

MLPCARE



MLP SAĞLIK HİZMETLERİ A.Ş.

**Interim Report of the Board of Directors for the Three Months Ended
as of March 31, 2021**

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1. Overview:

Founded in 1993, MLP Sağlık Hizmetleri A.Ş. (“MLP Care”, “the Group” or “the Company”) is the largest Turkish private healthcare group, with 30 hospitals located in 15 Turkish cities. MLP Care includes the Medical Park and Liv Hospital brands as well as VM Medical Park concept, with hospitals that span the country, from Bursa and Elazığ to Trabzon and Antalya.

2. Corporate Structure:

2.1 Shareholder Structure:

Shareholder Name	Ownership Interest (%)	Ownership Interest (thousand TL)
Publicly Traded (*)	35.01%	72,833
Lightyear Healthcare B.V.	30.69%	63,844
Hujori Financieringen B.V.	3.98%	8,287
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35%	31,943
Usta Group - Elbaşı Group	14.97%	31,130
Total	100.00%	208,037

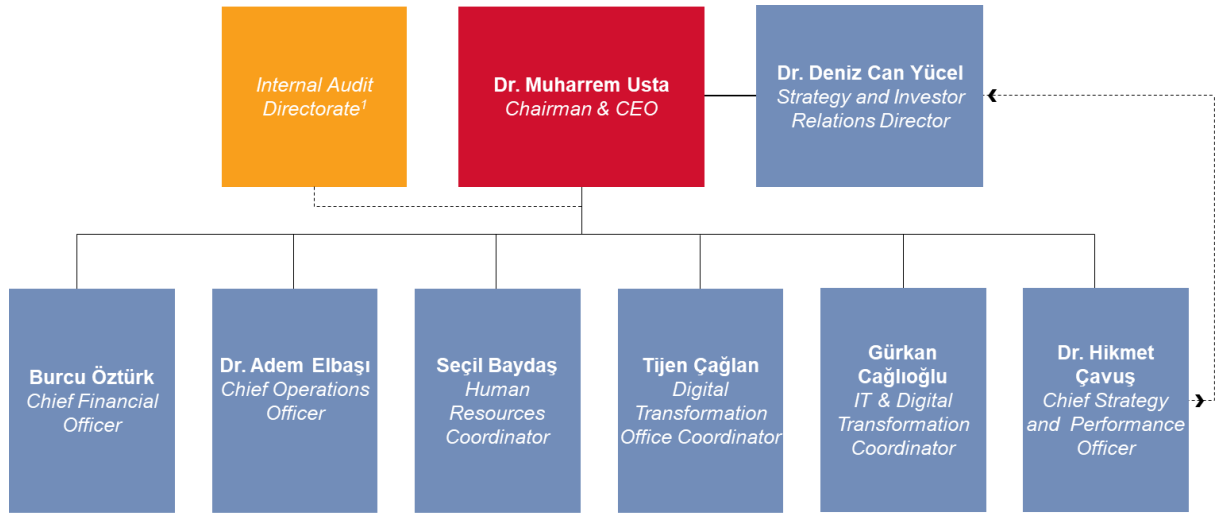
(*) The shareholders of the Company purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear Healthcare B.V., 1,613 thousand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

2.2 Major Participations (as of March 31, 2021):

Trade Name	Proportion of ownership and voting power held(%)
Sentez Sağlık Hizmetleri A.Ş. (“Sentez Hastaneleri”)	56.00%
Temar Tokat Manyetik Rezonans Sağlık Hizmetleri ve Turizm A.Ş. (“Tokat Hastanesi”)	58.84%
Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. (“Samsun Hastanesi”)	80.00%
Özel Samsun Medikal Tıp Merkezi ve Sağlık Hizmetleri Tic. Ltd. Şti. (“Samsun Tıp Merkezi”)	100.00%
MS Sağlık Hizmetleri Ticaret A.Ş. (“MS Sağlık”)	75.00%
Mediplaza Sağlık Hizmetleri Ticaret A.Ş. (“Mediplaza”)	75.00%
MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. (“MA Grup”)	51.00%

BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	100.00%
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	100.00%
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	60.00%
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	100.00%
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	100.00%
Artimed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artimed")	100.00%
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	100.00%
BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta")	100.00%
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")	99.90%
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	100.00%

2.3 Organizational Chart:



¹ Independent directorate reporting to the Board

3. Developments During the Period:

– The Issuance of Lease Certificate (January 8, 2021 Dated Announcement)

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.

– **The Conversion of The FX Denominated Loans into TL (February 8, 2021 Dated Announcement)**

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, the FX Net Debt open position is closed. 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.

– **Directors and Officers Liability Insurance (March 4, 2021 Dated Announcement)**

MLP Sağlık Hizmetleri A.Ş. is covered by Directors and Officers Liability Insurance in accordance with article 4.2.8 of Corporate Governance Principles published by the Capital Markets Board of Turkey 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". The insurance limit is USD 10,000,000 and covers the period between September 23, 2020 and September 23, 2021.

– **Resolution on Domestic Debt Securities issuance and CMB application (April 26, 2021 Dated Announcement)**

Our Company's Board of Directors took the following decisions at its meeting dated April 14, 2021, in accordance with the Capital Markets Board's Communiqué on Debt Securities numbered II-31.1 and Article 31 of the Capital Market Law

- 1) Our Company will be authorized to apply to the Capital Markets Board regarding the issuance of debt securities to with a nominal amount up to 500,000,000 TL (Five Hundred Million Turkish Liras), maturity up to 36 (thirty six) months, denominated in Turkish Lira, to be sold one or more at a time, without public offering to qualified investors in the domestic market within one year, in line with the validity period of the issuance of the certificate expected to be approved by the Capital Markets Board.
- 2) Brokerage service will be obtained from Ak Yatırım Menkul Değerler A.Ş. regarding debt securities issuance.
- 3) In this context, the General Directorate of the Company will be authorized to carry out the issuance of debt securities to be issued and to fulfill all other necessary transactions.
- 4) During the issuance procedures Adem Elbaşı and Burcu Öztürk will be jointly authorized to represent the Company in order to prepare and sign applications, correspondence, contracts and similar documents and information to be made to all kinds of official institutions and organizations, including but not limited to the Capital Markets Board, Borsa Istanbul, Central Registry Agency, Takasbank and the Public Disclosure Platform.

– **JCR Eurasia Rating Action (April 29, 2021 Dated Announcement)**

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating rated the consolidated structure of MLP Sağlık Hizmetleri A.Ş. ("MLP Care") in an investment grade category at national level and upgraded the ratings as "A- (Trk)" from "BBB+ (Trk)" on the Long-Term National

Scale and as “A-1 (Trk)” from ‘A-2 (Trk)’ on the Short-Term National Scale with ‘Stable’ outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as ‘BB+/ Negative’ which are capped with the sovereign ratings of Republic of Turkey.

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

4. Corporate Governance Compliance Report:

4.1 Corporate Governance Principles Compliance Report:

In accordance with the resolution No. 2/49 made by the Capital Markets Board of the Prime Ministry of the Republic of Turkey on January 10, 2019, the Company disclosed the “Compliance Report Format (CRF)” which indicates the compliance status of the Company with the principles of voluntary compliance and the “Corporate Governance Information Form (CGIF)” which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) in March 11, 2021. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/Bildirim/917642> and <https://www.kap.org.tr/en/Bildirim/917644> links, respectively.

4.2 Strategy and Investor Relations Department:

Updated information regarding the personnel working at the Company’s Strategy and Investor Relations Department is given below. Strategy and Investor Relations Director Dr. Deniz Can Yücel works fulltime and directly reports to Muharrem Usta, the Chairman of the Board of Directors and CEO.

Information regarding the personnel working at the Company’s Strategy and Investor Relations Department:

Dr. Deniz Can Yücel

Strategy and Investor Relations Director

Tel: 0 212 227 55 55

Fax: 0 212 227 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

Tel: 0 212 227 55 55

Fax: 0 212 227 23 28

e-mail: turgut.yilmaz@mlpcare.com

During the first three months period of 2021, in order to inform shareholders and investors IR Department attended a total of 88 meetings, including domestic and abroad roadshows and conferences, which were organized with both domestic and foreign corporate and individual investors, shareholders and analysts to discuss about Company’s operational results, performance and other developments.

4.2.1 Stock Information

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

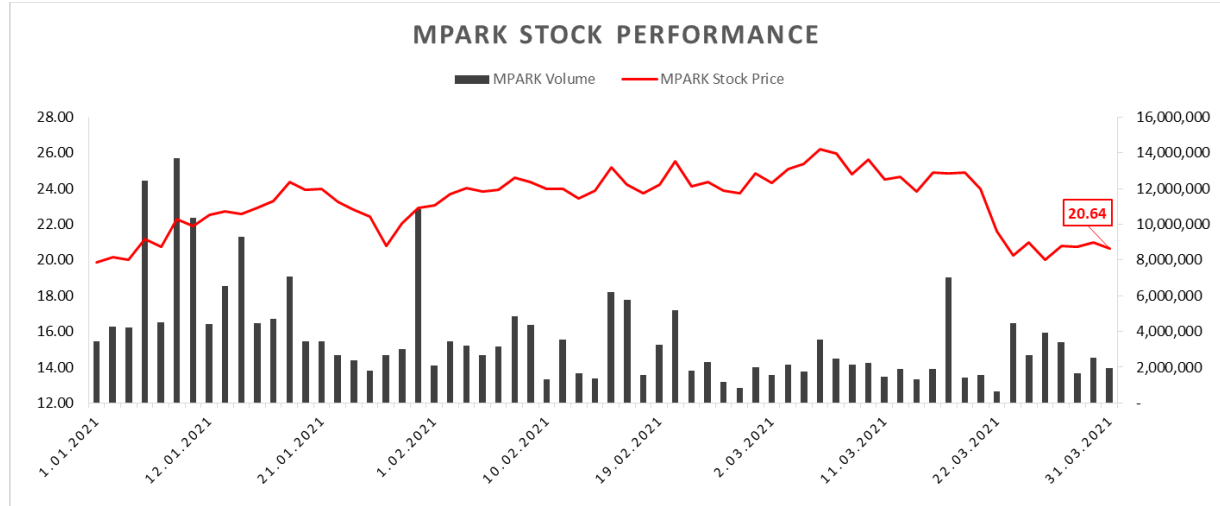
Date of IPO: February 13, 2018

Public: 35.01% (TFRS Report)

Stock Performance in Q1 2021:

January 1 – March 31, 2021	Lowest	Highest	Average	March 31, 2021
Stock Price (TL)	19.87	26.20	23.26	20.64
Market Value (million USD)	520	756	655	520

Stock Performance:



Independent Auditor:

In our General Assembly Meeting held on April 15, 2021, **PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.** has been selected as the independent auditor to audit our Company's financial reports for the year 2021 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations.

4.3 General Assembly Meetings:

Annual Ordinary General Assembly Meeting for the year 2020

According to the Article 18 “General Assembly Meetings” of the Articles of Association, the process of the General Assembly Meeting has been regulated by an internal directive. The aforementioned “Internal Directive on Working Principles and Procedures of the General Assembly” entered into force in 2013. Therefore, MLP Care’s Annual Ordinary General Assembly Meeting for the year 2020 has been arranged in accordance with this directive.

In its meeting dated March 19, 2021, our Board of Directors resolved by majority of votes to hold the Annual Ordinary General Assembly Meeting for the year 2020, on April 15, 2021 Thursday at 9:00 a.m. at the address “İstinye Üniversitesi Topkapı Kampüsü, Kongre Merkezi – Maltepe Mahallesi, Teyyareci Sami Sokak, No.3 Zeytinburnu, İstanbul” with the agenda below, to make the related announcements and to take all the necessary actions required by the Turkish Commercial Code, the Articles of Association as well as other related regulations to materialize and finalize the meeting.

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

Agenda

1. Opening of the meeting and establishment of the Board of the General Assembly,
2. Authorization of the Board of the General Assembly to sign the Meeting Minutes and the List of Attendees,
3. Reading out and discussion of the Annual Report of the Board of Directors for the year 2020,
4. Reading out the report of the Independent Audit Company for the fiscal year 2020,
5. Reading out, discussion and approval of the Financial Statements for the fiscal year 2020 prepared in accordance with the regulations of CMB,
6. Acquittal of the members of the Board of Directors separately regarding their operations and transactions in 2020,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. Approval of appointments of Meral Kurdaş and Tayfun Bayazıt made on February 10, 2021 as independent board members in place of those whose terms of office have expired and determine the terms of office and remuneration in line with the Capital Markets Board Regulations, Turkish Commercial Code and Article 12 of the Company’s Articles of Association,
9. Election of Board of Directors members,
10. Selection of the independent audit company for the audit of the financial statements and reports for the year 2021 in accordance with the Article 399 of the Turkish Commercial Code numbered 6102, Capital Markets Law numbered 6362 and Article 24 of the Company’s Articles of Association,
11. Informing the shareholders on the donations made by the Company in 2020 in accordance with the regulations laid down by the Capital Markets Board and Article 4 of the Company’s Articles of Association and discussion and approval of the Board of Directors’ proposal on the ceiling of donations to be made in 2021,

12. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by the Company by granting collaterals, pledges and mortgages in favor of third persons,
13. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communiqué (II-17.1.) of the Capital Markets Board,
14. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,
15. Petitions and requests.

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

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

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

Company's Board of Directors comprises of six members:

- Muharrem Usta – Chairman and CEO
- Seymur Tarı – Vice Chairman
- Hatice Hale Özsoy Bıyıklı – Board Member
- Haydar Sancak – Board Member
- Meral Kurdaş – Independent Board Member
- Tayfun Bayazıt – Independent Board Member

4.5 Working Principles of the Board of Directors:

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

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

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

In its meeting held on April 30, 2021, the Board of Directors resolved to;

- 1) Establish a Nomination and Remuneration Committee,
- 2) Establish the Nomination and Remuneration Committee charter, revise the charters of Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee, and bring them to the attention of stakeholders on the Company website,
- 3) Appoint the members of the Committees in accordance with the provisions of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board,
 - a) Appoint Tayfun Bayazıt as the Chairman of the Audit Committee; Meral Kurdaş as the member of the Audit Committee,
 - b) Appoint Tayfun Bayazıt as the Chairman of the Corporate Governance Committee and Meral Kurdaş, Hatice Hale Özsoy Bıyıklı, and Deniz Can Yücel as the members of the Corporate Governance Committee,
 - c) Appoint Meral Kurdaş as the Chairman of the Early Detection of Risk Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Early Detection of Risk Committee.
 - d) Appoint Meral Kurdaş as the Chairman of the Nomination and Remuneration Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Nomination and Remuneration Committee.

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

In 2021, the Audit Committee and the Corporate Governance Committee held two meetings on March 1, and April 30, 2021. On the other hand, the Early Detection of Risk Committee held three meetings on January 28, March 1, and April 30, 2021. The Nomination and Remuneration Committee held one meeting on April 30, 2021. In the following period, they will continue to meet and perform their duties as often as their charters require.

5. Q1 2021 Earnings Release

Summary Financials

(TL million)	Q1 2021	Q1 2020	Change
Revenues	1,211	979	23.7%
EBITDA¹	346	235	47.1%
EBITDA margin (%)	28.6%	24.0%	454bps
EBITDA¹ without fx impact of other income/expenses from operating activities	313	218	43.6%
EBITDA margin (%)	25.8%	22.3%	357bps
Net Profit/(Loss) Before Tax	115	87	32.6%
Net Profit/(Loss)	80	61	30.2%
Net Profit/(Loss) equity holders of the parent	66	50	30.3%
Free Cash Flow	279	169	64.7%
Capital Expenditure	43	36	20.6%
Net Debt	2,050	2,140	(4.2%)
Net Debt / Adj EBITDA	1.8x	2.6x	

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.

Financial Highlights

- ✓ In Q1 2021, total revenues increased by 24% to TL 1,211 million (Q1 2020: TL 979 million). The strong growth in domestic noncovid revenues and the recovery in foreign medical tourism revenues have been the main drivers.
- ✓ In Q1 2021, the Adj. EBITDA increased by 47% to TL 346 million and the Adj. EBITDA margin at 28.6% due to effective cost cutting measures.
- ✓ Net profit increased to TL 80 million in Q1 2021 (Q1 2020: TL 61 million). Net profit allocated to equity holders of the parent increased to TL 66 million in Q1 2021 (Q1 2020: TL 50 million). Operational improvements, leverage of fixed cost base, and successful financial cost management have enabled the net profit increase.
- ✓ The net debt/Adj. EBITDA ratio was successfully decreased to 1.8x in Q1 2021 from 2.0x in 2020 with effective cash management.
- ✓ The Company has converted all of the the debt service for EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. After the conversion, the Company now has an FX long position of EUR 6.2 million and potential FX volatility will not impact company financials going forward.

Operating Highlights

- ✓ In Q1 2021, private medical insurance revenue increased by 42%, especially with the contribution of top-up insurance.
- ✓ In Q1 2021, Social Security Insurance (SSI) revenue increased by 33% with the support of revision on Healthcare Applications Communiqué (SUT) price list in March 2020 and higher SSI patient volume. The SUT price list was revised again on April 28, 2021.

- ✓ The Company continued its portfolio optimization efforts to focus future growth in metropolitans with large-scale hospitals.
 - Maltepe Hospital, taken over in December 2019, ramped-up quickly and generated cumulative positive EBITDA in Q1 2021.
 - Ankara Hospital, taken over in March 2020, also ramped up quickly and generated cumulative positive EBITDA in Q1 2021.
 - MLP Care's second hospital in Gaziantep was opened on September 28, 2020 under the Liv brand. The greenfield hospital ramped up quickly generating only TL 3.1 million of negative EBITDA in Q1 2021.
 - Total capital expenditures for the above mentioned hospital acquisitions and opening was minimal (TL 5.7 million).
 - Preparations continued for Vadi İstanbul, which is on track for opening at the end of Q2 2021 as the 6th hospital of Liv Hospital brand.

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

"In the first quarter of 2021, we have successfully improved our EBITDA and our net profit on the back of operational efficiency and cost discipline. On February 8, 2021, we converted our FX denominated loans into TL and closed our open position. We target to rapidly decrease our net debt in 2021, and we made good progress towards this goal in the first quarter.

Before the pandemic, we announced on various occasions that we have prioritized digital transformation and initiated many projects in our Group. In the first quarter, we continued our digitalization efforts in all departments within the Group. We believe that these efforts will facilitate the continuation of our operational efficiency improvements throughout 2021, help us to take actions on time and therefore enable us to reach our long-term strategic goals faster.

Finally, on behalf of both myself, our patients, and our MLP Care family, I would like to express my gratitude to my staff for the uninterrupted and high-quality service they have been providing to the whole community during this very difficult pandemic period."

Revenue

	Q1 2021	Q1 2020	Change
Total Revenue (TL million)	1,211	979	23.7%
Domestic Patient Revenue	1,068	807	32.4%
Inpatient Revenue	636	477	33.4%
Outpatient Revenue	432	330	30.8%
Foreign Medical Tourism Revenue	109	100	9.2%
Other Ancillary Business	34	72	(52.7%)

Domestic Patient Revenue: Revenues generated from domestic patients increased by 32.4% in Q1 2021 on the back of the growth in both inpatient and outpatient revenues.

The inpatient revenues grew by 33.4% in Q1 2021. Despite the decrease in the volume, SUT price revisions in March 2020, the shift of hospital weight in the portfolio towards metropolitans, and the increase in the percentage of complicated treatments in the total enabled unit price growth.

The outpatient revenues grew by 30.8% in Q1 2021. The shift of hospital weight in the portfolio towards metropolitans supported this growth.

Foreign Medical Tourism (FMT) Revenue: FMT revenues increased by 9.2% in Q1 2021 despite the high base effect of patient volume in January and February 2020, on the back of the gradual recovery process that started in June 2020.

Other Ancillary Business: Revenues from other ancillary business decreased by 52.7% in Q1 2021 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business. In Q1 2021, laboratory business revenue decreased by 75.9% to TL 10 million (Q1 2020: TL 43 million). Management consultancy revenues from university hospitals was TL 18 million (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

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

	Q1 2021	Q1 2020	Change (bps)
(% of Revenues)	71.4%	76.0%	(454)
Material	19.9%	21.6%	(168)
Doctor	21.7%	20.8%	88
Personnel	16.2%	18.2%	(197)
Rent	0.9%	0.9%	0
Outso. Serv. Purch.	8.6%	7.3%	130
All other exp.	4.2%	7.3%	(308)

Material consumption as a percentage of total revenue decreased by 168 bps in Q1 2021 due to decrease in the share of other ancillary laboratory business, which has high cost.

Doctor costs as a percentage of total revenue increased by 88 bps in Q1 2021. The reason for the decrease is that the divider effect of the decreasing other ancillary business revenue in the ratio calculation. Doctor costs as a percentage of hospital revenue alone decreased by 15 bps in Q1 2021.

Personnel expenses as a percentage of total revenue decreased by 197 bps to 16.2% in Q1 2021 due to better resource management, robust revenue growth, and utilization of the government's Short-time Work Program subsidy.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses increased by 130 bps to 8.6% in Q1 2021 as percentage of the total revenue due to increased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) decreased by 308 bps to 4.2% in Q1 2021 primarily due to the increasing effect of operational FX income on total expenses and decrease in the marketing expenses related to FMT revenues.

EBITDA

The Adj. EBITDA number increased by 47.1% to TL 346 million in Q1 2021. On the other hand, Adj. EBITDA margin came in at 28.6% on the back of strong operational performance and cost saving measures.

The Adj. EBITDA (without foreign exchange effect of other income/expenses from operating activities) number increased by 43.6% to TL 313 million in Q1 2021. On the other hand, Adj. EBITDA margin was 25.8%.

Cash Flow

The operating cash flow increased by 57.0% to TL 322 million in Q1 2021 (Q1 2020: TL 205 million). Thus, the operating cash flow/EBITDA ratio increased to 93.2% in Q1 2021 (Q1 2020: 87.4%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.0% in Q1 2021 (Q1 2020: 2.0%). Total capital expenditures as a percentage of revenues was at 3.6% in Q1 2021 due to capex light strategy that includes no new hospital openings that requires high capital expenditure (Q1 2020: 3.7%).

In Q1 2021, free cash flow grew by 64.7% and reached TL 279 million (Q1 2020: TL 169 million) due to the strong improvement in operational cash flow and the decrease in ratio of both working capital and capital expenditures as a percentage of revenues.

Profit/(Loss) for the Period

In Q1 2021, due to the strong operational performance and cost savings, a net profit of TL 80 million was generated. In Q1 2020, a net profit of TL 61 million was generated with the contribution of goodwill of TL 82 million recognized from the favourable acquisition of VM Medical Park Ankara Hospital. Despite this base effect, net profit increased by 30.2% in Q1 2021.

Net profit allocated to non-controlling interest was TL 14 million due to profitable subsidiaries. In Q1 2021, the ratio of non-controlling interest to total net profit was 17.8%. Therefore, in Q1 2021, net profit allocated to equity holders of the parent increased by 30.3% to TL 66 million (Q1 2020: TL 50 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2021	Vertical %	2020	Vertical %	Change
TL	1,484	72%	1,064	50%	39.4%
USD + Euro	(60)	(3%)	457	22%	n.m.
Total loan, financial leasing	1,423	69%	1,521	72%	(6.5%)
TL (IFRS 16)	551	27%	521	25%	5.8%
USD + Euro (IFRS 16)	76	4%	74	3%	2.8%
Total lease liabilities (IFRS16)	627	31%	595	28%	5.4%
Total net debt	2,050	100%	2,117	100%	(3.1%)

The net debt/Adj. EBITDA ratio was successfully decreased to 1.8x in Q1 2021 from 2.0x in 2020 with effective cash management. In Q1 2021, net debt decreased to TL 2,050 million (2020: TL 2,117 million).

Currency risk management

The Company has converted all of the the debt service for EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. After the conversion, the Company now has an FX long position of EUR 6.2 million and potential FX volatility will not impact company financials going forward. Along with its long term strategy, the Company created natural hedge in balance sheet through keeping cash in hand in EUR denominated terms in efforts to manage foreign exchange risk, to reduce financial expenses and net debt/EBITDA ratio.

EBITDA RECONCILIATION

TL million	Q1 2021	Q1 2020
Net profit / (loss)	80	61
Tax (income) from operations	35	25
Depreciation and amortization of tangible and intangible fixed assets	73	62
Total interest expenses/(income) and fair value differences of derivative instruments	127	160
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(0)	(82)
Reported EBITDA	314	227
Net one-off (gains) / losses	19	4
Non-cash GAAP provision expenses	13	4
Adjusted EBITDA	346	235
Adjusted EBITDA margin (%)	28.6%	24.0%
Foreign exchange gains/(losses) from operations	33	17
Adjusted EBITDA¹	313	218
Adjusted EBITDA margin (%)¹	25.8%	22.3%

¹ Adj. EBITDA and Adj. EBITDA margin without foreign exchange gains/(losses) from other income/(expenses) from operating activities

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited Q1 2021	Unaudited Q1 2020	Change (%)
Revenue	1,211	979	23.7%
Cost of service (-)	(908)	(750)	21.1%
Gross profit	303	229	32.4%
General administration expenses (-)	(85)	(74)	14.6%
Other income from operations	85	82	3.2%
Other expenses from operations (-)	(57)	(67)	(15.3%)
Operating profit/(loss)	246	170	45.0%
Income from investing activities	0	82	(99.7%)
Expense from investing activities (-)	(0)	(0)	(98.0%)
EBIT	246	252	(2.3%)
<i>EBIT margin</i>	<i>20.3%</i>	<i>25.8%</i>	<i>(542bps)</i>
Interest expenses (-)	(123)	(108)	13.0%
Net foreign exchange profit / (loss) (including hedging cost)	(9)	(57)	(84.1%)
Net profit / (loss) before tax	115	87	32.6%
Tax income / (expense) from operations	(35)	(26)	38.6%
Net profit / (loss)	80	61	30.2%
Net profit / (loss) non-controlling interest	14	11	29.3%
Net profit / (loss) equity holders of the parent	66	50	30.3%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2021	Audited December 31, 2020
Cash and cash equivalents	579	375
Trade receivables	1,217	1,155
Inventory	109	113
Short term other assets	603	542
Current assets	2,508	2,185
Tangible and intangible fixed assets	1,439	1,441
Right of use assets	296	257
Deferred tax assets	379	402
Long term other assets	303	287
Non-current assets	2,417	2,387
Total assets	4,925	4,572
Trade payables	1,077	987
Short term other liabilities	474	422
Short term financial liabilities (incl. financial and operational leases)	1,084	978
Current liabilities	2,634	2,387
Long term other liabilities	136	139
Deferred tax liabilities	183	184
Long term financial liabilities (incl. financial and operational leases)	1,546	1,514
Non-current liabilities	1,865	1,836
Shareholders' equity	346	282
Non-controlling interest	80	66
Equity	426	349
Total liabilities & equity	4,925	4,572

Appendix – 1 Independence Statements of the Independent Board Members

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

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

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

- I have not been registered and announced as a board member representing the legal entity for which I will be elected and so that I will be performing my duties as an independent board member.

Name Surname: Meral Kurdaş – Tayfun Bayazıt

Date: February 1, 2021