(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 2022 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 2022 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 2022, 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

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 2022 include hospital licenses under intangible assets, with carrying values of TL 845.824 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, - 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.

4. Other information

The Group management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Appendix I 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 on the other information obtained prior to the date of this auditor's report, 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.

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.

- 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 2022 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 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Selma Canbul Çorum, SMMM
Partner

Istanbul, 8 March 2023

INDEX **PAGE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		**1-2**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		**3**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		**4**
CONSOLIDATED STATEMENT OF CASH FLOWS		**5-6**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		**7-76**
NOTE 1	ORGANIZATION AND OPERATIONS OF THE GROUP	7-8
NOTE 2	BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	8-27
NOTE 3	SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS	28-30
NOTE 4	INTERESTS IN OTHER ENTITIES	30
NOTE 5	RELATED PARTY DISCLOSURES	31-35
NOTE 6	CASH AND CASH EQUIVALENTS	35
NOTE 7	FINANCIAL INSTRUMENTS	36-38
NOTE 8	TRADE RECEIVABLES AND PAYABLES	39
NOTE 9	OTHER RECEIVABLES AND PAYABLES	40
NOTE 10	INVENTORIES	40
NOTE 11	PREPAID EXPENSES AND DEFERRED INCOME	41
NOTE 12	PROPERTY, PLANT, EQUIPMENT AND OTHER INTANGIBLE ASSETS	42-44
NOTE 13	RIGHT OF USE ASSET	45
NOTE 14	GOODWILL	45-46
NOTE 15	PAYABLES FOR EMPLOYEE BENEFITS	47-48
NOTE 16	OTHER ASSETS AND LIABILITIES	48
NOTE 17	PROVISIONS	48
NOTE 18	COMMITMENTS	49-50
NOTE 19	SHARE CAPITAL/OTHER RESERVES	51-52
NOTE 20	REVENUE AND COST OF SERVICES	52
NOTE 21	GENERAL ADMINISTRATIVE EXPENSES	53
NOTE 22	OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIE	54
NOTE 23	INCOME AND EXPENSES FROM INVESTMENT OPERATIONS	54
NOTE 24	FINANCIAL EXPENSES	55
NOTE 25	TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)	55-59
NOTE 26	EARNINGS PER SHARE	59
NOTE 27	NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	59-69
NOTE 28	FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)	70-71
NOTE 29	BUSINESS COMBINATIONS	72
NOTE 30	EVENTS AFTER THE REPORTING PERIOD	72
APPENDIX I	**EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTISATION (“EBITDA”)**	**73**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current Assets:		**3,797,503**	**2,741,333**
Cash and cash equivalents	6	765,877	680,241
Financial investments	6	214,179	-
Trade receivables	8	1,455,350	1,318,054
- Due from related parties	5,8	52	194
- Trade receivables from third parties		1,455,298	1,317,860
Other receivables	9	123,622	117,757
- Due from related parties	5,9	76,837	54,805
- Other receivables from third parties		46,785	62,952
Inventories	10	660,884	285,276
Prepaid expenses	11	396,778	263,408
Other current assets	16	180,813	76,597
Non-current Assets:		**4,638,256**	**3,006,788**
Trade receivables		1,053	1,053
Other receivables	9	2,458	3,876
Property plant and equipment	12	1,348,032	1,014,733
Intangible assets		1,019,791	701,739
- Goodwill	14	33,037	38,661
- Other intangible assets	12	986,754	663,078
Right of use assets	13	931,642	539,308
Prepaid expenses	11	595,732	324,183
Deferred tax assets	25	739,548	421,896
TOTAL ASSETS		**8,435,759**	**5,748,121**

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES			
Current Liabilities:		**4,790,328**	**3,318,172**
Short term borrowings	7	923,742	568,744
Short term portion of long term borrowings	7	484,201	437,463
Obligations under finance leases	7	76,663	128,112
Short term lease liabilities	7	161,674	139,932
Trade payables	8	2,397,956	1,546,337
- Due to related parties	5,8	55,763	35,595
- Trade payables to third parties		2,342,193	1,510,742
Payables related to employee benefits	15	165,487	100,417
Other payables	9	111,977	64,967
- Due to related parties	5,9	787	799
- Other payables to third parties		111,190	64,168
Deferred income	11	341,867	243,730
Short term provisions		75,686	52,807
- Short term provisions for employment benefits	15	34,420	23,779
- Other short term provisions	17	41,266	29,028
Current tax liabilities	25	51,075	35,663
Non-current Liabilities:		**1,838,436**	**1,760,752**
Long term borrowings	7	243,439	619,594
Obligations under finance leases	7	39,289	102,445
Long term lease liabilities	7	1,103,559	752,859
Other payables		294,087	93,102
- Other payables to third parties	9	294,087	93,102
Deferred income	11	68,594	18,374
Long term provisions		61,422	37,944
- Long term provisions for employee benefits	15	61,422	37,944
Deferred tax liabilities	25	28,046	136,434
EQUITY:		**1,806,995**	**669,197**
Equity Attributable to the Owner of the Company:		**1,805,022**	**538,636**
Share capital	19	208,037	208,037
Share premium	19	556,162	556,162
Treasury shares	19	(371,763)	-
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		(58,511)	(43,569)
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(58,511)	(43,569)
Restricted reserves	19	10,722	10,260
Accumulated deficit		(158,920)	(482,677)
Net profit for the period		1,619,295	290,423
Non-controlling interest		**1,973**	**130,561**
TOTAL LIABILITIES AND EQUITY		**8,435,759**	**5,748,121**

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

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

	Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
PROFIT OR LOSS			
Revenue	20	9,836,916	5,795,954
Cost of sales (-)	20	(6,992,305)	(4,216,994)
GROSS PROFIT		**2,844,611**	**1,578,960**
General administration expenses (-)	21	(944,575)	(561,472)
Other income from operating activities	22	417,178	544,248
Other expenses from operating activities (-)	22	(479,540)	(546,206)
OPERATING PROFIT		**1,837,674**	**1,015,530**
Income from investing activities	23	162,405	9,885
Expense from investing activities (-)	23	(103,840)	(1,042)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**1,896,239**	**1,024,373**
Finance expenses (-)	24	(591,838)	(652,488)
NET PROFIT BEFORE TAX		**1,304,401**	**371,885**
Tax expense from operations		**370,255**	**(16,676)**
Current tax expense	25	(61,647)	(82,329)
Deferred tax gain/loss net	25	431,902	65,653
NET PROFIT		**1,674,656**	**355,209**
Allocation of net profit			
Non-controlling interest		55,361	64,786
Equity holders of the parent		1,619,295	290,423
Net profit for the period		**1,674,656**	**355,209**
Basic gain per share	26	**7.78**	**1.40**
OTHER COMPREHENSIVE EXPENSES		**(14,942)**	**(7,718)**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(18,678)	(9,648)
Income tax relating to items that will not be reclassified subsequently		3,736	1,930
TOTAL COMPREHENSIVE INCOME		**1,659,714**	**347,491**
Total comprehensive profit distribution			
Non-controlling interest		55,361	64,786
Equity holders of the Parent		1,604,353	282,705

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022

(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	Treasury shares	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 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**
Balance as at January 1 2022	**208,037**	**556,162**	**-**	**-**	**(43,569)**	**10,260**	**(482,677)**	**290,423**	**538,636**	**130,561**	**669,197**
Other comprehensive income for the period, net of tax	-	-	-	-	(14,942)	-	-	-	(14,942)	-	(14,942)
Net profit for the period	-	-	-	-	-	-	-	1,619,295	1,619,295	55,361	1,674,656
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**-**	**(14,942)**	**-**	**-**	**1,619,295**	**1,604,353**	**55,361**	**1,659,714**
Transfers	-	-	-	-	-	462	289,961	(290,423)	-	-	-
Loss of control in subsidiaries	-	-	-	-	-	-	113,448	-	113,448	(201,212)	(87,764)
Increase/(decrease) due to share repurchase transactions	-	-	(371,763)	-	-	-	-	-	(371,763)	-	(371,763)
Changes in non-controlling interests	-	-	-	-	-	-	(60,699)	-	(60,699)	17,263	(43,436)
Dividend distribution	-	-	-	-	-	-	(18,953)	-	(18,953)	-	(18,953)
Balance as at 31 December 2022	**208,037**	**556,162**	**(371,763)**	**-**	**(58,511)**	**10,722**	**(158,920)**	**1,619,295**	**1,805,022**	**1,973**	**1,806,995**

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES		**1,974,453**	**1,652,753**
Net profit for the period		1,674,656	355,209
Profit from continuing operations		**738,751**	**1,125,245**
Adjustments related to depreciation and amortization expenses	12, 13	445,477	335,735
Adjustments related to impairment (reversal)		2,708	109,350
Adjustments related to impairment (reversal) of receivables	8	2,708	109,350
Adjustments related to provisions		62,220	35,003
Adjustments related to (reversal) of provision for employment benefits		34,565	14,204
Adjustments related to lawsuit (reversal) of provision for lawsuit	17	27,655	20,799
Adjustments related to interest (income) expense		534,091	553,488
Adjustments related to interest income	22	(78,820)	(37,522)
Adjustments related to interest expense	24	612,911	591,010
Adjustments related to tax (income) expense	25	(370,255)	16,676
Other adjustments related to non-cash items		65,789	83,836
Adjustments regarding to (gain) loss on sale of non-current assets		79,413	(8,843)
Adjustments regarding to (gain) loss on sale of property, plant and equipment		79,413	(8,843)
Adjustments for (income) expense caused by sale or changes in shares of associates, joint ventures and financial investments		(80,692)	-
Changes in working capital		**(349,526)**	**256,375**
Adjustments related to (increase) decrease in trade receivables		(560,418)	(307,555)
Adjustments related to increase in inventories		(430,035)	(171,794)
Adjustments related to increase (decrease) in trade payables		664,427	572,039
Adjustments related to inrcrease (decrease) in other payables from operations		479,221	44,227
Adjustments related to other increase (decrease) in working capital		(502,721)	119,458
Adjustments related to (increase) decrease in other assets		(502,721)	119,458
Cash generated from operations		**2,063,881**	**1,736,829**
Payments due to employee termination benefits		(15,968)	(11,426)
Tax paid	25	(46,235)	(64,374)
Payments for other provisions		(27,785)	(9,017)
Other cash inflows	8	560	741

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

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

	Notes References	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
CASH FLOWS FROM INVESTING ACTIVITIES		**(665,674)**	**(522,614)**
Cash inflows from sale of tangible and intangible assets		104,273	11,873
Proceeds from sales of property, plant, equipment and intangible assets	12	104,273	11,873
Payment for purchase of property, plant and equipment and intangible assets		(870,585)	(493,204)
Payment for purchase of property, plant and equipment	12	(680,327)	(458,398)
Payment for purchase of intangible assets	12	(190,258)	(34,806)
Cash advances and debts given	11	(273,999)	(41,283)
Interest received	22	(26,164)	-
Cash inflows from sales that result in loss of control of subsidiaries		658,416	-
Cash outflows related to additional share purchases in subsidiaries		(43,436)	-
Other cash inflows (outflows)		(214,179)	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(1,223,143)**	**(824,895)**
Proceeds from bank loans		1,106,190	470,000
Proceeds from borrowings	7	230,890	-
Proceeds from bonds, net of commissions	7	875,300	470,000
Repayment of lease liabilities	7	(390,005)	(324,048)
Bank borrowings paid		(1,078,940)	(569,061)
Cash used for repayment of borrowings	7	(403,640)	(246,541)
Cash used for repayment of bonds	7	(675,300)	(322,520)
Repayment of obligations under finance leases	7	(145,480)	(34,235)
Interest paid		(403,012)	(395,804)
Interest received		78,820	37,522
Dividend paid		(18,953)	(9,269)
Cash outflows from acquisition of treasury shares (-)		(371,763)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**85,636**	**305,244**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**680,241**	**374,997**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**765,877**	**680,241**

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

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, 2022, MLP Sağlık is the holding company of 15 subsidiaries (31 December 2021: 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 2022, of MLP Sağlık are accepted as "in circulation". As of 1 January 2023, this ratio is 33.36% (Note 19).

The number of employees of the Group as at 31 December 2022 is 11,699 (31 December 2021: 12,618).

Approval of consolidated financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on 8 March 2023. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

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

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

As of 31 December 2022 the subsidiaries of the Company are:

Name	Location and base of operation
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. ("Tokat Hastanesi")	Tokat
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Hastanesi")	Samsun-İstanbul
Tasfiye Halinde Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	Ankara
Artımed Medikal Sanayi ve Ticaret A.Ş. ("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
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
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	İstanbul
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	İstanbul
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	Gaziantep
Kuzey Doğu Sağlık Hizmetleri ve Tic. A.Ş. ("Kuzey Doğu")	İstanbul

(*) The related business partnership activity has been terminated.

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 4 October 2022 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.

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

2.1 Basis of Presentation (Continued)

Inflation accounting

POA made a statement on 20 January 2022, in order to eliminate the hesitations about whether the companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new explanation has been made by the KGK about the application of TAS 29. Considering that no new disclosure has been made as of the date these financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of 31 December 2022.

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.

As of 31 December 2022, Group management has reclassified interest income amounting to TRY 37,522 included in other operating income in the profit or loss statement for the accounting period 1 January - 31 December 2021 as finance income and reclassified interest income amounting to TRY 37,522 included in cahs flows from operating activities to cash flow provided by fnancial activities.

(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 2022 and 31 December 2021 are as follows:

	Proportion of ownership and voting power held (%)			
Bağlı Ortaklıklar	**Place of incorporation operation**	**31 December 2022**	**31 December 2021**	**Principal activity**
Tokat Hastanesi	Tokat	%58.84	%58.84	Hospital Services
Samsun Hastanesi	Samsun	%80.00	%80.00	Hospital Services
Samsun Tıp Merkezi (1)	Samsun	%100.00	%100.00	Hospital Services
MS Sağlık (3)	Ankara	%100.00	%75.00	Hospital Services
Mediplaza	Gebze-İzmit	%75.00	%75.00	Hospital Services
MA Group (4)	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 (2)	İstanbul	%100.00	%100.00	Ancillary services
BTN Sigorta (5)	İstanbul	-	%100.00	Ancillary services
Kuzey Hastaneler Birliği ("KHB")	İstanbul	-	%99.90	Ancillary services
BTN Asistans (5)	İstanbul	-	%100.00	Ancillary services
Sentez Hastaneleri (6)	Batman-İzmir-Gaziantep	-	%56.00	Hospital Services
Kuzey Doğu (7)	İstanbul	%100.00	-	Ancillary services

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

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

(3) As of 30 April 2022, the Group's shareholding in MS Sağlık has increased to 100%.

(4) The company decided to liquidate on 25 December 2017.

(5) The company completed the closing process on 29 December 2022.

(6) The Group has completed the transfer of shares of Sentez Hospitals, one of its subsidiaries to its current partner for TRY800 million, on 30 April 2022, upon fulfillment of the closing conditions specified in the share sale agreement and the legal completion of the sale transactions. As of the said share transfer date, the net assets transferred amounted to TRY473,180 and the profit of TRY80,692 as a result of the transfer transaction was classified as income from investment activities in the consolidated other comprehensive income statement as of 31 December 2022.

(7) The company acquired 100% of the shares of Kuzey Doğu on 21June 2022.

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

2.1 Basis of Presentation (Continued)

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

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.

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.

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 2022:

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

- **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 IFRS 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'.

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

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 2022:

- **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.

- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective 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.

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- **TFRS 17, 'Insurance contracts'as amended in December 2021;** 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.

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

2.5 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.

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

2.5 Summary of Significant Accounting Policies (Continued)

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

- (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.

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 TFRS.

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

Foreign Currency Transactions

Foreign Currency Transactions and Balances

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

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

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

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

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

The Group recognises revenue from the following major sources:

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

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

Revenue is generated from the healthcare services provided and some medical products sold. The main streams of revenue are 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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

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

2.5 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 2022, 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.

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

2.5 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.

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

2.5 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.

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

2.5 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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

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.

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.

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

2.5 Summary of Significant Accounting Policies (Continued)

Financial Instruments

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

Financial Assets

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

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

<u>Classification of financial assets</u>

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.

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

2.5 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 24).

(ii) Financial assets at FVTPL

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

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

Foreign exchange gains and losses

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

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss 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.

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

2.5 Summary of Significant Accounting Policies (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.

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

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

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

2.5 Summary of Significant Accounting Policies (Continued)

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

Contingent Liabilities

(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.

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.

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 2022, the Group has a deductible tax loss of TRY59,902 (31 December 2021: TRY95,280) (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).

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 2022, provision for impairment of trade receivables amounting to TRY120,478 (31 December 2021: TRY125,305) (Note 8).

In addition, the Group has trade receivables arising from health services provided to foreign patients. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group and the Group Management's expectation is that foreign patient receivables will be collected in 2023. The Group has overdue but not impaired trade receivables amounting to TRY414,391 as of 31 December 2022 (31 December 2021: TRY369,373).

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 TRY41,266 (31 December 2021: TRY29,028) 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 2022 by the method of "discounted cash flows". As the Group has terminated its activities related to Kuzey Group Companies related to laboratory services as of 31 December 2022, the net book value of TL 4.922 has been expensed in 2022.

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.

(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)

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 2022 there is no impairment on hospital licenses resulting to impairment test (Note 12).

Useful Lives of Property, Plant and Equipment

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

NOTE 4 - INTERESTS IN OTHER ENTITIES

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

In Liquidation Samsun Tıp Merkezi	**31 December 2022**	**31 December 2021**
Current assets	706	739
Non-current assets	9	15
Current liabilities	1,407	11,602
Equity	(693)	(10,848)
	1 January - 31 December 2022	**1 January - 31 December 2021**
Other income/(expense), net	(926)	(2,327)
Loss for the period	(926)	(2,327)
Net cash inflow/(outflow) from operating activities	(6)	(8)
Net cash inflow/(outflow) from investing activities	6	8
Net cash inflow/(outflow)	**-**	**-**

21. Yüzyıl Anadolu Vakfı	**31 December 2022**	**31 December 2021**
Current assets	13,872	41,964
Non-current assets	101,646	58,291
Current liabilities	62,686	76,798
Equity	52,832	23,457
	1 January - 31 December 2022	**1 January - 31 December 2021**
Revenue	379	329
Other income/(expense), net	17,695	(21,060)
Loss for the period	18,074	(20,731)
Net cash inflow/(outflow) from operating activities	43,717	16,196
Net cash inflow/(outflow) from investing activities	(41,949)	(16,155)
Net cash inflow/(outflow)	**1,768**	**41**

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

NOTE 5 - RELATED PARTY DISCLOSURES

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

As of 31 December 2022, the short-term receivables and payables details as follows:

	31 December 2022			
	Receivables Current		Payables Current	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	74,103	-	50
Adem Elbaşı	-	2,592	-	-
	-	**76,695**	**-**	**50**

	31 December 2022			
	Receivables Current		Payables Current	
Other companies controlled by the shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	6	-	22,783	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	1	-	509	-
A ve A Sağlık A.Ş. (2)	-	-	21,346	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	3,293	-
Saray Eczanesi	-	-	737	-
Mp Sağlık ve Tic. A.Ş.	-	-	-	733
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	138	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	5,853	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	7	-
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	513	-
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	-	-	584	-
Other	45	142	-	4
	52	**142**	**55,763**	**737**
	52	**76,837**	**55,763**	**787**

(*) Non-trade receivables from Muharrem Usta is short term due date and interest charge from the current value of internal debt ratio of Group.

(1) Fom Grup Mimarlık İnşaat ve Tic. A.Ş. provides 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.

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	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

	31 December 2021			
	Receivables Current		Payables Current	
Other companies controlled By the shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
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	-
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.

Advances given to related parties and Prepaid expenses

	31 December 2022	**31 December 2021**
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	13,850	9,005
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	1,002	-
Sanport Gayrimenkul Geliştirme İnş.Ve Tic.A.Ş	279	279
Atk Sağlık Hizmetleri Ve Danışmanlık A.Ş.	77	59
Gazi Medikal Sağlık Tesisleri ve Tic.A.Ş.	-	3
	15,208	**9,346**

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Fixed asset advances given to related parties

	31 December 2022	31 December 2021
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	306,817	181,359
Mp Sağlık ve Tic. A.Ş.	-	68,200
	306,817	**249,559**

(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 2022	31 December 2021
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	396	2,024
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	367	787
	763	**2,811**

Lease liabilities from related parties

	31 December 2022		31 December 2021	
	Short-term	Long-term	Short-term	Long-term
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	59,265	-	59,724	59,089
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	15,274	80,213	9,718	70,516
Atakum Özel Sağlik Hizmetleri İnş.Turizm ve San. Tic. A.Ş.	24,775	47,871	8,764	33,021
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	-	-	3,654	-
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	4,808	-	3,407	-
Mp Sağlık ve Tic. A.Ş.	-	-	2,966	-
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,943	-	2,354	-
	107,065	**128,084**	**90,587**	**162,626**

Purchases from related parties	1 January - 31 December 2022	1 January - 31 December 2021
Fom Grup Mimarlık İnş.ve Tic. A.Ş. (2) (3) (4)	122,945	201,898
A ve A Sağlık A.Ş. (1)	53,997	18,461
	176,942	**220,359**

(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.

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Operating expenses (including purchase of services)	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş. (1)(7)	106,231	114,311
Samsunpark Özel Sağ. Tibbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	38,065	22,229
Mp Sağlik ve Tic.A.Ş. (1)(7)	21,536	7,591
Livart Tüp Bebek Özel Sağlik Hizm. A.Ş. (2)	18,578	13,028
Atakum Özel Sağlik Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	18,402	13,499
Özel Gebze Sentez Sağlik Hizmetleri ve Tic. A.Ş. (1)(7)	12,026	8,521
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	11,788	6,850
Gazi Medikal Sağlik Tesisleri ve Tic. A.Ş. (1)(7)	10,976	8,680
Tokat Medikal Grup Sağlik Turizm İnş. San. Tic. A.Ş. (1)(7)	5,452	3,632
Saray Eczanesi (6)	2,649	1,008
Tokat Emar Sağlik Hiz. Ltd. Şti. (2) (5)	2,258	1,720
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	1,123	665
Miniso Mağazacılık A.Ş.	613	-
Mt Sağlik Ürünleri Sanayi ve Ticaret A.Ş. (3)	252	274
	249,949	**202,008**

(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.

Sales to related parties	**1 January - 31 December 2022**	**1 January – 31 December 2021**
A ve A Sağlık A.Ş. (1)	3,076	16,231
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	593	14
Adem Elbaşı	487	344
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	216	126
Miniso Mağazacılık A.Ş.	187	170
Tokat Medikal Grup Sağlık Truzim İnş.San.Tic.A.Ş.	154	87
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. Danışmanlık Eğitim Mühendislik Tic.Ltd.Şti.	33	224
Fom Grup Mimarlık İnşaat Ve Tic. A.Ş.	6	-
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği	-	295
Saray Eczanesi	-	2
	4,752	**17,493**

(1) Outsourcing laboratory services

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties	1 January - 31 December 2022	1 January - 31 December 2021
Muharrem Usta	16,403	10,199
	16,403	**10,199**

<u>Compensation of key management personnel:</u>

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 2022	1 January - 31 December 2021
Salaries and other short term benefits	39,722	26,143
	39,722	**26,143**

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	8,349	20,114
Cash at banks	749,830	646,208
- Demand deposits	*97,571*	*134,341*
- Time deposits	*652,259*	*511,867*
Other cash equivalents (*)	7,698	13,919
	765,877	**680,241**

As of 31 December 2022 the interest rates of the Group's time deposits in TRY, USD and EUR are respectively 9%-17% (31 December 2021: 10%-21%), 0.15%-0.20% (31 December 2021: 0.5%-0.15%) and 0,15% (31 December 2021: 0.01%) and their terms are less than 3 months.

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

Financial Assets

Short Term Financial Assets	31 December 2022	31 December 2021
Time Deposits (*)	214,179	-
	214,179	**-**

(*) Currency Protected TRY Time Deposit Account is a deposit product that offers foreign exchange protection in case the USD exchange rate in TRY increases more than the interest rate at the end of the term. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The Group has foreign currency protected deposit financial assets of TRY92,754 with a maturity of 1 January 2023 with a 15% interest rate and a maturity of TRY121,425 with a maturity of 13 February 2023 with a 17% interest rate.

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	31 December 2022	**31 December 2021**
Short-term bank borrowings	253,742	168,744
Short-term bonds issued	670,000	400,000
Current portion of long term borrowings	420,484	372,077
- Current portion of long-term bank loans	*420,484*	*372,077*
Interest expense accruals	63,717	65,386
	1,407,943	**1,006,207**
Long-term bank loans	243,439	549,594
Long-term bonds issued	-	70,000
	243,439	**619,594**
Total borrowings	**1,651,382**	**1,625,801**

The Group issued sukuk amounting to TRY100,000 with a maturity of 6 months by being sold to qualified investors on 11 October 2022. The principal payment will be made on 7 April 2023, which is the maturity date. The interest rate is 25%.

The Group issued bond amounting to TRY500,000 with a maturity of 6 months by being sold to qualified investors on 10 November 2022. The principal payment will be made on 28 April 2023, which is the maturity date. The interest rate is 29%.

As of 31 December 2022 and 31 December 2021 the repayment schedule of the total borrowings as follows:

31 December 2022

Currency Type	**Weighted average effective interest rate**	**Current**	**Non-current**	**Total**
TRY	25.40%	905,854	2,106	907,960
TRY	TLRef+4-TRLibor+3.50%-4.00%-4.50%-5.80%	502,089	241,333	743,422
		1,407,943	**243,439**	**1,651,382**

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**

As of 31 December 2022, the Group does not have any cash blocked accounts for the loans used (31 December 2021: None).

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

As of 31 December 2022 and 31 December 2021 the repayment schedule of the borrowings in TRY are as follows:

	31 December 2022	**31 December 2021**
Interest expense accruals	63,717	65,386
To be paid within 1 year (*)	1,344,226	940,821
To be paid between 1-2 years	169,514	376,155
To be paid between 2-3 years	73,925	169,513
To be paid between 3-4 years	-	73,926
	1,651,382	**1,625,801**

(*) TRY253,750 of the loans to be paid within one year consists of revolving loans and TRY670,000 part consists of bond and sukuk payments which will be redeemed within 1 year.

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 2022, 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 2022 and 1 January - 31 December 2021:

	1 January 2022	**Financing cash flows (net)**	**Foreign exchange effect (Note 24)**	**Disposal of subsidiary**	**Other (*)**	**31 December 2022**
Bank loans	1,625,801	25,581	-	-	-	1,651,382
Finance lease obligations	230,557	(145,480)	30,875	-	-	115,952
Lease liabilities	892,791	(390,005)	26,873	(55,987)	791,561	1,265,233
	2,749,149	**(509,904)**	**57,748**	**(55,987)**	**791,561**	**3,032,567**

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

	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**

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

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 2022	31 December 2021	31 December 2022	31 December 2021
Within one year	99,066	131,457	76,663	128,112
In the second to fifth years inclusive	42,703	145,407	39,289	102,445
	141,769	**276,864**	**115,952**	**230,557**
Less : Future finance charges	(25,817)	(46,307)	-	-
Present value of finance lease obligations	**115,952**	**230,557**	**115,952**	**230,557**
Less: Amounts due to settlement within twelve months (shown under current liabilities)	**76,663**	**128,112**	**76,663**	**128,112**
Present value of finance lease obligations	**39,289**	**102,445**	**39,289**	**102,445**

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 19.17% (2021: 18.80%,). The contractual effective interest rate EUR is 6.36% (2021: 5.89%). The contractual effective interest rate USD is 5.25% (2021: 5.35%).

There is no amount in short-term finance lease payables that comprise hospital equipments and devices leased from third parties which are not financial institutions (2021: None).

Liabilities arising from lease transactions:

	31 December 2022	31 December 2021
Within one year	161,674	139,932
More than one year	1,103,559	752,859
Present value of the lease liabilities	**1,265,233**	**892,791**

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 TRY lease liabilities is 28.50%, 22.25% and EUR lease liabilities is 16.07% on 1 January 2019.

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Current trade receivables	**31 December 2022**	**31 December 2021**
Trade receivables	999,394	1,126,769
Income accruals from continuing treatments	496,336	282,399
Other trade income accruals	38,671	32,330
Notes receivables	41,375	1,667
Trade receivables from related parties (Note 5)	52	194
Allowance for doubtful receivables (-)	(120,478)	(125,305)
	1,455,350	**1,318,054**

Trade receivables due from the SSI constitute 54% (31 December 2021: 42%) and receivables due from foreign patients constitute 4.4% (31 December 2021: 16%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY44,250 as at 31 December 2022. 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 2022, trade receivables of an initial value of TRY120,478 (31 December 2021: TRY125,305) 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 2022**	**1 January - 31 December 2021**
Balance at beginning of the period	**125,305**	**16,696**
Charge for the period	2,708	109,350
Collections	(560)	(741)
Disposal of subsidiary	(6,975)	-
Balance at closing of the period	**120,478**	**125,305**

The average maturity of trade receivables and notes receivables is 50 days (31 December 2021: 77 days).

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

Trade Payables

Current trade payables	**31 December 2022**	**31 December 2021**
Trade payables	1,710,475	1,209,258
Trade payables due to related parties (Note 5)	55,763	35,595
Other expense accruals	628,767	300,239
Other trade payables	2,951	1,245
	2,397,956	**1,546,337**

The average maturity of trade payables and notes payable is 153 days (31 December 2021: 151 days).

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

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	**31 December 2022**	**31 December 2021**
Non-trading receivables due from related parties (Note 5)	76,837	54,805
Receivables from tax office	24,152	28,330
Deposits given	8,275	22,678
Other miscellaneous receivables	14,358	11,944
	123,622	**117,757**

Other non-current receivables	**31 December 2022**	**31 December 2021**
Deposits and guarantess given	2,458	3,876
	2,458	**3,876**

Other Payables

Other current payables	**31 December 2022**	**31 December 2021**
Other taxes and funds payable	62,040	31,481
Payables relating to business combinations (*)	46,794	29,861
Non-trading payables due to related parties (Note 5)	787	799
Other miscellaneous payables	2,356	2,826
	111,977	**64,967**

Other non-current payables	**31 December 2022**	**31 December 2021**
Payables relating to business combinations (*)	294,087	93,102
	294,087	**93,102**

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

NOTE 10 - INVENTORIES

Inventories	**31 December 2022**	**31 December 2021**
Medical consumables inventory	501,836	164,452
Pharmaceutical inventory	139,024	83,447
Laboratory inventory	19,917	36,586
Other inventory	107	791
	660,884	**285,276**

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	31 December 2022	31 December 2021
Order advances (*)	342,309	229,112
Prepaid insurance expenses	36,110	23,119
Prepaid rent expenses	260	530
Prepaid sponsorship expenses	1,620	1,164
Other	16,479	9,483
	396,778	**263,408**

(*) 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.

Long term prepaid expenses	31 December 2022	31 December 2021
Fixed asset advances given	592,512	318,514
Prepaid rent expenses	397	2,544
Other	2,823	3,125
	595,732	**324,183**

Deferred Income

Short term accrued income	31 December 2022	31 December 2021
Advances received (*)	295,139	230,309
Deferred revenue	46,728	13,421
	341,867	**243,730**

(*) 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 2022	31 December 2021
Deferred revenue	68,594	18,374
	68,594	**18,374**

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

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 2022	**817**	**881,016**	**1,551**	**444,028**	**436,934**	**723,446**	**80,237**	**2,568,029**
Additions	-	139,582	699	95,641	33,035	203,551	207,819	680,327
Acquired through business combination (Note 29)	-	59,888	-	-	-	-	-	59,888
Disposals	-	(18,645)	(486)	(41,497)	(262)	(2,060)	(18,693)	(81,643)
Changes due to the disposal of subsidiary	-	(88,139)	-	(95,200)	(83,889)	-	-	(267,228)
Transfers	-	98,159	82	78,110	3,555	70	(179,976)	-
Closing balance as of 31 December 2022	**817**	**1,071,861**	**1,846**	**481,082**	**389,373**	**925,007**	**89,387**	**2,959,373**
Accumulated depreciation								
Opening balance as of 1 January 2022	**(111)**	**(599,327)**	**(1,586)**	**(274,258)**	**(346,256)**	**(331,758)**	**-**	**(1,553,296)**
Charge for the period (*)	(15)	(113,403)	(41)	(45,559)	(27,069)	(53,169)	-	(239,256)
Disposals	-	10,882	403	3,649	61	1,708	-	16,703
Disposal of associate	-	65,317	-	47,209	51,982	-	-	164,508
Transfers	-	-	-	-	-	-	-	-
Closing balance as of 31 December 2022	**(126)**	**(636,531)**	**(1,224)**	**(268,959)**	**(321,282)**	**(383,219)**	**-**	**(1,611,341)**
Carrying value as of 31 December 2022	**691**	**435,330**	**622**	**212,123**	**68,091**	**541,788**	**89,387**	**1,348,032**

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

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 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	-	(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**

(*) As of 1 January - 31 December 2022, depreciation and amortization expense of TRY222,023 (1 January - 31 December 2021: TRY176,762) has been charged to 'cost of service', TRY32,447 (1 January - 31 December 2021: TRY20,152) in 'general administrative and marketing expenses.

As at 31 December 2022 carrying value of fixed assets acquired via finance lease is TRY68,091 (31 December 2021: TRY90,678).

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

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

Cost	**Licenses (*)**	**Rights**	**Other**	**Total**
Opening balance as of 1 January 2022	596,072	117,180	3,245	716,497
Additions	-	89,647	-	89,647
Acquired through business combination (Note 29)	308,111	-	-	308,111
Changes due to the disposal of subsidiary (Note 2.1)	(58,359)	(1,476)	-	(59,835)
Disposals	-	(1,610)	(164)	(1,774)
Closing balance as of 31 December 2022	**845,824**	**203,741**	**3,081**	**1,052,646**
Accumulated amortization				
Opening balance as of 1 January 2022	-	(52,272)	(1,147)	(53,419)
Disposal of associate (Note 2.1)	-	1,098	-	1,098
Charge for the period	-	(15,015)	(199)	(15,214)
Disposals	-	1,479	164	1,643
Closing balance as of 31 December 2022	**-**	**(64,710)**	**(1,182)**	**(65,892)**
Carrying value as of 31 December 2022	**845,824**	**139,031**	**1,899**	**986,754**

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**

(*) The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%, 31%, 27%, 23%, 21%. 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 the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

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

NOTE 13 - RIGHT OF USE ASSET

	Hospital Buildings	Total
1 January 2022	**539,308**	**539,308**
Additions	567,411	567,411
Acquired through business combination (Note 29)	71,917	71,917
Charge for the year (*)	(191,007)	(191,007)
Subsidiary exit (Note 2.1)	(55,987)	(55,987)
31 December 2022	**931,642**	**931,642**

	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**

(*) For the period ended 31 December 2022, right of use assets depreciation expenses of TRY187,455 has been charged to 'cost of service' (1 January - 31 December 2021: TRY136,997), TRY3,552 to 'general administrative and marketing expenses (1 January - 31 December 2021: TRY1,824).

NOTE 14 - GOODWILL

Hospital	Date of acquisition	31 December 2022	31 December 2021
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
Tokat Hospital	2007	792	792
Kuzey Group Entities	2010	-	3,406
Acarkent Hospital	2011	232	232
KHB	2014	-	1,516
		33,037	**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.

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 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. 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 the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% 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 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. 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 the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. 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 the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% 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 2023 -2027 and a discount rate of 47%,31%,27%,23%,21%. 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 the hospitals to exceed its recoverable amount. If the estimated discount rate and growth rate in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 9% and 11% below of calculated fair value of these asset and no provision is needed for impairment.

Kuzey Group Entities:

Since the Group has terminated its activities related to Kuzey Group Companies, which are related to laboratory services, the net book value of TRY4,922 has been expensed in 2022.

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2022	31 December 2021
Fees payable to doctors and other personnel	111,285	79,800
Social security premiums payable	54,202	20,617
	165,487	**100,417**

Short term provision for employment benefits:

	31 December 2022	31 December 2021
Unused vacation provision	34,420	23,779
	34,420	**23,779**

Long term provision for employment benefits:

	31 December 2022	31 December 2021
Retirement pay provision	41,178	24,830
Unused vacation provision	20,244	13,114
	61,422	**37,944**

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 TRY15,371.40 for each period of service as of 31 December 2022 (2021: TRY8,284.51).

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 2022, 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 2021: 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 2021: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TRY19.982,83 which became effective as of 1 January 2023 (1 January 2022: TRY10,848.59).

- If the discount rate is 1% higher, the severance pay liability will be TRY1,579 less. If the discount rate is 1% lower, the severance pay liability will be TRY1,798 more.
- Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% lower, the severance pay liability will be TRY2,151 more. Leaving the other assumptions the same if the probability of leaving the job voluntarily is 1% higher, the severance pay liability will be TRY1,863 less.

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

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Movement of retirement pay provision as of 31 December 2022 and 2021:

	2022	2021
Opening balance	**24,830**	**21,311**
Service cost	12,944	3,026
Interest cost	3,850	2,271
Termination benefits paid	(15,969)	(11,426)
Actuarial loss	18,678	9,648
Disposal of associate	(3,155)	-
Closing balance	**41,178**	**24,830**

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2022	31 December 2021
VAT carried forward	141,109	70,853
Other miscellaneous current assets	39,704	5,744
	180,813	**76,597**

NOTE 17 - PROVISIONS

Other short-term provisions:

	31 December 2022	31 December 2021
Litigation provisions	30,501	25,515
Social Security discounts provisions	10,765	3,513
	41,266	**29,028**

Movement of litigation provision as of 31 December 2022 and 2021:

	2022	2021
Opening balances	**25,515**	**13,733**
Charge for the period	27,655	20,799
Payment regarding cases	(20,533)	(9,017)
Affiliate exit	(2,136)	-
Closing balances	**30,501**	**25,515**

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

NOTE 18 - COMMITMENTS

31 December 2022	**Total TRY Equivalent**	**TRY**	**USD**	**EUR**
A.CPM given on behalf of its own legal entity	342,671	336,753	156	150
- Collateral	*342,671*	*336,753*	*156*	*150*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	68,678	68,678	-	-
- Collateral	*68,678*	*68,678*	-	-
- 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	**411,349**	**405,431**	**156**	**150**

(*) The Group has given guarantees amounting to TRY61,727 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.

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

NOTE 18 - COMMITMENTS (Continued)

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.

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

NOTE 19 - SHARE CAPITAL/OTHER RESERVES

Shareholders	(%)	31 December 2022	(%)	31 December 2021
Lightyear Healthcare B.V. (*)	34.67	72,131	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
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**

(*) Turk Ventures Adv. Ltd. provides consultancy services in its Istanbul liaison office to Dutch shareholders TPEF (Hujori Financieringen B.V. ("Hujori") and Lightyear Healthcare B.V. ("Lightyear")). Consulted Hujori and Lightyear have merged under Lightyear. With this merger, 8,287 thousand shares corresponding to 3.98% of the non-public portion and 418 thousand shares corresponding to 0.57% of the publicly traded portion owned by Hujori were transferred to Lightyear.

(**) 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.

As of 31 December 2022 the total number of ordinary shares is 208,037 thousand shares (2021: 208,037 thousand shares) with a par value of TRY1 per share (2021: TRY1 per share).

The share capital is divided into 208,037 thousand shares (31 December 2021: 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 2022 (Note 1). Shares in circulation rate is 33.36% as of 1 January 2023.

Share Premium

	31 December 2022	31 December 2021
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.

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

NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2022	31 December 2021
Legal reserves	764	302
Restricted reserves appropriated from profit	9,958	9,958
	10,722	**10,260**

Legal reserves

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

Treasury shares

Treasury share procedures have been initiated and pursuant to the decision of the Board of Directors of the Company on May 25, 2022 for Company to continue to the share buyback program. Within the scope of the decision, the shares with a nominal value of TRY 7,234, corresponding to 3.5% of the Company's capital, has been bought back at the amount of TRY 371,763 including transaction costs as of December 31, 2022. As of the report date, there are no treasury shares that have been sold.

NOTE 20 - REVENUE AND COST OF SERVICES

Revenue	1 January - 31 December 2022	1 January - 31 December 2021
Hospital services (*)	9,836,916	5,795,954
	9,836,916	**5,795,954**

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

Cost of services	1 January - 31 December 2022	1 January - 31 December 2021
Doctor expenses	(2,094,047)	(1,255,295)
Material consumption	(1,706,361)	(1,051,819)
Personnel expenses	(1,260,904)	(742,733)
Services rendered by third parties	(646,224)	(469,587)
Depreciation and amortization expenses (Note 12,13)	(409,478)	(313,759)
Rent expenses	(90,160)	(43,219)
Other (*)	(785,131)	(340,582)
	(6,992,305)	**(4,216,994)**

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

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 31 December 2022	1 January - 31 December 2021
Sponsorship and advertising expenses (*)	(430,309)	(168,591)
Personnel expenses	(340,833)	(172,096)
Outsourcing expenses	(43,532)	(17,679)
Depreciation and amortization expenses (Note 12,13)	(36,000)	(21,976)
Lawsuit provision (Note 17)	(27,655)	(20,799)
Tourism project expenses	(19,142)	(6,177)
Rent expenses	(13,591)	(8,667)
Communication expenses	(13,446)	(7,691)
Maintenance expenses	(6,113)	(3,370)
Taxes and duties	(3,999)	(3,015)
Utility expenses	(3,120)	(1,318)
Bad debt allowance	(2,708)	(109,350)
Representation and entertainment expenses	(2,473)	(5,184)
Other	(1,654)	(15,559)
	(944,575)	**(561,472)**

(*) 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:

	2022(*)	2021(*)
Independent audit fee for the reporting period	1,015	685
Fees for tax advisory services	-	-
Fee for other assurance services	87	18
Fees for services other than independent audit	-	-
	1,102	**703**

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

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

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange gains from operations	366,987	490,279
Bank commission income	18,871	6,171
Collections from bad debt receivables (Note 8)	560	741
Trade payables discount	-	12,832
Other income	30,760	34,225
	417,178	**544,248**

Other expenses from operating activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange losses from operations	(247,870)	(420,592)
SSI return expenses	(31,977)	(14,945)
Non-operational hospital expenses	(18,480)	(12,699)
Biomedical equipment damage	(28,973)	(12,124)
Other expenses	(152,240)	(85,846)
	(479,540)	**(546,206)**

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Income from sale in shares of associates	80,692	-
Income from business combinations	31,122	-
Exchange rate-protected time deposits	26,164	-
Gain on sale of fixed assets	24,427	9,885
	162,405	**9,885**

Expenses from investment activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Loss on sale of fixed assets	(103,840)	(1,042)
	(103,840)	**(1,042)**

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

NOTE 24 - FINANCE EXPENSES

Finance expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Interest expenses from lease liabilities (*)	(211,568)	(173,639)
Interest expenses from bank borrowings	(146,002)	(226,986)
Interest expenses from bonds issued	(130,968)	(109,391)
Bank commissions	(61,795)	(29,711)
Interest expenses from financial lease obligations	(15,023)	(15,704)
Other interest expenses	(47,555)	(35,579)
Total interest expenses	**(612,911)**	**(591,010)**
Net foreign exchange loss	(30,874)	(71,591)
Net foreign exchange loss from lease liabilities (Note 7) (*)	(26,873)	(27,409)

Finance incomes	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Interest incomes	78,820	37,522
Total interest expenses	**(591,838)**	**(652,488)**

(*) 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 2022**	**31 December 2021**
Current period tax liabilities	51,075	35,663
	51,075	**35,663**

Current tax liabilities	**31 December 2022**	**31 December 2021**
Current corporate tax provision	61,647	82,329
Less: Prepaid taxes and funds	(10,572)	(46,666)
	51,075	**35,663**

Tax income/(expense)	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Current tax expense	(61,647)	(82,329)
Deferred tax expense	431,902	65,653
	370,255	**(16,676)**

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

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

1 January - 31 December 2022	**Before tax amount**	**Tax benefit**	**Net of tax amount**
Actuarial gains/(loss)	(18,677)	3,736	(14,942)
Other comprehensive income	(18,677)	3,736	(14,942)

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)

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 23% in 2022 (2021: 25%).

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 2022 corporate earnings as of temporary tax periods is 23% (2021: 25%). 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 22 April 2022 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 2022.

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

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 %23 over temporary timing differences expected to be reversed in 2022, and %20 over temporary timing differences expected to be reversed in 2023 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 2022, 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. The Group 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 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 TRY434,143.

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 TRY366,510 (31 December 2021: TRY200,394). 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 2022, the Group has tax loss amounting to TRY59,902 (31 December 2021: TRY95,280). TRY13,777 (31 December 2021: TRY23,820) deferred tax assets have been recorded.

Deferred tax assets/(liabilities):	**31 December 2022**	**31 December 2021**
Tax losses carried forward	13,777	23,820
Depreciation differences of tangible and intangible assets	187,429	(120,465)
Provision for employment termination benefits	8,236	4,966
Vacation pay liability	10,933	7,379
Temporary difference between the tax base and carrying amount of financial liabilities	(3,691)	(3,544)
Prepaid building expenses	(158)	(707)
Tax advantage from investment incentive	366,510	200,394
Right of use asset	66,718	70,697
Other	61,748	102,922
	711,502	**285,462**
Deferred tax asset	739,548	421,896
Deferred tax liability	(28,046)	(136,434)
	711,502	**285,462**

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

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

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

	31 December 2022	
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 2023	12,257	-
Expiring in 2024	4,379	-
Expiring in 2025	14,375	-
Expiring in 2026	9,320	-
Expiring in 2027	19,571	-
	59,902	**-**

	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	**-**

Movement of deferred tax (assets)/liabilities for the period ended January 1 - 31 December 2022 and 2021 are as follows:

Tax income/(expense)	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Opening balance as of January 1	**(285,462)**	**(217,879)**
Charged to profit or loss	(431,902)	(65,653)
Disposal of associate	9,598	-
Charged to equity	(3,736)	(1,930)
Closing balance as of year end	**(711,502)**	**(285,462)**

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

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 2022**	**1 January - 31 December 2021**
Loss before tax	1,304,401	371,885
Tax at the domestic income tax rate of 23% (2021: 25%)	(300,012)	(92,971)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(64,287)	(51,519)
- Effect of tax advantage from investment incentive	166,116	40,062
- Change in income tax rate from 20% to 23% (22%)	(333)	(628)
- Discouns and exemptions	163,735	35,656
- Effect on revaluation of immovables and other economic assets subject to depreciation (*)	434,143	59,971
- Other	(29,107)	(7,247)
Income tax income recognised in profit/(loss)	**370,255**	**(16,676)**

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

NOTE 26 - EARNINGS PER SHARE

For the years ended 31 December 2022 and 2021, earnings per share is as follows:

Earnings/(loss) per share	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Weighted average number of shares	208,037	208,037
Net gain/(loss) for the period for the equity holders of the parent	1,619,295	290,423
Earnings/(loss) per share for equity holder of the parent	**7.78**	**1.40**

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.

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

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

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 2022 and 31 December 2021 the net (credit) debt/equity ratio is as follows:

	31 December 2022	31 December 2021
Total Borrowings	3,032,567	2,749,149
Less: Cash and Cash Equivalent	(765,877)	(680,241)
Net Debt	**2,266,690**	**2,068,908**
Total Equity	1,806,995	669,197
Total Capital	**4,073,685**	**2,738,105**
Gearing Ratio	**56%**	**76%**

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.

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

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

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

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		Other receivables		
31 December 2022	**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) (*)	**52**	**1,456,351**	**76,837**	**49,243**	**749,830**
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	52	1,041,960	76,837	49,243	749,830
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	-	414,391	-	-	-
- the part under guarantee with collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	120,478	-	-	-
- Impairment (-)	-	(120,478)	-	-	-
- 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.

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

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

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		Other receivables		
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.

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

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

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 2022	**Trade receivables**	**Total**
Total overdue by 1-30 days	75,988	75,988
Total overdue by 1-3 months	118,318	118,318
Overdue by more than 3 months	220,085	220,085
Total overdue receivables	**414,391**	**414,391**

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**

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.

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

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

Contractual maturities 31 December 2022	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	981,382	1,127,274	328,542	501,971	296,761	-
Debt instruments issued (Bond)	670,000	755,132	74,871	680,261	-	-
Finance lease obligations	115,952	141,769	24,088	55,942	61,739	-
Lease liability	1,265,233	2,368,524	121,042	303,403	1,345,522	598,557
Trade and other payables	2,804,020	2,922,845	1,577,244	965,307	260,294	120,000
Payables for employment benefits	165,487	165,487	165,487	-	-	-
Total liabilities	**6,002,074**	**7,481,031**	**2,291,274**	**2,506,884**	**1,964,316**	**718,557**

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**

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

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

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 2022

	TRYEquivalent (Functional currency)	**USD**	**EUR**	**GBP**
1. Trade receivables	66,361	3,061	460	(2)
2a. Monetary financial assets	539,391	26,834	1,737	134
2b. Non monetary financial assets	34,190	37	1,677	3
3. Other	8,951	-	449	-
4. Current Assets	**648,892**	**29,932**	**4,323**	**135**
6b. Non monetary financial assets	62,359	3,335	-	-
7. Other	(186)	-	(9)	-
8. Non-current assets	**62,180**	**3,335**	**(9)**	**-**
9. Total assets	**711,072**	**33,267**	**4,314**	**135**
10. Trade payables	(9,954)	(332)	(187)	-
11a. Financial liabilities (loans)	-	-	-	-
11b. Financial liabilities (leasing)	(46,185)	(280)	(2,050)	-
11c. Lease Liabilities	(15,338)	-	(768)	-
12a. Other monetary liabilities	(129,437)	(4,026)	(2,653)	(46)
13. Current liabilities	**(200,914)**	**(4,638)**	**(5,658)**	**(46)**
15a. Financial liabilities (loans)	-	-	-	-
15b. Financial liabilities (leasing)	(5,752)	-	(288)	-
15c. Lease Liabilities	(80,582)	-	(4,035)	-
17. Non-current liabilities	**(86,334)**	**-**	**(4,323)**	**-**
18. Total liabilities	**(287,247)**	**(4,638)**	**(9,981)**	**(46)**
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)	**423,825**	**28,629**	**(5,667)**	**89**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**318,505**	**25,257**	**(7,784)**	**86**

(*) As a result of the evaluation of the provision of the temporary article 14 of the Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734; On August 15, 2022 and September 30, 2022, foreign currency protected deposit transactions amounting to TL 121,425 and 92,754 (6,600 EUR and 5,000 USD) were made. Since the related EUR balance is converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position.

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

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

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)**	**-**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (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 2022

In the case of US dollar gaining 20% value against TRY	**Valuation of foreign currency**	**Devaluation of foreign currency**
1 - USD net asset/liability	107,063	(107,063)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	**107.063**	**(107.063)**
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(22.593)	22.593
5 - Portion hedged against EUR risk (-)	-	-
6- EUR net effect (4+5)	**(22.593)**	**22.593**
Total (3+6)	**84.470**	**(84.470)**

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)**

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

NOTE 27 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (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 2022	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(20,764)	-
	(2,5)	20,764	-

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	-

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.

(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 2022	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	765,877	-	-	765,877	6
Financial investments	214,179			214,179	6
Trade receivables	1,456,403	-	-	1,456,403	8
Other receivables (related parties included)	126,079	-	-	126,079	9
Financial Liabilities					
Financial liabilities	1,767,334	-	-	1,767,334	7
Trade payables	2,397,956	-	-	2,397,956	8
Lease liabilities	1,265,233	-	-	1,265,233	7
Other liabilities (related parties included)	406,064	-	-	406,064	9
Payables for employee benefits	165,487	-	-	165,487	15

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

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.

NOTE 29 - BUSINESS COMBINATIONS

The Company acquired Özel Adana Metro Hastanesi and Özel Adana Hastanesi, located in Adana as of 1 December 2022. TFRS 3 defines the "business" as "an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants". As per "Hospital Operation Contract" signed with third parties, the Company acquired hospital licence and fixed assets of the aforementioned hospital. Additionally, hospital building was leased by the Company as per "Building Rent Contracts" signed on the same dates. As purchase price, the Company will pay a total of TRY240,000 through machinery lease payments over the course of 10 years.As this transaction includes "Input – Process and Output" elements mentioned in TFRS , they are accounted as business combination. As of December 31, 2022 it has been provisionally accounted for in the consolidated financial statements under the rules of TFRS 3 "Business Combinations Standard", within the scope of TFRS 3, the differences that occur due to the actual results of the valuation studies will be evaluated in the consolidated financial statements of the next period.

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

NOTE 29 - BUSINESS COMBINATIONS (Continued)

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

Total acquisition amount	(336,877)
Net assets acquired	367,999
Gain on bargain purchase (*)	**31,122**

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

Assets/Liabilities acquired	**Adana Fair value on Acquisition**
Non-Current Assets	
Property, plant and equipment	59,888
Intangible assets	308,111
	367,999
Long Term Liabilities	
Deferred tax liabilities	6,224
	6,224
Net assets acquired	**361,775**
Gain on the bargain purchase	24,898
Non-controlling interests	4,980

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

On 6 February 2023, a state of emergency was declared to include 11 provinces in the region, due to the negativities caused by the earthquakes in Kahramanmaraş province, Pazarcık and Elbistan districts, affecting many of our provinces and deeply shaking our entire country. The developments regarding the said natural disaster are closely monitored by the Group management, and no damage has been detected in the company hospitals located in the region.

(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 2022 and 31 December 2021 are as follow:

EBITDA CALCULATION	**31 December 2022**	**31 December 2021**
i. Net gain/(loss) before tax	1,304,401	371,885
ii. Depreciation and amortization of tangible and intangible fixed assets including non- cash provisions related to assets such as goodwill	445,477	335,735
iii. Total net finance expenses, net of interest income (Note 22)	534,090	553,488
iv. Fx gains / losses, net under finance expenses (Note 24)	57,748	99,000
v. Fair value differences of derivative instruments	-	-
vi. Extraordinary (income)/ expenses	97,936	72,646
vii. Rediscount income/expense (Note 22)	1,856	(12,832)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; (Note 17)	7,122	11,782
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles (Note 15);	17,771	8,907
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; (Note 15)	16,794	5,297
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; (Note 8)	2,148	108,609
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 5)	367	787
xiiii. Disposal or disabling material or intangible assets non-cash profits, adding non-gross gain/(losses); (Note 23)	(58,565)	(8,843)
EBITDA	**2,427,145**	**1,546,461**
TFRS 16 Lease payment effect	(390,005)	(324,048)
Adjusted EBITDA	**2,037,140**	**1,222,413**

…………………