +90 362 999 80 80
info@livhospital.com.tr

Liv Hospital Ulus
Address: Ahmet Adnan Saygun Cad. Canan Sok. No: 5, 34340 Ulus Beşiktaş, Istanbul
Phone: +90 212 999 80 99
Fax: +90 212 287 10 57
info@livhospital.com.tr

Liv Hospital Vadistanbul
Address: Liv Hospital Vadistanbul Ayazağa Mahallesi, Kemerburgaz Caddesi, Vadistanbul Park Etabı, 7F Blok, 34396 Sarıyer, İstanbul
Phone: +90 212 919 60 00
info@livhospital.com.tr

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