MLPCARE

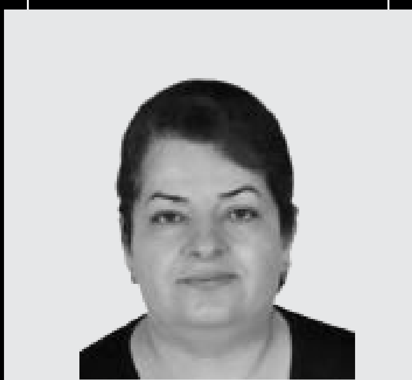
GUARDIANS OF LIFE

Annual Report 2020

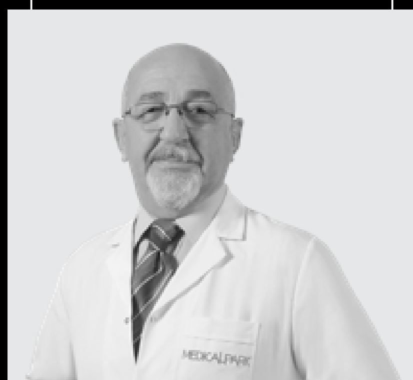
WE REMEMBER WITH RESPECT

Cardiovascular Surgery Specialist
Prof. Dr.
KERİM ÇAĞLI
(Liv Hospital Ankara)

Chief Physician and Internal
Diseases Specialist Dr. Lecturer
ENGİN TÜRKMEN
(Medical Park Bahçelievler Hospital)



Patient Care Personnel
NİGAR NADİR
(VM Medical Park Bursa Hospital)



Obstetrician and Gynecologist
Dr. Lecturer
HÜSEYİN İLHAN DEMİREL
(Medical Park Karadeniz Hospital)

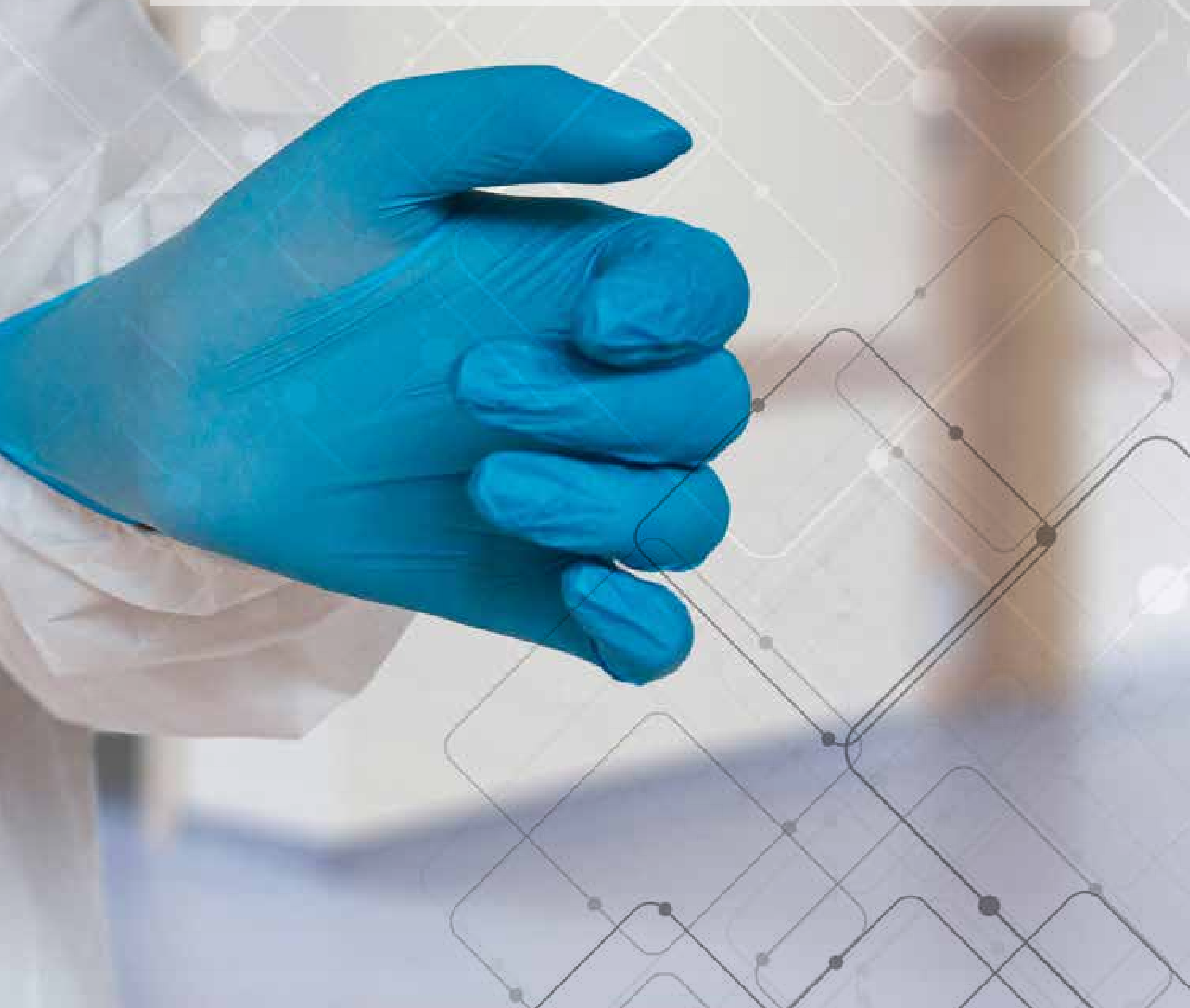
Covid-19 pandemic, remarkably changing life all over the world, started to spread in our country when the first case was recorded in March 2020 in Turkey. Since that day, we have worked with great devotion for our country in this difficult period with the responsibility of being Turkey's largest healthcare group with the highest installed capacity.

While presenting our eternal gratitude, we dedicate this report and our success to our physicians and healthcare professionals who demonstrated heroic fight all adversity.

We will never forget your sacrifices.

HUMAN HEALTH FIRST

We created healthy working environment by taking strict precautions during the Covid-19 outbreak for our patients and as well as our healthcare professionals. Thanks to these precautions we continued to to fulfill our responsibilities and minimized adversity.



EFFICIENT AND STRONG PROGRESS

We continued to increase our Operational performance with effective cost discipline. We managed to strengthen our balance sheet by increasing our cash position with different measures and strategies against possible turbulence caused by Covid-19.

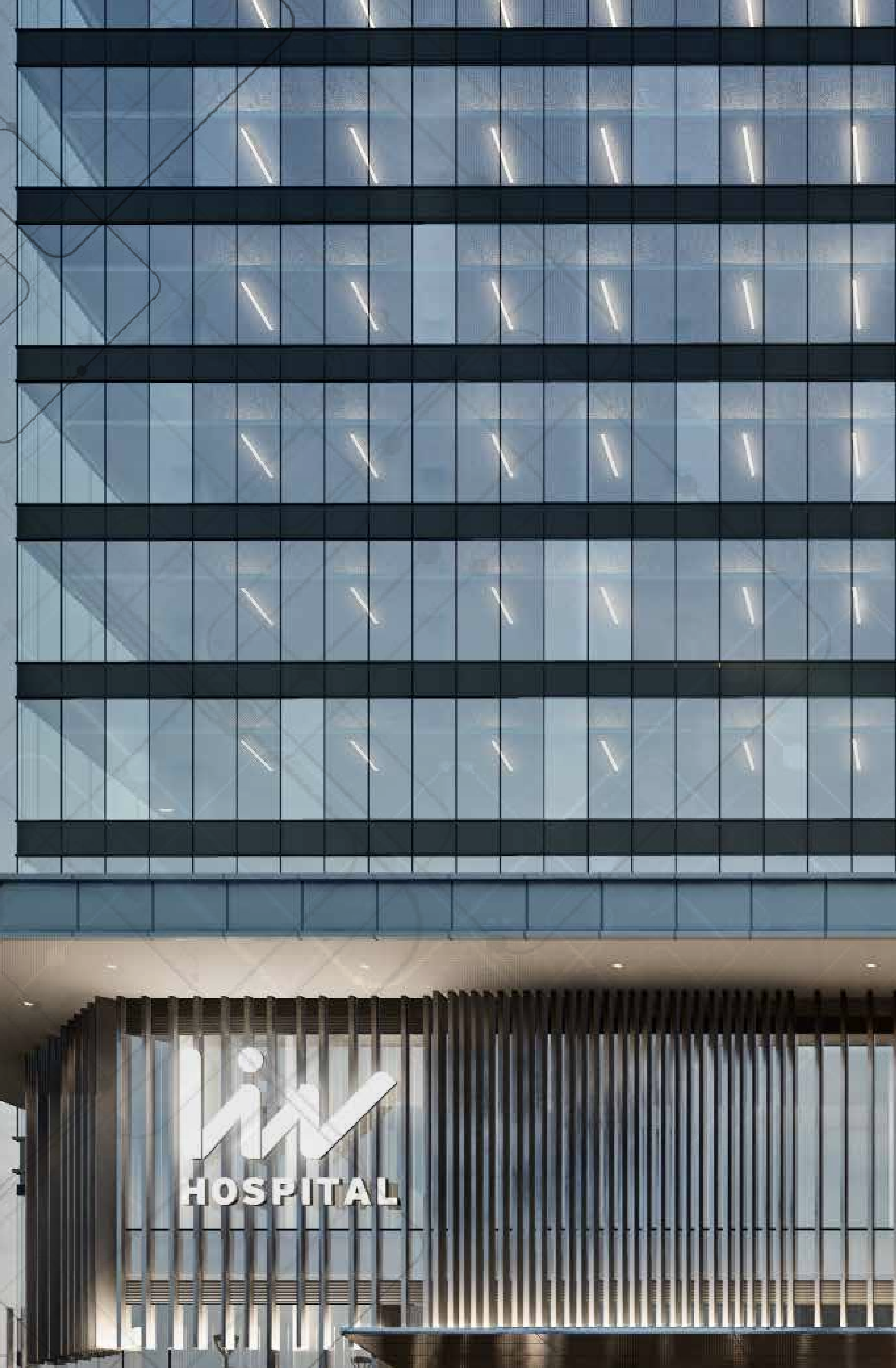
PROCESS ACCELERATOR DIGITAL SOLUTIONS

As a result of accelerated digitalization efforts we started to use Robotic Process Automation for our invoicing processes. With this technology we became the first healthcare institution to use this technology in Turkey. Additionally, various other automation procedures are realized in doctor, material, and other various cost management processes.

3 NEW HOSPITALS

As MLP Care, the leading private healthcare service provider in Turkey, in line with our strategy of focusing on growth in metropolitans with large-and medium-scale hospitals, we added VM Medical Park Maltepe, VM Medical Park Ankara (Keçiören) and Liv Hospital Gaziantep (Şehitkamil) hospitals into our portfolio.


MEDICALPARK
VM MEDICALPARK
VM MEDICALPARK
VM MEDICALPARK
VM MEDICALPARK


HOSPITAL

1 MORE HOSPITAL TO ISTANBUL

Liv Hospital Vadi Istanbul, is going to start operating in the second quarter of 2021 in Sarıyer, Istanbul. More M&A opportunities with low capital expenditure will be evaluated in 2021-2022.

Contents

In this annual report, the number of employees includes the employees of 3 university hospitals operating under the management contract, interns, and employees within the scope of 4-1A. Therefore, the number of permanent employees is different from the 11,704 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

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

Turkey's Largest Healthcare Group

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

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

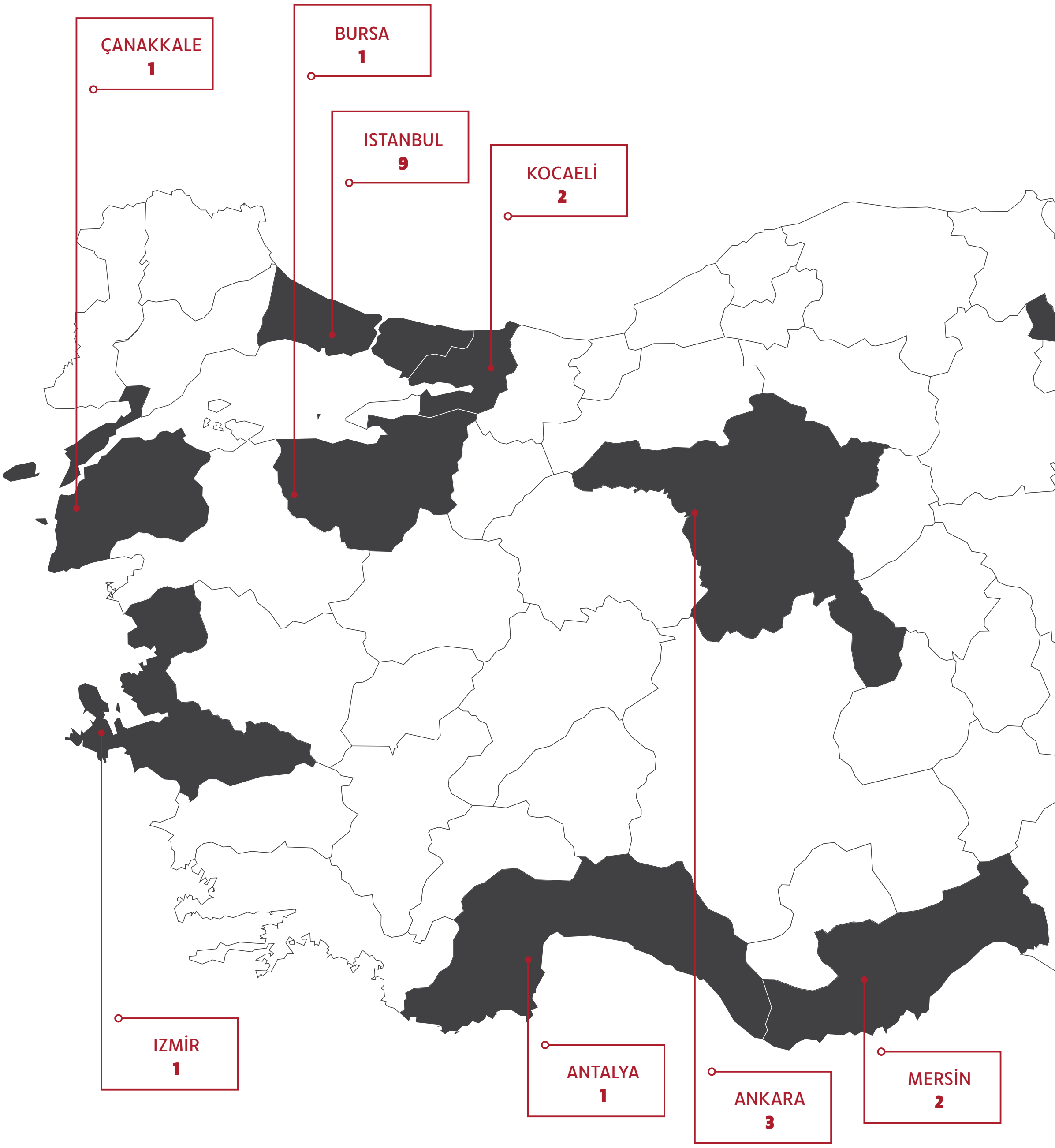
MLP care operates with 18,000+ staff, 2,200+doctors.

- **Strong affiliations with universities and medical schools**
  - 975 academicians[1] working as physicians at Group hospitals (44% of total physicians)
- **World-renowned for operational and surgical excellence**
  - Da Vinci Robotic Surgery System
  - Gamma Knife Treatment
- **Best-in-class medical quality across the portfolio**
  - JCI Accreditation
  - Global SRC[2] Standards in surgical procedures and "Centers of Excellence" awards in three centers
- **State-of-the-art infrastructure and advanced technological facilities**
  - 15 cities, 30 hospitals
  - Over 18 thousand employees, including more than 13 thousand permanent employees and over 2,200 physicians
- **Sustainable financial growth performance**
  - Business growth through Top-up Health Insurance System
  - Business growth through revenue diversification

[1]Per regulations issued by YÖK (The Council of Higher Education), academicians from other provinces are no longer permitted to work at universities in Istanbul and Izmir. While the number of academicians with an academic title and appointed in the academic staff of universities is 546, the total number of physicians with academic titles assigned or not assigned to academic staff is 975

[2]SRC: Surgical Review Corporation

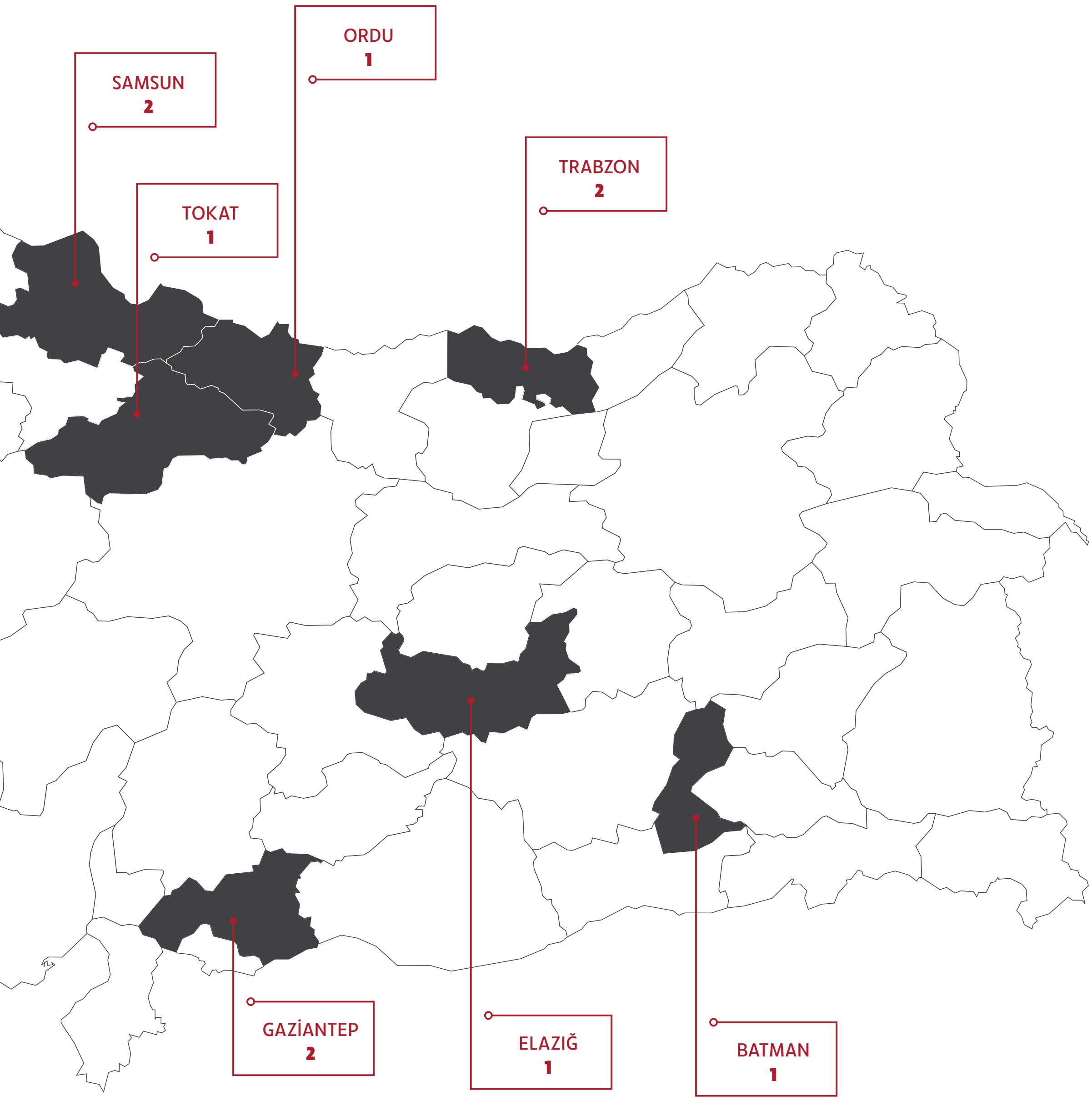
MLP Care Activity Map



HOSPITALS OPENED IN 2020

VM Medical Park Ankara Hospital
Opening: March 2020
Location: Ankara

Liv Hospital Gaziantep
Opening: September 2020
Location: Gaziantep



TL 4.0 Billion
Revenue

TL 1.0 Billion
EBITDA*

15 Cities

30 Hospitals

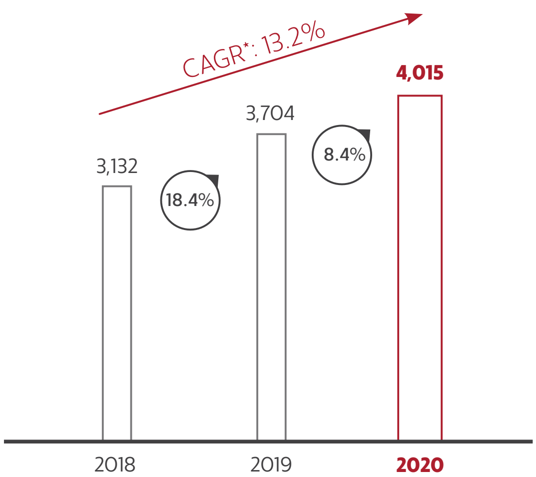
~18 Thousand
Employees

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

Key Indicators

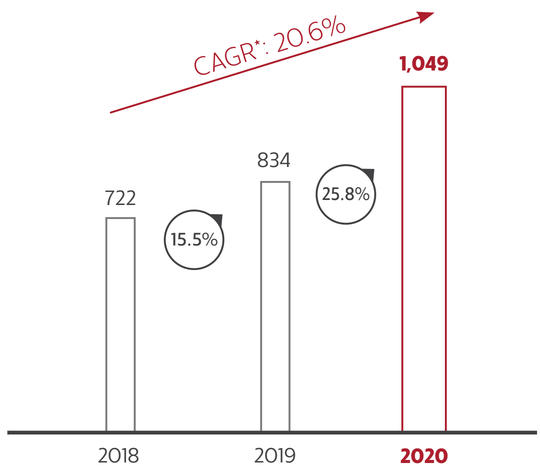
MLP Care continued to provide high quality healthcare services in 2020, with strong financial and operational strength.

Revenue (TL Million)



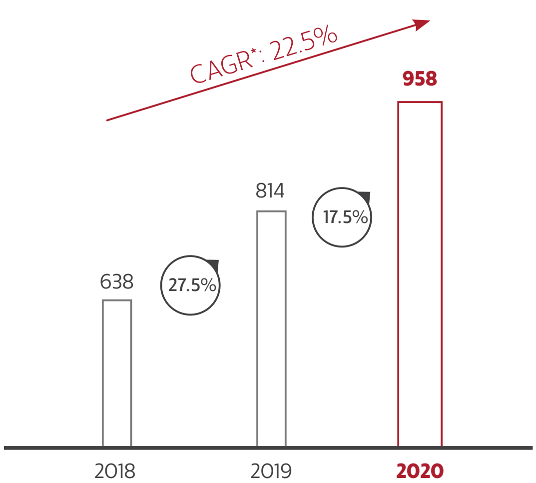
*CAGR: Compound Annual Growth Rate

EBITDA** (TL Million)



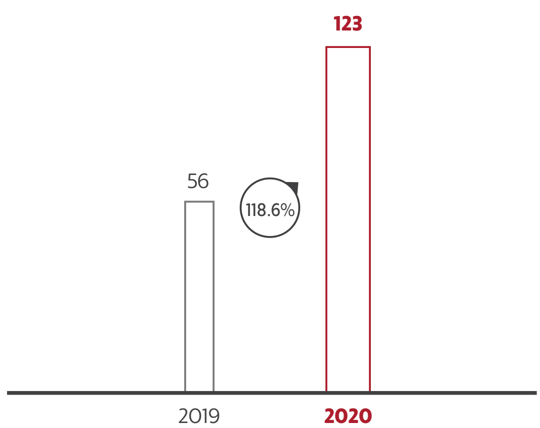
**Adj. EBITDA is based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income)/expenses, net and non-cash GAAP provision expenses.

EBITDA*** (TL Million)



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

Net Profit (TL Million)



Main Income Statement Items

	2019	2020*	Change
Revenue (TL million)	3,704	4,015	8%
Operating Income (TL million)	654	870	33%
Operating Income Margin	17.7%	21.7%	401 bps
Net Profit/ (Loss) (TL million)	56	123	119%
Adjusted EBITDA*(TL million)	834	1,049	26%
Adjusted EBITDA* Margin	22.5%	26.1%	362 bps
Adjusted EBITDA** (TL million)	814	958	18%
Adjusted EBITDA Margin**	22.0%	23.9%	188 bps
Free Cash Flow (TL million)	490	733	50%

Main Balance Sheet Items

	2019	2020*	Change
Cash and Cash Equivalents (TL million)	306	375	23%
Total Assets (TL million)	3,914	4,572	17%
Equity Attributable to the Owner of the Company (TL million)	230	282	23%
Net Financial Debt (TL million)	2,066	2,117	2%
Net Financial Debt/Adjusted EBITDA	2.5	2.0	(19%)

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

MLP Care in Brief

Boasting powerful brands and a broad portfolio of services aimed at diversified customer segments, MLP Care is Turkey's largest multidisciplinary hospital group.

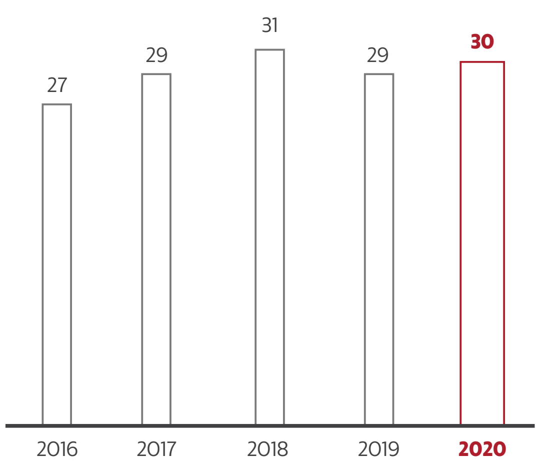
MLP Care, continues its journey that began with Medical Park alongside Liv Hospital brand and VM Medical Park concept strong and stably for the quarter of a century.

Originally founded in 1993 as Medical Park, MLP Sağlık Hizmetleri A.Ş. (MLP Care) continues to extend its reach with the Liv Hospital brand and the VM Medical Park concept for a quarter of a century. As the largest healthcare group in the industry, MLP Care currently operates 30 hospitals in 15 cities across the country – from Bursa and Elazığ to Trabzon and Antalya. MLP Care leads the Turkish healthcare sector with its hospital facilities, affiliates and more than 13 thousand permanent employees.

Boasting powerful brands and a broad portfolio of services aimed at diversified customer segments, MLP Care is Turkey's largest multidisciplinary hospital group. The Company's highly centralized business model supports hospital field operations and central management. MLP Care has a nationwide network that spans the most populated cities in Turkey.

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

Number of Hospitals



MLP Care in Brief

2 Brands and 1 Concept Targeting Different Segments

Balanced Revenue Sources

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

Premium

Premium Mass

Middle-Upper Mass

Our Strengths

1. Operates in the attractive Turkish healthcare market
2. Leader in private hospital provision
3. Strong brand recognition and unique business model addressing all price points
4. Clinical excellence and world-class service offering
5. Superior operational and financial performance
6. Outstanding platform for further growth
7. Visionary leadership supported by an exceptional management team

Vision, Mission and Values

Vision

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

We are going to reach our vision by;

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

Mission

We work to ensure that all people live healthy lives.

Values

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

Certifications and Awards

- JCI (Joint Commission International) Accreditation Standards
- Ministry of Health Quality Standards
- SRC Center of Excellence Certification
- Runner-up Award in the Healthcare Services Category in the 2019 Service Export Champions Survey conducted by the Service Exporters Association (HİB)
- MLP Care's Investor Relations practices ranked at the top of the list both in EMEA and in Turkey for all sectors according to a survey by Institutional Investor.

Growth Strategy

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

17
There are 17 hospitals operating under the Medical Park brand.

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

5
There are 5 hospitals operating under the Liv Hospital brand.

Altınbaş University Hospital Medical Park Bahçelievler

Medical Park

The first brand introduced by the Company for the middle-upper segment, Medical Park operates in line with the motto, "Health for Everyone." The brand is mainly aimed at patients covered by SSI (Social Security Institution) health insurance. Currently, 17 of the Group hospitals operate under this brand.

Growth Strategy

VM Medical Park Maltepe Hospital

VM Medical Park

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

Liv Hospital Gaziantep

Liv Hospital

Launched in 2013, the Liv concept is the Company's premium segment service. Taking its name from the acronym for "Leading International Vision," Liv Hospital targets the premium segment, consisting mainly of self-pay patients or patients who have private health insurance and are willing to pay more for VIP service. Liv Hospital delivers an advanced level of comfort and hospitality services in terms of more staff per patient and the latest in-room technology. The Company operates 5 hospitals under the Liv Hospital brand exclusively: Istanbul Ulus; Ankara Çankaya; Samsun; and Gaziantep; along with Istinye University Hospital Liv Hospital Bahçeşehir, currently operating pursuant to a management contract.

Growth Strategy

In evaluating the opportunities for greenfield expansions and acquisitions, the Company mainly focuses on large cities, where it is easier to find qualified healthcare personnel and offer socially and economically diversified patient plans.

MLP Care's proven track record of growth, both through greenfield expansions and acquisitions, added 17 hospitals to the Company's portfolio between 2014 and 2020.

CORE STRATEGIES

MLP Care aims to provide profitable service to all patient groups in different segments in the upcoming periods. The Company's primary strategies to achieve these objectives are summarized below.

Maintaining its position as the largest player in the private healthcare sector and its expanding footprint by leveraging the Company's proven track record of greenfield expansions and acquisitions

MLP Care's proven track record of growth, both through greenfield expansions and acquisitions, added 17 hospitals to the Company's portfolio between 2014 and 2020. As part of its strategy to focus growth in metropolitan areas with mid-large scale hospitals, MLP Care exited from four of its non-contributing small-scale hospitals to increase portfolio efficiency. In evaluating the opportunities for greenfield expansions and acquisitions, the Company mainly focuses on large cities, where it is easier to find qualified healthcare personnel and offer socially and economically diversified patient plans.

In addition to organic growth, the Company regularly monitors acquisition opportunities in the sector. The Company expects to benefit from the consolidation trend of the fragmented private healthcare sector in the upcoming years.

Support of private medical insurance policies into further top-line growth

Up to 6% of the total population in Turkey is covered by private medical insurance; this ratio decreases to 5% when emergency and travel insurance are excluded. Of the total 6.4 million insurance policies sold in Turkey, 2.3 million are for comprehensive healthcare insurance and 1.6 million are top-up insurance policies. This growth was mainly driven by the affordability of the top-up insurance policies compared to the comprehensive healthcare insurance policies. Due to the Covid-19 pandemic that affected the whole world, the demand for top-up insurance has increased.

Increasing the share of medical tourism in the total revenue

The medical tourism market in Turkey is growing in terms of visitors and expenditures, representing the significant potential for the Company's business. Turkey has an important position in the medical tourism market, offering both clinical excellence and competitive prices for the most common operations. As well, the country's advantageous position in the medical tourism market is supported by recent regulatory initiatives, including government financial incentives, such as Turquality, intended to stimulate medical tourism.

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

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

Growth Strategy

MLP Care added another private medical school-affiliated hospital in 2020 via the affiliation of the Izmir University of Economics and Medical Park Izmir. The Company's portfolio now includes six private medical school-affiliated hospitals.

In 2020, the total medical tourism revenue was

TL 340 million

As a leading healthcare service provider in terms of revenue generated from medical tourism, MLP Care has consistently expanded its market share by offering high medical quality and affordable prices; the year 2020 was an exception, due to pandemic-related flight bans. In 2020, medical tourism revenue declined by 21.8% to TL 340 million compared to the last year due to the adverse effects of the pandemic. While medical tourism revenue shrank to 8% of the total revenues in 2020, it is expected to resume growth in upcoming years.

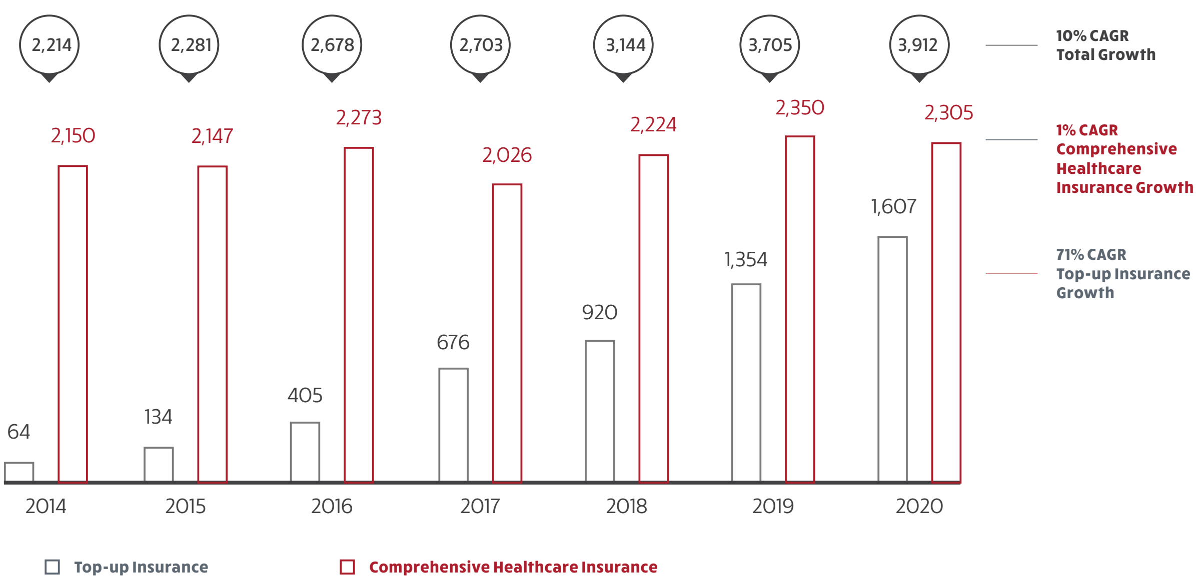
Continuing to focus on university affiliations

In addition to Company-owned hospitals, MLP Care added another private medical school-affiliated hospital via the affiliation of the Izmir University of Economics and Medical Park Izmir. The Company's portfolio now includes six private medical school-affiliated hospitals. Altınbaş University Hospital Medical Park Bahçelievler, Bahçeşehir University Hospital Medical Park Göztepe, and Izmir University of Economics Medical Park Izmir are owned by the Company, while Istanbul Aydın University VM Medical Park Florya, Istinye University Hospital Liv Hospital Bahçeşehir, and Istinye University Hospital Medical Park Gaziosmanpaşa are operated pursuant to a management contract.

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

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

TOTAL NUMBER OF POLICIES SOLD IN TURKEY ('000)



Source: Turkish Insurance Association

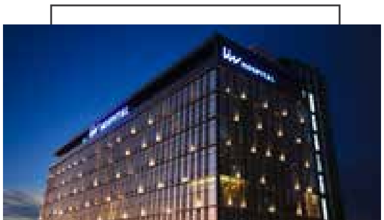
Milestones

In line with its growth strategy, MLP Care acquired 1 hospital in Ankara in March, 2020 and opened the new Liv Hospital in Gaziantep in September, 2020.

1993
Founders Muharrem Usta and Adem Elbaşı opened Sultangazi Hospital in Istanbul.

1995
Istanbul Fatih Hospital was opened.

2005
MLP Sağlık Hizmetleri A.Ş. was incorporated by founders Muharrem Usta and Adem Elbaşı, together with Sancak Group, on a 50/50 ownership basis, thereby consolidating the two hospitals – Sultangazi Hospital and Istanbul Fatih Hospital – under one company.



2006 - 2008
Bursa VM Medical Park (2006), Istanbul Bahçelievler (2007), Antalya (2008), Gaziantep (2008), and Istanbul Göztepe (2008) hospitals were opened. Batman (2007), Elazığ (2007), and Tokat (2007) hospitals were acquired.

2009
A 40% stake in the Company's share capital was acquired by Summer Investment S.A.R.L., an entity controlled by The Carlyle Group.

2009 - 2011
Ordu (2009), Samsun (2009), Gebze (2011), Tarsus (2011), and Izmir (2011) hospitals were opened. Uşak Hospital (2010) was acquired.

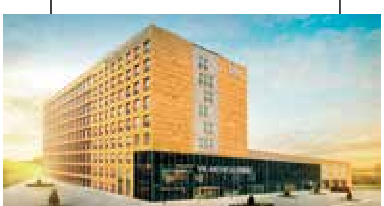
2011 - 2013
Liv Hospital Ulus, the first hospital under the premium segment, was opened.

2014
The Carlyle Group's stake was sold to funds advised by Turk Ventures Advisory Limited, which acquired an aggregate 53.35% stake (via a share sale and share capital increase) of the Company through companies established for this purpose, namely Lightyear (acquiring 47.22%) and Hujori (acquiring 6.13%).

Trabzon Yıldızlı and Trabzon Karadeniz hospitals were acquired. In addition, Silivri, Ereğli, Çanakkale, and Istanbul Avcılar hospitals were acquired from the Arkaz Group.

Liv Hospital Ankara ve Medical Park Ankara hospitals were opened.

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



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

2017
Istanbul Aydin University VM Medical Park Florya started operations pursuant to a management contract.

Liv Hospital Samsun was opened.

2018
In February, MLP Care started trading on Borsa Istanbul with the symbol MPARK.

VM Medical Park Pendik and VM Medical Park Mersin hospitals were opened in March and in May, respectively.

2019
As part of its strategy to focus growth in metropolitan areas with mid-large scale hospitals, MLP Care sold its 57% stake in Avcılar, Ereğli and Silivri hospitals to Arkaz Sağlık Hizmetleri A.Ş. (Arkaz) for cash proceeds, to increase portfolio efficiency. As part of the transaction, MLP Care acquired the remaining 43% stake in Çanakkale hospital and its ownership increased to 100%.

MLP Care's 80%-owned subsidiary, Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş., signed a contract to acquire Özel Mehmet Toprak Hospital in Istanbul Maltepe in December 2019.

2020
Aligned with its strategy to focus growth in metropolitan areas with mid-large scale hospitals, MLP Care acquired two hospitals: one, in Ankara, in March 2020; the other in Gaziantep, under the Liv Hospital brand, in September 2020. The Company also handed over Uşak Hospital in August 2020, in line with efforts to raise portfolio efficiency.

Message from the Chairman and CEO

Although hospitals around the world mainly provided services for pandemic-related issues this past year, we continue to provide highly complex and vital treatments in a safe environment.

In line with our strategy to focus on mid-large scale hospitals, we added three hospitals to our Group: one in December 2019, in Maltepe, Istanbul; the other two in March and September 2020 in Ankara and Gaziantep, respectively.

Esteemed Shareholders, Business Partners, and Employees,

We are in a time when, once again, the importance of sustainable, widespread healthcare services at international standards is highlighted for both countries and humanity in general. The pandemic has changed our lives in many ways, and we are striving to adapt, changing our priorities, our social lives, our ways of doing business and our daily routines. Conversely, what does not and will not change is our need for quality healthcare services.

This past year could be described as "extraordinary," considering our responsibilities for our country and our people. We are the frontline fighters in a collective battle, under the leadership of the Ministry of Health. We have worked diligently and ceaselessly to defend our nation against this virus, and our greatest motivation was the happiness of treating patients and reuniting them with their loved ones.

Committing to human services requires putting the lives and needs of others before our own; to be a doctor, a nurse or a healthcare worker is considered a sacred duty. In 2020, we witnessed the heroism and dedication of our healthcare professionals at all levels, many of whom remained separated from their families and loved ones to honor their oath. Under extremely difficult and stressful conditions, healthcare workers worked with patience, compassion and devotion. Many healthcare workers fell ill and yet continued fighting for humanity. I thank each and every one of them for their hard work and service.

Unfortunately, this year brought even greater tragedy: some healthcare workers were unable to regain their health. Within the Group, we have lost beloved doctors and a healthcare worker. This past year, I experienced the pain of losing three of my colleagues and a staff member – my friends – to this disease.

We will remember them always, with gratitude: Dr. Lecturer Engin Türkmen, Chief Physician and Internal Diseases Specialist from Medical Park Bahçelievler Hospital. Prof. Dr. Kerim Çağlı, Cardiovascular Surgery Specialist from Liv Hospital Ankara. Dr. Lecturer Hüseyin İlhan Demirel, Obstetrics and Gynecology Specialist from Medical Park Karadeniz Hospital. Nigar Nadir, Patient Care Support Personnel from VM Medical Park Bursa. May they rest in peace.

We lost many healthcare workers outside of our Group as well, and we feel the pain and loss in our hearts. We dedicate our 2020 Annual Report, a summary of our efforts for this past year, to all the healthcare professionals lost, along with our own, to demonstrate our gratitude to them. Once again, I commemorate all of those lost with mercy, and I wish fortitude and strength to their families and community.

We will continue to honor the efforts of our lost ones. Our strongest hope is to carry on contributing in a positive way, see through the end of all the negativity that the pandemic brought to our lives.

Before the pandemic, we had announced a transition to digitalization and project implementation within the Group. The pandemic created an environment to accelerate and develop such projects and launch new ones. We started to realize projects across all departments, starting from Human Resources and Invoicing. Our digitalization initiatives have reached a point that supports our efficiency goals. As we – along with other businesses and organizations worldwide – navigate this period, cost control and efficiency efforts are even more critical. As a result of these efforts, we continued our profitable growth in line with our long term strategy, despite the challenges of 2020.

In line with our strategy to focus on mid-large scale hospitals, we added three hospitals to our Group: one in December 2019, in Maltepe, Istanbul; the other two in March and September 2020 in Ankara and Gaziantep, respectively. These additional hospitals enabled us to serve and heal more people. In fact, we opened Liv Hospital Gaziantep to do just that – deliver necessary services to more people. In the second quarter of 2021, we plan to open the Group's thirty-first hospital and the sixth branch of Liv Hospital, Liv Hospital Vadi Istanbul. I believe that Liv Hospital Vadi Istanbul will soon become one of the referenced hospitals for our nation.

As MLP Care, we announced last year that we were accepted to the Turquality program with our Medical Park and Liv Hospital brands. The Turquality program, in which we participate with our two brands, will contribute to the rapid recovery of health tourism negatively affected by Covid-19 in 2021.

Although hospitals around the world mainly provided services for pandemic-related issues this past year, many people from all over the world still expect to receive services for other serious health problems. In our Liv Hospital and Medical Park hospitals, we continue to provide highly complex and vital treatments in a safe environment.

I would like to thank our employees for their uninterrupted service and efforts during this demanding period. I wish a healthy future to our esteemed stakeholders, our country, and all humanity.

Respectfully yours,

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

2020 Highlights

MLP Care expanded its hospital network with the additions of VM Medical Park Ankara Hospital in March 2020 and Liv Hospital Gaziantep in September 2020.

MLP Care continued its strong growth trend in 2020 despite the adverse effects of the pandemic, increasing revenue and EBITDA to TL 4.0 billion up by 8%, and to TL 1.0 billion up by 26%, respectively.

MLP Care expanded its hospital network with the additions of VM Medical Park Ankara Hospital in March 2020 and Liv Hospital Gaziantep in September 2020.

Despite the worldwide pandemic, MLP Care completed the year with operational success, exiting from Uşak Hospital in line with effective cost management and a growth strategy focused in metropolitan areas with mid-large scale hospitals. On February 8, 2021, the Company strengthened its balance sheet against possible macroeconomic headwinds by converting foreign currency syndicated loans for the years 2022-2024 into TL.

March 2020

Covid-19 Ministry of Health Pandemic Precautions

On March 11, 2020, the World Health Organization assessed the coronavirus (Covid-19) virus as a "Pandemic." The virus emerged in the People's Republic of China in the last months of 2019 and spread rapidly throughout the world. In Turkey, the first case was reported on March 11th, 2020.

From the very beginning, the Group has fulfilled its responsibilities in the fight against the pandemic. All hospitals are accordingly equipped and readied, and all the Company's healthcare professionals are prepared, dedicated, and committed to this mission.

Following the circular order N 14500235-403.99 dated March 20, 2020, published by the Ministry of Health of Turkey regarding Pandemic Hospitals, the extent of the Company's aforementioned support was expanded. The circular order assessed private hospitals that met certain criteria as "Pandemic Hospitals." Accordingly, hospitals that had level-3 adult intensive care beds and employed at least two infectious diseases and clinical microbiology, pulmonology and internal diseases specialists were defined as Pandemic Hospitals and the necessary arrangements were set for the diagnosis and treatment of Covid-19 patients in these hospitals.

Pursuant to the determined criteria, 97% of the total bed capacity is classified as Pandemic Hospital. Although the Circular Order requires a certain part of the hospitals to be reserved for the pandemic, pandemic related services have increased time to time.; considering both the increase in cases and the need for measures to be taken to protect patient and employee health.

All the hospitals are ready to provide all kinds of healthcare services, as always. Moreover, all the necessary committees are established within the Group to implement treatment protocols for Covid-19 patients, in coordination with the Ministry of Health of Turkey, and are prepared to take action. Considering the nature of Covid-19 and its transmission parameters, all types of precautions are taken, including the implementation of disinfection procedures for the protection of employees and hospitals.

The Company is also included in the Economic Stability Shield General Communiqué, announced by the Ministry of Treasury and Finance of Turkey for many industries, including healthcare organizations.

MLP Sağlık Hizmetleri A.Ş. is committed to ensure that Turkey and its citizens are affected as minimally as possible by the pandemic. The Company participates in this mission with the fullest dedication and mobilizes every possible means to meet the challenges of this situation.

May 2020

Withdrawal of Financial Guidance for 2020

The Company withdrew expectations for the financial year 2020 due to the uncertainty regarding the impact of the Covid-19 pandemic. For the same reason, the Company cannot share a revised expectation.

In line with the Group's agile business model, rapid measures were taken to limit the effects of the crisis without affecting the Group's long-term potential. The Group initiated negotiations with suppliers and hospital building landlords to reduce operating costs throughout the pandemic. To increase the Company's liquidity position, long-term credit lines of TL 330 million were withdrawn, consisting of an investment loan of TL 80 million and a Net Working Capital loan of TL 250 million. The Net Working Capital Management Committee was established as of March 2020 for the planning of customer collections and supplier payments. Since we are a pandemic hospital, all Social Security Institution (SSI), Withholding Tax, and VAT payments for the period of March-June were postponed to October 2020.

August 2020

Collection of Receivables from the Government of Libya

The Group has trade receivables arising from health services provided to patients from abroad. The collection of receivables in question are monitored regularly by the Group. TL 99.1 million was collected from Libyan Goverment as of August 6, 2020.

2020 Highlights

MLP Sağlık Hizmetleri (MLP Care), the leading hospital group of Turkey with the Medical Park and Liv Hospital brands, was recognized by Institutional Investor for its successful corporate governance, financial management and investor relations practices.

TL 33.3 Million

Proceeds from the sale transaction of Uşak Hospital was TL 33.3 million.

September 2020

Institutional Investor 2020 Awards
MLP Sağlık Hizmetleri (MLP Care), the leading hospital group of Turkey with the Medical Park and Liv Hospital brands, was recognized by Institutional Investor for its successful corporate governance, financial management and investor relations practices.

MLP Care was awarded the special designation of "Most Honored Company" and was the top-ranked among 30 companies in the region. The Company also led in the Healthcare & Pharmaceuticals category.

Sweeping the awards for Turkey, MLP Care was recognized as having the "Best Investor Relations Program" among small-scale companies, based on their market value. Furthermore, MLP Care Chairman and CEO Dr. Muharrem Usta, CFO Burcu Öztürk, and Strategy and Investor Relations Director Dr. Deniz Can Yücel were named "Best CEO," "Best CFO" and "Best IR Professional," respectively.

Hospital Portfolio Optimization in 2020

In line with its strategy of expanding in metropolitan areas through large-scale hospitals, MLP Care performed three notable transactions.

March 2020

Acquisition of VM Medical Park Ankara Hospital
MLP Care signed a contract to acquire Medisis Hospital in Keçiören, Ankara on March 13, 2020. The take-over agreement consists of the acquisition of the hospital license and long-term lease of the hospital building and medical equipment.

The hospital was operational, and no additional capital expenditure was foreseen when the acquisition was executed. MLP Care intends to bring the hospital to its full potential by leveraging MLP Care's brand strength, operational know-how, experienced physicians, and management staff.

The acquired hospital has a total closed area of 19 thousand square meters. It is located in Keçiören, ranked among Turkey's three most highly populated districts, with a population of nearly one million people. MLP Care expects the hospital to become one of the top-performing hospitals within the group.

Following the Medisis Hospital acquisition, MLP Care now owns three hospitals in Ankara, of which the other two are Medical Park Ankara Hospital and Liv Hospital Ankara. The performance of Medisis Hospital is expected to be similar to Medical Park Ankara.

August 2020

Exit from Uşak Hospital

As part of its strategy to focus growth in metropolitan areas with mid-large scale hospitals and optimize its portfolio, MLP Care exited from Uşak Hospital on August 7, 2020. In 2019, the share of the Uşak Hospital in consolidated revenues and EBITDA was 1.4% and 0.3% respectively. Proceeds from the sale transaction of Uşak Hospital was TL 33.3 million.

September 2020

Opening of Liv Hospital Gaziantep

MLP Care opened the new Liv Hospital in Gaziantep

With a total closed area of approximately 40 thousand square meters, 258 beds and 70 policlinic rooms Liv Hospital Gaziantep has started accepting intensive care patients as of September 28, 2020 and began general patient admission on October 1, 2020.

Centrally located and a 20-minute drive from Gaziantep Airport, Liv Hospital Gaziantep is expected to play a major role in introducing the high-quality healthcare services of the Liv Hospital brand to guests from Middle Eastern and Arab countries, as well as from European and Balkan countries.

January 2021

The Issuance of Lease Certificate

Within the framework of the Capital Markets Board ("CMB") Lease Certificates Communiqué (III-61.1) ("Communiqué"), MLP Sağlık Hizmetleri (MLP Care) ("Fund User") will take place as a fund user, with various maturities within one year. Based on the management agreement stipulated in the Communiqué, our application to the CMB for the purpose of issuing lease certificates domestically and obtaining the necessary permissions in order to be sold to qualified investors with an issue ceiling of TL 500,000,000- (five hundred million Turkish Liras) without being offered to the public, has been approved on January 8, 2021.

With the funds provided as a result of our company's lease certificate issuance, it is aimed to increase the existing capacity of the facilities operating in the healthcare sector, to make new facility investments, to purchase devices and medical equipment, to invest in information system for healthcare sector and to finance existing or post issuance investment and operating activities.

February 2021

The Conversion of The FX Denominated Loans into TL

All of the principal payments of EUR 46.5 million of syndicated loans for the years 2022-2024 were converted into TL at the CBRT buying rate on February 8, 2021. As a result of this transaction after reporting date, the FX Net Debt open position is closed, impacts of which will be seen by Q1 2021. Along with its long-term strategy, the Company created a natural hedge in the balance sheet by keeping cash in hand in EUR denominated terms in efforts to manage foreign exchange risk, reduce financial expenses and Net Debt/EBITDA ratio.

2020 Highlights

On the back of the improvement in operational performance and effective cost management, a net profit of TL 123 million was generated in 2020.

2020 Financial Review

Summary Financials

(TL million)	2020	2019	Change
Revenue	4,015	3,704	8.4%
EBITDA[1]	1,049	834	25.8%
EBITDA[1] margin (%)	26.1%	22.5%	362bps
EBITDA[2] without FX impact of other income/expenses from operating activities	958	814	17.7%
EBITDA[2] margin (%)	23.9%	22.0%	188bps
Net Profit/(Loss) Before Tax	186	82	125.9%
Net Profit/(Loss)	123	56	118.6%
Net Profit/(Loss) Normalized for FX Losses from Debt (Including Hedging Cost)	365	125	190.6%
Free Cash Flow	733	490	49.6%
Capital Expenditure	166	173	(4.1%)
Net Debt/Adj EBITDA	2.0x	2.5x	

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

[2] Adj. EBITDA (excluding FX impact of other income/ expense from operating activities).

Financial Highlights

- In 2020, total revenue increased by 8% to TL 4,015 million on the back of the strong growth in domestic patient revenues making up for the sharp decline in medical tourism revenues (2019: TL 3,704 million).
- Adj. EBITDA increased by 26% to TL 1,049 million and the Adj. EBITDA margin to 26.1% due to effective revenue-cost balance management.
- A net profit of TL 123 million was generated in 2020. Operational improvements and leverage of fixed cost base have enabled the net margin increase.
- The Net Debt/Adj. EBITDA ratio, which was 2.5x in in 2019, was successfully decreased to 2.0x in 2020 with effective cash management.
- The Company has converted all of the principal payments of EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. Therefore, the FX Net Debt open position has been closed, which will start to reflect on financial performance starting from Q1 2021. The transaction has enabled the Company to reduce the impact of potential FX volatility on its financials going forward.

Revenues generated from domestic patients increased by 15.1% in 2020 on the back of the growth in both inpatient and outpatient revenues.

Operating Highlights

- In line with its strategy, the Company continued its efforts to focus on growth in metropolitans with large-scale hospitals and optimize portfolio by divesting nonperforming assets.
  - Maltepe Hospital, taken over in December 2019, ramped-up quickly and generated cumulative positive EBITDA in 2020.
  - Ankara Hospital, taken over in March 2020, also ramped up quickly and generated cumulative positive EBITDA in 2020.
  - MLP Care's second hospital in Gaziantep was opened on September 28, 2020 under the Liv Hospital brand. The greenfield hospital ramped up quickly generating only TL 1.5 million of negative EBITDA.
  - Total capital expenditures for the above mentioned hospital acquisitions and opening was minimal (TL 4.1 million).
  - MLP Care has exited from its underperforming Uşak Hospital as of August 7, 2020. In 2019, the share of the Uşak Hospital in consolidated revenues and EBITDA was 1.4% and 0.3% respectively. As a result of the sale, a total of TL 33.3 million fixed asset sales revenue obtained.
- As a result of MLP Care's accelerated digitalization efforts, invoices started to be issued with Robotic Process Automation. The system will be distributed to the wider group going forward. In 2020, the Company has also fully digitized its human resources management and planning process. This program has automated all personnel planning and compensation calculation activities. Additionally, various other automation procedures are realized in doctor, material, and other cost management processes.

Revenue

Domestic Patient Revenue: Revenues generated from domestic patients increased by 15.1% in 2020 on the back of the growth in both inpatient and outpatient revenues.

The inpatient revenues grew by 18.6% in 2020. Despite the decrease in the volume, the shift of hospital weight in the portfolio towards metropolitans, the increase in the percentage of complicated treatments in the total, and the SUT price revisions in March were effective in this growth.

The outpatient revenues grew by 9.9% in 2020. The shift of hospital weight in the portfolio towards metropolitans supported this growth.

Foreign Medical Tourism (FMT) Revenue: FMT revenue declined by 21.8% in 2020 with the start of flight restrictions due to the pandemic in March 2020.

Other Ancillary Business: Revenues from other ancillary business decreased by 13.1% in 2020 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business. (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

2020 Highlights

In 2020, the Adj. EBITDA number increased by 25.8% to TL 1,049 million and the Adj. EBITDA margin increased to 26.1% on the back of strong operational performance and cost saving measures.

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

	2020	2019	Change (bps)
(% of Revenues)	**73.9%**	**77.5%**	**(362)**
Material	21.9%	23.3%	(138)
Doctor	21.0%	21.2%	(20)
Personnel	16.0%	17.5%	(154)
Rent	0.9%	0.8%	6
Outso. Serv. Purch.	8.2%	5.2%	299
All other exp.	5.9%	9.4%	(355)

Material consumption as a percentage of total revenue decreased 138 bps in 2020 due to decrease in the share of laboratory business, which has high cost.

Doctor costs as a percentage of total revenue decreased by 20 bps to 21.0% in 2020 due to effective cost control.

Personnel expenses as a percentage of total revenue decreased by 154 bps to 16.0% in 2020 due to better resource management and utilization of Short-time Work Program subsidy.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses increased by 299 bps to 8.2% in 2020 as percentage of the total revenue due to the increased volume of such services received.

All other expenses (energy, foreign and domestic marketing expenses etc.) decreased by 355 bps to 5.9% in 2020 primarily due to the increase in the effect of operational FX difference income on total expenses and decrease in the marketing expenses related to FMT revenues.

EBITDA

In 2020, the Adj. EBITDA number increased by 25.8% to TL 1,049 million and the Adj. EBITDA margin increased to 26.1%.

The Adj. EBITDA (without foreign exchange effect of other income/expenses from operating activities) number increased by 17.7% to TL 958 million and the Adj. EBITDA margin increased to 23.9% by 188 bps.

Cash Flow

In 2020, the operating cash flow increased to TL 899 million and the operating cash flow/EBITDA ratio increased to 85.7%.

Maintenance-related capital expenditures as a percentage of revenues was at and 2.3% in 2020 (2019: 1.6%). Total capital expenditures as a percentage of revenues was at 4.1% in 2020 due to capex light strategy that does not include new hospital openings that requires high capital expenditure (2019: 4.7%).

In 2020, free cash flow grew by 49.6% and reached TL 733 million due to the strong improvement in operational cash flow and the decrease in both working capital needs and capital expenditures.

Profit/(Loss) for the Period

Due to the strong operational performance and cost savings, a net profit of TL 123 million recorded in spite of the high financial expenditure of TL 684 million.

Excluding FX loss, net profit was TL 365 million in 2020. On the other hand, interest expenses decreased by 11.9% in 2020 as the borrowing interest of TL loans had a decreasing trend.

Borrowings and Indebtedness

The Net Debt/Adj. EBITDA ratio was 2.0x in 2020.

Currency risk management

All of the principal payments of EUR 46.5 million of syndicated loans for the years 2022-2024 were converted into TL at the CBRT buying rate on February 8, 2021. As a result of this transaction after reporting date, the FX Net Debt open position is closed, impacts of which will be seen by Q1 2021. Along with its long-term strategy, the Company created a natural hedge in the balance sheet by keeping cash in hand in EUR denominated terms in efforts to manage foreign exchange risk, reduce financial expenses and Net Debt/EBITDA ratio.

SPK Sustainability Principles Compliance Framework Requirements

Following the meeting of the Council of Ministers in 2020, it was announced that, starting with the 2020 reporting year, Turkish companies would be expected to report on Sustainability Principles and material sustainability information in their annual report on a voluntary basis, but the compliance the Principles are required to be explained with a "comply or explain" approach.

In light of this announcement, and of the feedback from our stakeholders, we have accelerated our focus on sustainability over the last year. We have included a section on sustainability where we provide summary information on a range of sustainability initiatives. In addition, we are currently collecting comprehensive data for the first time across our material sustainability areas and will be publishing our first Sustainability Report later in 2021. The data systems that we are establishing for the first Sustainability Report will enable us to report more fully on sustainability with more quantified data in next year's Annual Report and in line with the across all areas.

In 2021 for the Sustainability reporting process the steps below will be conducted:

- Completing materiality matrix with extended key sustainability issues and prioritization of stakeholders,
- Defining and extending Sustainability KPIs for each material area,
- Completion of defining the list of datasets, addressing Global Reporting Initiative (GRI) standards and Sustainable Development Goals (SDG's) of United Nations, to be included in the sustainability report,
- Creating a work plan for the report (including report structure and protocols for information exchange, decision making approvals)
- Completion of collecting and collating the required data for inclusion in the sustainability report,
- Interacting with newly added key data owners to understand data sources and the data collection process
- Checking newly added data for quality, completeness and reliability
- Analyzing data trends and developing content around them to be incorporated in the sustainability report
- Developing draft and final sustainability report

Beside the aforementioned reporting process in order to develop a sound corporate sustainability strategy the steps below will be conducted

- Identification of roles and responsibilities for sustainability
- Conducting training and benchmarking
- Developing a sustainability performance management plan
- Developing a sustainability strategy aligned with corporate business strategy
- Identifying long-term sustainability goals and targets

Environmental Approach

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

The Group consistently ensures that patients receive healthcare that is timely, equitable and adequate, as well as efficient, effective and safe.

There are no incidents that affect the use of tangible assets, including all machines, equipment and devices at MLP Care hospitals, or that create environmental risk.

A safe environmental management system has been established at all MLP Care hospitals in accordance with national environmental legislation as well as the environment-related articles of the JCI (Joint Commission International) Accreditation standards. JCI evaluates international hospital management systems from both the patient and operational perspectives. Each MLP Care hospital has a dedicated Environmental Consultant, who conducts spot check evaluations on a regular basis and determines the necessary improvement actions together with hospital management. Environmental Consultants also carry out studies at MLP Care hospitals jointly with Infection Control Committees. The Environmental Policy, which forms the basis of the Environmental Management System, includes a set of environmental procedures and instructions. These are shared with all employees to ensure universal awareness.

Quality Standarts

Accreditations, Awards, Quality Management

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

Certifications

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

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

Environmental Approach

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

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

Medical Park Gaziantep Hospital was certified by the Health Accreditation Standards (SAS), accredited by the International Society for Quality in Health Care (ISQqua), and given by the Turkey Healthcare Services Quality and Accreditation Institute (TÜSKA) under the Turkey Health Institutions Council (TUSEB), thus becoming the second private hospital to receive the certificate.

Clinical Success and the Provision of World-Class Services

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

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

Such arrangements also offer physicians the opportunity to participate in exchange programs and various seminars, allow for more flexibility in the Company's physician portfolio, and create an attractive work environment for talented and experienced physicians in Turkey. Currently, 975 academicians serve as physicians at the Group's hospitals.

Social Approach

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

Human Resources aims to create an encouraging, fair and transparent performance culture where success is evaluated with concrete and measurable criteria.

Our Employees

The company has four main HR strategies adopted to create a corporate culture that supports the development of employees, prioritizes open communication, and aims to increase employee engagement through fair and encouraging HR practices and processes:

1. To dynamically shape the organizational structure in line with strategic goals and assure its continuity in order to ensure the effective and efficient operation of the group,

2. To create an encouraging, fair and transparent performance culture where success is evaluated with concrete and measurable criteria,

3. To create a service-oriented HR structure that contributes to the performance of business units with its effective HR system, process and infrastructure that provides maximum benefit from technology with the awareness of cost and speed

4. In addition to bringing talents to the group, to ensure the sustainability of the organization by supporting these talents with career opportunities, training and development programs.

Social Approach

MLP Care has a very balanced employment structure based on location, thanks to its widespread hospital network and subsidiaries.

As of December 31, 2020, the Group has a total of 18,024[1] employees, 13,775[1] of which are on payroll. Distribution of Payroll and Non-payroll employees by employment type is as follows;

Employment Type	Payroll	Non-Payroll	Total
Personnel	8,884	20	8,904
Doctor	681	1,547	2,228
Nurse	3,911		3,911
Intern	299	212	511
Subcontractor		2,470	2,470
Total	**13,775**	**4,249**	**18,024**

The Group has a very balanced employment structure based on location, thanks to its widespread hospital network and subsidiaries. Distribution of employees by location is as follows;

Location	Number of Employees	Percentage %
Employees in Istanbul, Ankara, Izmir	9,525	53
Employees outside of Istanbul, Ankara, Izmir	8,499	47
Total	**18,024**	**100**

In MLP Care Recruitment, Promotion and Assignment Procedures, it is emphasized that "We attach importance to providing equal opportunity to all our employees, We see the differences in our workforce as a wealth for our business, employees and our ecosystem and support them.". In this context, the diversity criteria for our employees are as follows:

Distribution of Employees by Gender;

Gender	Number of Employees	Percentage %
Female	11,065	61
Male	6,959	39
Total	**18,024**	**100**

Distribution of Executives by Gender;

Gender	Number of Executives	Percentage %
Female	3	43
Male	4	57
Total	**7**	**100**

[1] In this annual report, the number of employees includes the employees of 3 university hospitals operating under the management contract, interns, and employees within the scope of 4-1A. Therefore, the number of permanent employees is different from the 11,704 figure in the TFRS report (Employees within the scope of 4-1A - They are only subject to SSI deduction and are exempted from income and stamp tax liabilities. They are also not subject to retirement pay provision).

Distribution of Board Members by Gender;

Gender	Number of Board Members	Percentage %
Female	2	33
Male	4	67
Total	**6**	**100**

Distribution of Employees by Age;

Age Group	Number of Employees	Percentage %
Under 30	8,202	46
Between 30-50	8,403	47
Over 50	1,419	8
Total	**18,024**	**100**

Distribution of Employees by Seniority;

Seniority of Employees	Number of Employees	Percentage %
0-6 Months	4,146	23
6 Months - 2 Years	4,088	23
2-5 Years	5,344	30
5-10 Years	3,233	18
10 Years or more	1,213	7
Total	**18,024**	**100**

As of December 31, 2020, the Group has **342** personnel under disabled employee staff.

Employees under collective labor agreements

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

Social Approach

In order to improve performance in line with MLP Care's strategies, task-based numerical targets are set for hospital and department leaders.

Corporate Performance Management System

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

Digital HR

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

Digital HR – FTE Management Screen

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

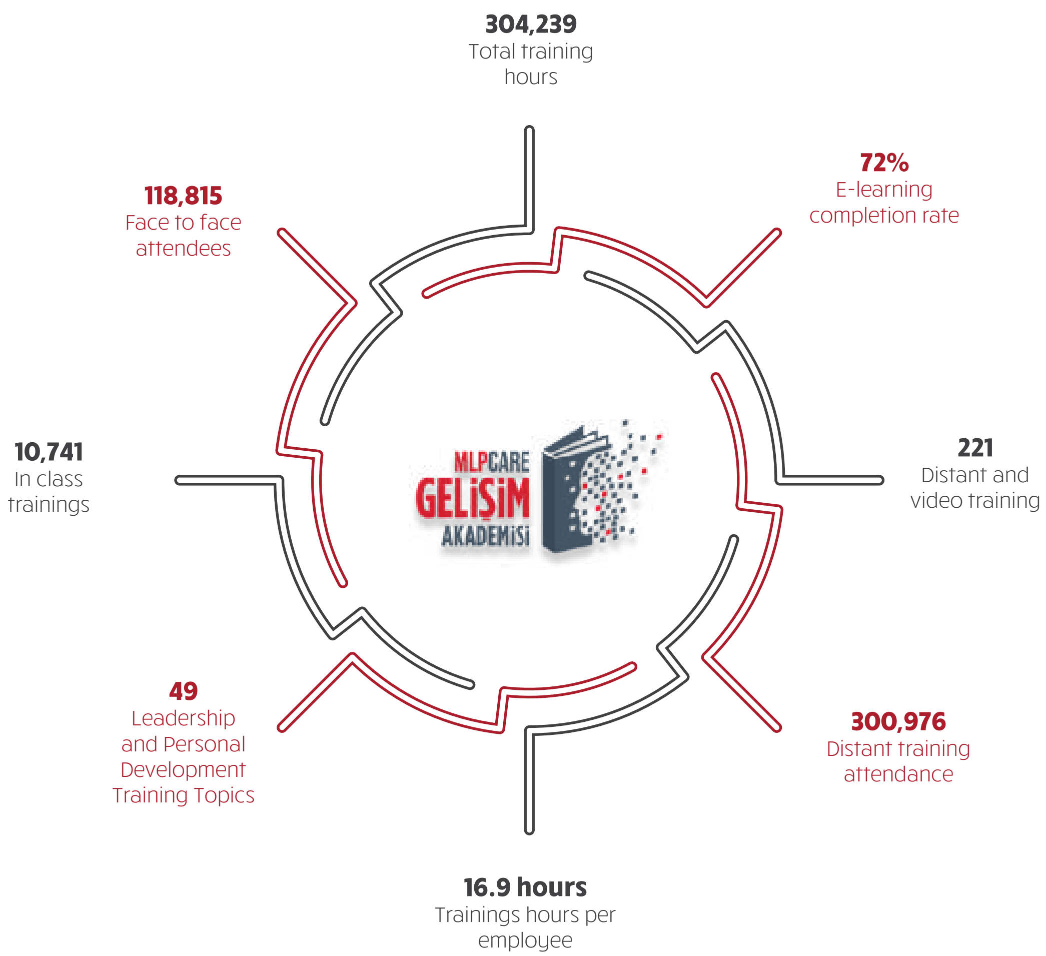
With this system, it has become possible to plan all employees' working hours, overtime, leave, reports, etc. and track them more transparently on a digital platform. Thus, managers can plan the work hours of the employees and the employees can review their schedule and request revisions. The payroll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

Education and Development Programs

Normally conducted face to face, the orientation programs and technical trainings (programs in association with Istinye University, such as the Ministry of Health-approved Intensive Care Nursing Certificate Program, the Operating Room Nursing Certificate Program, etc.), as well as the competency-based trainings (communication, teamwork skills, etc.), leadership programs and corporate culture trainings organized by the MLP Care Development Academy, under the Group, could not be carried out after March 2020, due to the pandemic and in consideration of employee health and safety. Taking into account the conditions in the hospitals, only compulsory technical trainings were executed online via Zoom.

At the same time, the e-training platform, which is open to the use of all employees within the Group, provides access to the MLP Care Academy platform from anywhere with an internet connection. Through this platform, e-trainings, exams and surveys can be assigned to all employees at the same time. In 2020, digital trainings gained importance and technical trainings, including e-orientation packages, video clinic process, Compass System training videos and Digital HR system, etc., were provided to employees and managers via digital channels. A primary focus of these e-trainings was on subjects that employees might benefit from both professionally and personally, including the Personal Data Protection Law (KVKK), Information Security, and Social Media Usage.

Articles published in prominent magazines on personal development and leadership, as well as breaking news from the business world, were regularly shared with all employees in a weekly e-newsletter called "Perspective."



Social Approach

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

Physician recruitment and retention

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

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

Occupational Health and Safety Policy

Occupational Health and Safety practices are carried out in accordance with related procedures, instructions, manuals and forms under applicable laws. All employees undergo an Occupational Health and Safety training before starting work. Training programs are repeated on a regular basis in line with regulatory requirements. Occupational Health and Safety teams consisting of Occupational Safety Experts, Workplace Doctors, and Nurses have been established at all branches. These teams report to the Occupational Health and Safety Committee. Potential risks are identified through field visits, inspections and on-the-spot observations. Corrective measures are implemented as needed.

The Company strives to prevent occupational diseases and accidents with the support of its employees and senior management.

Social Approach

Contributing to Society

Sponsorships

With an awareness of the important role that sports play in public health, MLP Care supports a wide range of sports clubs, complexes, events and athletes in a variety of disciplines, from football to tennis, with its Medical Park and Liv Hospital brands. The Company proudly undertakes the healthcare sponsorship of dozens of clubs, including Fenerbahçe, Samsun Medical Park Engelligücü Sports Club, Tarsus İdman Yurdu and Trabzonspor.

Social Responsibility Projects

We Can Achieve Together

In 2017, Medical Park and the Psycho-Oncology Society launched the "We Can Achieve Together" initiative to provide psychosocial support to cancer patients and their families. The aim of the project completed in 2020 is to offer psychological support to cancer patients and their families at Istinye University Hospital Medical Park Gaziosmanpaşa and at Altınbaş University Hospital Medical Park Bahçelievler.

Give a Chance

Since 2015, Medical Park has undertaken important awareness-raising projects on the importance of organ donation, through screenings of the "New Life" documentary created by renowned journalist and author Tuluhan Tekelioğlu. Medical Park launched another initiative on organ donation, "Give a Chance," during Organ Donation Week from November 3-9, 2019. Acting with the responsibility of being one of the pioneer institutions in healthcare, the brand carried out projects on donation and transfer processes, sharing information at www.sansver.org. Within the scope of the project and to raise additional awareness regarding organ donation, events were organized and stands were established for two months in the lobbies of Medical Park hospitals throughout Turkey. Awareness and fundraising activities continued in 2020.

Embrace Life - Breast and Thyroid Cancer

The "Embrace Life for Thyroid and Breast Cancer Awareness" social responsibility project aims to draw attention to the importance of early diagnosis in thyroid and breast cancer. Many renowned artists and people from the community supported the campaign and volunteered. Numerous check-ups and health screenings were executed at Liv Hospital Ulus under the project.

We Recognize Breast Cancer

"We Recognize Breast Cancer" was launched to draw attention to the importance of annual check-ups and a nutritious diet for breast cancer patients. Numerous business professionals, artists, NGO managers and other prominent figures participated in this social responsibility project as volunteers. As well, Deputy Minister of Culture and Tourism Özgül Özkan Yavuz, contributed to the project, as did Demet Sabancı, Revna Demirören, Feryal Gülman, Metin Hara, Neşe Gönül and Monik İpekel, who highlighted the importance of nutrition in breast cancer patients in a photography exhibition. The exhibition was held at Zorlu Center on October 16-17, 2020, and check-ups for early diagnosis were planned within the scope of the project, with a capacity for 1,000 people. Starting from October 2020, survey criteria were established; in line with the results, breast examinations and mammography were conducted for people in higher-risk groups.

Breast Health Check-up for 10 Books

In collaboration with Liv Hospital Ulus and the Book for Everyone Foundation, this project aims to raise awareness of breast cancer while delivering books nationwide to those in need. Within the scope of the project, mammography and breast examination opportunities are offered to those who bring ten books to the book box in Liv Hospital Ulus. The mammography and breast exams may be used by the book donors themselves or by a family member.

Information on Donations and Charitable Contributions, Social Responsibility Spending

In 2020, the Company spent TL 1,740,587 in donations and TL 5,039,341 for social responsibility projects (2019: TL 807,865 and TL 9,708,752 respectively).

Corporate Governance Approach

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

The Corporate Risk Management Program
The Corporate Risk Management Program is designed to provide an environment in which significant risks of the Company are defined, impact and probability measures are taken, and the most appropriate actions along with the most efficient methods are applied for these risks. The Company considers opportunities along with threats in corporate risk management processes. These threats/opportunities are measured in line with the risk appetite of the Company and ultimately enable the Company to consciously take risk reduction, transfer, acceptance or risk aversion decisions.

The Company carries out a comprehensive risk assessment by taking the sector, internal segment strategy, and objectives into consideration, as well as external/environmental impacts. Within this scope, the Company has listed its risks under four main components:

- Strategic/external risks
- Operational risks
- Financial risks
- Legal regulation and compliance risks

The implementation of the Corporate Risk Management Program is carried out by the Quality and Risk Management Directorate in accordance with the policies approved by the Board of Directors. The Quality and Risk Management Department works in cooperation with all departments within the Company to identify, assess and control the risks associated with the strategic objectives and operational processes of the departments.

Safety Reporting System
The Company aims to maintain its clinical activities in the provision of medical services pursuant to International Patient Safety objectives. Compliance with patient safety objectives requires taking measures to prevent simple errors that might affect patients, identifying and reporting these errors, and planning and implementing improvement actions.

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

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

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

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

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

Regarding the 2020 Audit Plan prepared according to the risk matrix:
A total of 16 audits including the Full Comprehensive Internal Control System (4), General Manager Replacement Audit (5), Monitor Audit (2), Thematic Audit (2), Follow-up Audit (1) and Other Audit (2), and comprehensive project consultancy (4) were realized.

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

Information Technologies and Digital Transformation

Information Technologies

MLP Care relies heavily on information technology for medical treatments and operations. As a result, the Company has made significant investments in IT systems. These systems include more than 380 physical servers, 1,200 virtual services, and approximately 13,000 personal computers.

With the pandemic, security infrastructures were improved and internet bandwidth increased to enable all administrative business units to work remotely. In line with these adjustments, Information Systems employees can work remotely.

Necessary security measures were taken against rising cyber threats during the pandemic, and the current situation was further evaluated with penetration tests, thus ensuring a more reliable layer of security.

In addition, the Department has taken rapid actions on critical issues such as information security and personal data protection. In this context, ISO 27001 certification processes have been initiated for information security, an issue that has emerged as a result of digitalization and is becoming increasingly important. In addition, the necessary technical requirements have been completed within the scope of compliance with the Personal Data Protection Law and anonymization conditions have been fulfilled in data analysis studies in accordance with the relevant provisions of the law.

The Company uses one ERP system (Oracle EBS) to execute all its activities. The system consists of several specialized modules for handling patient requests, in addition to other modules such as HR, payroll, logistics and inventory management, purchase order management, general ledger, fixed assets, and treasury.

Additionally, MLP Care uses a business intelligence tool integrated with the hospital system and the ERP system. This tool enables comparative evaluation among hospitals, real-time measuring of income and other key performance indicators (including patient satisfaction, physician performance, and EBITDA). These functions assist the Company with goal management.

The Hospital Information Management System (HIMS) is the primary operating system at MLP Care. The HIMS Transformation Program was started, supplementing the current HIMS application with a new HIMS that can respond to the increasing legislation in the public sector, support the Big Data environment, allow the collection of more electronic health data from our patients. As well, it is suitable for web-based user experience, features redesigned clinical data entry screens, and provides an infrastructure for artificial intelligence studies, In accordance with the project plan, the transition of all hospitals to the new HIMS within a year will be ensured after the complete data migration is accomplished.

Corporate Governance Approach

The Information Technologies Department continues to follow the Agile project management model. Teams, formed within the Information Systems Department, work autonomously and independent of hierarchy. These teams serve user expectations in an accelerated manner and in smaller intervals of two to three weeks, rather than the usual longer periods. Although each team has an independent structure, it follows the process with its internal management. Each team targets to deliver product and service improvements within two weeks to its business unit.

The R&D unit, operating under the Information Technologies Department, also continues to develop mobile applications for its brands. These include mobile payment capability and location-based announcements, as well as the capacity to access personal health data via mobile devices, and the delivery of medical results to patients via instant notifications. An additional project, "Breast Lesion Detection," employed artificial intelligence and image processing to detect cancerous lesions; this project was approved and funded by TÜBİTAK. The Appointment Optimization AI system has started to be used, and algorithms, created with historical data using machine learning, continue to improve. Within the scope of Telehealth services, the "My Mobile Hospital" R&D project completed its first phase and developments are ongoing.

Digital Transformation

In 2020 with the onset of the pandemic, MLP Care Digital Transformation team has taken a data and evidence-based approach to accelerate the already strategically well positioned solution roadmap.

An 'Operation Management Center' has been established for each project in order to disseminate our digital projects effectively in the field, drive the necessary change and achieve the purpose of their use, integrate them into fast daily processes to provide more targeted and effective interventions to patients.

Leader and Deputy Leaders have been appointed to act as a bridge between the operational site and the Digital Transformation office and are responsible for the operational success of the projects. Teams build-up from both our head office and the field from 30 hospitals.

Digitalisation across our hospitals and role of technology in transforming ways of working and improving the patient and doctor experience changed our priorities during the pandemic. Optimum staff planning in hospitals become more critical to protect our co-workers during the Covid-19 pandemic. Digital HR solution (in-house development) has been launched to have more transparency of working hours and plan to reallocate capacity on base of the patient type we have and in case of need also thanks of the streamed actual data capability we are able to make workforce planning between the hospitals.

With the Digital Invoicing Project, which has also gained momentum, has aimed to streamline the revenue cycle operation through automated invoicing for the services provided at the hospitals using the RPA (Robotic Process Automation) technology. Payers (insurance, ministry of health, contracted institutions) are exploring new ways to quantify value as it relates to reimbursement, which puts additional pressure on hospitals to provide documentation to support claims. With the enhancement of our clinical devices integration projects outcome, allowed data and rule-based processes design communication between multiple existing systems, including validation process on patients agreement policy with the private insurance provider made it possible to run end-to -end cycle almost error freely. As a matter of fact, by digitalization of the invoicing process and while RPA can contribute to better data quality and compliance, claim denials reduced and the positive impact of accounts receivable has improved the cash flow.

Closing the digital gap and make it transparent to the whole stakeholders involved, we kicked of our most critical digital project, the Digital Supply Chain Program with its eight (8) undertaken major projects. The aim is first to highlight the requirement of the system for all hospitals, mapping the optimum processes from today to the future and afterwards to utilizing technologies with fully capacity to drive a real time digitally controlled accurate supply chain eco-system. Areas to tackle identified as; İnventory and order syncing with ERP, Forecasting Management, Material Movement Traceability, Re-Use Flow and Cost Optimization, Laboratory Cost Management (Kit/Service) Optimization, Consolidated Surgical Material Packages for Picking Efficiency.

The cooperation agreement signed in 2019 with the American-based company Enlitic, which produces artificial intelligence technologies, has completed the infrastructure works for the Super Computer installation 2020. The process of diagnosing the conditions of domestic and foreign patients will help to identify clinical data faster and more accurately with different models supported by deep learning.

The Digital Transformation office pioneers a close cooperation with Istinye University, which has achieved significant success in artificial intelligence studies in the health sector. MLP Care will continue with its AI solution development activities with Istinye University and as well as with American-based company Enlitic planned investment process, that was launched in 2019. Although the Super Computer installation and infrastructure work, which is the first phase of the project, were completed in 2020, there was a delay in its widespread use deployment due to the start of the Pandemic. Studies have started to use the algorithm developed by Enlitic in the radiology service provided in MLP Care environment. In addition, MLP Care plans to develop new algorithms that will use the existing radiology image archive, and share the intellectual and industrial property rights of the new algorithms developed. SuperComputer is supported by expansion plans to become an AI Innovation Centre in its growth strategy and to host many new projects.

Contract Management system was centralized to have all the contracts of the companies' under control and transformed the content of the contracts reportable for all involved parties. The enhancement of Legal Issue Management solution developed in-house with BPM (Business Process Management) technology give us a clear understanding and perspectives on needed time limited actionable activities to be taken.

We centralized our Contract Management system to have control on all already signed contracts and in the meantime, use a supervised system for the new incoming contracts. The whole process was made traceable in the solution and has improved the contract approval process. Content of the contracts were made reportable for all involved parties. The enhancement of Legal Issue Management solution was integrated as well. This solution developed in-house with BPM (Business Process Management) technology gave us a clear understanding and perspective on what needs to be prioritized and what needs time limited actionable activity.

The Group, has focused on real time data and is keen to become a data driven healthcare company. This is particularly important, as our services needs to have a sustainable future and become truly predictive, preventive and personalized. Thus, the Group has improved its reporting system to be able to measure KPIs in a timely manner and improved outcomes (quality) and efficiency (cost) accordingly. Data Analytics is the central part of our excellency and anchored in the central of our digitalization journey. Pandemic period showed us that it is essential to use real time healthcare data to marshalling all available health resources in real time for every patient. This is different than traditional improvement approaches, while useful, are focused on learning from past mistakes. The idea of real time healthcare data is to spot and correct mistakes in the moment, or even to anticipate and prevent them. Thus, our solutions that we start to implement and have the infrastructure ready to gather the real time information will complement traditional quality and efficiency improvement methodologies with dynamic and constant optimization.

The next goal of the Digital Transformation Programs is to create a centralized Command Centre that integrates the eco-system, where the cleaned real time data flows from source systems to analytics engine and organized into longitudinal data models, to serve in form of dashboards or information reports as needed. The goal is not only improving operational efficiency, the system will also enable clinicians to make faster, more informed decisions through intelligent devices, data analytics, applications and services.

Corporate Governance Compliance Report

Within the period between January 1, 2020, and December 31, 2020, MLP Care complied with its Corporate Governance Principles, in accordance with the 26th Article of the Articles of Association of the Company titled "Compliance With The Corporate Governance Principles" - the implementation of which is declared to be obligatory by the Capital Markets Board. Any transactions carried out and any Board Resolutions passed without complying with such obligatory Corporate Governance Principles shall be null and void, and considered to be in violation of these Articles of Association. Transactions that are considered to be of a substantial nature with regard to the implementation and compliance of the Corporate Governance Principles include substantial transactions of the Company with related parties; transactions relating to the granting of securities, pledges and mortgages in favor of third parties; and regulations of the Capital Markets Board of Turkey relating to corporate governance. Accordingly, the Company carries out its activities in compliance with the regulations and the CMB's Corporate Governance Principles.

The Company fully complies with the compulsory principles within the scope of the Corporate Governance Communiqué n.II-17.1 in force in 2019; and also widely implemented most of the non-mandatory principles. However, our Company has not yet achieved full compliance due to the challenges encountered in the implementation of some principles, as well as ongoing discussions in Turkey and internationally regarding compliance with certain principles, and the failure of the current market and corporate structure to comply with such principles in a proper manner. We are working on the principles not yet implemented and we are planning to put them into practice once the administrative, legal and technical infrastructure for the effective governance of our Company has been investigated.

In accordance with resolution No. 2/49 by the Capital Markets Board of Turkey on January 11, 2019, the Company disclosed the "Compliance Report Format (CRF)" which indicates the compliance status of the Company with the principles of voluntary compliance and the "Corporate Governance Information Form (CGIF)" which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) on March 11, 2021. The aforementioned announcements can be reached through https://www.kap.org.tr/en/sirket-bilgileri/ozet/2118-mlp-saglik-hizmetleri-a-s

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

1.3. GENERAL ASSEMBLY

1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. (Partial)
The agenda of the 2019 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.

1.4. VOTING RIGHTS

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

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

1.5. MINORITY RIGHTS

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

3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT

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

3.3. HUMAN RESOURCES POLICY

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

4.2. ACTIVITIES OF THE BOARD OF DIRECTORS

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

4.3. STRUCTURE OF THE BOARD OF DIRECTORS

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

4.4. BOARD MEETING PROCEDURES

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

Corporate Governance Compliance Report

4.5. BOARD COMMITTEES

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

4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report. (Not Applicable)
In 2020, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.

4.6. FINANCIAL RIGHTS

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

4.6.4-The company did not extend any loans to its board directors or executives, nor extended its lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them. (Partial)
As stated in the Consolidated Financial Statements for the year ended December 31, 2020, and Independent Auditor's Report, the Company has current other receivables from shareholders account from Muharrem Usta of TL 39.6 million and Adem Elbaşı of TL 1.3 million. Interest is accrued for the related receivables. Except for these disclosed accounts, the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.

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

Transfer of Shares	Company Compliance Status Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	√					http://investor.mlpcare.com/en/
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	√					Annual Report printed version - Other Information Related to Operating Activities › Other
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	√					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					√	There are no insiders with privileged information
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	√					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		√				The agenda of the 2019 General Shareholders' Meeting included the item detailing the amounts of all donations and contributions. However, the beneficiaries of all donations and contributions were not included. Actions are being taken for full compliance in the upcoming periods.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	√					
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	√					
1.4.2-The company does not have shares that carry privileged voting rights.			√			Only on the matters listed on the Articles of Association Article 18 ("Qualified Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					√	We have no subsidiary with cross-ownership relation that provides management control.
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	√					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twenthieth of the outstanding shares, and expand the scope of the minority rights.			√			In accordance with Article 27 of the Articles of Association, provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall be applied in respect of matters not covered by these Articles of Association. Effective investor relations activities are conducted in order to prevent possible conflicts.

Corporate Governance Compliance Report

	Company Compliance Status					
Transfer of Shares	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	√					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	√					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	√					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	√					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	√					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	√					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	√					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	√					
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	√					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	√					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	√					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	√					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	√					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	√					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	√					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.		√				Surveys, consultation methods etc. were held in order to obtain the opinions of stakeholders. More comprehensive actions are being planned for the upcoming periods.
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	√					
3.3.2-Recruitment criteria are documented.	√					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	√					

Transfer of Shares	Yes	Partial	No	Exempted	Not Applicable	Explanation
	Company Compliance Status					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	√					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.					√	We have no binding trade union agreements. By law, our employees may join or form trade unions if they wish and, at their request, we would deduct trade union membership fees from salaries for payment to the trade union. We do not have any collective bargaining agreement with these or other unions or labor organisations. We consider our relations with our employees to be good.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	√					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	√					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	√					
3.3.9 - A safe working environment for employees is maintained.	√					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	√					
3.4.2-Customers are notified of any delays in handling their requests.	√					
3.4.3 - The company complied with the quality standards with respect to its products and services.	√					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	√					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	√					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	√					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	√					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	√					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	√					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	√					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	√					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	√					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.			√			As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta.

Corporate Governance Compliance Report

Transfer of Shares	Yes	Partial	No	Exempted	Not Applicable	Explanation
	Company Compliance Status					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	√					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	√					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		√				Even if there is no approved Company policy on its own Board of Directors' composition, existing composition complies with this rule. We are planning to add a policy to the Articles of Association regarding this rule in the upcoming periods.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	√					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	√					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	√					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	√					
4.4.4-Each member of the board has one vote.	√					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	√					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	√					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		√				There are no limits to external commitments of board members. However, this does not create neither any confict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced in the Appendix-2 of the General Assembly Meeting Information Document.

Transfer of Shares	Yes	Partial	No	Exempted	Not Applicable	Explanation
	Company Compliance Status					
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			√			Due to having 2 independent board members, the requirement of committee chairman to be selected from independent board members, and cross related subjects of some committees, some of our Board Members take responsibilities in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	√					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					√	In 2020, there was no need for external consultancy services in the committee activities. In case of having external consultancy services, necessary statements will be provided in the annual reports.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	√					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			√			The board of directors did not conduct a board performance evaluation. We are planning to appoint external consultants to conduct the board performance evaluation in the upcoming periods.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.		√				As stated in the Consolidated Financial Statements for the year ended December 31,2020 and Independent Auditor's Report, The Company has current other receivables from shareholders account from Muharrem Usta of TL 39.6 million and Adem Elbaşı of TL 1.3 million. Interest is accrued for the related receivables. Except this disclosed accounts the Company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.		√				The remuneration of the independent board members disclosed individually. As it also stated that there were no remuneration to the other board members. Total of the salaries, premiums and similar benefits provided to executives are announced in the annual report but not disclosed individually.

Corporate Governance Compliance Report

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2020, the Company organized a total of 163 investor conferences and meetings (47 meetings at 7 conferences, 62 meetings at 8 roadshows, 54 investor and analyst meetings).
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/840928
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Materials for the General Shareholders' Meeting are provided both in English and Turkish at the same time.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transactions that are not approved by unanimous votes of present board members.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations › Policies › Donations and Aids Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/847654
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 18 of the Articles of Association includes information regarding the General Assembly Meetings. Article 27 indicated that the Provisions of the Turkish Commercial Code, the Capital Markets Law, the capital markets legislation and other relevant legislation shall apply in respect of matters not covered by these Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Representative from independent auditor, representative from ministry office, representative of legal consultant, and technical team participated in the General Assembly Meeting in 2019. There is no restriction on stakeholders' participation in General Assembly.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Yes.
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	Only on the matters listed on the Articles of Association Article 18 (""Qualified Matters Requiring Increased General Assembly Resolution Quorum""), the affirmative votes of the shareholders holding at least 85% (eighty five per cent) of the capital represented by the Class A shares shall be required. Each Class A and Class B shares have only one voting right. However, on the matters listed on the Articles of Association Article 18 (""Qualified Matters Requiring Increased General Assembly Resolution Quorum"") are Class A shares are evaluated as priviliged. There are 88,229,127 Class A shares in total. Lightyear Healthcare B.V. holds 47%, Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş. holds 24%, Muharrem Usta holds 14%, Hujori Financieringen B.V. holds 6%, Adem Elbaşı holds 5%, İzzet Usta holds 2%, Saliha Usta holds 1%, and Nurgül Dürüstkan Elbaşı holds 1% of Class A shares.
The percentage of ownership of the largest shareholder	36.42%

1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No.
If yes, specify the relevant provision of the articles of association	None.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations › Corporate Governance › Policies › Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	In accordance with the 7th article of the 2019 Ordinary General Assembly Agenda;Approval is suggested for the Profit Distribution offer made with March 5, 2020 dated decision of the Board of Directors.In accordance with the Article 13 of the Provisional Article 13 added to the Turkish Commercial Code pursuant to Article 12 of the Law No. 7244 published in the Official Gazette on April 17, 2020, and the Ministry of Commerce Communiqué published in the Official Gazette on May 17, 2020, it was reminded that the dividend distribution was subject to certain restrictions. In line with these regulations; it is stated that only twenty-five percent of the net profit for the year 2019 will be distributed until September 30, 2020 and that the previous year's profits and reserve funds cannot be distributed.The offer in question is given as a written memorial, the memorial is determined as being suitable and read by the Meeting Chairman. Whereas;"According to the Company's consolidated financial statements for the period January 1, 2019-December 31, 2019, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" (II-14.1), net profit of TL 36,251,666 attributable to equity holders recorded but in the meantime net loss of TL 108,177,537 (taxable net loss of TL 14,592,021) recorded in accordance with the Tax Procedural Law. Therefore, it was resolved by the Board of Directors at their meeting on March 5th, 2020 that not to distribute dividends and to submit this proposal for approval at the Ordinary General Assembly meeting.To transfer the net period profit of TL 36,251,666 attributable to equity holders of the parent which is recorded according to the financial statements prepared in line with TFRS, the retained earnings in the related financial statements,"Meeting Chairman presented the read offer for voting. As the result of the voting, the offer in question is accepted unanimously and it is decided not to distribute any profit.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/847654

General Assembly Meetings

	General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
2019 General Assembly Meeting	May 29, 2020	0	85.79%	Investor Relations › Corporate Governance › General Assembly › 2019	Investor Relations › Corporate Governance › General Assembly › 2019	None.	62	https://www.kap.org.tr/en/Bildirim/847654

Corporate Governance Compliance Report

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Informations required by Corporate Governance Principles numbered 2.1.1. are included in the Investor Relations section on Company website.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations › MLP Care at a Glance › Shareholder Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company - Corporate Governance Section › The Board of Directors; Declarations on independence of board members - Corporate Governance Section › Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Section › The Board of Directors › The Structure and the Formation of the Board Of Directors
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Section › The Board of Directors › Working Principles of the Board Of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Other Information Related to Operating Activities › Other
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Other Information Related to Operating Activities › Other
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Other Information Related to Operating Activities › Other
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no cross ownership subsidiary.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Sustainability
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations › Corporate Governance › Policies › Compensation Policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	298
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Discipline Committee
The contact detail of the company alert mechanism.	Etikihbar@mlpcare.com
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	There are many committees within the company whose responsibilities and authorities are defined in the Board, Council and Committee Manual. Both managers and employees can take part in these committees.
Corporate bodies where employees are actually represented	Management bodies that represents the employees are as follows: - Executive Committee -Discipline Committee -Academic and Ethics Committee -Organ and Tissue Transplantation Coordination Committee -Occupational Health and Safety Board -Quality Council -Drug Management Committee -Transfusion Committee -Infection Control Committee -Patient Safety Committee -Evaluation and Caring Committee -Patients Right and Satisfaction Committee -Education Committee -Facility Safety Committee -Radiation Safety Committee
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plan for the key management positions are prepared annually and are presented to the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Hiring, Promotion, and Reassignment Procedures that are accessible internally indicates that "We value to present the same opportunities to all of our employees. We see the differences at our workforce as a resource for prosperity for our job, employees and ecosystem and we support the diversity." The related article is also highlighted in the Annual Report section published on our website.

Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Discipline Procedure that is accessible internally indicates that "We are against any kind of discrimination or harassment against our employees, and we never compromise on that matter." The related article is also highlighted in the Annual Report section published on our website.
The number of definitive convictions the company is subject to in relation to health and safety measures	1
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations › Corporate Governance › Code of Ethics
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	"Information was provided under the Sustainability section of the Annual Report, published on our website."
Any measures combating any kind of corruption including embezzlement and bribery	"It is specified in the Company's Anti-Bribery and Anti-Corruption Policy. Investor Relations › Corporate Governance › Policies › Anti-Bribery and Anti-Corruption Policy"
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	No.
Whether all board members released from their duties at the GSM	Yes.
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There is no board member with specific delegated duties and authorities.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	4
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Information was provided under the Corporate Approach in the Sustainability section.
Name of the Chairman	Muharrem Usta
Name of the CEO	Muharrem Usta
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	As indicated in the Article 15.9.1. of IOC (Turkish version), Shareholder Agreement signed between Company's shareholders assigned the roles of the Chairman and Chief Executive Officer to Muharrem Usta. There is no PDP announcement other than IOC announcement on 25.01.2018 : https://www.kap.org.tr/tr/Bildirim/655665
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/915299
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Due to having ratio of 33% female directors in the Board, no additional information announced in the company website.
The number and ratio of female directors within the Board of Directors	The number of female directors within the Board of Directors is 2 (one of them is independent) out of 6 total Board of Directors. The ratio of female directors within the Board of Directors is 33%.

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Muharrem Usta	Executive Director	Not Independent Director	28.12.2005	-	Not considered	No	No
Seymur Tarı	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	No	Yes
Haydar Sancak	Not Executive Director	Not Independent Director	6.02.2006	-	Not considered	No	No
Hatice Hale Özsoy Bıyıklı	Not Executive Director	Not Independent Director	8.05.2014	-	Not considered	No	Yes
Meral Kurdaş	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/en/Bildirim/840928	Considered	No	Yes
Tayfun Bayazıt	Not Executive Director	Independent Director	14.05.2018	https://www.kap.org.tr/en/Bildirim/840928	Considered	No	Yes

Corporate Governance Compliance Report

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	100%
Whether the board uses an electronic portal to support its work or not	No.
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Even though the Board Charter does not include the number of minimum days ahead of the board meeting, in order to provide equal information flow all board members are provided information at reasonable days ahead of board meetings.
The name of the section on the corporate website that demonstrates information about the board charter	Article 14 of the Article of Association named Meetings of the Board of Directors, Meeting and Resolution Quorums demonstrates the relevant information. Section of The Articles of Association on the website: Investor Relations › Corporate Governance › Corporate Governance-More on Corporate Governance › Articles of Association
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limits to external commitments of board members. However, this does not create neither any conflict nor disruption of Board of Director duties in the Company. External commitments of Board Members announced in the company website: Investor Relations › Corporate Governance › Management and BOD › Board of Directors
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	Board committee charters are announced at Prospectus in January 25, 2018 with PDP announcement. PDP Announcement link: https://www.kap.org.tr/en/Bildirim/655665

Composition of Board Committees-I

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

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate website - Investor Relations › Corporate Governance › Management and BOD › Board Committees › MLP Care Audit Committee Charter Annual report -Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Corporate website - Investor Relations › Corporate Governance › Management and BOD › Board Committees › MLP Care Corporate Governance Committee Charter Annual report -Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Corporate website - Investor Relations › Corporate Governance › Management and BOD › Board Committees › MLP Care Corporate Governance Committee Charter Annual report -Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Corporate website - Investor Relations › Corporate Governance › Management and BOD › Board Committees › MLP Care Early Detection of Risks Committee Charter Annual report -Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	"Corporate website - Investor Relations › Corporate Governance › Management and BOD › Board Committees › MLP Care Corporate Governance Committee Charter Annual report -Corporate Governance Section › The Board of Directors › The Number, the Structure and the Independence of the Committees within the Board of Directors
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	MLP Care in 2020
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations › Corporate Governance › Policies › Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Other Information Related to Operating Activities › Compensation and Benefits Provided to Board Members and Senior Managers

Composition of Board Committees-II

	Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Explanation						
Composition of Board Committees-II	Audit Committee	-	100%	100%	4	4
Composition of Board Committees-II	Corporate Governance Committee	-	75%	50%	4	4
Composition of Board Committees-II	Committee of Early Detection of Risk	-	100%	67%	6	6

Shareholding Structure

MLP SAĞLIK HİZMETLERİ A.Ş. SHAREHOLDING STRUCTURE

December 31, 2020

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

(*) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. The distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V.; 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat; 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta; 418 thousand shares representing 0.57% of the publicly traded portion of the capital were purchased by Hujori Financieringen B.V.; 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı, and other shareholders purchased 314 thousand shares representing 0.43% of the publicly traded portion. The 1,613 thousand shares purchased by Sancak İnşaat from the publicly traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicly traded portion were sold and additional 27 thousand shares from the publicly traded portion purchased by Muharrem Usta.

Board of Directors

The Structure and the Formation of the Board of Directors

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

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

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

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

Board members can be elected for a maximum of three years. When their term ends, the Board members can be re-elected. The Company complied with the regulations of the Capital Markets Board regarding corporate governance and the Articles of Association. In accordance with the resolution of the Board of Directors dated March 2, 2020, appointments of the independent board members were made, and the resolution was approved by the General Assembly on May 29, 2020.

The CVs of the Board members are provided below:

Muharrem Usta – Chairman and CEO

Muharrem Usta was elected as a member of the Board of Directors for a three-year term at the General Assembly meeting held in May 2018. Mr. Usta graduated from Dokuz Eylül University Medical School in 1989 and became an ENT specialist in 1992. In 1993, Mr. Usta switched to hospital management business and took initial steps for the establishment of MLP Care. Mr. Usta served as a Board Member at Saray Sağlık Hizmetleri Ticaret ve Sanayi A.Ş. and as a Chief Physician at Universal Hospital. Mr. Usta, MLP Care's Chairman and CEO, also serves as the Chairman of the Board of Trustees of İstinye University, founder and Chairman of F.O.M. Mimarlık Mühendislik A.Ş..

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

Seymur Tarı was elected as a Member of the Board of Directors for a three-year term at the General Assembly meeting held in May 2018. Mr. Tarı currently works at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. He previously served at McKinsey & Company, focusing on corporate portfolio strategy, and at Caterpillar Inc., as a product manager with responsibility for the EMEA and CIS regions. Mr. Tarı holds an MBA degree from INSEAD, and MSc and BSc degrees in Mechanical Engineering and Robotics from ETH Zurich. Mr. Tarı also serves as a Board Member at Mavi Giyim ve Sanayi A.Ş., Flo Mağazacılık ve Pazarlama A.Ş., DP Eurasia BV (Domino's) and at Elif Plastik Ambalaj San. ve Tic. A.Ş.

Board of Directors

Hatice Hale Özsoy Bıyıklı - Member (representing Elinor B.V.)
Hatice Hale Özsoy Bıyıklı was elected as a member of the Board of Directors for a three-year term at the General Assembly meeting held in May 2018. Ms. Özsoy Bıyıklı currently works at Turk Ventures Advisory Limited, a firm providing consultancy services to private equity funds. She has previously served as a senior associate at Goldman Sachs Investment Banking Division in London and also worked for The Boston Consulting Group and Andersen Business Consulting in Istanbul and Amsterdam. Ms. Özsoy Bıyıklı holds an MBA degree from Harvard Business School and MSc and BSc degrees in Electrical Engineering and Computer Science from MIT. Ms. Özsoy Bıyıklı also serves as a Board Member at MNG Kargo Yurtiçi ve Yurtdışı Taşımacılık A.Ş.

Haydar Sancak - Member (representing Sancak İnşaat)
Haydar Sancak was elected as a member of the Board of Directors for a three year term at the General Assembly meeting held in May 2018. In addition to his position at MLP Care, Mr. Sancak also serves as the General Manager of Esko Itriyat San. ve Tic. A.Ş., Board Member at Es Ecza Deposu Tic. ve San. A.Ş., Chairman at both Hedef Alliance Holding A.Ş. and Sancak İnşaat and Vice Chairman at both Sancak Enerji Hizmetleri A.Ş. and Sanport Gayrimenkul Geliştirme İnşaat Tic. A.Ş..

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

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

Working Principles of the Board of Directors

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

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

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

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

In this context, by the decision of the Board dated January 15, 2018, and numbered 2018/3, the Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee were established within the Company. It is the Corporate Governance Committee's responsibility to fulfill the duties of both the Nomination Committee and the Remuneration Committee. The members of these Committees were appointed on June 9, 2020.

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

Board of Directors

Audit Committee: The main purpose of the Committee is the supervision of the Company's accounting system and accounting practices, public disclosure of the Company's financial information, the operation and efficiency of the internal and external audit of the Company and the compliance of the Company with the applicable legislation. The Committee also performs the duties imposed on it under the Articles of Association and the Communiqué. Within this context, the Committee fulfills the duties and responsibilities indicated in the Charter. The Committee held four meetings in 2020 on a quarterly basis and submitted the reports to the Board of Directors. The Audit Committee consists of two independent board members as stated below. None of the Committee Members have executive duties in the Company.

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

Corporate Governance Committee: The Committee assists the Board of Directors in relation to compliance with the Corporate Governance Principles, including the regulation of the investigations and conflicts of interest which may occur in case of violation of the Corporate Governance Principles. The Committee shall also monitor the Investor Relations unit and fulfill the duties of the Nomination Committee and the Remuneration Committee. The Committee held four meetings in 2020 on a quarterly basis and submitted the reports to the Board of Directors. The Corporate Governance Committee consists of three Board members (two of whom are independent board members) and the Strategy and Investor Relations Director. None of the Committee members – except the Strategy and Investor Relations Director – have executive duties at the Company.

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

Early Detection of Risk Committee: The Committee assists the Board of Directors in identifying in a timely manner the risks that might jeopardize the existence, improvement, and continuation of the Company, implementation of the appropriate risk management strategies and risk management, and also performs other duties imposed on it under the applicable legislation. The Committee held six meetings in 2020 on a two-month basis and submitted the reports to the Board of Directors. The Early Detection of Risk Committee consists of three Board members (two of whom are independent board members). None of the Committee Members have executive duties at the Company.

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

Executive Management

Name – Surname	Title	Total Professional Experience	Working at MLP Care as of
Dr. Muharrem Usta	CEO	28	1995
Burcu Öztürk	CFO	17	2014
Adem Elbaşı	Chief Operations Coordinator	32	1995
Dr. Hikmet Çavuş	Chief Strategy and Performance Coordinator	28	2003
Seçil Baydaş	Chief Human Resources Coordinator	23	2020
Tijen Çağlan	Digital Transformation Office Coordinator	28	2019
Gürkan Cağlıoğlu	IT & Digital Transformation Coordinator	21	2019
Jale Güney	Internal Audit Director	20	2016
Deniz Can Yücel	Strategy and Investor Relations Director	22	2017

Ethical Values and Working Principles

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

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

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

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

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

Investor and Shareholder Relations

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

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

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

Updated information regarding the personnel working at the Company's Strategy and Investor Relations Department in 2020 is provided below. Strategy and Investor Relations Director Dr. Deniz Can Yücel works full-time and reports directly to Muharrem Usta, the Chairman of the Board of Directors and CEO.

Investor and Shareholder Relations

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

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

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

Gizem Küçükbayrak
Strategy and Investor Relations Specialist
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
e-mail: gizem.kucukbayrak@mlpcare.com

In 2020, the Company organized a total of 163 investor conferences and meetings (47 meetings at 7 conferences, 62 meetings at 8 roadshows, 54 investor and analyst meetings).

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

Exercise of Shareholders' Rights to Information and Inspection

There are no provisions within the scope of the Articles of Association of the Company restricting the process of performing a private audit. Moreover, the Company's management avoids any actions restricting the process of private audit. The Company acts in conformity with the relevant provisions of the Turkish Commercial Code regarding using the right to request a private audit. In 2020, no request was made for appointing a private auditor.

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

General Assembly Meetings

Annual Ordinary General Assembly Meeting for the Year 2019

According to Article 18 "General Assembly Meetings" of the Articles of Association, the process of the General Assembly Meeting has been regulated by an internal directive. The aforementioned "Internal Directive on Working Principles and Procedures of the General Assembly" entered into force in 2013. Therefore, MLP Care's Annual Ordinary General Assembly Meeting for the year 2019 has been arranged in accordance with this directive.

In the meeting dated April 28, 2020, the Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting for the year 2019, which was postponed due to the Covid-19 pandemic, on May 29, 2020, at 9:00 a.m. at the address "MLP Sağlık Hizmetleri A.Ş. Merkez Ofisi, Flatofis Haliç, Defterdar Mah. Otakçılar Cad. No:78 Eyüp Istanbul," with the agenda below, to make related announcements and take all necessary actions required by the Turkish Commercial Code and the Articles of Association, as well as other related regulations, to conduct and finalize the meeting. Within the framework of the measures announced by the Turkish Ministry of Trade, it was unanimously decided at the Board of Directors meeting dated April 28, 2020, to advise shareholders to participate in the general assembly meetings electronically rather than by physical attendance. It was also decided to remind shareholders who wish to participate in the general assembly electronically that they can vote via the Electronic General Assembly System. The meeting agenda is listed below.

Agenda

1. Opening of the meeting and establishment of the Board of the General Assembly,
2. Authorization of the Board of the General Assembly to sign the meeting minutes and list of attendees,
3. Reading out and discussing the Annual Report of the Board of Directors for the year 2019,
4. Reading out the report of the Independent Audit Company for the fiscal year 2019,
5. Reading out, discussing and approval of the Financial Statements for the fiscal year 2019 prepared in accordance with the regulations of CMB,
6. Acquittal of the members of the Board of Directors separately regarding their operations and transactions in 2019,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. Approval of appointments of Meral Kurdaş and Tayfun Bayazıt made on March 2, 2020, as independent board members in place of those whose terms of office have expired and determine the terms of office and remuneration in line with the Capital Markets Board Regulations, Turkish Commercial Code and Article 12 of the Company's Articles of Association,
9. Selection of the independent audit company for the audit of the financial statements and reports for the year 2020 in accordance with Article 399 of the Turkish Commercial Code numbered 6102, Capital Markets Law numbered 6362 and Article 24 of the Company's Articles of Association,
10. Informing the shareholders on the donations made by the Company in 2019 in accordance with the regulations laid down by the Capital Markets Board and Article 4 of the Company's Articles of Association and discussion and approval of the Board of Directors' proposal on the ceiling of donations to be made in 2020,
11. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by the Company by granting collaterals, pledges, and mortgages in favor of third persons,
12. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communique (II-17.1.) of the Capital Markets Board,
13. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,
14. Petitions and requests.

General Assembly Meetings

Briefing on the Annual Ordinary General Assembly Meeting for the Year 2019
Invitation for the General Assembly Meeting was made three weeks before the General Assembly meeting date – date of making the call, and meeting date excluded – via all sorts of communication tools including electronic communication, in addition to the methods stipulated in the legislation. The invitation for the meeting was also made available via the Company's website, Public Disclosure Platform ("KAP") and Turkish Trade Registry Gazette ("TTSG"). The Balance Sheet and Income Statement for the year 2019, the Annual Report of the Board of Directors and the Corporate Governance Compliance Report in its enclosure (Compliance Report Format-CRF and Corporate Governance Information Form-CGIF), dividend distribution proposal of the Board of Directors, the Independent Audit Report and the information document regarding the agenda were made available at both Public Disclosure Platform ("KAP") and Company's (http://investor.mlpcare.com) website.

In this regard;

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

The Annual Shareholders Ordinary General Assembly Meeting was held on Friday, May 29, 2020, at 11:00 am due to the 2019 calendar year operations. The List of Attendees and the Minutes of Meeting, together with decisions taken during the meeting, were attached to the Public Disclosure Platform announcement (KAP) dated May 29, 2020. In the Meeting, it was seen that 178,468,300 shares corresponding to TL 178,468,300 capital among 208,037,202 shares corresponding to Company's total TL 208,037,202 capital were represented; that 140,301,019 shares corresponding to TL 140,301,019 capital were represented by proxy; and that 38,167,281 shares corresponding to TL 38,167,281 capital were represented electronically. Thus, the minimum quorum envisaged in the law and the Articles of Association was available.

Briefing About Resolutions Approved at the Annual Ordinary General Assembly Meeting for the year 2019

- The Annual Report of the Board of Directors and the Report of the Independent Audit Company as well as the Consolidated Financial Statements for the calendar year 2019 have been discussed and approved.
- The shareholders were informed about the donations made by the Company in 2019 and the Board of Directors' proposal to determine the ceiling of donations to be made in 2020 at TL 3mn was approved by the General Assembly.
- The reappointments of Meral Kurdaş and Tayfun Bayazıt as independent board members as of March 2, 2020, and a total annual salary of TL 134,400 to be paid monthly to each candidate was approved by the shareholders.
- The selection of the PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for the audit of the financial statements and reports for the year 2020 was approved.
- Due to the loss reported by MLP Care for the period of January 1, 2019 – December 31, 2019, in accordance with the Tax Procedural Law, the Board of Directors' proposal of not to distribute dividends was approved by the General Assembly.

Voting and Minority Rights:

The Company avoids any practices that would hinder the right to vote and pays utmost attention to give each shareholder the opportunity to use his/her right to vote, including across the border, in the easiest and most suitable manner through established mechanisms. In this regard, according to the Company's Articles of Association, persons who are entitled to attend the Company's General Assembly meetings in the electronic environment was determined as per the Turkish Code of Commerce Article 1527. It has been ensured that shareholders and their representatives could use the aforementioned rights through the system established at the Ordinary General Assembly Meeting of the year 2019.

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

2020 Dividend Distribution Proposal

As per the Board of Directors' resolution numbered 2021/10 and dated March 8, 2021,

It was unanimously decided:

1. According to the Company's consolidated financial statements for the period between January 1, 2020-December 31, 2020, which were prepared and independently audited as per the Capital Markets Board's Communiqué on the "Principles of Financial Reporting in Capital Markets" (II-14.1), a Net Profit of TL 122,997,000.00 was recorded. As per the provisions of the Turkish Code of Commerce and Corporate Tax Law, a Net Distributable Profit of TL 120,127,458.17 remained after the Primary and Secondary Legal Reserve Fund of TL 2,869,541.83 TL is reserved.

2. As a result of the calculations made in accordance with the provisions of the Tax Procedure Law, Corporate Tax and Income Tax Law a Net Profit of TL 26,963,640.25 was recorded. As per the provisions of the Turkish Code of Commerce and Corporate Tax Law, a Net Distributable Profit of TL 24,094,098.42 remained after the Primary and Secondary Legal Reserve Fund of TL 2,869,541.83 is reserved.

3. In order to strengthen the financial structure of the Company and further increase its financial flexibility, the Net Distributable Profit of the fiscal year of 2020 will not be distributed, and will be transferred to the "Retained Earnings" account after the Primary and Secondary Legal Reserve Fund is reserved,

4. And to submit this proposal for approval at the Ordinary General Assembly meeting that will be held on April 15, 2021.

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

Credit Ratings

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating evaluated the consolidated structure of MLP Sağlık Hizmetleri ("Company") and the bond issuances in an investment level category on a national and international level. JCR affirmed the ratings on the Long Term and Short Term National Scales as "BBB+(Trk)" and "A-2(Trk)", respectively, and assigned a "Positive" outlook on the Long Term National Rating. Additionally, the Long Term International Foreign and Local Currency Ratings have been affirmed as "B".

In the rating report, the Company's unique business model through brands and concepts appealing to different income segments and leading market share, stable revenue and EBITDA growth trend, the maintenance of a low level of financial leverage, the know-how in the field of expanding and managing greenfield and acquired hospitals, the consolidation opportunities in the private hospital sector created by the current economic conjecture, the development potential of the Turkish healthcare sector in the process of convergence with OECD averages in the medium and long-term along with the expectations relating to a rising level of investments in the healthcare sector on a global scale in the aftermath of the Covid-19 pandemic were stated as the principal reasons underlying the affirmation and determination of the ratings.

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

Other Information Related to Operating Activities

MLP Sağlık Hizmetleri A.Ş. Trade Register Information
Registered Head Office Address:
Otakçılar Caddesi Flatofis Istanbul No: 78 Kat: 3 D-Blok No: 103 Eyüp, Istanbul 34050
Trade Registration Office: Istanbul
Trade Registration Number: 574014

Amendments to the Articles of Association
No amendments were made to the Articles of Association in 2020.

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

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

VM Medical Park Maltepe Hospital opened in March 2020, and Liv Hospital Gaziantep in September 2020. The ramp-up of these hospitals are on track.

In 2020, MLP Care's capital expenditure was TL 166 million.

Utilizing Incentives
The Group has various investment incentive certificates that were signed by the Turkish Ministry of Economy and approved by the General Directorate of Incentive Implementation and Foreign Capital. With those incentives, the Group is eligible for a corporate tax deduction rate ranging between 40%-80% for an unlimited time, which amounts to a total deferred tax asset of TL 160,332,000 (31 December 2019: TL 149,918,000). Respective deferred tax asset was calculated to be 15%-40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TL 3,546,000 will be netted off against personnel expenses over the period of 2020-2026.

Compensation and Benefits Provided to Board Members and Senior Managers
The Company made a gross payment of TL 19,397,000 in total to senior managers for the fiscal year ended on December 31, 2020 (2019: TL 22,199,000). No remuneration was paid to the Members of the Board of Directors because of the roles they assume as Board Members.

Research and Development
The Company spent approximately TL 2.8 million for sponsored research and development activities in line with its R&D Policy.

Matters Relating to the Group
The situations where the Company has directly and indirectly increased or decreased its ownership stake in its affiliates and subsidiaries in 2020 are outlined below:

- In March 2020, the legal business name of "Sotte Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş" was changed to "Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat San. ve Tic. A.Ş." and the scope of activity was expanded by including "Health Services" to Article 3 titled "Purpose and Subject" in the Articles of Association.
- In December 2019, MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık") was established. In 2020, Liv Hospital Gaziantep Hospital started its operations under MLP Gaziantep Sağlık Hizmetleri A.Ş..
- In December 2020, the capital of the Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş.'nin ("Sotte") – increased to TL 46,000,000 as a result of TL 15,000,000 capital injection.
- In December 2020, the capital of Kuzey Medikal Pazarlama İnşaat Taşımacılık Sanayi ve Ticaret Ltd. Şti. ("Kuzey Medikal") – increased to TL 85,800,000 as a result of TL 50,000,000 capital injection.
- On September 15, 2020, BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans") and BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta") has decided to cease all activities as of September 18, 2020.

Other
There are no amendments in the legislation which may significantly affect the activities of the corporation in 2020.

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

The Company's management did not enter into any transaction that would complicate the conduct of the special audit. No special audit request was received in 2020.

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

The Company accounted for a TL 13,733,300 litigation provision for the risk that may arise from pending cases and proceedings (2019: TL 12,763,000). The plaintiffs have the right to raise their claims during the proceeding and, therefore, there is a possibility that the aforementioned amount may be higher.

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

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

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

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

Information about conflicts of interest that may arise between the Company and the firms providing investment consulting and credit rating services to the Company, and measures are taken by the Company to prevent such conflicts of interest:
There have been no situations that involve a conflict of interest during the reporting period. The Company complies with all CMB regulations when purchasing services and uses the utmost care to avoid situations that may result in a conflict of interest.

Statements of Responsibility by the Board of Directors

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF FINANCIAL STATEMENTS
DATE: 08/03/2021
RESOLUTION NO: 2021/9

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

We hereby enclose the consolidated financial statements for the period January-December 2020, which have been prepared in accordance with the Capital Markets Board's ("CMB") "Communiqué on the Principles of Financial Reporting in Capital Markets Series No: II-14.1" (the "Communiqué"), the Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS"), and the mandatory formats defined by the Capital Markets Board; and independently audited, and approved by the Company's Board of Directors.

We hereby certify that:
a) The consolidated financial statements dated December 31, 2020, have been reviewed by us,
b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements, in all material respects, do not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the consolidated financial statements prepared in line with applicable financial reporting standards fairly represent the Company's assets, liabilities, financial position, profit and loss as well as the risks and uncertainties facing the Company.

Respectfully yours,

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

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND DISCLOSURE OF THE ANNUAL REPORT AND CRF - CGIF TEMPLATES
DATE: 11/03/2021
RESOLUTION NO: 2021/12

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

The Company's twelve-month Annual Report for the accounting period of January-December 2020, prepared pursuant to the legislation and the Turkish Accounting Standards/Turkish Financial Reporting Standards framework issued in accordance with Capital Markets Board's (CMB) " Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1)," Compliance Report Format (CRF)" and the "Corporate Governance Information Form (CGIF)" which were prepared pursuant to the Resolution No. 2/49 made by the Capital Markets Board of Turkey on January 10, 2019, approved by the Board of Directors are attached.

a) The annual report, Compliance Report Format (CRF) and Corporate Governance Information Form (CGIF) dated December 31, 2020, has been reviewed by us,
b) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report, in all material respects, does not contain any untrue representations or any omissions that would lead to misleading conclusions as at disclosure date,
c) To the best of our knowledge and in line with our roles and responsibilities at the Company, the annual report prepared in line with applicable financial reporting standards fairly represents the development and performance of the business, the Company's financial position as well as the risks and uncertainties facing the Company.

Respectfully yours,

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

Statements of Independence

In the context of Article 4.3.6. of the Corporate Governance Communique (II 17.1.), I hereby declare that I comply with the independence criteria stated below and I am a candidate for the independent board members in the 2019 Annual General Assembly Meeting to be held in 2020.

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

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

Meral Kurdaş

Tayfun Bayazıt

Independent Auditor's Report on the Annual Report

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

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

1. Opinion

We have audited the annual report of MLP Sağlık Hizmetleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2020 period.

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

2. Basis for Opinion

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

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

We expressed an unqualified opinion in the auditor's report dated 8 March 2021 on the full set consolidated financial statements for the 1 January - 31 December 2020 period.

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

Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
- the Group's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

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

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

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

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

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

Ediz Günsel, SMMM
Partner

Istanbul, 11 March 2021

(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 2020 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 2020 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 1-32) 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 2020, 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 (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. 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 matters	**How the key audit matter was addressed in the audit**
Revenue recognition	
Revenue is one of the most important indicators in the performance evaluation of the Group. Revenue has significant importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance. The main source of the Group’s income is generated by hospital services. The measurement of revenue from hospital services and recognition in the correct period are determined in accordance with the protocol opened in the patient admission process for each patient, and invoices are issued using the accounting system. In addition, services related to ongoing treatments which are partially completed but not invoiced at the balance sheet date are accounted for as income accrual. The revenue amounting to TRY4,014,679 thousand, which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2020, has been identified as a key audit matter due to its significance level and significant impact on more than one account. Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.6 and 20.	We performed the following procedures in relation to the revenue recognition: - Evaluating the compliance of the Group's accounting policies for the recognition of the revenue, - Understanding the invoicing and sales-related procedures for significant revenue streams - Conducting discussions with Group management and evaluating the Group’s performance in the industry in which it operates and the explanations based on macroeconomic information by considering the impact of the COVID-19 pandemic, - Performing tests on the conformity of customer invoices with the service income data obtained from the accounting system, using the sampling method and checking the accounting of the related transactions within the scope of TFRS 15, "Revenue from Customer Contracts", - Testing the revenue recorded for service income which is related to ongoing patient treatment but not invoiced as of the balance sheet date, using the sampling method, - Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.6 and 20 within the scope of TFRS 15, "Revenue from Customer Contracts" standard.

3. Key Audit Matters (Continued)

Key audit matters	**How the key audit matter was addressed in the audit**
Impairment tests of hospital licenses	
The consolidated financial statements as of and for the year ending 31 December 2020 include hospital licenses under intangible assets, with carrying values of TL 596.072 thousand. The hospital licenses have no useful life and are not subject to depreciation, but these indefinite-life intangible assets should be tested for impairment annually. Indefinite-life intangible fixed assets in cash generating units subject to impairment tests are material to the consolidated financial statements. The impairment assessment of these assets requires significant judgment, and significant estimations and assumptions are used in the impairment tests performed by management. These assumptions are the discount rates and long-term growth rates of cash flows generated by using the weighted average cost of capital for the impairment test. These estimations and assumptions are very sensitive to changes in market conditions. Please refer to Notes 2.6 and 12 for explanations of the Group's accounting policies and amounts regarding intangible assets.	We performed the following procedures in relation to the impairment tests of hospital licenses: - Conducting discussions with Group management, understanding the Group's performance in the industry in which it operates and its future plans and evaluating the explanations based on macroeconomic information considering the impact of the COVID-19 pandemic, - Comparing forecasted cash flows for each cash generating unit with historical financial performance results, and evaluating whether these are reasonable, - Along with our internal valuation specialists, comparing the compliance of key assumptions, including long term growth rates and discount rates used in the calculations, with the rates used in the sector, and assessing these assumptions, - Assessing management's sensitivity analysis for key assumptions, - Testing of the disclosures in the consolidated financial statements in relation to impairment tests and evaluating the adequacy of these disclosures for TFRS' requirements.

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4. Other information

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

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

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

5. Other matters

The consolidated financial statements of the Group as of 31 December 2019 and for the year then ended were audited by another audit firm whose audit report dated 5 March 2020 expressed an unqualified opinion.

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

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

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

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

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7. 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.

7. **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2020 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 2021.

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

Ediz Günsel, SMMM
Partner

Istanbul, 8 March 2021

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
Current Assets:		**2,185,278**	**1,721,976**
Cash and cash equivalents	6	374,997	305,663
Trade receivables	8	1,155,116	990,895
- Due from related parties	5	23,654	2,841
- Trade receivables from third parties		1,131,462	988,054
Other receivables	9	84,367	61,001
- Due from related parties	5	41,059	31,081
- Other receivables from third parties		43,308	29,920
Inventories	10	113,482	90,465
Prepaid expenses	11	414,263	234,851
Other current assets	16	43,053	39,101
Non-current Assets:		**2,386,572**	**2,192,510**
Trade receivables		1,053	1,053
Other receivables	9	2,740	2,538
Property plant and equipment	12	764,245	775,746
Intangible assets		676,849	551,477
- Goodwill	14	38,661	40,217
- Other intangible assets	12	638,188	511,260
Right of use assets	13	257,440	235,087
Prepaid expenses	11	282,714	228,723
Deferred tax assets	25	401,531	397,886
TOTAL ASSETS		**4,571,850**	**3,914,486**

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

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

	Notes	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Current Liabilities:		**2,386,700**	**1,938,417**
Short term borrowings	7	363,743	391,066
Short term portion of long term borrowings	7	392,485	284,054
Obligations under finance leases	7	102,825	76,426
Short term lease liabilities	7	118,792	109,257
Trade payables	8	987,130	821,164
- Due to related parties	5	18,206	20,904
- Trade payables to third parties		968,924	800,260
Payables related to employee benefits	15	91,379	78,708
Other payables	9	51,684	36,377
- Due to related parties	5	799	799
- Other payables to third parties		50,885	35,578
Deferred income	11	221,497	82,116
Short term provisions		39,457	31,145
- Short term provisions for employment benefits	15	19,090	13,703
- Other short term provisions	17	20,367	17,442
Derivative financial instruments	28	-	23,450
Current tax liabilities	25	17,708	4,654
Non-current Liabilities:		**1,836,293**	**1,737,664**
Long term borrowings	7	944,203	859,743
Obligations under finance leases	7	93,239	135,454
Long term lease liabilities	7	476,310	492,683
Other payables		106,471	72,726
- Other payables to third parties	9	106,471	72,726
Deferred income	11	2,211	2,157
Long term provisions		30,207	20,153
- Long term provisions for employee benefits	15	30,207	20,153
Deferred tax liabilities	25	183,652	154,748
EQUITY:		**348,857**	**238,405**
Equity Attributable to the Owner of the Company:		**282,387**	**230,002**
Share capital	19	208,037	208,037
Share premium	19	556,162	556,162
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		1,896	14,441
- Revaluation reserve	19	37,747	37,747
- Accumulated gain/(loss) on remeasurement of defined benefit plans		(35,851)	(23,306)
Restricted reserves	19	10,260	10,260
Accumulated deficit		(558,898)	(595,149)
Net profit for the period		64,930	36,251
Non-controlling interest		**66,470**	**8,403**
TOTAL LIABILITIES AND EQUITY		**4,571,850**	**3,914,486**

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
PROFIT OR LOSS			
Revenue	20	4,014,679	3,703,598
Cost of sales (-)	20	(3,058,183)	(2,851,756)
GROSS PROFIT		**956,496**	**851,842**
General administration expenses (-)	21	(266,009)	(308,581)
Other income from operating activities	22	560,562	333,469
Other expenses from operating activities (-)	22	(497,443)	(353,799)
OPERATING PROFIT		**753,606**	**522,931**
Income from investing activities	23	118,581	132,383
Expense from investing activities (-)	23	(2,454)	(1,530)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**869,733**	**653,784**
Finance expenses (-)	24	(684,222)	(571,661)
NET PROFIT BEFORE TAX		**185,511**	**82,123**
Tax expense from operations		**(62,514)**	**(25,869)**
Current tax expense	25	(34,119)	(20,052)
Deferred tax loss	25	(28,395)	(5,817)
NET PROFIT		**122,997**	**56,254**
Allocation of net profit			
Non-controlling interest		58,067	20,003
Equity holders of the parent		64,930	36,251
Net profit for the period		**122,997**	**56,254**
Basic gain per share	26	**0.31**	**0.17**
OTHER COMPREHENSIVE EXPENSES		**(12,545)**	**(12,100)**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans		(15,681)	(15,125)
Income tax relating to items that will not be reclassified subsequently		3,136	3,025
TOTAL COMPREHENSIVE INCOME		**110,452**	**44,154**
Total comprehensive profit distribution			
Non-controlling interest		58,067	20,003
Equity holders of the Parent		52,385	24,151

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2020

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

			Accumulated other comprehensive income or expenses thatwill not be reclassified subsequently to profit or (loss)			Accumulated gain				
	Share capital	**Share premium**	**Property revaluation reserve**	**Accumulated Loss on remeasurement of defined benefit plans**	**Legal reserves**	**Accumulated deficit**	**Net profit/ (loss) for the period**	**Attributable to equity holders of the parents**	**Non-controlling interest**	**Total equity**
Balance as at January 1 2019	**208,037**	**556,162**	**39,752**	**(11,206)**	**10,260**	**(200,934)**	**(127,651)**	**474,420**	**101,271**	**575,691**
The effect of changes in accounting policies (Note 2.3)	-	-	-	-	-	(264,848)	-	(264,848)	(77,043)	(341,891)
Balance as at 1 January 2019 after changes	**208,037**	**556,162**	**39,752**	**(11,206)**	**10,260**	**(465,782)**	**(127,651)**	**209,572**	**24,228**	**233,800**
Other comprehensive incomefor the period, net of tax	-	-	-	(12,100)	-	-	-	(12,100)	-	(12,100)
Net profit for the period	-	-	-	-	-	-	36,251	36,251	20,003	56,254
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(12,100)**	**-**	**-**	**36,251**	**24,151**	**20,003**	**44,154**
Transfers	-	-	-	-	-	(127,651)	127,651	-	-	-
Disposal or acqusition of subsidiary (Note 31)	-	-	(2,005)	-	-	(1,716)	-	(3,721)	(38,327)	(42,048)
Capital increase	-	-	-	-	-	-	-	-	4,000	4,000
Dividend paid	-	-	-	-	-	-	-	-	(1,501)	(1,501)
Balance as at 31 December 2019	**208,037**	**556,162**	**37,747**	**(23,306)**	**10,260**	**(595,149)**	**36,251**	**230,002**	**8,403**	**238,405**
Balance as at January 1 2020	**208,037**	**556,162**	**37,747**	**(23,306)**	**10,260**	**(595,149)**	**36,251**	**230,002**	**8,403**	**238,405**
Other comprehensive incomefor the period, net of tax	-	-	-	(12,545)	-	-	-	(12,545)	-	(12,545)
Net profit for the period	-	-	-	-	-	-	64,930	64,930	58,067	122,997
Total comprehensive gain/(loss) for the period	**-**	**-**	**-**	**(12,545)**	**-**	**-**	**64,930**	**52,385**	**58,067**	**110,452**
Transfers	-	-	-	-	-	36,251	(36,251)	-	-	-
Balance as at 31 December 2020	**208,037**	**556,162**	**37,747**	**(35,851)**	**10,260**	**(558,898)**	**64,930**	**282,387**	**66,470**	**348,857**

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES		**899,264**	**663,285**
Net profit for the period		122,997	56,254
Profit from continuing operations		**876,198**	**735,440**
Adjustments related to depreciation and amortization expenses	12, 13	251,823	265,853
Adjustments related to impairment (reversal)		5,524	3,832
Adjustments related to impairment (reversal) of receivables	8	3,968	3,832
Adjustments related to goodwill	14	1,556	-
Adjustments related to provisions		12,909	9,973
Adjustments related to (reversal) of provision for employment benefits		11,939	5,416
Adjustments related to lawsuit (reversal) of provision for lawsuit		970	4,557
Adjustments related to interest (income) expense		415,203	473,825
Adjustments related to interest income	22	(27,412)	(28,633)
Adjustments related to interest expense	24	442,615	502,458
Adjustments related to gain (loss) on fair value		(23,450)	(22,595)
Loss (gain) arising on derivatives	24	(23,450)	(22,595)
Adjustments related to tax (income) expense	25	62,514	25,869
Other adjustments related to non-cash items		267,802	109,536
Adjustments regarding to (gain) loss on sale of bargain purchase	31	(81,980)	(128,695)
Adjustments regarding to (gain) loss on sale of non-current assets		(34,147)	(2,158)
Adjustments regarding to (gain) loss on sale of tangible assets		(34,147)	(2,158)
Changes in working capital		**(67,888)**	**(93,123)**
Adjustments related to (increase) decrease in trade receivables		(192,958)	(90,989)
Adjustments related to increase in inventories		(23,017)	(11,319)
Adjustments related to increase (decrease) in trade payables		165,964	45,628
Adjustments related to inrcrease (decrease) in other payables from operations		150,231	22,635
Adjustments related to other increase (decrease) in working capital		(168,108)	(59,078)
Adjustments related to (increase) decrease in other payables from other asset		(168,108)	(59,078)
Cash generated from operations		**931,307**	**698,571**
Payments due to employee termination benefits		(12,179)	(13,586)
Tax paid	25	(21,065)	(19,738)
Payments for other provisions		-	(3,045)
Other cash inflows	8	1,201	1,083

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2020

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

	Notes References	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
CASH FLOWS FROM INVESTING ACTIVITIES		**(172,374)**	**(222,825)**
Cash out flow for acqusition or capital increase of subsidiaries or joint ventures		-	(5,979)
Cash inflow from the disposal of the subsidiary		-	(1,610)
Cash inflows from sale of tangible and intangible assets		38,236	7,564
Proceeds from sales of property, plant, equipment and intangible assets	12	38,236	7,564
Payment for purchase of property, plant and equipment and intangible assets		(166,032)	(173,215)
Payment for purchase of property, plant and equipment	12	(147,995)	(160,450)
Payment for purchase of intangible assets	12	(18,037)	(12,765)
Cash advances and debts given	11	(71,990)	(82,218)
Interest received	22	27,412	28,633
Other cash inflows (outflows)		-	4,000
CASH FLOWS FROM FINANCING ACTIVITIES		**(657,556)**	**(358,115)**
Proceeds from bank loans		643,434	752,473
Proceeds from borrowings	7	227,234	382,968
Proceeds from bonds, net of commissions	7	416,200	369,505
Repayment of lease liabilities	7	(258,125)	(254,409)
Bank borrowings paid		(673,410)	(420,363)
Cash used for repayment of borrowings	7	(335,009)	(233,066)
Cash used for repayment of bonds	7	(338,401)	(187,297)
Repayment of obligations under finance leases	7	(71,234)	(92,325)
Interest paid		(298,221)	(341,990)
Dividend paid		-	(1,501)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**69,334**	**82,345**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**305,663**	**223,318**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6**	**374,997**	**305,663**

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 December, 2020, MLP Sağlık is the holding company of 17 subsidiaries (31 December 2019: 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 33.46% as of 31 December 2020, of MLP Sağlık are accepted as "in circulation". As of 31 December 2020, this ratio is 33.46% (Note 19).

The number of employees of the Group as at 31 December 2020 is 11,704 (31 December 2019 - 12,042).

Approval of consolidated financial statements

Board of Directors has approved the financial statements and delegated authority for publishing it on 8 March 2021. The General Assembly and specified regulatory bodies have the right to make amendments to the financial statements after issue.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

As of 31 December 2020 the subsidiaries of the Company are:

Name	**Location and base of operation**
Sentez Sağlık Hizmetleri A.Ş. ("Sentez Hastaneleri")	Batman - İzmir - Gaziantep
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. ("Tokat Hastanesi")	Tokat
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Hastanesi")	Samsun-İstanbul
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. ("Samsun Tıp Merkezi")	Samsun
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	Ankara
Artımed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artımed")	Ankara
MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık")	Ankara
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. ("Mediplaza")	Gebze - İzmit
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	İstanbul
BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta")	İstanbul
Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti. ve Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. İş Ortaklığı ("Kuzey Hastaneler Birliği" ya da "KHB")	İstanbul
Sotte Sağlık Temizlik Yemek Medikal Turizm Insaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	İstanbul - Ankara
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Group")	İstanbul
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	İstanbul
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	İstanbul
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	İstanbul
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	Gaziantep

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Financial Reporting Standards

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

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

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

Currency Used

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

2.1 Basis of Presentation (Continued)

Inflation accounting

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

Restatement and errors in the accounting policies and estimates

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

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

Going concern assumption

The Company's current liabilities in the enclosed financial statements for the period ending 31 December 2020 and 2019, exceeded its total current assets by TRY201,423 and TRY216,441 respectively. The most important share in current liabilities consists of short-term financial borrowings, tradepayables and lease liabilities which provided by the Group's financial institutions. The most important portion of the current liabilities is the short-term financial borrowings which the Group obtained from financial institutions, since a significant portion of the borrowings was obtained in the form of short-term loans the current ratio is a liability, and this indicates a need for a source to meet the Company's short-term liabilities.

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

In the calculations made according to the Communiqué, in addition to the unrealized exchange difference losses arising from foreign currency liabilities that have not yet been fulfilled, depreciation and half of the total personnel expenses arising from leases accrued on 2020 may not be taken into account. Accordingly, the shareholders' equity was determined by deducting the unrealized foreign exchange losses amounting to TRY387,304 regarding the loans and other debts of the Group, the expenses arising from the leases amounting to TRY213,938 and the depreciation and personnel expenses amounting to TRY181,377 and the equity amounting to the amount of TRY1,260,214 and it was concluded that more than two-thirds of the capital is protected.

In addition, revenue has increased by 8% compared to 2019 with the normalization steps after pandemic measures in Turkey. For the period ending 31 December 2020, the net profit has TRY122,997, which is caused from improvement on operational performance, cost savings, the positive contribution of negative goodwill from business combination of Ankara VM Hospital and gain on sale of fixed assets obtained as a result of the transfer of Uşak Hospital.

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 2020 and 31 December 2019 are as follows:

	Proportion of ownership and voting power held (%)			
Bağlı Ortaklıklar	**Place of incorporation operation**	**31 December 2020**	**31 December 2019**	**Principal activity**
Sentez Hastaneleri	Batman-İzmir-Gaziantep	56.00%	56.00%	Hospital services
Tokat Hastanesi	Tokat	58.84%	58.84%	Hospital services
Samsun Hastanesi	Samsun	80.00%	80.00%	Hospital services
Samsun Tıp Merkezi (1)	Samsun	100.00%	100.00%	Hospital services
MS Sağlık	Ankara	75.00%	75.00%	Hospital services
Mediplaza	Gebze-İzmit	75.00%	75.00%	Hospital services
MA Group (3)	İstanbul	51.00%	51.00%	Hospital services
BTR Sağlık Hizmetleri	İstanbul	100.00%	100.00%	Hospital services
Meditime Sağlık	İstanbul	100.00%	100.00%	Hospital services
MLP Gaziantep Sağlık	Gaziantep	60.00%	60.00%	Hospital services
Sotte Sağlık Temizlik Yemek	İstanbul - Ankara	100.00%	100.00%	Hospital services
Kuzey	Ankara	100.00%	100.00%	Ancillary services
Artımed	Ankara	100.00%	100.00%	Ancillary services
21. Yüzyıl Anadolu Vakfı (1) (2)	İstanbul	100.00%	100.00%	Ancillary services
BTN Sigorta (4)	İstanbul	100.00%	100.00%	Ancillary services
Kuzey Hastaneler Birliği ("KHB")	İstanbul	99.90%	99.90%	Ancillary services
BTN Asistans (4)	İstanbul	100.00%	100.00%	Ancillary services

(1) Represents voting power held.

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

(3) The Company made a liquidation decision on 25 December 2017.

(4) The Company has decided to cease all activities as of September 18, 2020 on September 15, 2020.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee,
- Is exposed, or has rights, to variable returns from its involvement with the investee and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

2.1 Basis of Presentation (Continued)

Basis of Consolidation (Continued)

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group losses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

2.2 Changes in Accounting Policies

Significant changes made in accounting policies are applied retrospectively and prior year financial statements are restated. In the current period, the Group has no changes in its accounting policies other than the change disclosed in Note 2.1.

2.3 Changes in the Accounting Estimates and Errors

If changes in accounting estimates are for only one period, changes are applied on the current year but if the changes in accounting estimates are for the following periods, changes are applied both on the current and the following years prospectively. In the current period, the Group has no changes in the accounting estimates and errors.

2.4 Amendments in International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2020:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii) clarify the explanation of the definition of material; and
  iii) incorporate some of the guidance in IAS 1 about immaterial information.

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

  Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. These amendments do not have any significant impact on Group's financial condition and performance.

  Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries. The Group has assessed the impact of the amendments and concluded that no significant impact on its financial position or performance.

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

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

2.4 Amendments in International Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

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

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

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

  - **Amendments to IFRS 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 IAS 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 IAS 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 IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

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

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

2.5 Effects of Revised Accounting Policies

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Effect of Covid 19 Outbreak on Group Activities

Covid-19 infection (Coronavirus) which appeared first in China in December 2019 and affected the World A global pandemic was declared by the World Health Organization as of March 11, 2020. Several cases have been announced since March 2020 in Turkey.

In order to prevent the Covid-19 epidemic and the spread of the epidemic, the Ministry of Health General Directorate of Health Services published its memorandum on "Pandemic Hospitals" numbered 14500235-403.99 on March 20,2020. According to Article 1 of memorandum, all foundation hospitals and private hospitals are obliged to treat the patient until the diagnosis of Covid-19 becomes definite. According to the memorandum, when MLP Sağlık Hizmetleri and its subsidiaries are evaluated, all hospitals except "Çanakkale Hospital" have become "Pandemi Hospital". In this context, all hospitals under the management of Group have taken all precautions regarding the Covid-19 outbreak and provided the necessary environment for the health of our employees and the safe treatment of our patients. Pandemic care services, which were additionally paid within the scope of pandemic care in health services, were excluded from the state payment scope as of 29 June 2020; however, with the changing in August, retrospective payments started to be made as of the date of its removal.

Covid-19' spread effect within the World and Turkey as well as duration can not be estimated yet clear. As the severity and duration of the effects become clearer, it will be possible to make a more specific and healthy evaluation for the medium and long term. However, while preparing the consolidated financial statements as of 31 December 2020, the possible effects of the Covid-19 outbreak were evaluated and the estimates and assumptions used in the preparation of the financial statements were reviewed. In this context, the Group has tested possible impairment in the values of financial assets, stocks, tangible and intangible fixed assets included in the consolidated financial statements as of 31 December 2020, and no impairment was detected.

2.6 Summary of Significant Accounting Policies

Related Parties

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Related Parties (Continued)

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

(i) The entity and the company are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

Business Combinations

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

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

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with TFRS 5.

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

2.6 Summary of Significant Accounting Policies (Continued)

Business Combinations (Continued)

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

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration that is classified as an asset or a liability is a financial asset and within the scope of TAS 39 Financial Instruments: Recognition and Measurement, the contingent asset or liability is recorded at its fair value and the corresponding gain or loss is recorded in profit or loss or other comprehensive income.

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Goodwill

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

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

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

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

Foreign Currency Transactions

Foreign Currency Transactions and Balances

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue Recognition

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

Group recognises revenue based on the following five principles:

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

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

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

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

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

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

The Group recognises revenue from the following major sources:

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Inventories

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

Property, Plant and Equipment

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

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

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

Useful lives and depreciation methodology is regularly reviewed for appropriateness.

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 2020, 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Impairment of Tangible and Intangible Assets Other Than Goodwill (Continued)

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.

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.

As of the reporting date, the Group have new hospital projects under construction and it takes time for these projects to be ready for their intended use. The borrowing costs related to these projects are capitalized under TAS 23 - Borrowing Costs.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Deferred Tax

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

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
(Amounts expressed in thousands Turkish Lira ("TL") unless otherwise stated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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.

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

The Group applies IAS 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, IFRS 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee (Continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets

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

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

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

  Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

(i) Amortised cost and effective interest method

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

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification of financial assets

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

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 22).

(ii) Financial assets at FVTPL

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

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

Foreign exchange gains and losses

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

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

Impairment of financial assets

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (Continued)

(iii) Financial assets at FVTPL (Continued)

Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

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

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

Financial liabilities

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

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial liabilities (Continued)

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

The Group does not reclassify any financial liability.

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.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 28.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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NOTE 3 - SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND 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 2020, the Group has recognized deferred income tax asset of TRY85,316 in respect of losses amounting to TRY426,574 (31 December 2019: TRY460,866) that can be carried forward against future taxable income (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).

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;

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

3.2 Key sources of estimation uncertainty (Continued)

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 2020, provision for impairment of trade receivables amounting to TRY16,696 (31 December 2019: TRY13,929) (Note 8).

In addition, the Group has trade receivables arising from health services provided to foreign patients. These receivables have a longer maturity and higher profitability compared to other institutions that the Group works such as SSI and private insurance companies. Collections of these receivables are followed up regularly by the Group and the Group Management's expectation is that foreign patient receivables will be collected in 2021. The Group has overdue but not impaired trade receivables amounting to TRY472,766 as of 31 December 2020 (31 December 2019: TRY431,960). Since overdue trade receivables but not impaired amounting to TRY115,680 from the Government of Libya are under the guarantee of the government, there is no need to make provision (31 December 2019: TRY155,818).

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 TRY20,367 (31 December 2019: TRY17,442) 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 2020 by the method of "discounted cash flows". As of 31 December 2020 there is no impairment on goodwill.

Intangible Fixed Assets Acquired Through Business Combination; Hospital licenses

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

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.

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

3.2 Key sources of estimation uncertainty (Continued)

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

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 2020 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).

Revaluation of Buildings and Machinery and Equipment

Buildings and machinery and equipments are revalued according to current market conditions. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Group's buildings and machinery and equipments are revalued by independent experts accredited by the Capital Market Board. The revaluation fund resulting from the difference between the carrying value and the fair value is netted with deferred tax and presented under equity as revaluation fund. Revaluation is done periodically. Revaluations is made regularly such that fair value does not differ significantly from the book value as of the date of the balance sheet. Unless there is a change in the conditions, the Group has its buildings, machinery and equipment evaluated every 3-5 years and reflects the values found in financial statements. The Group has made the valuation of its buildings, machinery and equipment lastly as of 30 September 2017. Information about the valuation techniques and inputs used in determining the fair value of these assets are disclosed in Note 12.

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NOTE 4 -INTERESTS IN OTHER ENTITIES

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

Samsun Tıp Merkezi	**31 December 2020**	**31 December 2019**
Current assets	739	740
Non-current assets	22	36
Current liabilities	7,885	6,558
Equity	(7,124)	(5,782)

	1 January - 31 December 2020	**1 January - 31 December 2019**
Other income/(expense), net	(1,342)	(1,186)
Loss for the period	(1,342)	(1,186)
Net cash inflow/(outflow) from operating activities	(14)	(29)
Net cash inflow/(outflow) from investing activities	14	26
Net cash inflow/(outflow)	**-**	**(3)**

21. Yüzyıl Anadolu Vakfı	**31 December 2020**	**31 December 2019**
Current assets	40,442	39,848
Non-current assets	42,135	37,873
Current liabilities	38,389	47,706
Equity	44,188	30,015

	1 January - 31 December 2020	**1 January - 31 December 2019**
Revenue	262	6,720
Other income/(expense), net	13,911	(3,154)
Profit for the period	14,173	3,566
Net cash inflow/(outflow) from operating activities	4,452	1,667
Net cash inflow/(outflow) from investing activities	(4,262)	(1,648)
Net cash inflow/(outflow)	**190**	**19**

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NOTE 5 - RELATED PARTY DISCLOSURES

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

As of 31 December 2020 the short term receivables and payables details as follows:

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

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

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

(2) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.

(3) Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. provides cleaning, catering and laundry services for the Group.

(4) Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. provides cleaning and catering services for the Group.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

	31 December 2019			
	Receivables Current		**Payables Current**	
Shareholders	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Muharrem Usta (*)	-	29,904	-	50
Adem Elbaşı	-	1,048	-	-
	-	**30,952**	**-**	**50**
Other companies controlled by the shareholders				
A ve A Sağlık A.Ş. (1)	2,347	-	8,456	-
Samsunpark Özel Sağlık Tıbbı Malz. İnş. Tur. Tem. Tic. A.Ş. (3)	-	-	3,066	-
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	-	-	2,934	-
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (2)	44	-	1,898	-
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	-	-	1,571	-
Mp Sağlık ve Tic. A.Ş.	-	-	1,238	733
Tokat Emar Sağlık Hiz. Ltd. Şti.	-	-	647	-
Pozitif Medikal Sistemler San. ve Tic. Ltd. Şti.	2	-	509	-
Miniso Mağazıcılık A.Ş.	52	-	263	-
Diasan Basım ve Form Matbaacılık San. ve Tic. A.Ş.	-	-	170	-
Mt Sağlık Ürünleri San. ve Tic. A.Ş.	-	-	118	-
Saray Eczanesi	1	-	34	-
Sanport Gayrimenkul Geliştirme İnş.ve Tic. A.Ş.	2	-	-	-
Supra A.Ş.-Sonotom Ltd. Şti. -Ledmar Ltd Şti. - Mlp A.Ş. İş Ortaklığı	366	-	-	-
Diğer	27	129	-	16
	2,841	**129**	**20,904**	**749**
	2,841	**31,081**	**20,904**	**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) A ve A Özel Sağ. Hiz. ve Cih. Teks. San. Tic. Ltd. Şti. provides cleaning materials for the hospitals.

(2) 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.

(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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Advances given to related parties and Prepaid expenses

	31 December 2020	**31 December 2019**
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	108,782	12,312
Atakum Özel Sağlık Hizmetleri İnş. Turizm ve San. Tic. A.Ş.	323	286
A ve A Sağlık A.Ş.	296	-
	109,401	**12,598**

Fixed asset advances given to related parties

	31 December 2020	**31 December 2019**
Fom Grup Mimarlık İnşaat ve Tic. A.Ş. (1)	124,364	90,288
Mp Sağlık ve Tic. A.Ş.	68,200	33,000
	192,564	**123,288**

(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 2020	**31 December 2019**
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within non-current prepaid expenses)	2,811	3,598
Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. (within prepaid expenses)	787	787
	3,598	**4,385**

The balances above are resulting from sale and leaseback transactions of Efes Hospital (branch of Sentez Hospital) and Bahçelievler Hospital’s land and buildings and are deferred under prepaid expenses and amortised in proportion to the lease payments over the period for which the asset is expected to be used since such losses are compensated for by future lease payments at below market price. Land of Efes Hospital was sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş in 2010, resulting in a loss of TRY6,211, which was totally booked under the other current and non¬current assets as of 31 December 2010 since the operational leasing agreement would become effective in 2011 and will be effective for 15 years. The building of Bahçelievler Hospital has been sold to Sancak Grup Mimarlık İnşaat ve Tic. A.Ş. in 2009, resulting in a loss of TRY5,591. The duration of leasing agreement of the building is 15 years starting from December, 2009. As at 31 December 2020, the Group has incurred rent expense amounting to TRY787 due to amortization of prepaid rent (31 December 2019: TRY787).

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Lease liabilities from related parties

	31 December 2020		31 December 2019	
	Short-term	Long-term	Short-term	Long-term
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	52,327	75,766	55,264	113,536
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	16,332	57,562	9,508	49,933
Atakum Özel Sağlik Hizmetleri İnş.Turizm ve San. Tic. A.Ş.	7,696	8,681	6,644	14,214
Gazi Medikal Sağlık Tesisleri ve Tic. A.Ş.	6,471	3,214	4,620	8,885
Özel Gebze Sentez Sağlık Hizmetleri ve Tic. A.Ş.	3,034	-	5,609	2,786
Mp Sağlık ve Tic. A.Ş.	2,475	-	3,167	2,250
Tokat Medikal Grup Sağlık Turizm İnş. San. Tic. A.Ş.	2,268	1,011	1,707	2,455
	90,603	**146,234**	**86,519**	**194,059**

Purchases from related parties	1 January - 31 December 2020	1 January - 31 December 2019
Fom Grup Mimarlık İnş.ve Tic. A.Ş. (2) (3)	22,370	16,846
A ve A Sağlık A.Ş. (1)	14,081	12,684
	36,451	**29,530**

(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.

Operating expenses (including purchase of services)	1 January - 31 December 2020	1 January - 31 December 2019
Sanport Gayrimenkul Geliştirme İnş. ve Tic.A.Ş. (1)(7)	90,956	92,488
Samsunpark Özel Sağ. Tibbi Malz. İnş. Tur. Tem. Tic. A.Ş. (4)	18,224	19,045
Atakum Özel Sağlik Hiz. İnş. Turizm ve San. Tic. A.Ş. (1)(7)	10,799	10,437
Livart Tüp Bebek Özel Sağlik Hizm. A.Ş. (2)	7,130	6,323
Cotyora Med. Özel Sağ. Taah. Hz. İnş. Tr. Loj. Ltd. Şti. (4)	6,486	6,843
Özel Gebze Sentez Sağlik Hizmetleri ve Tic. A.Ş. (1)(7)	6,319	6,996
Gazi Medikal Sağlik Tesisleri ve Tic. A.Ş. (1)(7)	5,811	6,876
Mp Sağlik ve Tic.A.Ş. (1)(7)	5,785	5,666
Tokat Medikal Grup Sağlik Turizm İnş. San. Tic. A.Ş. (1)(7)	3,026	2,594
Tokat Emar Sağlik Hiz. Ltd. Şti. (2) (5)	1,379	1,469
Saray Eczanesi (6)	808	681
Özdenler Sağ. Hiz. Dan. Turz. Gid. San. Tic. Ltd. Şti. (2)	404	420
Mt Sağlik Ürünleri Sanayi ve Ticaret A.Ş. (3)	195	235
Diasan Basim ve Form Matbaacilik San. ve Tic. A.Ş. (3)	25	477
Çanakkale Arkaz Sağlik Yatirimlari A.Ş. (1)(7)	-	1,086
Miniso Mağazacılık A.Ş.	-	1,500
Özarkaz Gayrimenkul Yat. ve İnş. Tic. A.Ş. (1)(7)	-	7,491
Özel Ereğli Millet Sağlik Hizm. San. ve Tic. Ltd. Şti. (1)(7)	-	4,525
Öz Anadolu Gayrimenkul ve Sağlik Yat. A.Ş. (1)(7)	-	2,447
	157,347	**177,599**

(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.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 5 - RELATED PARTY DISCLOSURES (Continued)

Sales to related parties	**1 January - 31 December 2020**	**1 January - 31 December 2019**
A ve A Sağlık A.Ş. (1)	11,929	11,822
Samsunpark Özel Sağlık Tıbbi Malz. İnş. Turizm. Tem. Tic. A.Ş.	219	262
Adem Elbaşı	190	134
Miniso Mağazacılık A.Ş.	174	223
Cotyora Med.Özel Sağ.Taah. Hz. İnş. Tr. Loj. Ltd. Şti.	73	237
Samsunpark Özel Sağlık Hizm.İş Sağlığı ve Güvenliği		
Fom Grup Mimarlık İnşaat ve Tic. A.Ş.	22	31
Danışmanlık Eğitim Mühendislik Tic. Ltd. Şti.	20	-
Tokat Medikal Grup Sağlık Truzim İnş.San.Tic.A.Ş.	19	-
Saray Eczanesi	6	7
ZCatering Taşımacılık Hizmetleri San.ve Tic.Ltd. Şti.	6	-
Sanport Gayrimenkul Geliştirme İnş. ve Tic. A.Ş.	-	19
Livart Tüp Bebek Özel Sağlık Hizm. A.Ş.	-	81
Mt Sağlık Ürünleri Sanayi ve Ticaret A.Ş.	-	39
Sancak İnşaat Turizm Nak.ve Dış Tic. A.Ş.	-	49
Supra-Medicalpark-Sonotom-Akademi İş Ortaklığı (Fatih Görüntüleme) (2)	-	1,049
	12,658	**13,953**

(1) Outsourcing laboratory services
(2) Monitoring services

Interest income from related parties	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Muharrem Usta	5,605	4,791
	5,605	**4,791**

<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 2020	**1 January - 31 December 2019**
Salaries and other short term benefits	19,397	22,199
	19,397	**22,199**

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand	26,746	15,569
Cash at banks	338,224	282,330
- Demand deposits	*252,229*	*28,950*
- Time deposits	*85,995*	*253,380*
Other cash equivalents (*)	10,027	7,764
	374,997	**305,663**

As of 31 December 2020 the interest rates of the Group's time deposits in TRY, USD and EUR are respectively 15.25% - 19% (31 December 2019: 4.49% - 13.25%), 0.10% (31 December 2019: 0.4% - 1.5%) 0.01% (31 December 2019: 0.01% - 0.09%) and their terms are less than 3 months.

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

NOTE 7 - FINANCIAL INSTRUMENTS

Financial Liabilities

Bank Loans and Bonds

	31 December 2020	31 December 2019
Short-term bank borrowings	41,223	139,598
Short-term bonds issued	322,520	251,468
Current portion of long term borrowings	348,666	241,137
- Current portion of long-term bank loans	*348,666*	*241,137*
Interest expense accruals	43,819	42,917
	756,228	**675,120**
Long-term bank loans	944,203	859,743
	944,203	**859,743**
Total borrowings	**1,700,431**	**1,534,863**

As at 4 December 2020, the Group issued a bond offered to qualified investors amounting to TRY120,679 with a maturity of half year. The principal amount will be paid at maturity, 24 May 2021. The interest rate is 20.50%.

As at 4 December 2020, the Group issued a bond offered to qualified investors amounting to TRY75,730 with a maturity of one year and monthly coupon payments. Interest payments commenced on March 5, 2021 and the principal amount will be paid at maturity, December 16, 2021. The effective interest rate is TRLibor+4.0%.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

As of 31 December 2020 and 31 December 2019 the repayment schedule of the total borrowings as follows:

31 December 2020

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

31 December 2019

Currency Type	Weighted average effective interest rate	Current	Non-current	Total
TRY	18%	276,847	93,288	370,135
TRY	TRLibor +3.30%- 4.00%- 5.80%	241,492	340,215	581,707
EUR	Euribor + 5.50%	121,533	426,240	547,773
EUR	0.75%	35,248	-	35,248
		675,120	**859,743**	**1,534,863**

As of 31 December 2020, there are no blocked cash accounts related to the group's loans (31 December 2019: None).

As of 31 December 2020 and 31 December 2019 the repayment schedule of the borrowings in TRYare as follows:

	31 December 2020	31 December 2019
Interest expense accruals	43,819	42,917
To be paid within 1 year (*)	712,409	632,203
To be paid between 1-2 years	381,087	236,835
To be paid between 2-3 years	315,170	231,328
To be paid between 3-4 years	174,021	203,701
To be paid between 4-5 years	73,925	135,294
To be paid between 5-6 years	-	52,585
	1,700,431	**1,534,863**

(*) TRY41,250 of the loans to be paid within one year consists of revolving loans and TRY322,520 part consists of bond payments which will be redeemed within 1 year.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Financial Liabilities (Continued)

Covenants

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

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

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

Net debt to EBITDA Ratio cannot be above x3.5 for the year ended 31 December 2017 and for the six months period ended June 30, 2018, x3.0 for the year ended 31 December 2018 and for the six months period ended June 30, 2019, x2.5 for the year ended 31 December 2019 and for the six months period ended June 30, 2020 and x2.5 for the remaining period of the syndicate loan. As at 31 December 2020, 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 2020 and 1 January - 31 December 2019:

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

	1 January 2019	Financing cash flows	Foreign exchange effect (Note 24)	Disposal of subsidiary	Other (*)	31 December 2019
Bank loans	1,135,646	343,312	63,266	(7,361)	-	1,534,863
Finance lease obligations	283,245	(92,325)	20,960	-	-	211,880
Lease liabities	659,747	(254,409)	7,572	(15,589)	204,619	601,940
	2,078,638	**(3,422)**	**91,798**	**(22,950)**	**204,619**	**2,348,683**

(*) Some of the lease obligations within the scope of TFRS 16 are due to the re-measurement of the reduced lease obligations and interest expenses due to the change in the lease payments realized within the period

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NOTE 7 - FINANCIAL INSTRUMENTS (Continued)

Lease Obligations

The Group has the following finance lease obligations which arose mainly due to lease of medical machinery and equipment:

	Minimum lease payments		Present value of minimum lease payments	
	31 December 2020	**31 December 2019**	**31 December 2020**	**31 December 2019**
Within one year	113,476	90,031	102,825	76,426
In the second to fifth years inclusive	98,260	146,859	93,239	135,454
	211,736	**236,890**	**196,064**	**211,880**
Less : Future finance charges	(15,672)	(25,010)	-	-
Present value of finance lease obligations	**196,064**	**211,880**	**196,064**	**211,880**
Less: Amounts due to settlement within twelve months (shown under current liabilities)	**102,825**	**76,426**	**102,825**	**76,426**
Present value of finance lease obligations	**93,239**	**135,454**	**93,239**	**135,454**

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 TRYis 15.30% (2019: 15.08%,). The contractual effective interest rate EUR is 5.81% (2019: 5.78%). The contractual effective interest rate USD is 5.40% (2019: 5.54%).

There is no amount in short-term finance lease payables comprise hospital equipments and devices leased from third parties which are not financial institutions (2019: None).

Liabilities arising from lease transactions:

	31 December 2020	**31 December 2019**
Within one year	118,792	109,257
More than one year	476,310	492,683
Present value of the lease liabilities	**595,102**	**601,940**

The Group measured liabilities arising from lease transactions at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The average lessee's incremental borrowing rate applied to the TRYlease liabilities is 28.50%, 20.3% and EUR lease liabilities is 16.07% on 1 January 2019.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Current trade receivables	**31 December 2020**	**31 December 2019**
Trade receivables	932,886	800,462
Income accruals from continuing treatments	162,290	125,768
Other trade income accruals	35,699	56,338
Trade receivables from related parties (Note 5)	23,654	2,841
Notes receivables	17,283	19,415
Allowance for doubtful receivables (-)	(16,696)	(13,929)
	1,155,116	**990,895**

Trade receivables due from the SSI constitute 43% (31 December 2019: 36%) and receivables due from foreign patients constitute 21% (31 December 2019: 31%) of total trade receivables.

The Group has trade receivables arising from health services given to foreign patients amounting to TRY195,032 as at 31 December 2020. 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. In the period January 1, 2020 - December 31, 2020, the Group has receivables from the Government of Libya amounting to TRY115,680. The Group Management expect to collect remaining receivables in 2021. On 6 August 2020, the collection of the receivable balance in the amount of TRY99,109 was realized and settled from receivables using the first in first out method.

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

As of 31 December 2020, trade receivables of an initial value of TRY16,696 (31 December 2019: TRY13,929) 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 2020**	**1 January - 31 December 2019**
Balance at beginning of the period	**13,929**	**11,515**
Charge for the period	3,968	3,832
Collections	(1,201)	(1,083)
Disposal of subsidiary	-	(335)
Balance at closing of the period	**16,696**	**13,929**

The average maturity of trade receivables and notes receivables is 97 days (31 December 2019: 91 days).

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

Trade Payables

Current trade payables	**31 December 2020**	**31 December 2019**
Trade payables	756,834	670,480
Trade payables due to related parties (Note 5)	18,206	20,904
Other expense accruals	210,452	126,810
Other trade payables	1,638	2,970
	987,130	**821,164**

The average maturity of trade payables and notes payable is 152 days (31 December 2019: 132 days).

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

NOTE 9 -OTHER RECEIVABLES AND PAYABLES

Other Receivables

Other current receivables	**31 December 2020**	**31 December 2019**
Non-trading receivables due from related parties (Note 5)	41,059	31,081
Receivables from tax office	10,983	4,035
Deposits given	4,449	5,223
Other miscellaneous receivables	27,876	20,662
	84,367	**61,001**

Other non-current receivables	**31 December 2020**	**31 December 2019**
Deposits and guarantess given	2,740	2,538
	2,740	**2,538**

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NOTE 9 -OTHER RECEIVABLES AND PAYABLES (Continued)

Other Payables

Other current payables	**31 December 2020**	**31 December 2019**
Payables relating to business combinations (*)	29,068	20,175
Other taxes and funds payable	19,916	13,632
Non-trading payables due to related parties (Note 5)	799	799
Other miscellaneous payables	1,901	1,771
	51,684	**36,377**

Other non-current payables	**31 December 2020**	**31 December 2019**
Payables relating to business combinations (*)	106,471	72,726
	106,471	**72,726**

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

NOTE 10 - INVENTORIES

Inventories	**31 December 2020**	**31 December 2019**
Pharmaceutical inventory	44,779	26,503
Laboratory inventory	37,395	43,875
Medical consumables inventory	29,668	17,241
Other inventory	1,640	2,846
	113,482	**90,465**

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Prepaid Expenses

Short term prepaid expenses	**31 December 2020**	**31 December 2019**
Order advances (*)	366,738	186,681
Prepaid insurance expenses	19,069	15,394
Prepaid rent expenses (**)	16,759	20,522
Prepaid sponsorship expenses	2,586	1,360
Other	9,111	10,894
	414,263	**234,851**

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

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NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Long term prepaid expenses	**31 December 2020**	**31 December 2019**
Fixed asset advances given	277,231	205,241
Prepaid rent expenses (*)	3,480	19,998
Other	2,003	3,484
	282,714	**228,723**

(**) In March 2006, the Company signed a construction and rent agreement with Taşyapı İnşaat Taahhüt ve Ticaret A.Ş. (Taşyapı) for the construction of a new hospital building and subsequently its lease until 2021. Based on the terms of the agreement, Taşyapı issued an invoice to the Company and the Company gave notes to Taşyapı with maturities until 2015. The Company has reclassified the notes payable to prepaid expenses. As at 31 December 2020, the current prepaid expenses from the Taşyapı agreement amount to TRY19,220 (31 December 2019: TRY18,664) and there is no non-current prepaid expense amount (31 December 2019: TRY15,553). As at 31 December 2020 the Company has no trade payable to Taşyapı (2019: None).

As at 31 December 2020, short term and long term prepaid expenses include TRY3,598 from sale and leaseback transactions concerning building and land (31 December 2019: TRY4,385) (Note 5).

Deferred Income

Short term accrued income	**31 December 2020**	**31 December 2019**
Advances received (*)	217,754	73,887
Deferred revenue	3,743	8,229
	221,497	**82,116**

(*) 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 2020**	**31 December 2019**
Deferred revenue	2,211	2,157
	2,211	**2,157**

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

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

(*) As of 1 January - 31 December 2020, depreciation and amortization expense of TRY166,379 (1 January - 31 December 2019: TRY204,817) has been charged to 'cost of service', TRY14,998 (1 January - 31 December 2019: TRY10,605) in 'general administrative and marketing expenses TRY (1 January - 31 December 2019: TRY178) in 'other income and expenses.

As at 31 December 2020 carrying value of fixed assets acquired via finance lease is TRY48,201 (2019: TRY75,151).

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

Cost	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leased assets	Leasehold improvements	Construction in progress	Total
Opening balance as of 1 January 2019	**2,396**	**560,320**	**1,834**	**255,844**	**431,333**	**458,593**	**203,631**	**1,913,951**
Additions	-	15,210	-	27,186	-	52,978	65,076	160,450
Disposals	(1,130)	(4,804)	-	(4,581)	-	-	45	(10,470)
Assets acquired by business combinations	-	9,963	-	-	-	-	-	9,963
Disposal of subsidiary	-	(29,231)	(288)	(11,583)	(2,847)	(18,146)	-	(62,095)
Transfers	-	108,713	-	44,198	(37,043)	58,618	(178,651)	(4,165)
Closing balance as of 31 December 2019	**1,266**	**660,171**	**1,546**	**311,064**	**391,443**	**552,043**	**90,101**	**2,007,634**
Accumulated depreciation								
Opening balance as of 1 January 2019	**(100)**	**(287,285)**	**(1,698)**	**(131,866)**	**(423,639)**	**(232,715)**	**-**	**(1,077,303)**
Charge for the period	(16)	(95,870)	(130)	(37,099)	(37,118)	(36,566)	-	(206,799)
Disposals	36	2,274	-	3,154	-	-	-	5,464
Disposal of subsidiary	-	22,823	282	10,454	2,826	10,365	-	46,750
Transfers	-	(96,240)	-	(45,399)	141,639	-	-	-
Closing balance as of 31 December 2019	**(80)**	**(454,298)**	**(1,546)**	**(200,756)**	**(316,292)**	**(258,916)**	**-**	**(1,231,888)**
Carrying value as of 31 December 2019	**1,186**	**205,873**	**-**	**110,308**	**75,151**	**293,127**	**90,101**	**775,746**

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

Fair value measurement of the Group's buildings and machinery and equipment

The Group's freehold buildings and machinery and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Unless there is a change in the conditions, the Group has its buildings, machinery and equipment evaluated every 3-5 years and reflects the values found in financial statements. The Group has made the valuation of its buildings, machinery and equipment lastly as of 31 December 2018.

The fair value of the buildings was determined using the sale comparison approach. The fair value of the machinery and equipments was determined using the cost approach. In this method, the value of same or similar existing machine is base for the fair value under current economic conditions. Therefore, the main principle of cost approach is to value in use. The fair value has been determined taking into consideration the likelihood of physical deterioration, functional, technological and economic obsolescence, assuming that the machinery and equipment is an ongoing machinery and equipment in which the fair value of the technically depreciable assets is found.

There has been no change to the valuation technique during the year.

If buildings and machinery and equipments were stated on the historical cost basis, the amounts would be as follows:

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2020 and 2019 are as follows:

Net book value:	**31 December 2020**	**31 December 2019**
Machinery and equipments	540	2,895
	540	**2,895**

			Fair value	
	31 December 2020	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Machinery and equipments	38,942	-	38,942	-

			Fair value	
	31 December 2019	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Machinery and equipments	46,148	-	46,148	-

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

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

(*) The projection period for the purposes of impairment testing was taken as 5 years between 2020 -2025 and a discount rate of 20%. 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, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of hospital licences is respectively 23% and 23% below of calculated fair value of these asset and no provision is needed for impairment.

Cost	**Licenses (*)**	**Rights**	**Other**	**Total**
Opening balance as of 1 January 2019	401,236	55,672	1,489	458,397
Disposal of subsidiary	(99,127)	(5,980)	(38)	(105,145)
Additions	-	9,788	2,977	12,765
Assets acquired by business combinations	170,189	-	-	170,189
Disposals	-	(130)	(270)	(400)
Transfers	5,684	5,099	(934)	9,849
Closing balance as of 31 December 2019	**477,982**	**64,449**	**3,224**	**545,655**
Accumulated amortization				
Opening balance as of 1 January 2019	-	(30,117)	(366)	(30,483)
Assets acquired by business combinations	-	4,816	38	4,854
Charge for the period	-	(8,524)	(277)	(8,801)
Disposals	-	35	-	35
Closing balance as of 31 December 2019	**-**	**(33,790)**	**(605)**	**(34,395)**
Carrying value as of 31 December 2019	**477,982**	**30,659**	**2,619**	**511,260**

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NOTE 13 - RIGHT OF USE ASSET

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

(*) For the period ended December 31, 2020, right of use assets depreciation expenses of TRY68,643 has been charged to 'cost of service' (1 January - 31 December 2019: TRY48,972), TRY1,803 to 'general administrative and marketing expenses (1 January - 31 December 2019:TRY1,281).

	Hospital Buildings	Total
1 January 2019	**232,382**	**232,382**
Additions	53,301	53,301
Charge for the year (*)	(50,253)	(50,253)
Disposal of subsidiary	(343)	(343)
31 December 2019	**235,087**	**235,087**

NOTE 14 - GOODWILL

Hospital	**Date of acquisition**	**31 December 2020**	**31 December 2019**
Saray Hospital	2005	18,387	18,387
Yükseliş Hospital	2006	10,262	10,262
Kocaeli Hospital	2007	3,364	3,364
Batman Hospital (branch of Sentez Hospital)	2007	702	702
Tokat Hospital	2007	792	792
Uşak Hospital	2010	-	1,555
Kuzey Group Entities	2010	3,406	3,406
Acarkent Hospital	2011	232	233
KHB	2014	1,516	1,516
		38,661	**40,217**

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

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NOTE 14 - GOODWILL (Continued)

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

Yükseliş and Acarkent Hospitals:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Management believes that an 11% per annum growth rate is reasonable since there will be no capacity increase over the projection period and this growth rate is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Yükseliş and Acarkent to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 22% and 24% 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 2021-2025 and a discount rate of 20%. Estimated cash flows beyond the five-year period are calculated 11% growth rate and existing profitability is estimated to be maintained. Company's revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from health services such as outpatients and inpatients. Management believes that the company has been operating at its optimum performance and no further capacity increased is assumed, therefore, total revenue growth in the projection period is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Saray Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 24% and 18% below of calculated fair value of these asset and no provision is needed for impairment.

KHB:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 16.4%. Estimated cash flows beyond the five-year period are calculated without consideration of any growth rate and existing profitability is estimated to be maintained. If the estimated discount rate, which is respectively 16.4% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is 9% below of calculated fair value of these asset and no provision is needed for impairment.

Kuzey Group Entities:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 16.4%. Estimated cash flows beyond the five-year period are calculated 10% growth rate and existing profitability is estimated to be maintained. Company's revenue consist of revenue from services, commercial and other revenues. Revenue from services are generated from laboratory services provided to customers. Commercial revenues are generated from the sale of medical equipment and machinery to other medical institutions. Management believes that the company has been operating at its optimum performance and no further capacity increase is assumed, therefore, total revenue growth in the projection period is considered to be mostly inflationary. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount of Kuzey Group to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 16.4% and 10% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 8% and 7% below of calculated fair value of these asset and no provision is needed for impairment.

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NOTE 14 - GOODWILL (Continued)

Tokat Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. 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 Tokat Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 14% and 3% below of calculated fair value of these asset and no provision is needed for impairment.

Batman Hospital:

The projection period for the purposes of impairment testing was taken as 5 years between 2021-2025 and a discount rate of 20%. 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 Batman Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 14% and 17% 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 2021-2025 and a discount rate of 20%. 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 Kocaeli Hospital to exceed its recoverable amount. If the estimated discount rate and growth rate, which are respectively 20% and 11% in original assumption, used for the calculation of discounted cash flows had been 1% higher/lower than the management's estimate, fair value of goodwill is respectively 13% and 14% below of calculated fair value of these asset and no provision is needed for impairment.

NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS

Payables for employment benefits:

	31 December 2020	**31 December 2019**
Fees payable to doctors and other personnel	76,191	65,664
Social security premiums payable	15,188	13,044
	91,379	**78,708**

Short term provision for employment benefits:

	31 December 2020	**31 December 2019**
Unused vacation provision	19,090	13,703
	19,090	**13,703**

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NOTE 15 - PAYABLES FOR EMPLOYEE BENEFITS (Continued)

Long term provision for employment benefits:

	31 December 2020	**31 December 2019**
Retirement pay provision	21,311	16,319
Unused vacation provision	8,896	3,834
	30,207	**20,153**

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 TRY7,117 for each period of service as of 31 December 2020 (2019: TRY6,380).

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 2020, 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 8 % and a discount rate of 14.83%, resulting in a real discount rate of approximately 6.32 % (31 December 2019: 11.34%). 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 2019: 10%). The basis considered in calculating the provisions is the amount of maximum liability of TRY7,639 which became effective as of 1 January 2021.(1 January 2020: 6,730)

If the discount rate had been 1% higher, provision for employee termination benefits would decrease by TRY1,004 and if the discount rate had been 1% lower, provision for employee termination benefits would increase by TRY1,172.

If the anticipated turnover rate had been 1% lower while all other variables were held constant, provision for employee termination benefits would increase by TRY1,354. If the anticipated turnover rate had been 1% higher while all other variables were held constant, provision for employee termination benefits would decrease by TRY1,152.

Movement of retirement pay provision as of 31 December 2020 and 31 December 2019:

	2020	**2019**
Opening balance	**16,319**	**11,710**
Service cost	(589)	1,393
Interest cost	2,079	1,137
Termination benefits paid	(12,179)	(13,586)
Actuarial loss	15,681	15,125
Disposal of subsidiary	-	540
Closing balance	**21,311**	**16,319**

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NOTE 16 - OTHER ASSETS AND LIABILITIES

Other current assets:

	31 December 2020	31 December 2019
VAT carried forward	38,408	34,823
Other miscellaneous current assets	4,644	4,278
	43,052	**39,101**

NOTE 17 - PROVISIONS

Other short-term provisions:

	31 December 2020	31 December 2019
Litigation provisions	13,733	12,763
Social Security discounts provisions	6,634	4,679
	20,367	**17,442**

Movement of litigation provision as of 31 December 2020 and 31 December 2019:

	2020	2019
Opening balances	**12,763**	**11,534**
Charge for the period	970	4,557
Payment regarding cases	-	(3,045)
Disposal of subsidiary	-	(283)
Closing balances	**13,733**	**12,763**

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

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NOTE 18 - COMMITMENTS

31 December 2020	**Total TRY Equivalent**	**TRY**	**USD**	**EUR**
A.CPM given on behalf of its own legal entity	71,194	66,968	156	342
- Collateral	*71,194*	*66,968*	*156*	*342*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	58,959	56,555	-	267
- Collateral	*58,959*	*56,555*	-	*267*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
C. CPM given for execution of ordinary commercial activities to collect third parties debt	-	-	-	-
- Collateral	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
D. Total amount of other CPM given				
i. Total Amount of CPM on behalf of the main partner	-	-	-	-
- Collateral	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
ii. Total amount of CPM given on behalf of other Company companies that do not cover B and C	-	-	-	-
- Collateral	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
iii. Total amount of CPM on behalf of third parties that do not cover C.	-	-	-	-
- Collateral	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
Total	**130,153**	**123,523**	**156**	**609**

(*) The Group has given guarantees amounting to TRY64,991 related to the loans in Note 5 for the companies under full consolidation.

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

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NOTE 18 - COMMITMENTS (Continued)

31 December 2019	**Total TRY Equivalent**	**TRY**	**USD**	**EUR**
A.CPM given on behalf of its own legal entity	**100,335**	**61,254**	**156**	**5,737**
- Collateral	*100,335*	*61,254*	*156*	*5,737*
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. CPM given on behalf of the subsidiaries included in full consolidation (*)	**57,981**	**54,953**	**-**	**455**
- Collateral	*57,981*	*54,953*	-	*455*
- 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	**158,316**	**116,207**	**156**	**6,192**

(*) The Group has given guarantees amounting to TRY95,286 related to the loans in Note 5 for the companies under full consolidation.

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

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NOTE 19 - SHARE CAPITAL/OTHER RESERVES

Shareholders	**(%)**	**31 December 2020**	**(%)**	**31 December 2019**
Lightyear Healthcare B.V.	30.69	63,844	30.69	63,844
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35	31,943	15.35	31,943
Muharrem Usta	8.98	18,678	8.98	18,678
Hujori Financieringen B.V.	3.98	8,287	3.98	8,287
Adem Elbaşı	2.99	6,226	2.99	6,226
İzzet Usta	1.20	2,490	1.20	2,490
Saliha Usta	0.90	1,868	0.90	1,868
Nurgül Dürüstkan Elbaşı	0.90	1,868	0.90	1,868
Publicly Traded (*)	35.01	72,833	35.01	72,833
Nominal capital	**100.00**	**208,037**	**100.00**	**208,037**

(*) The shareholders of the Company purchased 6,827 thousand shares from the publicy traded portion of the capital. Distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V., 1,613 thousand shares representing 2.21% of the publicly traded portion of the capital were purchased by Sancak İnşaat, 943 thousand shares representing 1.29% of the publicly traded portion of the capital were purchased by Muharrem Usta, 418 thousand shares representing 0.57% of the publicly traded portion of the capital were purchased by Hujori Financieringen B.V., 314 thousand shares representing 0.43% of the publicly traded portion of the capital were purchased by Adem Elbaşı and lastly other shareholders purchased 314 thousand shares representing 0.43% of the publicly traded portion. 1,613 thousand shares purchased by Sancak İnşaat from the publicy traded portion were sold on September 24, 2018. 126 thousand shares purchased by İzzet Usta and 18 thousand shares purchased by Adem Elbaşı from the publicy traded portion were sold and additional 27 thousand shares from the publicy traded portion purchased by Muharrem Usta.

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

As of 31 December 2020 the total number of ordinary shares is 208,037 thousand shares (2019: 208,037 thousand shares) with a par value of TRY1 per share (2019: TRY1 per share).

The share capital is divided into 208,037 thousand shares (31 December 2019: 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 33.46% of the shares are in circulaton in accordance with CSD as of 31 December 2020 (Note 1). Shares in circulation rate is 33.46% as of 1 January 2021.

Share Premium

	31 December 2020	**31 December 2019**
Share premium	556,162	556,162
	556,162	**556,162**

(*) On February 7, 2018, the Group launched initial public offering ("IPO") of 72,834 thousand B type bearer shares corresponding to 35.01% of total shares. From the initial public offering, TRY600,000 was generated to the Group. After the IPO related expenses amounting to TRY12,259 that were deducted from proceeds, out of amounting TRY587,741, share capital increase was made with the amount of TRY31,579 and the remaning amount was used in the share premium increase by TRY556,162. Share premiums represents the difference between the nominal amount and the sales amount of the publicly offered shares.

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NOTE 19 - SHARE CAPITAL / OTHER RESERVES (Continued)

Reserves:

	31 December 2020	31 December 2019
Legal reserves	302	302
Restricted reserves appropriated from profit	9,958	9,958
Revaluation reserves	37,747	37,747
	48,007	**48,007**

Legal reserves

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

Properties revaluation reserves

	1 January - 31 December 2020	1 January - 31 December 2019
Balance at the beginning of the period	37,747	39,752
Disposal of subsidiary	-	(2,005)
Balance at the end of the period	**37,747**	**37,747**

NOTE 20 - REVENUE AND COST OF SERVICES

Revenue	1 January - 31 December 2020	1 January - 31 December 2019
Hospital services (*)	4,014,679	3,703,598
	4,014,679	**3,703,598**

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

Cost of services	1 January - 31 December 2020	1 January - 31 December 2019
Material consumption	(879,724)	(862,546)
Doctor expenses	(843,317)	(785,252)
Personnel expenses	(528,659)	(522,164)
Services rendered by third parties	(318,254)	(185,008)
Depreciation and amortization expenses (Note 10,11)	(235,022)	(253,789)
Rent expenses (Hospital)	(27,213)	(23,036)
Other (*)	(225,994)	(219,961)
	(3,058,183)	**(2,851,756)**

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

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NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	(113,426)	(127,215)
Sponsorship and advertising expenses (*)	(87,005)	(110,293)
Depreciation and amortization expenses (Note 12,13)	(16,801)	(11,886)
Outsourcing expenses	(10,827)	(7,813)
Rent expenses	(8,453)	(7,707)
Taxes and duties	(5,924)	(5,874)
Bad debt allowance	(3,968)	(3,832)
Communication expenses	(3,409)	(1,574)
Representation and entertainment expenses	(2,668)	(2,644)
Maintenance expenses	(1,843)	(2,352)
Utility expenses	(1,340)	(1,613)
Lawsuit provision (Note 17)	(970)	(4,557)
Other	(9,375)	(21,221)
	(266,009)	**(308,581)**

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

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gains from operations	514,279	289,760
Interest income	27,412	28,633
Trade payables discount	5,587	(11,429)
Collections from bad debt receivables (Note 8)	1,201	1,083
Bank commission income	2,814	3,018
Other income	9,269	22,404
	560,562	**333,469**

Other expenses from operating activities	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange losses from operations	(423,512)	(270,279)
SSI return expenses	(6,431)	(5,690)
Trade receivables discount	(5,589)	(2,449)
Biomedical equipment damage	(1,283)	(7,013)
Depreciation and amortisation expenses (Note 12, 13)	-	(178)
Non-operational hospital expenses	(3,990)	(1,657)
Tax expenses	(1,664)	(7,288)
Other expenses	(54,974)	(59,245)
	(497,443)	**(353,799)**

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NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	1 January - 31 December 2020	1 January - 31 December 2019
Gain on bargain purchase (Note 31)	81,980	128,695
Gain on sale of fixed assets (*)	36,601	3,688
	118,581	**132,383**

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

Expenses from investment activities	1 January - 31 December 2020	1 January - 31 December 2019
Loss on sale of fixed assets	(2,454)	(1,530)
	(2,454)	**(1,530)**

NOTE 24 - FINANCE EXPENSES

Finance expenses	1 January - 31 December 2020	1 January - 31 December 2019
Interest expenses from bank borrowings	(190,691)	(252,797)
Interest expenses from lease liabilities (*)	(143,492)	(149,266)
Interest expenses from bonds issued	(45,117)	(34,039)
Bank commissions	(21,445)	(33,259)
Interest expenses from financial lease obligations	(17,017)	(20,445)
Other interest expenses	(24,853)	(12,652)
Total interest expenses	**(442,615)**	**(502,458)**
Net foreign exchange loss	(250,061)	(84,226)
Fair value differences of derivative financial instruments (net)	23,450	22,595
Net foreign exchange loss from lease liabilities (Note 5) (*)	(14,996)	(7,572)
	(684,222)	**(571,661)**

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

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

Short term payables due to current tax	**31 December 2020**	**31 December 2019**
Current period tax liabilities	17,708	4,654
	17,708	**4,654**

Current tax liabilities	**31 December 2020**	**31 December 2019**
Current corporate tax provision	34,119	20,052
Less: Prepaid taxes and funds	(16,411)	(15,398)
	17,708	**4,654**

Tax income/(expense)	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Current tax expense	(34,119)	(20,052)
Deferred tax expense	(28,395)	(5,817)
	(62,514)	**(25,869)**

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

1 January - 31 December 2019	**Before tax amount**	**Tax benefit**	**Net of tax amount**
Actuarial gains/(loss)	(15,125)	3,025	(12,100)
Other comprehensive income	(15,125)	3,025	(12,100)

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 22% in 2020 (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2020 is 22% (2019: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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.

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

Deferred Tax

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

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

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 TRY160,332 (31 December 2019: TRY149,918). Respective deferred tax asset was calculated to be 15% - 40% of total investment contribution with regards to the respective investment incentive certificates. Additionally, the Group is entitled to social security premium support from the Turkish Ministry of Economy, related to the hospitals that have completed their greenfield investments. Such investment income of TRY3,546 will be netted off against personnel expenses over the period of 2020-2026.

As of 31 December 2020, the Group has tax loss amounting to TRY426,574 (31 December 2019: TRY460,866). TRY85,316 (31 December 2019: TRY93,419) deferred tax assets have been recorded.

Deferred tax assets/(liabilities):	**31 December 2020**	**31 December 2019**
Tax losses carried forward	85,316	93,419
Depreciation differences of tangible and intangible assets	(174,096)	(145,753)
Provision for employment termination benefits	4,262	3,264
Vacation pay liability	5,597	3,858
Temporary difference between the tax base and carrying amount of financial liabilities	(3,778)	(4,419)
Prepaid building expenses	(3,033)	(4,575)
Tax advantage from investment incentive	160,332	149,918
Derivative instruments	-	5,159
Right of use asset	67,532	73,371
Other	75,747	68,896
	217,879	**243,138**
Deferred tax asset	401,531	397,886
Deferred tax liability	(183,652)	(154,748)
	217,879	**243,138**

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

Deferred Tax (Continued)

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

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

	31 December 2019	
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 2020	62,301	-
Expiring in 2021	67,248	-
Expiring in 2022	144,997	-
Expiring in 2023	120,453	-
Expiring in 2024	65,867	-
	460,866	**-**

Movement of deferred tax (assets)/liabilities for the period ended January 1 - 31 December 2020 and 2019 are as follows:

Tax income/(expense)	**1 January - 31 December 2020**	**1 January - 31 December 2019**
Opening balance as of January 1	(243,138)	(146,669)
Opening effect of changes in accounting policy	-	(85,474)
Charged to profit or loss	28,395	5,817
Disposal of subsidiary	-	(13,787)
Charged to equity	(3,136)	(3,025)
Closing balance as of year end	**(217,879)**	**(243,138)**

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

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

Reconcilation of tax provision:	1 January - 31 December 2020	1 January - 31 December 2019
Loss before tax	185,511	82,123
Tax at the domestic income tax rate of 20% (2019: 22%)	(40,812)	(18,067)
Tax effects of:		
- Expenses that are not deductible in determining taxable profit	(21,413)	(34,717)
- Effect of tax advantage from investment incentive	10,414	23,574
- Tax losses carried forward not subject to deferred tax	(6,762)	(5,118)
- Change in income tax rate from 20% to 22%	(5,552)	7,817
- Discounted corporate tax effect	1,051	364
- Other	560	278
Income tax income recognised in profit/(loss)	**(62,514)**	**(25,869)**

NOTE 26 - EARNINGS PER SHARE

For the years ended 31 December 2020 and 2019, earnings per share is as follows:

Earnings/(loss) per share	1 January - 31 December 2020	1 January - 31 December 2019
Weighted average number of shares	208,037	208,037
Net gain/(loss) for the period for the equity holders of the parent	64,930	36,251
Earnings/(loss) per share for equity holder of the parent	**0.31**	**0.17**

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

Capital risk management

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

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

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

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

As of 31 December 2020 and 31 December 2019 the net (credit) debt/equity ratio is as follows:

	31 December 2020	31 December 2019
Total Borrowings	2,491,597	2,348,683
Less: Cash and Cash Equivalent	(374,997)	(305,663)
Net Debt	**2,116,600**	**2,043,020**
Total Equity	348,857	238,405
Total Capital	**2,465,457**	**2,281,425**
Gearing Ratio	**%86**	**%90**

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

Financial risk factors

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

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

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

Financial risk factors (Continued)

Credit risk management

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

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

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

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

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

Financial risk factors (Continued)

Credit risk management (Continued)

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

	Trade receivables		Diğer Alacaklar		
31 December 2020	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits in bank**
Maximum net credit risk as of balance sheet date (A+B+C+D+E) (*)	**23,654**	**1,132,515**	**41,059**	**46,048**	**338,224**
- The part of maximum risk under guarantee with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	23,654	659,749	41,059	46,048	338,224
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	472,766	-	-	-
- the part under guarantee with collateral	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	16,696	-	-	-
- Impairment (-)	-	(16,696)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

Financial risk factors (Continued)

Credit risk management (Continued)

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

	Trade receivables		Diğer Alacaklar		
31 December 2019	**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) (*)	**2,841**	**989,107**	**31,081**	**32,458**	**282,330**
- The part of maximum risk under guarantee with collateral etc.	-	-	22,852	-	-
A. Net book value of financial assets that are neither past due or impaired	2,841	557,147	31,081	32,458	282,330
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	-	431,960	-	-	-
- the part under guarantee with collateral	-	-	-	-	
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	13,929	-	-	-
- Impairment (-)	-	(13,929)	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

Financial risk factors (Continued)

Credit risk management (Continued)

Explanations on the credit quality of financial assets

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

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

31 December 2020	**Trade receivables**	**Total**
Total overdue by 1-30 days	75,104	75,104
Total overdue by 1-3 months	23,734	23,734
Overdue by more than 3 months	373,928	373,928
Total overdue receivables	**472,766**	**472,766**
Secured portion via guarantee or etc.	-	-

31 December 2019	**Trade receivables**	**Total**
Total overdue by 1-30 days	53,948	53,948
Total overdue by 1-3 months	22,946	22,946
Overdue by more than 3 months	355,066	355,066
Total overdue receivables	**431,960**	**431,960**
Secured portion via guarantee or etc.	-	-

Liquidity risk management

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

Liquidity risk tables

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

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

The following table details the Group's expected maturity for its 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 (Contiuned)

Financial risk factors (Continued)

Liquidity risk management (Continued)

Contractual maturities 31 December 2020	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	1,377,911	1,701,910	102,812	474,262	1,124,836	-
Debt instruments issued (Bond)	322,520	361,263	100,191	261,072	-	-
Finance lease obligations	196,064	211,736	28,419	85,056	98,261	-
Lease liability	595,102	1,013,001	65,940	149,653	517,662	279,746
Trade and other payables	1,145,285	1,222,138	955,826	222,117	44,195	-
Payables for employment benefits	91,379	91,379	91,379	-	-	-
Total liabilities	**3,728,261**	**4,601,427**	**1,344,567**	**1,192,160**	**1,784,954**	**279,746**

Contractual maturities 31 December 2019	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	1,283,395	1,708,776	149,946	420,518	1,075,802	62,510
Debt instruments issued (Bond)	251,468	285,293	118,685	166,608	-	-
Finance lease obligations	211,880	236,890	24,197	71,972	140,721	-
Lease liability	601,940	1,154,458	61,916	173,836	594,093	324,613
Trade and other payables	930,267	977,134	658,961	258,609	51,277	8,287
Payables for employment benefits	78,708	78,708	78,708	-	-	-
Total liabilities	**3,357,658**	**4,441,259**	**1,092,413**	**1,091,543**	**1,861,893**	**395,410**

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

Financial risk factors (Continued)

Foreign currency risk management

Foreign currency risk

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

31 December 2020

	TRYEquivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	93,743	11,708	866	-
2a. Monetary financial assets	288,602	2,726	29,814	3
2b. Non monetary financial assets	41,783	2,782	2,367	4
3. Other	3,845	55	382	-
4. Current Assets	**427,973**	**17,271**	**33,429**	**7**
6b. Non monetary financial assets	22,990	3,132	-	-
7. Other	27	-	3	-
8. Non-current assets	**23,017**	**3,132**	**3**	**-**
9. Total assets	**450,990**	**20,403**	**33,432**	**7**
10. Trade payables	(22,966)	(2,747)	(311)	-
11a. Financial liabilities (loans)	(165,376)	-	(18,359)	-
11b. Financial liabilities (leasing)	(87,529)	(881)	(8,999)	-
11c. Lease Liabilities	(16,331)	-	(1,813)	-
12a. Other monetary liabilities	(67,214)	(3,740)	(4,414)	-
13. Current liabilities	**(359,416)**	**(7,368)**	**(33,896)**	**-**
15a. Financial liabilities (loans)	(408,833)	-	(45,386)	-
15b. Financial liabilities (leasing)	(83,864)	(1,010)	(8,487)	-
15c. Lease Liabilities	(57,560)	-	(6,390)	-
17. Non-current liabilities	**(550,257)**	**(1,010)**	**(60,263)**	**-**
18. Total liabilities	**(909,673)**	**(8,378)**	**(94,159)**	**-**
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**
19a. Off balance sheet foreign currency derivative assets	**-**	**-**	**-**	**-**
19b. Off balance sheet foreign currency derivative liabilities	**-**	**-**	**-**	**-**
20. Net foreign currency asset liability position (9+18+19)	**(458,683)**	**12,025**	**(60,727)**	**7**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**(527,328)**	**6,056**	**(63,479)**	**3**

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

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency risk (Continued)

31 December 2019

	TRYEquivalent (Functional currency)	USD	EUR	GBP
1. Trade receivables	134,286	21,387	1,089	-
2a. Monetary financial assets	201,391	4,146	26,575	3
2b. Non monetary financial assets	58,014	3,249	5,820	1
3. Other	2,927	65	382	-
4. Current Assets	**396,679**	**28,847**	**33,866**	**4**
6b. Non monetary financial assets	34,162	5,751	-	-
7. Other	267	36	8	-
8. Non-current assets	**34,429**	**5,787**	**8**	**-**
9. Total assets	**431,108**	**34,634**	**33,874**	**4**
10. Trade payables	(16,132)	(518)	(1,963)	-
11a. Financial liabilities (loans)	(156,781)	-	(23,574)	-
11b. Financial liabilities (leasing)	(63,309)	(1,242)	(8,410)	-
11c. Lease Liabilities	(9,510)	-	(1,430)	-
12a. Other monetary liabilities	(42,539)	(3,199)	(3,539)	-
13. Current liabilities	**(288,271)**	**(4,959)**	**(38,916)**	**-**
15a. Financial liabilities (loans)	(426,240)	-	(64,090)	-
15b. Financial liabilities (leasing)	(115,079)	(1,895)	(15,611)	-
15c. Lease Liabilities	(49,933)	-	(7,508)	-
17. Non-current liabilities	**(591,252)**	**(1,895)**	**(87,209)**	**-**
18. Total liabilities	**(879,523)**	**(6,854)**	**(126,125)**	**-**
19. Net assets / liability position of off-balance sheet derivatives (19a-19b)	**(149,113)**	**-**	**(22,421)**	**-**
19a. Off balance sheet foreign currency derivative assets	**-**	**-**	**-**	**-**
19b. Off balance sheet foreign currency derivative liabilities	**(149,113)**	**-**	**(22,421)**	**-**
20. Net foreign currency asset liability position (9+18+19)	**(597,529)**	**27,780**	**(114,672)**	**4**
21. Monetary Items Net Foreign Currency Asset/Liability Position (1+2a+10+11+12a+14+15+16a)	**(534,336)**	**18,679**	**(97.031)**	**3**

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

Financial risk factors (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity

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

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

31 December 2020

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

31 December 2019

In the case of US dollar gaining 20% value against TRY	Valuation of foreign currency	Devaluation of foreign currency
1 - USD net asset/liability	33,004	(33,004)
2- Portion hedged against USD risk (-)	-	-
3- USD net effect (1 +2)	**33,004**	**(33,004)**
In the case of EUR gaining 20% value against TRY		
4 - EUR net asset/liability	(122,705)	122,705
5 - Portion hedged against EUR risk (-)	(29,823)	29,823
6- EUR net effect (4+5)	**(152,528)**	**152,528**
Total (3+6)	**(119,524)**	**119,524**

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

Financial risk factors (Continued)

Interest rate risk

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

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

31 December 2019	Increase/(decrease) in basis points	Effect on loss before tax in nominal amount	Effect on Equity
- TRY	2,5	(31,376)	-
	2,5	31,376	-

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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
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NOTE 28 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Fair value of financial instruments

31 December 2020	Financial assets liabilities at amortized cost	Derivative financial instruments through other comprehensive income/(loss)	Derivative financial instruments through profit/(loss)	Carrying value	Note
Financial Assets					
Cash and cash equivalents	374,997	-	-	374,997	6
Trade receivables	1,156,169	-	-	1,156,169	8
Other receivables (related parties included)	87,107	-	-	87,107	9
Financial Liabilities					
Financial liabilities	1,896,495	-	-	1,896,495	7
Trade payables	987,130	-	-	987,130	8
Lease liabilities	595,102	-	-	595,102	7
Other liabilities (related parties included)	158,155	-	-	158,155	9
Payables for employee benefits	91,379	-	-	91,379	15
Derivative financial instruments	-	-	-	-	29

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

Fair value of financial instruments

31 December 2019	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	305,663	-	-	305,663	6
Trade receivables	991,948	-	-	991,948	8
Other receivables (related parties included)	63,539	-	-	63,539	9
Financial Liabilities					
Financial liabilities	1,746,743	-	-	1,746,743	7
Trade payables	821,164	-	-	821,164	8
Lease liabilities	601,940	-	-	601,940	7
Other liabilities (related parties included)	109,103	-	-	109,103	9
Payables for employee benefits	78,708	-	-	78,708	15
Derivative financial instruments	-	-	23,450	23,450	29

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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.

Financial asset and liabilites at fair value

		Fair value at reporting date		
	31 December 2020	**Level 1**	**Level 2**	**Level 3**
Financial asset and liabilities at fair value through profit/loss				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Financial asset and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

Financial asset and liabilites at fair value (Continued)

		Fair value at reporting date		
	31 December 2019	**Level 1**	**Level 2**	**Level 3**
Financial asset and liabilities at fair value through profit/loss				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	(23,450)	-	(23,450)	-
Financial asset and liabilities at fair value through other comprehensive income/expense				
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	-	-	-
Total	**22,698**	**-**	**22,698**	**-**

First level: Quoted (non adjusted) prices in active markets for identical assets or liabilities.

Second level: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Third level: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		31 December 2019	
	Asset	**Liability**	**Asset**	**Liability**
Fair value hedging derivative financial instruments:				
Forward contracts	-	-	-	-
Cross currency swap contracts	-	-	-	23,450
Interest rate swap contracts.	-	-	-	-
	-	**-**	**-**	**23,450**

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NOTE 29 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivative instruments for fair value hedge

As of reporting date, the details of forward, swap and cross currency swap transactions for fair value hedge are as follows:

		Assets		Liabilities	
31 December 2020		**Nominal currency value**	**Fair value**	**Nominal currency value**	**Fair value**
Cross currency swap contracts					
Buy EUR /Sell TRY		-	-	-	-
		-	**-**	**-**	**-**

		Assets		Liabilities	
31 December 2019		**Nominal currency value**	**Fair value**	**Nominal currency value**	**Fair value**
Cross currency swap contracts					
Buy EUR /Sell TRY	Between 1-5 years	-	-	22,421	23,450
		-	**-**	**22,421**	**23,450**

As of July 2018 and September 2018, the Group has hedged all principal and interest payments of the euro-denominated loans for the 2020-2024 period amounting to EUR81,784 of the total EUR10,018 of total debt service for 2020 period using a currency hedging through cross currency interest swap transactions and as for September 2018, the Group has hegded all principal and interest payments of the euro denominated lease obligation loans for the 2020 period amounting to EUR1,678 of the total EUR21,329 of total lease obligation for the 2020-2024 period using a forward interest rate swap through cross currency interest swap transactions. The total hedged portion is %9.72 of the total euro-denominated loan related debt service.

NOTE 30 OTHER SIGNIFICANT MATTER EFFECTING TO OR MAKING FINANCIAL STATEMENTS MORE CLEAR, INTERPRETABLE AND UNDERSTANDABLE SHOULD BE DISCLOSED

As of December 17, 2019, the Group has disposed of a 57% stake in Arkaz Group consisting of Silivri, Canakkale, Eregli and Avcilar hospitals (which was acquired on May 31, 2014). The Group did not subject Canakkale hospital license to the disposal transaction. Within the framework of this transaction, the contract price is set at 16,124 TRYand the amount will be collected through the deduction of rental payments to be made in the coming years. The impact of the transaction was accounted under "accumulated deficit" and " non-controlling interest". As a collateral to this sale transaction, the Group has obtained deposit check in the amount of TRY2,852 and building mortgage in the amount of TRY20,000 for the sale. Disposal of subsidiary amounting to TRY42,048 was accounted as disposal or acqusition of subsidiary in statement of changes in equity.

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NOTE 31 - BUSINESS COMBINATIONS

The Company acquired Özel Medisis Hastanesi, located in Keçiören, Ankara as of March 13, 2020. TFRS 3 defines the "business" as "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants". As per "Hospital Operation Contract" signed with third parties, the Company acquired hospital licence and fixed assets of the aforementioned hospital. Additionally, hospital building was leased by the Company as per "Building Rent Contracts" signed on same dates. As purchase price, the Company will pay a total of TRY96,000 through machinery lease payments over the course of 10 years. As this transaction includes "Input - Process and Output" elements mentioned in TFRS 3, they are accounted as business combinations. Within this scope, identifiable assets recognized, which are hospital licences and property and equipment, are recorded at their fair values and the purchase price is presented under "other liabilities" as the present value of the liability to be paid in future years. The difference between the purchase cost and the net fair values of identifiable assets (hospital licence), the liabilities assumed, and contingent liabilities is recorded as gain from bargain purchase in "statement profit or loss and other comprehensive income" amounting to TRY81,980. For the relevant license, a value of TRY118,090 is determined by valuation report prepared by KPMG.

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

Total acquisition amount	(52,881)
Net assets acquired	134,861
Gain on bargain purchase (*)	**81,980**

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

Assets/Liabilities acquired	**Ankara Fair value on Acquisition**
Non-Current Assets	
Property, plant and equipment	16,771
Intangible assets	118,090
	134,861
Long Term Liabilities	
Deferred tax liabilities	26,972
	26,972
Net assets acquired	**107,889**
Gain on the bargain purchase	81,980
Non-controlling interests	-

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NOTE 32 - EVENTS AFTER THE REPORTING PERIOD

Group has completed the sales transactions of the lease certificates based on the Management Agreement for the qualified investors with a maturity of 727 days, for a total of TRY70,000, in line with the approvals obtained from the Capital Market Board at 15 January 2021.

Group has converted all of the principal payments of EUR46,487 of syndicated loans for the years 2022-2024 into TRY at the CBRT buying rate on February 8, 2021. Net Debt balance, which was reported as EUR47,000 on September 30, 2020, has been fully converted into TRY as a result of this transaction. Group continues its efforts to manage foreign exchange risk, reduce financial expenses and Net Debt / EBITDA ratio in line with its long-term strategy.

MLP SAĞLIK HİZMETLERİ A.Ş. AND ITS SUBSIDIARIES

SUPPLEMENTARY OTHER INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

(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 2020 and 31 December 2019 are as follow:

EBITDA CALCULATION	**31 December 2020**	**31 December 2019**
i. Net gain/(loss) before tax	185,511	82,123
ii. Depreciation and amortization of tangible and intangible fixed assets including non- cash provisions related to assets such as goodwill	251,823	265,853
iii. Total net finance expenses, net of interest income (Note 22, 24)	415,203	473,825
iv. Fx gains / losses, net under finance expenses (Note 24)	265,057	91,798
v. Fair value differences of derivative instruments (Note 24)	(23,450)	(22,595)
vi. Extraordinary (income)/ expenses	54,427	47,925
vii. Rediscount income/expense (Note 22)	2	13,878
viii.Gain on bargain purchase price (Note 23) (Note 31)	(81,980)	(128,695)
ix. Legal case provision expenditures which are reflected to financial statements by the general accounting principles; (Note 17)	970	1,512
x. Unused vacation pay provision expenses which are reflected to financial statements by the general accounting principles (Note 15);	10,449	4,119
xi. Retirement pay provision expenses which are reflected to financial statements by the general accounting principles; (Note 15)	1,490	2,530
xii. Doubtful receivables provision expenses which are reflected to financial statements by the general accounting principles; (Note 8)	2,767	2,749
xiii. Non cash sale and lease back expenses which are reflected to financial statements by the general accounting principles (Note 5)	787	787
xiiii. Disposal or disabling material or intangible assets non-cash profits, adding non-gross gain/(losses); (Note 23)	(34,147)	(2,158)
EBITDA	**1,048,909**	**833,651**
TFRS 16 Lease payment effect	(258,126)	(254,409)
Adjusted EBITDA	**790,783**	**579,242**

Abbreviations and Glossary

Adjusted EBITDA	EBITDA adjusted for net one-off gain or losses and non-cash IFRS provision expenses
A.Ş.	Joint-stock company
EBITDA	(earnings before interest, taxes, depreciation and amortization) A financial measure that we derive from our Financial Statements. We measure Reported EBITDA by excluding from profit generated through continuing operations the impact of taxation, net finance costs, depreciation and amortization, and net (gains)/losses from the disposal of tangible and intangible assets and income from negative goodwill (earnings before interest, taxes, depreciation, amortization and rent expenses) A non-IFRS measure that we derive from our consolidated financial statements. We measure Reported EBITDAR by excluding from profit generated through continuing operations the impact of taxation, net finance costs, depreciation, amortization, net (gains)/losses from the disposal of tangible and intangible assets and income from negative goodwill and rent expenses.
HIMS	The Hospital Information Management System
Inpatient Treatments	All medical treatments requiring patients to stay in the hospital
JCI	Joint Commission International
Middle-Upper Mass	It includes patients demanding and has the power to pay for high-quality healthcare services.
n.m.	no meaning

Outpatient Treatment	Treatments other than inpatient treatments
Payor Mix	The distribution of patients treated in MLP Care's hospitals according to payment types (private healthcare insurance, SSI, contracted institutions, etc.)
Premium Mass	The segment between middle-upper mass and premium segments
Premium Segment	It includes patients demanding and has the power to pay for Premium healthcare services.
Protocol	Each record opened or created for a patient treatment
SSI	The Social Security Institution (Sosyal Güvenlik Kurumu) of the Republic of Turkey, authorized under the Social Security and Universal Health Insurance (UHI) Law as the only governmental social security and health insurance organization providing general health insurance privileges to individuals in exchange for premiums. The SSI was formed through the merger and dissolution of three previous social security funds: Social Insurance Institution (Sosyal Sigortalar Kurumu-SSK), Government Employees Retirement Fund (Emekli Sandığı) and Social Security Institution for Artisans and the Self-Employed (Bağ-Kur).
SSI Agreement(s)	The Agreement for Purchase of Healthcare Services executed with the SSI to provide healthcare services to individuals with general health insurance financed by the SSI, as amended or restated from time to time by the SSI.
Top-up Insurance	A healthcare insurance type that covers additional fees and other expenses that are not paid by SSI
TTSG (Türkiye Ticaret Sicili Gazetesi)	Turkish Trade Registry Gazette

Hospitals

Medical Park Ankara Hospital
Opening Year
2014
Location
Ankara

VM Medical Park Ankara Hospital
Opening Year
2020
Location
Ankara

Medical Park Antalya Hospital Complex
Opening Year
2008
Location
Antalya

Altınbaş University Hospital Medical Park Bahçelievler
Opening Year
2007
Location
Istanbul

Medical Park Batman Hospital
Opening Year
2007
Location
Batman

VM Medical Park Bursa Hospital
Opening Year
2006
Location
Bursa

Medical Park Çanakkale Hospital
Opening Year
2014
Location
Çanakkale

Medical Park Elazığ Hospital
Opening Year
2007
Location
Elazığ

Medical Park Fatih Hospital
Opening Year
1995
Location
Istanbul

IAU VM Medical Park Florya Hospital
Opening Year
2017
Location
Istanbul

Medical Park Gaziantep Hospital
Opening Year
2008
Location
Gaziantep

Istinye University Hospital Medical Park Gaziosmanpaşa
Opening Year
2015
Location
Istanbul

Medical Park Gebze Hospital
Opening Year
2011
Location
Kocaeli

Bahçeşehir University Hospital Medical Park Göztepe
Opening Year
2008
Location
Istanbul

Izmir University of Economics Medical Park Izmir Hospital
Opening Year
2011
Location
Izmir

VM Medical Park Kocaeli Hospital
Opening Year
2015
Location
Kocaeli

VM Medical Park Maltepe Hastanesi
Opening Year
2019
Location
Istanbul

VM Medical Park Mersin Hospital
Opening Year
2018
Location
Mersin

Medical Park Ordu Hospital
Opening Year
2009
Location
Ordu

VM Medical Park Pendik Hospital
Opening Year
2018
Location
Istanbul

VM Medical Park Samsun Hospital
Opening Year
2009
Location
Samsun

Medical Park Tarsus Hospital
Opening Year
2011
Location
Mersin

Medical Park Tokat Hospital
Opening Year
2007
Location
Tokat

Medical Park Karadeniz Hospital
Opening Year
2014
Location
Trabzon

Medical Park Yıldızlı Hospital
Opening Year
2014
Location
Trabzon

Liv Hospital Ankara
Opening Year
2014
Location
Ankara

Istinye University Hospital Liv Hospital Bahçeşehir
Opening Year
2016
Location
Istanbul

Liv Hospital Gaziantep
Opening Year
2020
Location
Gaziantep

Liv Hospital Samsun
Opening Year
2017
Location
Samsun

Liv Hospital Ulus
Opening Year
2013
Location
Istanbul

Addresses

MLP SAĞLIK HİZMETLERİ A.Ş.
Head Office Address: Otakçılar Caddesi Flatofis Istanbul No:78, Kat: 3 D-Blok No: 103, Eyüp, Istanbul
Phone: +90 212 227 55 55
Fax: +90 212 227 23 28
info@mlpcare.com

Medical Park Ankara Hospital
Address: Kent Koop Mah. 1868. Sok. No: 15, Batıkent-Yenimahalle, Ankara
Phone: +90 312 666 80 00
Fax: +90 212 666 86 66
ankara@medicalpark.com.tr

VM Medical Park Ankara Hospital
Address: Kalaba, 06120 Keçiören/Ankara
Phone: +90 312 666 08 00
Fax: +90 312 666 02 00
Mail: vmankara@medicalpark.com.tr

Medical Park Antalya Hospital Complex
Address: Fener Mah. Tekelioğlu Cad. No: 7 Lara, Antalya
Phone: +90 242 314 34 34
Fax: +90 242 314 30 30
antalya@medicalpark.com.tr

Altınbaş University Hospital Medical Park Bahçelievler
Address: Kültür Sok. No: 1 D100 Yolu, Bahçelievler Metro Durağı Üstü Metrobüs Hastaneler Durağı 34160 Bahçelievler, Istanbul
Phone: +90 212 484 14 84
Fax: +90 212 484 17 84
bahcelievler@medicalpark.com.tr

Medical Park Batman Hospital
Address: Atatürk Bulvarı No: 141 Merkez, Batman
Phone: +90 488 213 44 44
Fax: +90 488 213 60 70
batman@medicalpark.com.tr

VM Medical Park Bursa Hospital
Address: Fevzi Çakmak Caddesi Kırcaali Mahallesi No: 76 Osmangazi, Bursa
Phone: +90 224 270 60 00
Fax: +90 224 223 55 71
bursa@medicalpark.com.tr

Medical Park Çanakkale Hospital
Address: Barbaros Mahallesi, Troya Caddesi, No:10, Merkez, Çanakkale
Phone: +90 286 218 24 24
Fax: +90 0286 218 24 25
canakkale@medicalpark.com.tr

Medical Park Elazığ Hospital
Address: Olgunlar Mahallesi, Atatürk Bulvarı, No: 5, Merkez, Elazığ
Phone: +90 424 234 80 00
Fax: +90 424 234 81 45
elazig@medicalpark.com.tr

Medical Park Fatih Hospital
Address: İskenderpaşa Mah., Horhor Cad., No: 4, 34080 Fatih, Istanbul
Phone: +90 212 453 10 00
Fax: +90 212 999 01 62
fatih@medicalpark.com.tr

IAU VM Medical Park Florya Hospital
Address: Beşyol Mah., Akasya Sok., No: 4 Küçükçekmece, Istanbul
Phone: +90 212 979 50 00
Fax: +90 212 979 50 45
florya@iauh.com.tr

Medical Park Gaziantep Hospital
Address: Mücahitler Mah., 52063 No.'lu Sok., No: 2 Şehitkamil, Gaziantep
Phone: +90 342 211 16 00
Fax: +90 342 324 88 60
gaziantep@medicalpark.com.tr

Istinye University Hospital Medical Park Gaziosmanpaşa
Address: Merkez Mahallesi Çukurçeşme Cad. No: 57-59 Gaziosmanpaşa, Istanbul
Phone: +90 212 979 30 00
Fax: +90 212 979 39 10
gaziosmanpasa@isu.edu.tr

Medical Park Gebze Hospital
Address: Kavak Cad. No: 5 Belediye Yanı Gebze, Kocaeli
Phone: +90 262 675 75 75
Fax: +90 262 675 75 15
gebze@medicalpark.com.tr

Bahçeşehir University Hospital Medical Park Göztepe
Address: D100 Üzeri Nisan Sok. No: 23 Merdivenköy Kadıköy, Istanbul
Phone: +90 0216 468 44 44
Fax: +90 216 468 45 67
goztepe@medicalpark.com.tr

Izmir University of Economics Medical Park Izmir Hospital
Address: Yeni Girne Bulvarı 1825 Sok. No: 12 Karşıyaka, Izmir
Phone: +90 232 399 50 50
Fax: +90 232 399 50 70
info@medicalparkizmir.com

Addresses

VM Medical Park Kocaeli Hospital
Address: Ovacık Mahallesi, D100 Karayolu Üstü, No: 34, Symbol AVM Yanı, 41140 Başiskele, Kocaeli
Phone: +90 262 888 30 00
Fax: +90 262 888 39 00
info@medicalpark.com.tr

VM Medical Park Maltepe Hospital
Address: Cevizli Bağdat Cad., No:547, 34846
Maltepe, Istanbul
Phone: +90 216 225 49 49
Fax: +90 216 225 49 50
infomaltepe@medicalpark.com.tr

VM Medical Park Mersin Hospital
Address: Gazi Mustafa Kemal Bulvarı., No: 676,
Mezitli, Mersin
Phone: +90 324 422 30 00
Fax: +90 324 422 39 50
mersin@medicalpark.com.tr

Medical Park Ordu Hospital
Address: Akyazı Mah., Gaffar Okkan Cad., No: 9,
Altınordu, Ordu
Phone: +90 452 226 10 00
Fax: +90 452 226 14 90
ordu@medicalpark.com.tr

VM Medical Park Pendik Hospital
Address: Fevzi Çakmak Mahallesi, D100, Cemal Gürsel Cad., No: 9, 34899 Pendik, Istanbul
Phone: +90 216 275 40 00
Fax: +90 216 275 49 99
pendik@medicalpark.com.tr

VM Medical Park Samsun Hospital
Address: Mimar Sinan Mah. Alparslan Bulvarı No: 17, Atakum, Samsun
Phone: +90 362 311 40 40
Fax: +90 362 311 40 50
samsun@medicalpark.com.tr

Medical Park Tarsus Hospital
Address: Öğretmenler Mah. Şehit İsmet Akın Cad. No: 10, Tarsus, Mersin
Phone: +90 324 241 41 41
Fax: +90 324 241 41 90
tarsus@medicalpark.com.tr

Medical Park Tokat Hospital
Address: Yeşilırmak Mah., Vali Zekai Gümüşdiş Cad., No: 29, Tokat
Phone: +90 356 217 10 00
Fax: +90 356 213 02 02
tokat@medicalpark.com.tr

Medical Park Karadeniz Hospital
Address: İnönü Mahallesi, Yavuz Selim Bulvarı, No: 190, Trabzon
Phone: +90 462 229 70 70
Fax: +90 462 229 70 74
karadeniz@medicalpark.com.tr

Medical Park Yıldızlı Hospital
Address: Yıldızlı Beldesi Merkez Mahallesi Devlet Sahil Yolu Cad. No: 46, Akçaabat, Trabzon
Phone: +90 462 455 61 11
Fax: +90 462 248 18 28
trabzon@medicalpark.com.tr

Liv Hospital Ankara
Address: Bestekâr Sok., No: 8, 06680 Kavaklıdere
Çankaya, Ankara
Phone: +90 312 666 40 00
Fax: +90 312 666 40 40
info@livhospital.com.tr

Istinye University Hospital Liv Hospital Bahçeşehir
Address: Aşık Veysel Mah. Süleyman Demirel Cad. No: 1, Esenyurt, Istanbul
Phone: +90 212 979 40 00
Fax: +90 212 299 01 62
info.bahcesehir@isu.edu.tr

Liv Hospital Gaziantep
Address: Seyrantepe, 27080
Şehitkamil / Gaziantep
Phone: +90 342 999 80 00
Fax: +90 0362 999 89 99
info@livhospital.com.tr

Liv Hospital Samsun
Address: Hançerli Mah., 608 Sok., No: 2,
İlkadım, Samsun
Phone: +90 362 999 80 00
Fax: +90 362 999 80 80
info@livhospital.com.tr

Liv Hospital Ulus
Address: Ahmet Adnan Saygun Cad. Canan Sok. No: 5, 34340 Ulus
Beşiktaş, Istanbul
Phone: +90 212 999 80 99
Fax: +90 212 287 10 57
info@livhospital.com.tr