

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM,  
EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.  
INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2021**

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK,  
TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT ANONİM ŞİRKETİ  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY – 31 MARCH 2021  
TOGETHER WITH THE INDEPENDENT AUDITOR’S REVIEW REPORT**

To the Board of Directors of

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.

***Introduction***

We audited the accompanied balance sheet of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. (the "Company") as of March 31, 2021, statement of income, statement of changes in equity, statement of cash flows and summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of the aforementioned interim consolidated financial information in accordance with the Turkish Accounting Standard 34, Interim Financial Reporting Standard ("TAS 34"). Our responsibility is to report a conclusion on this interim consolidated financial information based on our review.

***Scope of Review***

Our review conducted in accordance with International Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of The Entity". A review of interim financial information consists of questioning individuals, particularly those responsible for finance and accounting matters, and applying analytical procedures and other review procedures. Scope of review of interim financial information; It is significantly narrower than the scope of an independent audit, which is conducted in accordance with the Independent Auditing Standards and whose purpose is to report an opinion on the financial statements. Consequently, the review of interim financial information does not provide assurance that the firm will be aware of all material matters that may be identified in an independent audit. For this reason, we do not provide an independent audit opinion.

***Conclusion***

According to our limited audit, the accompanying interim consolidated financial information is based on the financial status of Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. We did not observe any subject that cause us to believe that the cash flows do not provide an accurate and fair view in accordance with TAS 34 "Interim Financial Reporting" in all material respects.

25 May 2021, Ankara

Vezin Bağımsız Denetim A.Ş.

Member Firm of HLB International



Fatma Zehra KOŞ, CPA

Auditor in Charge

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	Notes	31 March 2021	31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>		<b>107,090,126</b>	<b>108,330,423</b>
Cash and Cash Equivalents	[4]	6,216,319	8,326,487
Financial Investments		63,968,793	64,151,911
- Related Parties	[29]	7,674,658	5,565,435
- Other	[6]	56,294,135	58,586,476
Other Receivables		1,462,748	1,442,201
- Related Parties	[29]	750,000	750,000
- Other	[7]	712,748	692,201
Inventories	[8]	18,351,320	19,664,250
Prepaid Expenses		15,338,177	13,560,982
- Related Parties	[29]	4,266,437	4,160,301
- Other	[17]	11,071,740	9,400,681
Other Current Assets	[15]	1,752,769	1,184,592
<b>Non-Current Assets</b>		<b>286,729,050</b>	<b>281,355,891</b>
Other Receivables	[7]	289,260	280,888
Biological Assets	[9]	14,916,250	13,710,350
Investment Property	[12]	6,400,000	6,400,000
Tangible Assets	[10]	162,181,755	158,320,751
- Tangible Assets Acquired Through Financial Leasing		7,883,321	8,187,113
- Other Tangible Assets		154,298,434	150,133,638
Right-of-Use Assets	[10]	39,995,574	44,470,129
Intangible Assets		23,188,079	23,231,455
Prepaid Expenses		19,966,385	17,702,157
- Related Parties	[29]	19,881,942	17,408,357
- Other	[17]	84,443	293,800
Deferred Tax Assets	[27]	19,791,747	17,240,161
<b>Total Assets</b>		<b>393,819,176</b>	<b>389,686,314</b>

The enclosed footnotes are the complementary part of the consolidated financial statements.

<b>LIABILITIES</b>	<b>Notes</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Short-Term Liabilities</b>		<b>147,170,336</b>	<b>146,243,373</b>
Short-Term Borrowings	[5]	23,169,227	23,065,812
- Bank Loans		14,952,710	14,051,437
- Borrowings from Financial Leasing		1,217,927	1,352,155
- Borrowings from Leasing		6,998,590	7,662,220
Short-Term Portions of the Long-Term Borrowings	[5]	46,189,232	43,114,594
Trade Payables		38,800,972	40,161,867
- Related Parties	[29]	2,330,738	3,353,953
- Other	[6]	36,470,234	36,807,914
Payables Related to Employee Benefits	[18]	9,162,964	7,170,290
Other Payables		13,577,692	17,219,270
- Related Parties	[29]	12,944,760	16,100,829
- Other	[7]	632,932	1,118,441
Deferred Income	[17]	2,572,506	666,552
Period Profit Tax Liability	[27]	867,908	-
Short-Term Provisions	[13]	1,546,215	1,770,560
Other Short-Term Liabilities	[15]	11,283,620	13,074,428
<b>Long-Term Liabilities</b>		<b>106,607,840</b>	<b>113,497,546</b>
Long-Term Borrowings	[5]	89,155,887	99,856,264
- Bank Loans		58,235,281	62,128,468
- Borrowings from Financial Leasing		2,367,855	2,585,773
- Borrowings from Leasing		28,552,751	35,142,023
Deferred Income	[17]	1,524,632	1,707,314
Long-Term Provisions		9,889,251	5,051,409
- Provision for Employee Benefits	[14]	9,889,251	5,051,409
Liabilities Related to Current Period Tax	[16]	6,038,070	6,882,559
<b>Equity</b>	[19]	<b>140,041,000</b>	<b>129,945,395</b>
<b>Equity Holders of the Parent</b>		<b>110,188,476</b>	<b>102,775,301</b>
Paid-In Share Capital		24,000,000	24,000,000
Repurchased Shares (-)		(2,942,181)	(2,942,181)
Accumulated Other Comprehensive Income And Expenses not to be Reclassified to Profit or Loss		16,875,462	19,135,061
- Measurement of Revaluation Gains / (Losses)		22,522,283	22,522,283
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(5,646,821)	(3,387,222)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		1,902,620	2,790,957
- Currency Translation Differences		1,902,620	2,790,957
Restricted Reserves		8,910,230	8,126,027
Prior Years' Profits / (Losses)		50,463,172	27,414,449
Net Profit (Loss) for the Period		10,979,173	24,250,988
<b>Non-Controlling Shares</b>		<b>29,852,524</b>	<b>27,170,094</b>
<b>Total Liabilities and Equity</b>		<b>393,819,176</b>	<b>389,686,314</b>

The enclosed footnotes are the complementary part of the consolidated financial statements.

	Notes	1 January 31 March 2021	1 January 31 March 2020
<b>Income Statement</b>			
Revenue	[20]	95,801,657	75,843,077
Cost of Sales (-)	[20]	(74,450,674)	(63,438,081)
<b>Gross Profit/(Loss)</b>		<b>21,350,983</b>	<b>12,404,996</b>
General Administrative Expenses (-)	[21]	(4,029,959)	(3,074,284)
Marketing, Sales and Distribution Expenses (-)	[21]	(1,332,637)	(907,877)
Other Operating Income	[22]	3,858,810	534,712
Other Operating Expenses (-)	[23]	(3,289,783)	(1,009,259)
<b>Operating Profit/(Loss)</b>		<b>16,557,414</b>	<b>7,948,288</b>
Income from Investment Activities	[24]	86,342	26,404
<b>Operating Profit/(Loss) Before Financial Expenses</b>		<b>16,643,756</b>	<b>7,974,692</b>
Financial Income	[25]	2,693,777	2,566,254
Financial Expenses (-)	[26]	(6,794,708)	(5,580,256)
<b>Profit/(Loss) Before Tax</b>		<b>12,542,825</b>	<b>4,960,690</b>
<b>Tax Income/(Expenses)</b>	[27]	<b>1,118,778</b>	<b>(739,277)</b>
Period Tax Expense		(867,908)	(365,471)
Deferred Tax Income/(Expense)		1,986,686	(373,806)
<b>Net Profit/(Loss) for the Period</b>		<b>13,661,603</b>	<b>4,221,413</b>
Distribution of Profit (Loss)		13,661,603	4,221,413
Non-Controlling Shares		2,682,430	891,661
Parent Company Shares		10,979,173	3,329,752
Earnings Per Share	[28]	0,45747	0,13874
<b>Other Comprehensive Income Statement</b>		<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
<b>Net Profit/(Loss) for the Period</b>		<b>13,661,603</b>	<b>4,221,413</b>
<b>Items not to be Reclassified to Profit or Loss</b>		<b>2,259,599</b>	<b>(2,100,523)</b>
Intangible Assets Revaluation Increases/(Decreases)			
Gains/(Losses) on Remeasurement of Defined Benefit Plans		2,824,499	(2,517,556)
Tax Income/(Expenses)		(564,900)	417,033
<b>Items to be Reclassified to Profit or Loss</b>		<b>888,337</b>	<b>(152,656)</b>
Currency Translation Differences		888,337	(152,656)
<b>Other Comprehensive Income (After Tax)</b>		<b>3,147,936</b>	<b>(2,253,179)</b>
<b>Total Comprehensive Income</b>		<b>16,809,539</b>	<b>1,968,234</b>
Distribution of Total Comprehensive Income		16,809,539	1,968,234
Non- Controlling Shares		2,682,430	891,661
Equity Holders of the Parent		14,127,109	1,076,573

The enclosed footnotes are the complementary part of the consolidated financial statements.

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**

Consolidated Statement of Changes in Shareholder's Equity at 1 January-31 March 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

			Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss		Other Comprehensive Income/(Expenses) to be Reclassified to Profit or Loss		Retained Earnings			
	Paid-in Share Capital	Repurchased Shares (-)	Tangible Assets Revaluation Increase/(Decrease)	Gains/(Losses) on Remeasurement of Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Prior Years' Profits/(Losses)	Net Profit/(Loss) for the Period	Non-controlling Shares	Total
<b>1 January 2020</b>	<b>24,000,000</b>	<b>(6,424,650)</b>	<b>22,522,283</b>	<b>(4,738,298)</b>	<b>903,698</b>	<b>10,882,318</b>	<b>16,403,271</b>	<b>8,268,224</b>	<b>22,366,903</b>	<b>94,183,749</b>
Transfers	-	-	-	-	-	-	8,268,224	(8,268,224)	-	-
Currency Translation Differences	-	-	-	-	152,656	-	-	-	-	152,656
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	2,517,556	-	-	-	-	-	2,517,556
Tax Income/(Expense)	-	-	-	(417,033)	-	-	-	-	-	(417,033)
Repurchased Shares	-	(243,150)	-	-	-	243,150	1,542,283	-	-	1,542,283
Cash Dividend Distribution	-	-	-	-	-	-	(1,785,433)	-	-	(1,785,433)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	3,329,752	891,661	4,221,413
<b>31 March 2020</b>	<b>24,000,000</b>	<b>(6,667,800)</b>	<b>22,522,283</b>	<b>(2,637,775)</b>	<b>1,056,354</b>	<b>11,125,468</b>	<b>24,428,345</b>	<b>3,329,752</b>	<b>23,258,564</b>	<b>100,415,191</b>
<b>1 January 2021</b>	<b>24,000,000</b>	<b>(2,942,181)</b>	<b>22,522,283</b>	<b>(3,387,222)</b>	<b>2,790,957</b>	<b>8,126,027</b>	<b>27,414,449</b>	<b>24,250,988</b>	<b>27,170,094</b>	<b>129,945,395</b>
Transfers	-	-	-	-	-	784,203	23,466,785	(24,250,988)	-	-
Currency Translation Differences	-	-	-	-	(888,337)	-	-	-	-	(888,337)
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	(2,824,499)	-	-	-	-	-	(2,824,499)
Tax Income/(Expense)	-	-	-	564,900	-	-	(418,062)	-	-	146,838
Repurchased Shares	-	-	-	-	-	-	-	-	-	-
Cash Dividend Distribution	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	10,979,173	2,682,430	13,661,603
<b>31 March 2021</b>	<b>24,000,000</b>	<b>(2,942,181)</b>	<b>22,522,283</b>	<b>(5,646,821)</b>	<b>1,902,620</b>	<b>8,910,230</b>	<b>50,463,172</b>	<b>10,979,173</b>	<b>29,852,524</b>	<b>140,041,000</b>

The enclosed footnotes are the complementary part of the consolidated financial statements.

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**  
Consolidated Statement of Cash Flow for the Interim Period Ended March 31, 2021  
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	1 January 31 March 2021	1 January 31 March 2020
<b>A. Cash Flows From Operating Activities</b>		<b>8,760,825</b>	<b>2,461,497</b>
<b>Profit/(Loss) for the Period</b>		<b>10,979,173</b>	<b>3,329,752</b>
<b>Adjustments to Reconcile Net Profit/(Loss) for the Period</b>		<b>4,538,440</b>	<b>8,091,544</b>
Adjustments to Depreciation and Amortization Expense	[10-11]	5,728,034	4,704,309
Adjustments to Impairment (Cancellation)		(576,424)	(324,357)
Adjustments to Impairment (Cancellation) in Receivables	[6]	(576,424)	(324,357)
Adjustments to Provisions		4,837,842	(2,615,190)
Adjustments to (Cancellation) Provisions related with Employee Benefits	[14]	4,837,842	(2,615,190)
Adjustments to Interest (Income) Expenses		(700,789)	(163,214)
Adjustments to Interest Expenses	[26]	(700,789)	(163,214)
Adjustments to Unrealized Currency Translation Differences	[16]	(888,337)	152,656
Adjustments to Tax (Income) Expenses	[27]	(2,551,586)	790,839
Other Adjustments Related to Non-Cash Items		(1,310,300)	5,546,501
<b>Changes in Working Capital</b>		<b>(6,756,788)</b>	<b>(8,959,799)</b>
Adjustments to Increase/(Decrease) in Trade Receivables		630,131	2,128,279
Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties	[29]	(2,109,223)	-
Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties	[6]	2,739,354	2,128,279
Adjustments to Increase/(Decrease) in Other Receivables related with Operations		(255,373)	68,316
Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related with Operations	[29]	(251,930)	147,071
Adjustments to Increase/(Decrease) in Other Receivables from Third Parties related with Operations	[7]	(3,443)	(78,755)
Adjustments to Increase/(Decrease) in Stocks	[8]	107,030	2,051,938
Adjustments to Increase/(Decrease) in Prepaid Expenses	[17]	(4,250,780)	(14,453,658)
Adjustments to Increase/(Decrease) in Trade Payables		(1,328,176)	1,530,859
Increase/(Decrease) in Trade Payables to the Related Parties	[29]	(1,003,215)	(296,121)
Increase/(Decrease) in Trade Payables to the Third Parties	[6]	(324,961)	1,826,980
Increase/(Decrease) in Payables related to Employee Benefit	[18]	1,992,674	(2,000,268)
Increase/(Decrease) in Other Payables related with Operations		(3,415,124)	223,919
Increase/(Decrease) in Other Payables to the Related Parties related with Operations	[29]	(2,929,615)	166,363
Increase/(Decrease) in Other Payables to the Third Parties related with Operations	[7]	(485,509)	57,556
Increase/(Decrease) in Deferred Income	[17]	1,905,954	1,108,951
Adjustments to Increase/(Decrease) in Working Capital		(2,143,124)	381,865
Increase/(Decrease) in Other Assets related with Operations	[15]	(358,820)	205,546
Increase/(Decrease) in Other Liabilities related with Operations	[15]	(1,784,304)	176,319
<b>Cash Flows from Operations</b>		<b>8,760,825</b>	<b>2,461,497</b>
<b>B. Cash Flows from Investing Activities</b>		<b>(8,969,932)</b>	<b>(7,875,003)</b>
Cash Inflows from Sale of Tangible and Intangible Assets		154,123	-
Cash Inflows from Sale of Tangible Assets	[10]	154,123	-
Cash Outflows from Purchasing of Tangible and Intangible Assets		(9,124,055)	(7,875,003)
Cash Outflows from Purchasing of Tangible Assets	[10]	(9,098,490)	(8,093,553)
Cash Outflows from Purchasing of Intangible Assets	[11]	(25,565)	218,550
<b>C. Cash Flows from Financing Activities</b>		<b>(1,901,061)</b>	<b>1,716,276</b>
Cash Inflows from Borrowings	[5]	25,615,108	26,456,630
- Cash Inflows from Loans		25,615,108	26,456,630
Cash Outflows from Repayments of Borrowings	[5]	(25,183,741)	(24,740,354)
- Cash Outflows from Loan Repayments		(25,183,741)	(24,740,354)
Other Cash Inflows/(Outflows)	[5]	(2,332,428)	-
<b>Net Increase (Decrease) on Cash and Cash Equivalents Before the Effect of Currency Translation Differences</b>		<b>(2,110,168)</b>	<b>(3,697,230)</b>
<b>Net Increase/(Decrease) on Cash and Cash Equivalents</b>		<b>(2,110,168)</b>	<b>(3,697,230)</b>
<b>E. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>8,326,487</b>	<b>6,327,982</b>
<b>F. Cash and Cash Equivalents at the End of the Period (A+B+C+D+E)</b>		<b>6,216,319</b>	<b>2,630,752</b>

The enclosed footnotes are the complementary part of the consolidated financial statements.



## 1. COMPANY'S ORGANIZATION AND MAIN ACTIVITY

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim ve İnşaat Taahhüt A.Ş. ("Parent Company", "Company") established in Ankara in 1996. Firstly, it started to operate sale of medical stuff and procurement of medical equipment.

Company amended the main contract in the meeting which conducted on May 23, 2010 after the 2009 Ordinary General Assembly Meeting. Company's title of "Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." changed as "Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." relying on this amendment.

The Company's head office is located in Dumlupınar Bulvarı Kentpark No:164/306 Çankaya, Ankara.

The main partnership capital and partnership structure is;

	31 March 2021		31 December 2020	
	TRY	%	TRY	%
Group A	193,208	0.81	193,208	0.81
Group B	23,806,792	99.19	23,806,792	99.19
<b>Total</b>	<b>24,000,000</b>	<b>100</b>	<b>24,000,000</b>	<b>100</b>

A category shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to third parties. A category shareholder has priority for sale of shares relying on real value (the value which is set jointly between parties). In the situation of conflict, revaluation of share will be made during a month by independent auditing firm which is jointly decided. At the transfers of a category share, in the situation that there is one or more than one A category shareholder which will take over, shares are transferred equally. When there is no A category shareholder to take over A category shares which are settled its value, shareholder is free to sell his shares to third parties over its settled value.

Affairs and management of the Company are conducted by board of directors consisted of minimum 7 or 9 people which are elected by General Board. If board of directors will consist of 7 people elected by General Board, 5 of them; and if board of directors will consist of 9 people, 6 of them will be elected by General Board between candidates jointly nominated by shareholders who have more than 51 percent of A category shares.

There is no granted privilege to B category shares.

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 February 01, 2011. According to the records of Central Registry Agency (CRA); shares representing 73.06% as of March 31, 2021, are accepted as "in circulation".

The subsidiaries which are in the Company, are subject to consolidation, are direct, and sphere of activities of these subsidiaries with its rate of share are as below;

Company	Principle Activity	Participation Rate (%)	
		31 March 2021	31 December 2020
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hay. Gıda İth. İhr. A.Ş	Livestock, Dairy	100	100
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.*	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	E-Healthcare Services	100	100

(\*) The Company has 49% of the shares owned by the company and 66% of the management representation and 100% of the profit share. Therefore, the Company included into financial statements by fully consolidation method.

#### **Lokman Hekim Etlik Hospital**

In Etlik district in Ankara, five-storey hospital building that has 2,900 m<sup>2</sup> of indoor area rented for 15 years in 1999 and rental contract extended 5+5 years in 2014. There are 2 operating rooms, 2 delivery rooms, 3 newborn intensive care incubators, 3 intensive care beds, 31 inpatient beds with a total capacity of 37 beds.

The company purchased the independent sections on the side of the hospital to grow the hospital, and the projecting and rebuilding works started within the year 2017. The construction of approximately 9,000 m<sup>2</sup> of the additional part completed and the building usage permit obtained. Republic of Turkey Ministry of Health licensing process and control process completed, and the additional hospital building started patient admission during the year. The renovation and furnishing works of the main hospital building also started, and it is planned to be completed as soon as possible and to be operating as work in full capacity.

The hospital has TUV-CERT ISO 9001:2008 Certificate of Quality Management System and it supports the project of Baby-Friendly Hospital which is conducted by UNICEF and Ministry of Health. In this scope, hospital has Certificate of Baby-Friendly Hospital.

The hospital has got a score of 92.84 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

#### **Lokman Hekim Ankara Hospital**

Hospital building that has 8 floors and 17,500 m<sup>2</sup> indoor areas in Sincan district in Ankara is the Company's own asset. The hospital has 6 full-fledged operation rooms and one heliport for air ambulance. The hospital has 51 intensive care rooms, 6 intensive care units for cardiology department, 1 coronary room with 4 beds and 21 newborn intensive care incubators and 134 patient beds with a total capacity of 216 beds.

Lokman Hekim Ankara Hospital leased with all its fixed assets, including real estate, to the Lokman Hekim University Health Application and Research Center for 3 years as of January 1, 2020. Also, all employees transferred to Lokman Hekim University as of December 31, 2019.

The rent between the "Company" and Lokman Hekim University will be calculated in variable consistency. The criteria taken into account in the calculation of the rent is the operating profit that is served by the foundation university hospitals but not private hospitals according to the regulations and amount paid by the Social Security Institution to foundation university.

The hospital license belonging to Lokman Hekim Ankara Hospital conditionally donated to Lokman Hekim University as long as the University Hospital operation continues. Lokman Hekim Ankara Hospital is operated by Lokman Hekim University under the title of Lokman Hekim University SUAM as of January 1, 2020.

#### **Lokman Hekim Akay Hospital**

In Çankaya, Ankara, the 11-storey hospital built on 18,000 m<sup>2</sup> Total area rented for 15 years and started its operation on August 1, 2016. The hospital has a Total bed capacity of 126 beds, including 3 beds internal intensive care, 4 beds coronary intensive care, 3 beds surgical intensive care, 6 newborn intensive care incubators, 9 beds KVC intensive care units and 101 patient beds.

Lokman Hekim Akay Hospital supports TQCSI ISO 9001: 2008 Quality Management System Standards document and Ministry of Health and Baby Friendly Hospital Project carried out by UNICEF and has Baby Friendly Hospital certificate.

The hospital has got a score of 96.03 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

#### **Lokman Hekim Van Hospital**

In Van city center the 9-storey hospital building with 12,500 m<sup>2</sup> indoor area, the hospital has 5 fully-fledged operating rooms, 16 internal intensive care beds, 15 surgical intensive care beds, 5 beds for intensive care for cardiology department, 17 coronary rooms, 64 newborn intensive care incubators and 99 patient beds with a total capacity of 216 beds.

The hospital has got a score of 96.65 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

#### **Özel Lokman Hekim Hayat Hospital;**

In the center of Van, there are 2 operating rooms, 13 beds medical and surgical intensive care units, 26 newborn intensive care units and 30 patient beds in a 5-storey hospital which is installed in a closed area of approximately 4,500 m<sup>2</sup> and has a Total capacity of 69 beds.

The hospital has got a score of 96.95 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

#### **Engürüsağ General Trading Limited Company**

The center established to provide imaging and diagnostic facilities in Erbil, Iraq in 2013. The Company has 95% percent of the shares and titled as co-founder. The company operates in an indoor area of approximately 2,000 m<sup>2</sup> which includes radiology and laboratory units located in the center.

#### **Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş.**

It operates in Haymana and Bala districts of Ankara. Hay Süt is engaged in milk production and livestock breeding as a business that has European standards and a royal certificate.

#### **Lokman Hekim Demet Tıp Merkezleri A.Ş.**

It established in the Demetevler district of Yenimahalle in Ankara with a capital of TRY 50,000 on April 12, 2016 to provide a closed area of 2,400 m<sup>2</sup>, outpatient treatment and health services. Licensing and furnishing studies of the Lokman Hekim Demet Tıp Merkezi completed and patient admission started on October 11, 2016.

According to the Regulations Regarding Private Health Establishments Diagnosed and Treated Out of the Company, the share of the company's capital has been limited to 49%. Preemptive right with (49%) Company A shares that The Company have as founder shareholder and (51%) shares that was paid in the course of establishment; The Company's share rate is 100%. The absolute amount of profit share belongs to the Company.

#### **Her Yerde Sağlık ve Elektronik Tic. A.Ş. (HYSET)**

Her Yerde Sağlık ve Elektronik Tic. A.Ş. (HYSET) is established in technology park in Ankara with a capital of TRY 500,000. It will operate in digital transformation and marketing in healthcare. HYSET, is designed as a platform where the content, presentation form and prices of the services provided by the contracted health service providers can be compared, appointment could be prepared and purchased, and real user experiences are shared.

### **Laboratories**

The laboratories located in the hospitals are members of the ONEWORLD ACCURACY and the reliability of the laboratory instruments and the measurement results are regularly checked with the External Quality Control Programs.

### **Medical Units**

Anesthesia, re-animation, nutrition and dietetics, brain and nerve surgery, pediatric health and diseases, newborn, dermatology, radiology, physical medicine and rehabilitation, gastroenterology, general surgery, chest diseases, ophthalmology, hematology, internal medicine, gynecology and obstetrics, cardiology, cardiovascular surgery, otolaryngology, neurology, nephrology, orthopedics and traumatology, urology, dentistry, thoracic surgery, endocrinology, psychiatry, pediatric surgery, plastic reconstructive and aesthetic surgery, emergency medicine, biochemistry, microbiology, infectious diseases , pathology, interventional radiology, medical oncology, pediatric cardiology.

### **Personnel;**

<b>Position</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Doctor	214	201
Health Services	639	626
Health Support Services	344	344
Management Support Services	319	316
Managerial Staff	123	121
Veterinary and Laborers	12	12
<b>Total</b>	<b>1,651</b>	<b>1,620</b>

## **2. PRINCIPALS REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS**

### **2.1. Main Principles Regarding to the Presentation**

#### Legal Books and Financial Statements

The company maintains and prepares its legal books and legal financial statements in accordance with the Turkish Commercial Code ("TTC") and accounting principles established by tax legislation.

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Financial Reporting Standards, ("IFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on June 13, 2013 which is published on Official Gazette numbered 28676. IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

Financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on April 15, 2019, and the financial table examples and user guide published by the CMB.

CMB, with its resolution dated March 17, 2005, announced that all publicly traded entities operating in Turkey was not obliged to apply inflationary accounting effective from January 1, 2005. In accordance with this resolution, IAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied to the consolidated financial statements since January 1, 2005.

The consolidated financial statements are prepared in accordance with the historical cost basis records for the purpose of fair presentation in accordance with Turkish Accounting Standards and Turkish Financial Reporting System (IAS/IFRS).

The company reported the financial statements according to the continuity principle.

#### Principles of Consolidation:

<b>Company</b>	<b>Principle Activity</b>	<b>Participation Rate (%)</b>	
		<b>31 March 2021</b>	<b>31 December 2020</b>
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Hay Süt ve Süt Ürünleri Hayv. Gıda İth. İhr. A.Ş.	Livestock, Dairy	100	100
Engürüsağ Genel Tic. Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.*	Healthcare	100	100
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	e-Healthcare Services	100	100

All of the above companies have been consolidated within the framework of the principles explained below.

(\*) This ratio refers to 49% of Group A registered shares owned by the Company and 51% of Group B shares, the pre-purchase price paid by the parent company in the establishment of the company. Group A shares provide a privilege of 66% in the representation of the Management and 100% in the profit share. For this reason, the company included to the financial statements by full consolidation method.

### **Consolidation Method**

- Consolidated balance sheets and income statement items of the partnerships are consolidated through adding up to each other. Book values of the shares owned by main partnership in consolidated subsidiaries are set off from the shareholders' equity accounts of the subsidiary.
- Receivables and payables, sale of good and services and income and loss items resulting from the transactions between the partnerships from each other which are within the scope of consolidation are set off.
- Tangible and intangible assets purchased between the partnerships which are subject to consolidation method are presented in the consolidated balance sheet through their costs of acquisition after the necessary adjustments are made.
- From all equity account group items of the subsidiaries within the scope of consolidation, including the paid / issued capital, the amounts corresponding to the shares other than the parent company and subsidiaries are deducted and shown before the equity account group of the consolidated statement of financial position, "Non-Controlling Shares" account group. Minority share was not calculated in Lokman Hekim Medical Centers Inc., an affiliate of the company, as the parent has the right to receive a 100% share from the profit. Minority interest was not calculated in Lokman Hekim Tıp Merkezleri A.Ş. that is a subsidiary of the company because as the parent company has the right to receive a 100 % share from the profit.
- Cost of acquisition of shares in the capital of subsidiary by main partnership as of the date when the partnership within the scope of consolidation become subsidiary and just for the one time for the following share purchases, is set off from the value in the shareholders' equity in the re-valued balance sheet of the subsidiary based on the fair value as of the purchase date.
- Acquisition of the Company is accounted through purchase method. In this method, acquisition is registered based on cost. The Company, starting from the acquisition date, includes the operation results of the company which is acquired in its income statement and also presents each definable asset and liability of the acquired company as well as the goodwill or negative goodwill aroused as result of the acquisition in the balance sheet as of this date.

### **Comparative Information and Correction of Prior Period Financial Statements**

The Company's consolidated financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends.

In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

#### Functional Currency:

Functional currency of the Group is Turkish Lira (TRY) and attached consolidated financial statements and notes to consolidated financial statements are presented in Turkish Lira (TRY).

#### Declaration of Conformity:

Attached financial statements of Company have been confirmed by the Board of Directors of the Company as of **May 25, 2021**. The right to change the attached consolidated financial statements belongs to the General Assembly of the Company or legal authorities.

#### Netting/Set Off

Financial assets and liabilities are presented at their net values in cases of a required legal right, related assets and liabilities are intended to be netted or acquisition of assets are followed by the performing of the liabilities.

#### Financial Statement of Partnerships Operating in Foreign Countries

Financial statements of partnerships and subsidiaries in foreign countries are prepared in accordance with the host countries' standards and law. The accounting principles of the Company are adjusted according to these laws and standards.

If the currencies of the Company companies are different from reporting currency, then the translation method is below;

- All the assets and liabilities are translated with the exchange rate on the date of balance sheet.
- Revenues and expenses are translated with the exchange rate on the date of balance sheet and the difference of translation is stated in the comprehensive income statement.

## 2.2. New and Revised Turkish Accounting/Financial Reporting Standards

The Company applied the new and revised standards and interpretations issued by the POA as of January 1, 2020 and related to its own activity.

- **Amendment to IFRS 16, 'Leases' - COVID-19 related rent concessions**

It is valid on June 1, 2020 or for annual reporting starting after this date. As a result of the coronavirus (COVID - 19) pandemic, rent concessions granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 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. This change has no effect on the financial status and performance of the Company. This amendment has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9**

It is valid on January 1, 2021 or for annual reporting starting after this date. These amendments defer the date of application of IFRS 17 by two years to January 1, 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until January 1, 2023. This amendment has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Benchmark Interest rate reform**

It is valid on January 1, 2020 or for annual reporting starting after this date. These amendments provide specific facilitation practices regarding benchmark interest rate reform. These practices relate to hedging accounting, and the effect of the IBOR (Interbank Offered Rate) reform should generally not terminate of hedging accounting. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the prevalence of hedging accounting in IBOR-based contracts, these facilitating practices will affect all companies in the sector. This amendment has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Benchmark Interest Rate Reform Phase 2**

It is valid on January 1, 2021 or for annual reporting starting after this date. The Phase 2 amendment addresses issues arising from the implementation of reforms, including the revision of a benchmark rate with an alternative. This amendment has no effect on the financial status and performance of the Company.

### **Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities"**

It is valid on January 1, 2022 or for annual reporting starting after this date. These narrow-scope amendments made to IAS 1, "Presentation of financial statements", explain that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the expectations of the entity or events after the reporting date (for example, receipt of a concession or breach of contract). The amendment also clarifies what IAS 1 means to "settlement" an obligation. This amendment has no effect on the financial status and performance of the Company.

- **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;**

It is valid on January 1, 2022 or for annual reporting starting after this date. IFRS 3 Amendments in business combinations; This amendment revises a reference to the Conceptual Framework for Financial Reporting in IFRS 3, without changing the accounting requirements for business combinations. Amendments to IAS 16 'Tangible fixed assets'; prohibits a company from deducting the income from the sale of manufactured products from tangible fixed assets until the asset is ready for use. Instead, the company will reflect such sales revenue and related cost in profit or loss. IAS 37, 'Amendments to Provisions, Contingent Liabilities and Contingent Assets', this amendment specifies what costs a company includes when deciding whether to lose or not from the contract. Annual improvements make minor amendments in explanatory patterns for IFRS 1, "First - time Adoption of IFRS", IFRS 9, "Financial instruments", IAS 41, "Agriculture" and the Illustrative Examples accompanying IFRS 16, "Leases". This amendment has no effect on the financial status and performance of the Company.

#### **IFRS 17 "Insurance Contracts"**

This standard replaces IFRS 4, which currently allows a wide variety of applications. IFRS 17 will fundamentally change the accounting of all enterprises that issue insurance contracts and investment contracts with discretionary participation features. It is valid on January 1, 2023 or for annual reporting starting after this date. This amendment has no effect on the financial status and performance of the Company.

- **Amendments to TAS 1 and TAS 8 on the definition of material**

It is valid on January 1, 2020 or for annual reporting starting after this date. These amendments to TAS 1, 'Presentation of financial statements', and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS's;

- i) Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting,
- ii) Clarify the explanation of the definition of materiality; and
- iii) Incorporate some of the guidance in TAS 1 about immaterial information.

This amendment has no effect on the financial status and performance of the Company.

- **Amendments to IFRS 3 - definition of a business**

It is valid on January 1, 2020 or for annual reporting starting after this date. 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. This amendment has no effect on the financial status and performance of the Company.

#### **Summary of Important Accounting Policies**

##### Revenue:

Revenue means – in exchange of the health services provided – invoice amount of the invoiced services, the amount to be invoiced for the performed but not invoiced services and the amount calculated based on the completion level for not invoiced but still continuing services, less returns and discounts.

In case an uncertainty arises to collect a revenue, amount which presented in the financial statements, uncollectable or the amount which becomes impossible to collect be considered as cost in the financial statements rather than adjusting the first registered revenue.

The Company reports revenue recognitions of patients whose treatment is continuing at the end of the period in sales of healthcare service.



Inventories:

Costs of inventories are compromise of cost of all purchases, conversion costs and other costs burdened to perform the current position and condition of the inventories. For the inventory purchases with interim payments, the differences between the cash value and future value are recognized as finance costs in the period it occurred.

Inventory method is weighted average cost method.

Inventories are valued with the lowest of cost and net realizable value. Net realizable value is the value expected sales value under normal conditions less the total of expected costs of completion and expected sales costs in order to perform the sale.

It is assumed that the production activities would be at normal capacity on the distribution of fixed general production costs to conversion costs. Normal capacity is the expected average production amount under normal conditions within one or a few periods or sessions considering the loss of capacity due to the planned repair and maintenance works. If the real production level is close to the normal capacity, then this capacity is considered as normal capacity. If the actual production level is continuously below from the pre-determined normal capacity, then the normal capacity is accepted as realized actual capacity and all the fixed production costs add into the production costs of services.

Biological Assets:

Biological assets are recognized initially at cost. They are valued at fair value at the end of each reporting period. In cases where fair value cannot be calculated or determined clearly, so-called biological asset is re-valued through its cost less all related accumulated depreciation and accumulated provisions for loss. Gains or losses on the values are linked with the period profit or loss.

The Company displays livestock and agricultural products at fair value. Agricultural products that are not harvested valued after deducting estimated sales costs from their market values.

Tangible Assets:

Tangible assets which are expected to be used within the company for more than one year are registered with their costs at the time of purchase. In the following periods, revaluation method for lands and buildings are revaluated based on the method for cost of other tangible assets. Costs of other tangible assets which were purchased prior to January 1, 2005 are costs which are adjusted for inflation effects.

The company used pro rata basis depreciation for tangible assets according to normal depreciation method.

When the Company determines the depreciation lives for its tangible assets, it considers the useful life of the asset. Costs of tangible assets which are purchased through leasing are the costs less the interest and foreign exchange difference. Interests and foreign exchange differences are registered as financial costs in the relevant period.

Company's beneficial lives for tangible assets are below;

Buildings	50 Years
Machinery, plants and equipment	5 – 20 Years
Vehicles	5 Years
Fixtures	2 – 20 Years
Assets Purchased Through Leasing	5 – 20 Years
Other intangible assets	5 – 20 Years

Intangible Assets:

Intangible assets which are expected to be used within the company for more than one year are registered with its costs at the time of purchase. They are re-valued based on the cost model in the following periods. Cost of Intangible assets purchased prior to January 1, 2005 are costs which are adjusted for the inflation effect.

"Doctor Staff and Medical License Fee" is reported in Intangible assets as Rights for Lokman Hekim Akay Hospital, Lokman Hekim Demet Hospital, Lokman Hekim Van Hospital and Lokman Hekim Hayat Hospital,

According to the issued change in the Official Journal in July 11, 2013, transfer of staff and license is allowed with article 6 of Private Hospital Regulation.

The Company takes the useful lives of the assets into consideration when determining the depreciation lives of the Intangible assets.

Indefinite-life intangible assets (Doctor Staff and Medical License Fee) are not subjected to amortization but they are tested for impairment. The Company determined useful lives for its intangible assets 3 to 15 years.

Goodwill:

Purchase price burdened related to the purchase of a company is distributed to the identifiable assets, liabilities and conditional liabilities at the time of purchase of the purchased company. The difference between purchase price and fair value of the identifiable assets, liabilities and conditional liabilities of the purchased company is registered as goodwill in the consolidated financial statements. In the mergers, assets, intangible assets and conditional liabilities which are not stated in the financial statements of the purchased company/enterprise but can be separated from the goodwill are reflected to the consolidated financial statements with their fair values. Goodwill in the financial statements of purchased company is not considered as identifiable assets.

In case of the buyers' share of the fair values of the purchased identifiable assets, liabilities and conditional liabilities exceeds the purchase price, then the difference is linked with the consolidated income statement.

In case any value decline in the goodwill amount, its effect is reflected to the period results. Testing for the value decline at the same time every year to determine whether there is a value decline in the goodwill amount or not.

Legal mergers among the enterprises which are under the control of the Company are considered within the scope of IFRS 3. Therefore, no goodwill is calculated in such mergers. Moreover, transactions occurred during legal mergers are subject to adjustment process during the preparation of consolidated financial statements.

Decline in the Values of Assets:

According to IAS 36 – Decline in the Values of Assets standard, book values of tangible and intangible assets and their recoverable values can be compared if it is deemed necessary due to domestic and international economic indications. If it is forecasted that the book value of the asset exceeds the recoverable value, then it is accepted that there is decline in the value of the asset.

Recoverable value is the lesser of the exercise price and market price. Forecasted decline in the value is registered as loss at the term in which it is determined.

Financial Instruments:

a) Cash and Cash Equivalents;

Cash on hand of the Company consists of cash and bank deposits. Cash equivalents consist of receivables from credit card.

Bank deposit balances of foreign currencies are re-valued from the foreign exchange rate of T.R. Central Bank at the date of balance sheet. Current values of the cash in the balance sheet and deposits in the bank and receivables from credit card are the fair value of these assets.

b) Trade Receivables Impairment Loss And Expected Credit Losses;

Trade receivables and payables resulting from providing a service to a customer by the Company or purchasing a good or service from a supplier are presented after clarified from deferred financing revenues and costs.

It is assumed that the discounted values of trade receivables and provision for doubtful receivables are equivalent to the fair values of the assets.

The company, in case there is an objective proof that the collecting is impossible, makes provisions for doubtful receivables. The amount of this provision is registered value of the receivable less the guarantees and warranties.

Following making a provision for the doubtful receivables, in case all or a portion of the doubtful receivable is not collected, the collected amount is written off from doubtful receivables and registered as other revenues.

The Company measures the allowance for trade receivables at an amount equal to the "expected life-time credit losses" (except for realized impairment losses) where the trade receivables are not impaired for some reason. Expected credit losses are a weighted estimate of the likelihood of credit losses over the expected life of a financial instrument.

In the calculation of expected credit losses, the Company takes into account past credit loss experience as well as forecasts for the future.

It is assumed that the discounted values of trade payables are equivalent to the fair values of the assets.

c) Other Receivables, Payables and Liabilities

Registered based on accrual basis and it is assumed that the registered values are equivalent to fair values.

Benefits for Employees/Termination Indemnity:

According to applicable Labor Law, the company shall pay a termination indemnity not less than 30 days for each year for the employee who is fired from the company except those fired due to bad behaviors. For this reason, the company has to estimate the total cost to be paid and discount the estimated payments so that find the net present value. Therefore, the company reports its total liability at the date of balance sheet which is discounted to net present value.

It is assumed that man who worked 25 years and woman who worked 20 years would be retired and termination indemnity would be paid at that time. Accordingly, the company tries to find out the expected termination indemnity liability which it would pay at the time of retirement or firing its employees in the future. Net present value of the portion of the termination indemnity right holds by the employee at the date of balance sheet within this total liability which is expected to be paid is registered into the balance sheet as provision for termination indemnity. It is assumed that ratio of the number of employees who fired or leave the company in the previous periods without getting any termination indemnity to the total number of employees would be the same in the following periods and total liability is declined at this rate.

The difference of the total termination indemnity between the two periods is distributed to cost of interest, cost of service for the current period and actuarial income /(loss). Cost of interest is the cost of use of the liability in the previous period's balance sheet during the period and equals to the liability amount at the beginning of the period for the employees who are still working multiplied by discount rate used in that year. The cost of service for the current period is the portion of the termination indemnity at the time of it is going to be paid which the employees get the right for termination indemnity for their services at the time of balance sheet through discount rate. All other differences are reflected to actuarial income and loss. Actuarial income /(loss), cost of interest and cost of services for the current period are presented in the comprehensive income statement.

Except from the wages, bonuses and other social benefits provided to employees, there is not any contribution plan to be paid after the retirement or resigning period.

Taxation:

Tax payable in the attached financial statements is consist of tax provision for the current period and deferred tax. The provision for the liabilities regarding to the corporate tax to be resulted from the activities in the current period is set based on the legal tax rates at the time of balance sheet.

Deferred tax asset/(liability) is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of deferred tax asset. Deferred tax liability is presented in the financial statements for all taxable or deductible provisional differences, but deferred tax asset is presented in the financial statements provided that there are taxable profits are possible from which the deductible provisional differences can be set off. Net deferred tax assets resulting from the timing differences are reduced at the rate of the tax deductions provided that it is not certain that they can be used in the following years according to the information on hand.

*Related Parties:*

Parallel to the aim of these financial statements, related parties are considered and defined as the companies which are linked to the shareholders, important managerial employees and board members, their families and controlled by them or related to them, subsidiary and partnerships and minority partners of the affiliates. Shareholders, major managers of these companies and members of the board of the Company and their families are also considered as related parties. Transactions made with the related parties are generally in accordance with the market conditions. Key managerial employees are also defined as the related parties of the company.

*Cost of Borrowing:*

Bank loans received in return for interest are reflected in the records on the basis of the net amount received after deducting the purchase cost. Income or expenses arising during the redemption process or registration of liabilities are associated with the comprehensive income statement. Borrowing costs are recognized on an accrual basis even if their due dates are not due in the period they arise.

• **IFRS 15 - Revenue from Contracts with Customers**

In September 2016 POA issued IFRS 15 that includes amendments made by IASB in April to clarify IFRS 15. New five stage model in standard describes requirements for revenue recognition and measurement. Standard provides a model that applies to revenue from contracts with costumers. This model also helps recognition and analyze with sale of non-financial assets that are not related to the ordinary activities of an entity. The standard replaces existing IFRS guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. These amendments will be not effective on the Company's financial position or its performance.

• **IFRS 9 - Financial Instruments**

In January 2017, POA issued IFRS 9 "Financial Instruments" in its final version. This final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value.

The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

## **IFRS 16 "Leases"**

For agreements concluded prior to January 1, 2018, the Company determines whether an agreement is a lease or whether it contains a lease and based on the substance of the agreement;

- (a) whether the realization of the agreement depends on the use of a particular asset or assets;
- (b) and whether the agreement transfers the right of use of the related asset.

As of January 1, 2019, the first date of IFRS 16 has been used, the Company has not reexamined whether the agreements are leasing or not. Instead of this, the Company applied IFRS 16 "Leases" to agreements that are detected whether it is a leasing or not by examined in scope with IAS 17 "Leasing Transactions" and IFRS Comment 4 "Determination of Whether an Agreement Contains Leases". IFRS 16 "Leases" has not been applied to the agreements that previously defined as not a leasing accordance with IAS 17 "Leasing Transactions" and IFRS Comment 4 "Determination of Whether an Agreement Contains Leases".

Therefore, there is no need to restate the consolidated financial statements of the previous years, these financial statements are presented in accordance with IAS 17 "Leases" and IFRS Comment 4 "Determination of whether an Agreement Contains Leases".

As the lessee, the Company classified the leases where the risks and rewards of ownership of the assets previously subject to the lease belong to the Company as finance leases. Other leasing transactions are classified as operational leasing. As of January 1, 2018, the Company measured its lease obligations with net worth of outstanding lease payments. Lease payments are rediscounted by using the implied interest rate, if the interest rate can be easily determined otherwise, using the Company's alternative borrowing interest rate.

Lease payments are discounted by using implied interest rate in the lease agreement if the interest rate can be determined easily, or by using the company's alternative borrowing interest rate if it cannot be determined.

The company chosen to use the following facilitating practices;

- Applies a single rediscount rate to a portfolio of leases with similar characteristics.
- As an alternative to the impairment review, the Company assesses whether leases are economically disadvantageous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", just before the date of initial application.
- For contracts with options to extend or terminate the lease, he used his past experience in determining the lease term. The Company preferred not to use the exceptions for short term leases and leases where the asset is underrated according to IFRS 16 "Leases".

## **Right-of-use asset**

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability,
- (b) any lease payments made at or before the commencement date, less any lease incentives received
- (c) any initial direct costs incurred by the Company,
- (d) an estimate of costs to be incurred by the Company 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 (unless those costs are incurred to produce inventories).

When applying the cost model, Company measures the right-of-use asset at cost;

- (a) less any accumulated depreciation and any accumulated impairment losses; and
- (b) adjusted for any remeasurement of the lease liability.

The company applies the depreciation provisions contained in TAS 16 Tangible Assets while depreciating the right-to-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Company at the end of the lease term or the cost of the right-of-use asset indicates that the Company will use a purchase option, the company depreciates the right-to-use asset from the actual start of the lease until the end of the useful life of the underlying asset in other cases, the existence of the Company's right of use, the useful life of the asset, starting from the date the lease actually commences or depreciate according to the shorter of the lease term.

The Company applies the depreciation requirements in IAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. The company applies IAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

#### **Lease debts**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined or by using the Company's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date;

- (a) fixed payments, less any lease incentives receivable,
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- (c) Price of usage option if the Company is reasonably sure that it will use the purchase option and
- (d) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Company measures the lease liability by;

- (a) increasing the carrying amount to reflect interest on the lease liability,
- (b) reducing the carrying amount to reflect the lease payments made, and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

The interest of lease liability for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liability. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Company uses its own alternative borrowing interest rate.

After the lease commences, the Company remeasures the lease liability to reflect changes in lease payments. The Company reflects the remeasurement amount of the lease liability to the financial statements as an adjustment to the right of use asset.

The Company remeasures the lease liability by reducing the revised lease payments at a revised discount rate if following conditions occurs;

- (a) Change in rental time. The Company determines revised lease payments based on the revised lease term.
- (b) Change in the assessment of option to purchase the underlying asset. The Company determines revised lease payments in order to reflect the change in amounts payable under purchase option.

The Company determines revised discount rate as implied interest rate on the lease for remainder of lease term if it is easily determined. If this rate cannot be easily determined, the Company uses its own alternative borrowing interest rate.

The Company remeasures its rent obligation by reducing the revised lease payments if either of the following conditions occurs;

(a) Change in the amounts expected to be paid under a residual value commitment. The Company determines revised lease payments in order to reflect the change in amounts payable under purchase option.

(b) Change in these payments as a result of an index or rate change used to determine future lease payments. The Company remeasures the lease liability to reflect these revised lease payments only when there is a change in cash flows.

The Company determines the revised lease payments for the remaining lease period based on the revised contractual payments. The Company uses an unaltered discount rate in this case.

The Company, recognizes restructuring of the lease as a separate lease if both of the following conditions are met;

(a) Extends scope of lease by adding the right of use one or more underlying assets and

(b) The consideration received for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

Earnings (Loss) Per Share:

Earnings (Loss) per share are calculated through net profit or loss of the period divided by the weighted average of the number of common shares in the current period.

In Turkey, companies, equity to existing shareholders from retained earnings and inflation adjustment difference of distributing shares (bonus shares) can increase their capital. When calculating the profit / (loss) per share, these bonus shares are considered as issued shares. Therefore, the weighted average of shares used in the calculation of profit / (loss) per share is obtained through retrospective application in terms of bonus shares.

Events after the Balance Sheet Date:

In case there are some events after the balance sheet date which requires adjustment entries, these amounts in the financial statements are adjusted according to the new situation; but in case there are events after the balance sheet date which does not require any adjustment entry, there are explanations in the related period if the events are important.

Provisions, Conditional Liabilities and Conditional Assets:

Provisions:

Provisions are the accruals provided that there would be a liability (legal or structural liability) resulting from the events happened in the past, and it is probable that this liability will cause a decline in the asset items and the liability amount can be determined reliably. Accrued provisions are reviewed in every balance sheet period and revised in order to reflect the current expectations.

Conditional Liabilities and Conditional Assets:

Transactions which cause commitment and conditional liability mean the conditions which are linked to the result of one or more than one event that may happened in the future. Therefore, since some transactions have possible damage, risk and uncertainty in the future, they are defined as items out of balance sheet. In case there is a forecast for possible obligations or losses to be occurred in the future, these liabilities are considered as costs and debt for the Company. However, income and profits which are probable to occur in the future are presented in the financial statements.

Assets and Liabilities in Terms of Foreign Currency:

Assets in the balance sheet in terms of foreign currencies are converted to Turkish Lira based on buying rate of foreign exchange and liabilities from selling rate of foreign exchange published by T.R. Central Bank. Transactions with foreign currencies within the period are converted to Turkish Lira from the actual rates at the date of transaction. Foreign exchange gains and losses arising from these transactions are presented in the income statements.

Rates used in the financial statements on March 31, 2021 and December 31, 2020 reports are as follows;

	<b>31 March 2021</b>		<b>31 December 2020</b>	
	Buying	Selling	Buying	Selling
USD	8.3260	8.3410	7.3405	7.3537
EUR	9.7741	9.7917	9.0079	9.0241

*Important Accounting Review, Forecast and Assumptions:*

Preparation of financial statements requires management to apply policies and make decisions, forecasts and assumptions which affect the assets, liabilities, incomes and losses which are reported. Real outcomes may be different from these forecasts.

Forecasts and assumptions which are the basis of the forecasts should be revised all the time.

Important forecasts and assumptions used by the Company during the preparation of the financial statements are as follows;

- Useful lives of tangible and intangible assets,
- Discount rates used for trade receivables and payables,
- Provision rates for the receivables from Social Security Institutions ("SSI"),
- Income accruals arising from ongoing patient cares and progress payments,
- Regarding to the employee benefits, retirement term, increase rate, discount rate, rate for not to get any termination indemnity,
- Estimated operation results related to coming years as long as goodwill is based on the impairment test,
- Rates used for deferred tax calculation,
- Recognition of assets subject to operating leases.

*Effect of COVID-19 Outbreak on Company Activities:*

Covid-19 infection (Coronavirus) which appeared first in China in December 2019 and affected the world as of March 2020 declared as a global pandemic by the World Health Organization as of March 11, 2020.

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 hospitals within the group are evaluated, all hospitals except "Lokman Hekim Etlik Hospital" and "Demet Tıp Merkezi" 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.

During the COVID-19 (Coronavirus) outbreak, the company started to make use of the short-time work allowance incentive as of April 6, 2020, limited to the services experiencing a decrease in demand. The short work allowance incentive terminated as of July 5, 2020.

The possible negative effects of the COVID-19 epidemic which affected the whole world are observed by the Company and precautions are taken for all of the situations. As uncertainties which regard the violence of the pandemic process in the world and in our country and the period it will end continue, an effective evaluation can be made to depend on the developments that will occur over time. In this context, although the pandemic effect minimized as a result of the measures taken by the company, due to continued uncertainty about the economic impact of the outbreak as of the reporting date, the effects on the company's financial statements cannot be considerably forecasted.



The effect of temporary article-10 of Corporate Income Tax on Deferred Tax:

The corporate tax rate is the corporate tax rate applied to the legal tax base to be found by adding the non-deductible expenses in accordance with the tax laws to the commercial earnings of the companies, and deducting the exemptions in the tax laws. Corporate Tax Law Provisional Article 13 and corporate tax rate; 25% for the corporate earnings for the 2021 taxation period and 23% for the 2022 taxation period.

For the part of temporary differences that will have tax effect, calculations are made with a rate of 25% for the 2021 period, 23% for the 2022 period and 20% for the following periods.

**Changes and Mistakes in the Accounting Policies**

An enterprise can only change its accounting policies only in case of following conditions and apply backwards;

- Required by a standard or an interpretation,
- If it is in a character which provides a more appropriate and trustable way to present the effects of the transactions and events on the financial statement, performance or cash flow of the enterprise.

Parties who use the financial statements should have the opportunity to compare the financial statements throughout the time in order to find out the trends of the financial position, performance and cash flow. Therefore, as long as a change in an accounting policy does not meet one of the criteria described above, same accounting policies should be used in every period and financial period.

In order to allow determination of financial position and performance trends, the Company's current period financial statements are prepared comparatively with the prior period. Comparative information's can be reclassified, if it is necessary. This reclassification is in terms of conformity with presentation in the current period financial statements.

The Company has applied IFRS 9 "Financial Instruments" and IFRS 15 "Revenue Standards from Customer Agreements" IFRS 16 "Leases" Standard chosen to apply early. IFRS 9 Financial Instruments Standard has no significant effect on the financial statements.

The Company started to apply IFRS 16 "Leases" Standard on January 1, 2019 for the first time. Previously it classified as operating leases in accordance with IAS 17. As of January 1, 2019, the right of use assets reflected to the consolidated financial statements for leases at an amount equal to the lease liability that agreement of which has been signed, prepaid or corrected for all lease payments accrued.

The effects of IFRS 9 and IFRS 16 are presented below on the consolidated statement of financial position as of December 31, 2019 and the consolidated profit or loss statement for the period ended at the same date. The application of the standards has no significant effect on the consolidated other comprehensive income statement and the consolidated cash flow statement.

### 3. OPERATION SEGMENT

The company prepares its sales as its operating on the basis of hospital, major buyers, types of activities and outpatient and inpatient services.

Revenues from Activities	1 January 31 March 2021		1 January 31 March 2020	
	Amount	%	Amount	%
Sales of Healthcare Service	80,804,645	84	62,350,287	82
Sales of Biological Assets and Milk	1,877,344	2	1,334,226	2
Hospital Rental Income	9,636,558	10	4,971,787	7
Other Incomes	3,483,110	4	7,186,777	9
<b>Total Sales</b>	<b>95,801,657</b>	<b>100</b>	<b>75,843,077</b>	<b>100</b>

Service Sales/Hospital	1 January 31 March 2021		1 January 31 March 2020	
	Amount	%	Amount	%
Akay Hospital Service Sales	30,414,782	38	25,510,451	41
Van Hospital Service Sales	22,680,054	28	16,038,782	26
Etlik Hospital Service Sales	14,177,174	18	9,974,695	15
Hayat Hospital Service Sales	7,407,657	9	6,402,036	10
Demet Tıp Merkezi Service Sales	4,104,076	5	2,398,085	4
Erbil Tanı Merkezi Service Sales	2,020,902	2	1,578,832	3
Elazığ CH PMR Service Sales	-	-	447,406	1
<b>Total Sales</b>	<b>80,804,645</b>	<b>100</b>	<b>62,350,287</b>	<b>100</b>

#### Service Sales/Institution

	1 January 31 March 2021		1 January 31 March 2020	
	Amount	%	Amount	%
Sales to SSI *	28,819,893	36	25,472,674	41
Other Sales	51,984,752	64	36,877,613	59
<b>Total Sales</b>	<b>80,804,645</b>	<b>100</b>	<b>62,350,287</b>	<b>100</b>

Trade Receivables/Institution	31 March 2021		31 December 2020	
	Amount	%	Amount	%
Receivables from SSI*	48,182,784	75	46,396,250	72
Other Receivables	15,786,009	25	17,755,661	28
<b>Total</b>	<b>63,968,793</b>	<b>100</b>	<b>64,151,911</b>	<b>100</b>

(\*) Major customer of the company is the Social Security Institution (SSI).

The revenue based on the treatment types is as follows;

	1 January - 31 March 2021			1 January - 31 March 2020		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	165,320	40,302,803	49,88	172,070	30,227,419	48,48
Inpatient	8,920	40,501,842	50,12	8,951	32,122,868	51,52
<b>Total</b>	<b>174,240</b>	<b>80,804,645</b>	<b>100</b>	<b>181,021</b>	<b>62,350,287</b>	<b>100</b>

#### 4. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash	1,117,985	446,199
Banks	1,492,414	4,890,106
Debit Card Receivables	3,605,920	2,990,182
<b>Total</b>	<b>6,216,319</b>	<b>8,326,487</b>

Average maturity of credit card receivables is 40 days (31 December 2020: 40 Days).

#### 5. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 March 2021	31 December 2020
Short-Term Bank Borrowings	14,952,710	14,051,437
Short-Term Portion of Long-Term Banks Borrowings	46,189,232	43,114,594
Operational Leasing Debts	6,998,590	7,662,220
Financial Leasing Debts	1,217,927	1,352,155
- Financial Leasing Debts	1,493,421	1,743,542
- Deferred Interest Cost	(275,494)	(391,387)
<b>Total</b>	<b>69,358,459</b>	<b>66,180,406</b>

Long-Term Financial Liabilities	31 March 2021	31 December 2020
Long-Term Bank Borrowings	58,235,281	62,128,468
Operational Leasing Debts	28,552,751	35,142,023
Financial Leasing Debts	2,367,855	2,585,773
- Financial Leasing Debts	2,787,792	3,005,710
- Deferred Interest Cost	(419,937)	(419,937)
<b>Total</b>	<b>89,155,887</b>	<b>99,856,264</b>

Details of bank borrowings are as follows;

Bank Borrowings	31 March 2021	31 December 2020
0 - 3 Months	14,239,112	12,159,596
3 - 12 Months	46,902,831	45,006,435
1 - 5 Years	58,235,280	62,128,468
<b>Total</b>	<b>119,377,223</b>	<b>119,294,499</b>

Mortgage amount of TRY 164,990,400 has been given for bank borrowings. (31 December 2020: TRY 164,990,400).

Financial Leasing Debts	31 March 2021	31 December 2020
0 - 3 Months	582,586	342,093
3 - 12 Months	635,341	1,010,062
1 - 5 Years	2,367,855	2,585,773
<b>Total</b>	<b>3,585,782</b>	<b>3,937,928</b>

<b>Operational Leasing Debts</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
0 - 3 Months	1,725,715	2,001,738
3 - 12 Months	5,272,875	5,660,482
1 - 5 Years	28,552,751	35,142,023
<b>Total</b>	<b>35,551,341</b>	<b>42,804,243</b>

## 6. TRADE RECEIVABLES AND TRADE PAYABLES

<b>Trade Receivables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Trade Receivables	48,082,687	50,515,370
Notes Receivables	77,426	91,649
Rediscounts on Notes Receivables (-)	(771,618)	(1,055,594)
Doubtful Trade Receivables	2,925,331	3,501,755
Provision for Doubtful Trade Receivables	(2,925,331)	(3,501,755)
Receivables from Related Parties *	7,674,658	5,565,435
Income Accruals **	8,905,640	9,035,051
<b>Total</b>	<b>63,968,793</b>	<b>64,151,911</b>

(\*\*) Related party transactions are explained in Note-29.

(\*\*) The income accruals made for patients whose treatment continues consists of TRY 8,001,739 (31 December 2020: TRY 7,695,051).

The interest rate applied in discounting the short-term receivables is 13% (31 December 2020: 12.5%).

<b>Doubtful Receivables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Beginning of the Period	3,501,755	4,859,194
Additions with-in the Period	72,592	86,784
Worthless Receivables, Collections/(Cancellations)	(649,016)	(1,444,223)
<b>Total</b>	<b>2,925,331</b>	<b>3,501,755</b>

<b>Trade Receivables/Institutions</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Receivables from SSI*	48,182,784	75	46,396,250	72
Other Receivables	15,786,009	25	17,755,661	28
<b>Total Receivables</b>	<b>63,968,793</b>	<b>100</b>	<b>64,151,911</b>	<b>100</b>

(\*) Major customer of The Company is Social Security Institution (SSI).

<b>Trade Payables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Trade Payables	20,831,755	19,486,714
Notes Payables	15,603,286	17,595,427
Rediscount on Notes Payables (-)	(580,689)	(951,973)
Other Trade Payables	110,050	159,195
Trade Payables to Related Parties*	2,330,738	3,353,953
Expense Accruals	505,832	518,551
<b>Total</b>	<b>38,800,972</b>	<b>40,161,867</b>

(\*) Related party transactions are explained in Note-29.

The interest rate applied in discounting the short-term payables is 13.0% (31 December 2020: 12.5%).

## 7. OTHER RECEIVABLES AND OTHER PAYABLES

<b>Other Short-Term Receivables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Other Miscellaneous Receivables	602,710	577,234
Other Receivables from Related Parties*	750,000	750,000
Deposits and Guarantees Given	110,038	114,967
Other Doubtful Receivables	837,500	837,500
Provision for Other Doubtful Receivables (-)	(837,500)	(837,500)
<b>Total</b>	<b>1,462,748</b>	<b>1,442,201</b>

(\*) Related party transactions are explained in Note-29.

<b>Other Long-Term Receivables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Deposits and Guarantees Given	289,260	280,888
<b>Total</b>	<b>289,260</b>	<b>280,888</b>

<b>Other Payables</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Other Miscellaneous Payables	632,932	1,118,441
Other Payables to Related Parties*	12,944,760	13,171,214
Due to Shareholders **	-	2,929,615
<b>Total</b>	<b>13,577,692</b>	<b>17,219,270</b>

(\*) Related party transactions are explained in Note-29.

(\*\*) In accordance with the decision taken in the 2019 ordinary General Assembly of the Company, the profit of TRY 4,800,000 to be distributed paid on 28 September 2020, according to the 12th article of the Law No. 7244 and the provisional article 13 added to the Turkish Commercial Code. As a result of the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 paid on January 4, 2021 and January 6, 2021.

## 8. INVENTORIES

<b>Inventories</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Medical Inventories	11,890,405	13,277,814
Feed Stocks	2,303,890	2,924,352
Other Stocks	4,157,025	3,462,084
<b>Total</b>	<b>18,351,320</b>	<b>19,664,250</b>

**9. BIOLOGICAL ASSETS**

<b>Biological Assets</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Book Value	19,746,365	17,970,079
Changes in the Fair Value	(4,830,115)	(4,259,729)
<b>Total</b>	<b>14,916,250</b>	<b>13,710,350</b>

The biological assets are first time application accounted at cost price. They are evaluated at fair value at the end of each reporting period. In the current period, there is a decrease of TRY 448,300 at the fair value for milk and livestock animals. (31 December 2020: TRY 1,697,770).

As of March 31, 2021, the company has a total of 985 biological assets (31 December 2020: 1,003).

The total amount of insurance on biological assets is TRY 5,742,800. (31 December 2020: TRY 5,742,800).

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**

Notes to the Consolidated Financial Statements for the Interim Period ended March 31, 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

**10. TANGIBLE ASSETS**

<b>Tangible Assets</b>	<b>1 January 2021</b>	<b>Additions</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 March 2021</b>
Lands	6,343,750	-	-	-	6,343,750
Buildings	62,454,482	172,400	-	-	62,626,882
Machinery, Equipment and Installment	30,280,737	554,114	-	-	30,834,851
Vehicles	1,529,068	207,203	-	(37,288)	1,698,983
Furniture and Fittings	68,267,727	3,702,119	-	(1,407,422)	70,562,424
Assets Acquired Through Financial Leases	19,663,350	-	-	-	19,663,350
Special Costs	27,295,403	2,973,801	-	-	30,269,204
Right of Use Assets *	71,353,289	155,410	-	(5,901,948)	65,606,751
Other Tangible Assets	1,072,920	25,565	-	-	1,098,485
Construction in Progress **	10,380,830	1,357,104	-	-	11,737,934
<b>Total</b>	<b>298,641,556</b>	<b>9,147,716</b>	<b>-</b>	<b>(7,346,658)</b>	<b>300,442,614</b>
<b>Accumulated Depreciation</b>	<b>1 January 2021</b>	<b>Depreciation Expense</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 March 2021</b>
Buildings	(2,976,121)	(321,066)	-	-	(3,297,187)
Machinery, Equipment and Installment	(15,174,420)	(804,766)	-	-	(15,979,186)
Vehicles	(649,963)	(70,755)	-	14,915	(705,803)
Furniture and Fittings	(29,052,506)	(1,474,639)	-	232,151	(30,294,994)
Assets Acquired Through Financial Leases	(11,476,237)	(303,792)	-	-	(11,780,029)
Right of Use Assets *	(26,883,160)	(1,751,000)	-	3,022,983	(25,611,177)
Special Costs	(8,769,378)	(830,403)	-	-	(9,599,781)
Other Tangible Assets	(868,891)	(128,237)	-	-	(997,128)
<b>Total</b>	<b>(95,850,676)</b>	<b>(5,684,658)</b>	<b>-</b>	<b>3,270,049</b>	<b>(98,265,285)</b>
<b>Net</b>	<b>202,790,880</b>				<b>202,177,329</b>

(\*) It arises from changes in the lease and planned lease increases that the company pay within the scope of right-of-use assets within the scope of IFRS-16.

The total insurance amount of tangible fixed assets is TRY 211,745,000 (31 December 2020: TRY 211,745,000).

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**

Notes to the Consolidated Financial Statements for the Interim Period ended March 31, 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

<b>Tangible Assets</b>	<b>1 January 2020</b>	<b>Additions</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 December 2020</b>
Lands	11,262,750	-	(4,919,000)	-	6,343,750
Buildings	34,026,349	-	28,428,133	-	62,454,482
Machinery, Equipment and Installment	26,012,982	4,750,156	3,502,350	(3,984,751)	30,280,737
Vehicles	1,219,099	445,474	-	(135,505)	1,529,068
Furniture and Fittings	34,965,669	13,311,039	20,183,007	(191,988)	68,267,727
Assets Acquired Through Financial Leases	19,271,561	3,753,500	(3,361,711)	-	19,663,350
Special Costs	19,661,738	7,633,665	-	-	27,295,403
Right of Use Assets *	80,742,984	4,606,464	-	(13,996,159)	71,353,289
Other Tangible Assets	1,202,898	5,515	-	(135,493)	1,072,920
Construction in Progress **	35,397,756	19,940,008	(43,832,779)	(1,124,155)	10,380,830
<b>Total</b>	<b>263,763,786</b>	<b>54,445,821</b>	<b>-</b>	<b>(19,568,051)</b>	<b>298,641,556</b>
<b>Accumulated Depreciation</b>	<b>1 January 2020</b>	<b>Depreciation Expense</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 December 2020</b>
Buildings	(2,121,727)	(854,394)	-	-	(2,976,121)
Machinery, Equipment and Installment	(13,656,170)	(2,813,953)	(538,967)	1,834,670	(15,174,420)
Vehicles	(494,840)	(252,931)	-	97,808	(649,963)
Furniture and Fittings	(25,317,889)	(3,850,900)	-	116,283	(29,052,506)
Assets Acquired Through Financial Leases	(11,023,133)	(992,071)	538,967	-	(11,476,237)
Right of Use Assets *	(22,290,533)	(7,406,303)	-	2,813,676	(26,883,160)
Special Costs	(6,295,628)	(2,473,750)	-	-	(8,769,378)
Other Tangible Assets	(675,295)	(193,596)	-	-	(868,891)
<b>Total</b>	<b>(81,875,215)</b>	<b>(18,837,898)</b>	<b>-</b>	<b>4,862,437</b>	<b>(95,850,676)</b>
<b>Net</b>	<b>181,888,571</b>				<b>202,790,880</b>

(\*) It arises from changes in the lease and planned lease increases that the company pay within the scope of right-of-use assets within the scope of IFRS-16.

(\*\*) Etlik Additional Hospital Building has been put into service during the year and a total of TRY 19,979,259 financing cost has been activated within the scope of the featured asset. The financing expense of TRY 719,600 which is included in the company's ongoing investments account at the end of the period, is within the scope of Etlik Hospital renewal works.



## 11. INTANGIBLE ASSETS

<b>Intangible Assets</b>	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposal/ Classification</b>	<b>31 March 2021</b>
Rights	816,559	-	-	816,559
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
<b>Total</b>	<b>23,705,440</b>	<b>-</b>	<b>-</b>	<b>23,705,440</b>

<b>Accumulated Depreciation</b>	<b>1 January 2021</b>	<b>Depreciation Expense</b>	<b>Disposal/ Classification</b>	<b>31 March 2021</b>
Rights	(473,985)	(43,376)	-	(517,361)
<b>Total</b>	<b>(473,985)</b>			<b>(517,361)</b>
<b>NET</b>	<b>23,231,455</b>			<b>23,188,079</b>

<b>Intangible Assets</b>	<b>1 January 2020</b>	<b>Additions</b>	<b>Disposal/ Classification</b>	<b>31 December 2020</b>
Rights	774,701	41,858	-	816,559
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
<b>Total</b>	<b>23,663,582</b>	<b>41,858</b>	<b>-</b>	<b>23,705,440</b>

<b>Accumulated Depreciation</b>	<b>1 January 2020</b>	<b>Depreciation Expense</b>	<b>Disposal/ Classification</b>	<b>31 December 2020</b>
Rights	(284,009)	(189,976)	-	(473,985)
<b>Total</b>	<b>(284,009)</b>	<b>(189,976)</b>	<b>-</b>	<b>(473,985)</b>
<b>NET</b>	<b>23,379,573</b>			<b>23,231,455</b>

## 12. INVESTMENT PROPERTY

	<b>1 January 2021</b>	<b>Valuation</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 March 2021</b>
Buildings	6,400,000	-	-	-	6,400,000
<b>Total</b>	<b>6,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,400,000</b>

	<b>1 January 2020</b>	<b>Valuation</b>	<b>Classification</b>	<b>Disposal</b>	<b>31 December 2020</b>
Buildings	6,400,000	-	-	-	6,400,000
<b>Total</b>	<b>6,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,400,000</b>

It consists independent sections that are leased to the Higher Education Credit and Hostels Institution located in Bağlıca Etimesgut Ankara.

The company reports its investment properties at fair value, and it was accounted in the financial statements of December 31, 2016, taking into account the last valuation report dated on January 05, 2017.

### 13. PROVISIONS, CONDINGENT ASSETS AND LIABILITIES

Lawsuits and Provisions;

<b>Lawsuits and Provisions 31 March 2021</b>	<b>Amount</b>	<b>Provision</b>
Lawsuits to be Filed by The Company and Enforcement Proceedings	25,452,200	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	12,436,350	(1,546,215)
<b>Lawsuits and Provisions 31 December 2020</b>	<b>Amount</b>	<b>Provision</b>
Lawsuits to be Filed by The Company and Enforcement Proceedings	34,781,967	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	9,932,503	(1,770,560)

The company filed 571 cases (31 December 2020: 620) and the total amount of cases is 25,452,200 TRY (31 December 2020: 34,781,967 TRY). The 179 cases (31 December 2020: 139) sued against the company, and the total of the cases to be filed against the company is 1,546,215 TRY (31 December 2020: 1,770,560 TRY).

<b>CPMs Given by the Company</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
A. CPM's Given on Behalf of Company's Own Legal Entity	180,786,290	180,009,709
B. CPM's Given on Behalf of the Consolidated Companies	1,642,091	1,287,529
C. CPM's Given for Continuation of Its Activities on Behalf of Third Parties	-	-
D. Total Amount of Other CPM's	-	-
- Total Amount of CPM's Given on Behalf of the Majority Shareholder	-	-
- Total Amount of CPM's Given on Behalf of Company Companies Which are not In Scope of B and C.	-	-
- Total Amount of CPM's Given on Behalf of Third Parties Which are not In Scope of C.	-	-
<b>Total</b>	<b>182,428,381</b>	<b>181,297,238</b>

Contingent Liabilities;

<b>Type</b>	<b>Given To</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Mortgage Given (Loan)	Banks	164,990,400	164,990,400
Checks of Collaterals Given	Banks	9,200,000	9,200,000
Letter of Collaterals Given	Courts	3,876,231	3,610,102
Letter of Collaterals Given	The Council of Higher Education*	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	3,139,636	2,069,636
Letter of Collaterals Given	PPP Hospital Projects	-	200,000
Letter of Collaterals Given	Public Tenders	72,114	77,100
Letter of Collaterals Given	Leases	150,000	150,000
		<b>182,428,381</b>	<b>181,297,238</b>

(\*) The letter is given to The Council of Higher Education on behalf of T.R. Lokman Hekim University.

Type	Given To	31 March 2021	31 December 2020
Checks of Collaterals Received	Client	638,514	1,829,119,00
<b>TRY Equivalent</b>		638,514	1,829,119,00

The companies included in the consolidation have cross surety given in favor of each other for bank loans. In all loan and leasing contracts which are used, at least two of the chairmen of the board Mustafa Sarioğlu and board members Mehmet Altuğ and Celil Göçer have personal sureties.

#### 14. BENEFITS PROVIDED TO EMPLOYEES

	31 March 2021	31 December 2020
Provisions for Termination Indemnity	7,529,516	4,116,475
Provisions for Days Off	2,359,735	934,934
<b>Total</b>	<b>9,889,251</b>	<b>5,051,409</b>

The Company assumes that all its staff leave the job when they fill seniority as working for 25 years for men and 20 years for women. It assumes that the severance pay earned as of the balance sheet date increase by 20% (31 December 2020: 10%) per year (increase in wages of employees) until the date of retirement. Thus, when retired, it finds the portion of the severance pay to be received in accordance with the seniority period at the balance sheet date.

This amount is discounted at the rate of 13.0% (31 December 2020: 12.5%) in accordance with the period remaining to retirement and the net present value is found. The amount of severance pay is subject to an upper limit which is determined every year for these calculations, the upper limit of the wage base for severance pay has been taken into account. This upper limit is TRY 7,638.96 valid from January 1, 2020 (31 December 2020: TRY 7,117.17).

The assumptions used in the calculation of the severance pay are as follows;

	31 March 2021	31 December 2020
Working Period	F:20 years, M:25 years	F:20 years, M:25 years
Pay Raise	20%	10%
Turnover Rate without Receiving Termination Indemnity	70.40%	70.36%
Discount Rate	13%	12.5%

The transactions within the period in provisions for severance pay are as follows;

	31 March 2021	31 December 2020
Beginning of the Period	3,261,077	4,305,222
Payments	(292,748)	(612,098)
Interest Cost	389,007	400,271
Period Expense	492,281	856,525
Actuarial Gain /(Loss)	2,824,500	(1,688,843)
<b>End of the Period</b>	<b>6,674,118</b>	<b>3,261,077</b>
<b>Termination Indemnity Liability associated with Akay Hospital*</b>	<b>855,398</b>	<b>855,398</b>
<b>Total</b>	<b>7,529,516</b>	<b>4,116,475</b>

(\*) It shows the severance pay burden taken over by the company regarding the Akay Hospital purchase made on July 28, 2016. In the current period, a severance pay of TRY 39,922 made to Akay Hospital employees (31 December 2020: TRY 47,878).

Actuarial gains and losses are reported in the Shareholder's Equity.

Provisions of unused vacation pay:

According to the applicable Code of Labor in Turkey, in case a labor agreement is terminated for any reason, the company has to pay wages for the annual unused vacation pay to the employee or his/her legal representatives in terms of the wage on the termination date of the contract.

In-period activities for unused vacation pay are given as below;

	<b>31 March 2021</b>	<b>31 December 2020</b>
Beginning of the Period	934,934	898,520
Additions with-in the Period	1,424,801	36,414
<b>End of the Period</b>	<b>2,359,735</b>	<b>934,934</b>

**15. OTHER CURRENT ASSETS/OTHER SHORT-TERM LIABILITIES**

<b>Other Current Assets</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Deferred VAT	757,429	757,052
Work Advances	995,340	427,540
<b>Total</b>	<b>1,752,769</b>	<b>1,184,592</b>

<b>Other Short-Term Liabilities</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Taxes and funds payable	3,387,846	3,933,522
Overdue, deferred or restruc. Tax*	7,064,132	8,347,430
Compulsory P.P.S. Checkoff	135,170	117,004
Income from Salary Contracts Promotions for the Following Months	676,472	676,472
Deposits and Guarantees Received	20,000	-
<b>Total</b>	<b>11,283,620</b>	<b>13,074,428</b>

(\*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on November 23, 2011 and tax debts that paid in installments within the scope of Law No. 7256.

**16. ASSETS / LIABILITIES RELATED TO CURRENT PERIOD TAX**

<b>Liabilities Related Current Period Tax</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Deferred or Restructured Taxes (Long-term)*	6,038,070	6,882,559
<b>Total</b>	<b>6,038,070</b>	<b>6,882,559</b>

(\*) The deferred tax debts; It consists of deferred tax debts due to force majeure declared by the Revenue Administration due to the earthquake that occurred in Van on November 23, 2011 and tax debts that have been paid in installments within the scope of Law No. 7256.

**17. PREPAID EXPENSES AND DEFERRED REVENUES**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Prepaid Expenses (Short-Term)</b>		
Advances Given to Suppliers	10,027,037	8,366,883
Advances Given to Related Parties*	4,266,437	4,160,301
Prepaid Expenses for the Following Months	1,044,703	1,033,798
<b>Total</b>	<b>15,338,177</b>	<b>13,560,982</b>
<b>Prepaid Expenses (Long-Term)</b>		
Expenses for the Following Years	84,443	293,800
Related Party Expenses*	19,881,942	17,408,357
<b>Total</b>	<b>19,966,385</b>	<b>17,702,157</b>

(\*) Further described in "Note – 29 Related Party Disclosures".

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Deferred Income (Short-Term)</b>		
Advances Received	2,572,506	666,552
<b>Total</b>	<b>2,572,506</b>	<b>666,552</b>
<b>Deferred Income (Long-Term)</b>		
Advances Received	-	12,657
Income from Salary Contracts Promotion for the Following Years	1,524,632	1,694,657
<b>Total</b>	<b>1,524,632</b>	<b>1,707,314</b>

**18. PAYABLES UNDER EMPLOYEE BENEFITS**

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Payables Under Employee Benefits</b>		
Wage Accruals	6,738,496	4,940,504
Social Security Premiums Payable	2,424,468	2,229,786
<b>Total</b>	<b>9,162,964</b>	<b>7,170,290</b>

**19. SHAREHOLDER'S EQUITY**

Capital;

	<b>31 March 2021</b>	<b>31 December 2020</b>
Capital	24,000,000	24,000,000
<b>Paid Capital</b>	<b>24,000,000</b>	<b>24,000,000</b>

The company increased the registered capital ceiling (TRY 200,000,000) period for five years be effective as of 2020-2024.

Repurchased Shares;

	<b>31 March 2021</b>	<b>31 December 2020</b>
Repurchased Shares	(2,942,181)	(2,942,181)
<b>Total</b>	<b>(2,942,181)</b>	<b>(2,942,181)</b>

The second buyback program implemented by the company to ensure price stability in stocks approved at the general assembly meeting dated April 1, 2018. The repurchase upper price limit is TRY 15 and it will be able to make repurchase until it reaches a nominal value of TRY 2,400,000, limited to 10% of the capital including previous purchases. Within the scope of the program, Lokman Hekim Van Sağlık Hizmetleri İnşaat Taahhüt ve Ticaret A.Ş. It is one of the subsidiaries that can make repurchase. The Board of Directors of the Company authorized for 3 years to buy back.

Actual share information of buybacks made by the company and its subsidiary as of the report date;

Number of shares owned by Lokman Hekim Engürüsağ A.Ş. (%) :81,200/0.34

Number of shares owned by Lokman Hekim Van A.Ş. / Ratio to Capital (%) :280,124/1.17

On July 8, 2020, 752,849 shares with a unit cost of TRY 8.73 were transferred to Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. Sold by. Lokman Hekim Engürüsağ Health, Tourism, Education Services and Construction Contracting Inc. on September 11, 2020. The sales of 390,068 units with a price of TRY 11.78 regarding the shares of Lokman Hekim Van Sağlık A.Ş. carried out. The profit of TRY 4,720,185 arising from the sale recognized in equity.

**Total Purchases Under Repurchase Program / Percentage to Capital (%): 361,324/1.51**

Share Premiums;

Share premiums consist of cash inflows resulting from the sale of shares at market prices. These premiums are shown under equity and cannot be distributed. However, it can be used for future capital increases.

Revaluation Funds;

<b>Revaluation Funds</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Revaluation Fund from Tangible Assets	25,305,936	25,305,936
Deferred Tax Effect	(2,783,653)	(2,783,653)
<b>Total</b>	<b>22,522,283</b>	<b>22,522,283</b>

Revaluation fund related to tangible assets includes value increases arising from the lands and buildings which are demonstrated at their fair value. The net deferred tax effect is calculated as 10% after the assumption that the 50% exemption right stated in Article 5 of the Corporate Tax Law was used in the calculation of deferred tax effect of value increases. (31 December 2020: 10%)

The Company has revaluated buildings and buildings reported in tangible assets in accordance with the report dated January 5, 2017 prepared by D Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent real estate appraisal company licensed by the CMB, which is not related to the Company. The management of the company thinks that the revaluation company has occupational accumulation related to the subject and has updated information about the class and place of the land and buildings.

Defined Benefit Plans Remeasurement Gains /(Losses) (Actuarial Gain/(Loss)):

<b>Defined Benefit Plans Remeasurement Gains/(Losses)</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Beginning of the Period	(3,387,222)	(4,738,298)
Additions with-in the Period	(3,822,603)	352,972
Deferred Tax Effect	1,563,004	998,104
<b>Total</b>	<b>(5,646,821)</b>	<b>(3,387,222)</b>

A Total severance pay burden between the two periods, interest expense in the current period service cost and actuarial gains/(losses) are divided into sections. Interest cost of the previous fiscal year and the cost of the use of the balance sheet or in the period of the obligation to those who continue to work for the amount of the liability at the beginning of the period, multiplied by the amount of the discount rate used in that year. Current service cost in the current accounting period of the severance pay they deserve to be paid for work of employees in the amount of the discount rate, expected to reach the part resulting from the balance sheet day. Other differences reflect the actuarial gains and losses. Actuarial gains/(losses) recognized in equity and current service cost and interest cost is recognized in the statement of comprehensive income.

Currency Translation Differences:

The Company's functional currency is the Turkish Lira. Iraq one of the Company companies Engürüsağ General Trading Co. Ltd. (Erbil) which operates in Iraq prepares its financial statements in U.S. dollars. Related company's financial statements are translated into the functional currency. Financial statements exchanged into Turkish Lira in accordance with the International Accounting Standards (IAS) No. 21, "The Effects of Changes in Foreign Exchange Rates."

<b>Currency Translation Differences</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Beginning of the Period	2,790,957	903,698
Additions with-in the Period	(888,337)	1,887,259
<b>Total</b>	<b>1,902,620</b>	<b>2,790,957</b>

In terms of translation, asset items, payables, shareholders' equity are translated to the functional currency with rates of the balance sheet date. Income and expenses are translated with rates of transaction date.

Legal Reserves:

<b>Restricted Reserves</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Legal Reserves at the Beginning of the Period	8,126,027	10,882,318
Legal Reserves allocated from Prior Years' Profit	(3,482,469)	726,178
Legal Reserves allocated from Repurchased Shares	4,266,672	(3,482,469)
<b>Total</b>	<b>8,910,230</b>	<b>8,126,027</b>

TRY 2,942,181 of the restricted reserves separated from profit consists of shares bought back (31 December 2020: TRY 2,942,181).

Restricted reserves allocated from profit are reserves allocated from the profit of the previous period due to obligations arising from law or contract or for certain purposes other than profit distribution.

General Legal Reserves are separated according to Article 519 of the Turkish Commercial Code and are used according to the principles specified in this article. These principles are as follows;

- 1) Five percent of the annual profit is allocated to general legal reserves until it reaches twenty percent of the paid-in capital.
- 2) After reaching the limit in the first paragraph;
  - a) The portion of the premium provided for issuing new shares that has not been used for issuance expenses, redemption provisions and charitable payments,
  - b) The portion remaining after deducting the costs of issuing new bills from the amount paid for share certificates canceled due to Extinguishment,
  - c) Ten percent of the total amount to be distributed to people who will receive a share from the profit, after a five percent dividend is paid to the shareholders, is added to the general legal reserve.
- 3) If the general legal reserve does not exceed half of the capital or the issued capital, it can only be used to cover losses, to continue the business when things are not going well, or to take measures to prevent unemployment and mitigate its consequences.
- 4) The provisions of subparagraph (c) and third paragraph of the second paragraph do not apply to holding companies whose primary purpose is to join other enterprises.
- 5) The provisions regarding the reserves of joint stock companies subject to special laws are reserved.

Prior Years' Profit/Loss:

Prior years' profit is TRY 40,661,780 (31 December 2020: TRY 27,414,499).

In accordance with the decision taken in the 2019 ordinary General Assembly of the Company, the profit of TRY 4,800,000 to be distributed paid on September 28, 2020, according to the 12th article of the Law No. 7244 and the provisional article 13 added to the Turkish Commercial Code. As a result of the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 paid on January 4, 2021 and January 6, 2021.

On July 8, 2020, 752,849 shares with a unit cost of TRY 8.73 transferred to Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. Sold by. Lokman Hekim Engürüsağ Health, Tourism, Education Services and Construction Contracting Inc. on September 11, 2020 sales of 390,068 units with a price of TRY 11.78 regarding the shares of Lokman Hekim Van Sağlık A.Ş. carried out by. The profit of TRY 4,720,185 arising from the sale recognized in equity.

<b>Non-controlling Shares</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Non-controlling Shares in Equity	1,412,673	1,412,673
Non-controlling Shares in Period's Profit/(Loss)	2,682,430	5,538,191
Cash Dividend Distribution	25,757,421	20,219,230
<b>Total</b>	<b>29,852,524</b>	<b>27,170,094</b>



## 20. SALES AND COST OF SALES

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Sales of Healthcare Service	80,804,645	62,350,287
Sales of Biological Assets and Milk	1,877,344	1,334,226
Hospital Rental Incomes	9,636,558	4,971,787
Other Incomes	3,483,110	7,186,777
<b>Total</b>	<b>95,801,657</b>	<b>75,843,077</b>
	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Sales of Healthcare Service	(71,877,481)	(55,094,910)
Sales of Biological Assets and Milk	(1,786,516)	(1,321,016)
Hospital Rental Incomes	(666,160)	(690,941)
Other Incomes	(120,517)	(6,331,214)
<b>Total</b>	<b>(74,450,674)</b>	<b>(63,438,081)</b>
<b>Gross Profit/(Loss)</b>	<b>21,350,983</b>	<b>12,404,996</b>

The biological assets are first time application accounted at cost price. They are evaluated at fair value at the end of each reporting period In the current period, there a decrease of TRY 448,300 at the fair value for milk and livestock animals (31 December 2020: TRY 1,697,770).

Costs of sales based on its type are as follows.

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Expenses related to Salaries	(40,725,499)	(31,959,600)
Raw Material and Supplies	(21,854,580)	(19,679,231)
Energy, Fuel and Water Expenses	(2,502,650)	(2,200,596)
Maintenance, Service Expenses	(1,609,527)	(2,044,981)
Rental Expenses	(1,211,252)	(1,317,861)
Depreciation Expenses related to Right-of-Use Assets	(1,671,863)	(1,993,769)
Depreciation and Amortization Expenses	(3,629,963)	(2,469,274)
Representation Expenses	(63,744)	(62,421)
Communication, Internet, Cargo, Delivery,	(241,539)	(202,371)
Transportation, Insurance and Car Park Expenses	(395,524)	(379,230)
Consultation Expenses	(361,955)	(424,811)
Stationery, Education, Textil and Fixed Assets	(182,578)	(703,936)
Recognized as Expense		
Others		
<b>Total</b>	<b>(74,450,674)</b>	<b>(63,438,081)</b>

**21. MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
General Administrative Expenses (-)	(4,029,959)	(3,074,284)
Marketing, Sales and Distribution Expenses (-)	(1,332,637)	(907,877)
<b>Total</b>	<b>(5,362,596)</b>	<b>(3,982,161)</b>
<b>General Administrative Expenses</b>	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Expenses related to Salaries	(2,386,993)	(1,732,554)
Representation, Travel and Transportation Expenses	(70,534)	(44,367)
Consultancy, Advisory, Litigation and Notary Expenses	(562,273)	(693,533)
Energy, Fuel and Water etc., Expenses	(49,586)	(59,894)
Maintenance, Service Expenses	(42,257)	(15,361)
Rental Expenses	(131,779)	(59,131)
Communication Expenses	(44,645)	(27,037)
Depreciation Expenses	(217,792)	(241,266)
General Assembly Expenses	(19,073)	(1,739)
Other Expenses	(261,287)	(111,353)
Outsourced Benefits Expenses	(43,344)	(12,259)
Taxes, Charges, Duties Payable	(200,396)	(75,790)
<b>Total</b>	<b>(4,029,959)</b>	<b>(3,074,284)</b>
<b>Marketing, Sales and Distribution Expenses</b>	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Advertising Expenses	(224,964)	(260,634)
Personnel Expenses	(545,007)	(345,567)
Rental Expenses	(36,766)	(14,280)
Travel and Representation Expenses	(7,496)	(2,561)
Commission Expenses	(431,075)	(278,564)
Other Expenses	(87,329)	(6,271)
<b>Total</b>	<b>(1,332,637)</b>	<b>(907,877)</b>

## 22. OTHER INCOME

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Provisions No Longer Required	851,935	404,937
Gain on Sale of Non-current Assets	99,798	129,775
Rental Income	34,920	-
Remeasurement, Income, Loses *	2,866,116	-
Others	6,041	-
<b>Total</b>	<b>3,858,810</b>	<b>534,712</b>

(\*) Within the scope of TFRS-16, it refers to the amounts reflected on the profit/(loss) arising from the increase in the rent of the company and the change in the rent amounts planned to be paid.

## 23. OTHER EXPENSES

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Provision Expenses	(51,166)	(80,580)
Grants and Donations *	(1,750,000)	(788,399)
Taxes and Other Penalties	-	(2,316)
Sundry Expenses	(1,113,012)	(97,502)
Tax restructuring expenses	(301,806)	(40,462)
Remeasurement, Income, Loses **	(73,799)	-
<b>Total</b>	<b>(3,289,783)</b>	<b>(1,009,259)</b>

(\*) The amount of donation made to Sevgi Foundation is TRY 1,750,000.

(\*\*) Within the scope of TFRS-16, it refers to the amounts reflected on the profit/(loss) arising from the increase in the rent of the company and the change in the rent amounts planned to be paid.

## 24. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Rental Income	86,342	26,404
<b>Total</b>	<b>86,342</b>	<b>26,404</b>

## 25. FINANCIAL INCOME

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Interest Income*	912,126	232,093
Foreign Exchange Gains	145,368	8,112
Rediscount Interest Income	1,636,283	2,326,049
<b>Total</b>	<b>2,693,777</b>	<b>2,566,254</b>

(\*) Financial costs calculated from the date of the loan, for the advance payments given to the Sevgi Foundation within the scope of the affiliation planned with Lokman Hekim University, and an allowance amounting to TRY 894,822 calculated.

## 26. FINANCIAL EXPENSES

	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Right-of-Use Assets Financial Expenses	(354,810)	(376,450)
Interest Expenses	(4,679,035)	(1,962,777)
Foreign Exchange Loss	(37,272)	(950)
Rediscount Interest Expenses	(1,723,591)	(3,240,079)
<b>Total</b>	<b>(6,794,708)</b>	<b>(5,580,256)</b>

## 27. TAX REVENUE/(EXPENSE)

### Corporate Tax:

Turkish tax legislation does not allow the parent company to file a tax return over the consolidated financial statements of its subsidiaries. Therefore, tax liabilities reflected in these consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

The corporate tax rate is % 20 applied to the legal tax base to be found by adding the non-deductible expenses in accordance with the tax laws to the commercial earnings of the institutions and deducting the exemptions in the tax laws.

With the Law No. 7316 on the Procedure for the Collection of Public Claims and the Law Amending the Laws, published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax Rate was amended. Corporate Tax will be applied as 25% for the 2021 calendar year with the written letter. But; 2021/1. The corporate tax rate will be 20% for the provisional tax period and 25% for the 2021 / 2-3 and 4th terms. The rate will be applied as 23% for the corporate earnings for the taxation period of 2022.

There is a withholding tax obligation on dividend distributions, and this withholding obligation is accrued in the period when the dividend payment is made. Dividend payments to non-resident institutions other than those made in Turkey with offices or through income-tax payers' permanent representative in Turkey are subject to a withholding tax of 15 percent.

In the application of the withholding rates regarding the dividend distributions made to non-resident taxpayer institutions and real persons, the withholding rates included in the related Double Taxation Agreements are also taken into consideration. Allocation of previous years' profits to capital is not considered as profit distribution, therefore it is not subject to income tax.

According to the Turkish tax legislation, financial losses can be carried forward for five years to be deducted from the future corporate income.

To reconcile with the tax authorities about the tax payable in Turkey is not such an application. Corporate tax returns are submitted within four months following the closing month of the accounting period. Authorities competent for tax inspection can examine tax returns and the underlying accounting records for five years following the fiscal period and re-assess as a result of their findings.

<b>Income Tax Liability of the Period</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Calculated Corporate Tax Provision	3,174,290	2,333,417
Calculated Corporate Tax and Other Liabilities (-)	(2,306,382)	(2,333,417)
<b>Total</b>	<b>867,908</b>	<b>-</b>

Tax income/(expense) are as follows;

<b>Tax Income/(Expense) for the Period</b>	<b>1 January 31 March 2021</b>	<b>1 January 31 March 2020</b>
Tax Expense for the Period	(867,908)	(365,471)
Deferred Tax Income/(Expense)	1,986,686	(373,806)
<b>Net</b>	<b>1,118,778</b>	<b>(739,277)</b>

Deferred tax assets and liabilities are calculated by taking into account the effects of temporary differences arising as a result of different evaluations between the financial statements of financial status statement items issued in accordance with TAS / TFRS and legal financial statements issued by KGK.

Contribution to Investment and Reduced Corporate Tax;

Corporate Tax Law Article 32 / A of the application with the reduced corporate tax came into practice on February 28, 2009. The promotion of investment since 2009 has started on a different system than before. These systems are based on the 2009/15199 and 2012/3305 are described by the Decisions of the Council of Ministers.

Reduced corporate tax investments to be made with the application of the proceeds from the contribution amount until it reaches the reduced corporate tax rate of taxation is intended. These investments contribute to the system by determining the rate and amount of investment gains in the amount of the contribution is based on the principle of less taxation. Defined contribution amount for each investment until the reduced corporate tax rate by applying the tax to be charged in the amount of the contribution of the investment is promoted.

Contribution to investment amount reduced corporate tax to be applied for collection with the foregone tax through investments amount to be covered by the state. The investment contribution rate is represented by the division of total contribution amount by the total investment incentive. Reduced corporate tax contribution amount will be applied until it reaches to amount of contribution investment. Therefore, reduction in corporate tax practice is not limited to a certain period.

<b>Deferred Tax – 31 March 2021</b>	<b>Temporary Difference</b>	<b>Tax Assets</b>	<b>Tax Liabilities</b>
Reduced Corporation Tax *	-	22,682,648	-
Revaluation Differences from Biological Assets	(58,824)	11,765	-
Revaluation Fund of Investment Property	2,912,579	-	582,516
Revaluation Increases from Non-Current Assets **	25,305,936	-	2,530,594
Value Adjustments of Non-Current Assets ***	18,560,799	-	3,291,670
Doctor Payroll Premiums	560,109	112,023	-
Provisions for Benefits Provided to Employees	9,889,251	1,977,851	-
Provisions for Receivables	3,261,990	652,398	-
Financial Loss	5,350,531	1,070,106	-
Rediscounts on Receivables	771,618	154,324	-
Rediscounts on Payables	577,587	-	115,517
Provisions for Lawsuits	1,546,215	309,243	-
Currency Translation Differences and Interest	351,832	70,366	-
Accruals	-	-	-
Right-of-Use Assets	4,444,233	-	888,847
Inventory Adjustments	800,834	160,167	-
Others	-	-	-
<b>Total</b>		<b>27,200,891</b>	<b>7,409,144</b>
<b>NET</b>			<b>19,791,747</b>

<b>Deferred Tax – 31 December 2020</b>	<b>Temporary Difference</b>	<b>Tax Assets</b>	<b>Tax Liabilities</b>
Reduced Corporation Tax *	-	19,999,586	-
Revaluation Differences from Biological Assets	1,697,770	339,554	-
Revaluation Fund of Investment Property	2,912,579	-	582,516
Revaluation Increases from Non-Current Assets **	25,305,936	-	2,530,594
Value Adjustments of Non-Current Assets ***	24,166,711	-	3,553,160
Doctor Payroll Premiums	518,551	103,710	-
Provisions for Benefits Provided to Employees	5,051,409	1,010,281	-
Provisions for Receivables	3,838,414	767,683	-
Financial Loss	5,324,573	1,064,915	-
Rediscounts on Receivables	1,055,594	211,119	-
Rediscounts on Payables	945,449	-	189,090
Provisions for Lawsuits	1,770,560	354,112	-
Currency Translation Differences and Interest Accruals	2,071,992	414,399	-
Right-of-Use Assets	1,665,886	-	333,177
Inventory Adjustments	800,834	160,167	-
Others	15,859	3,172	-
<b>Total</b>		<b>24,428,698</b>	<b>7,188,537</b>
<b>NET</b>			<b>17,240,161</b>

(\*) Project-Based Support for Investments No.6745 consists of the Lokman Hekim Ankara Hospitals and Lokman Hekim Van Hospitals Investment Incentive Documents with reduced corporate tax.

(\*\*) Company made the calculation of deferred tax of appreciation which occurred after the result of revaluation of land and buildings with assumption of getting benefit from the exception at the rate of 50% which is indicated in Article 5 in Corporate Tax Law (31 December 2020: 50%). Conditions for getting benefit from this exception are like below;

- Real Estates will be in company's asset minimum for 2 years.
- Profits arising from sales of Real Estates will be held in a private fund account at liabilities for 5 years.
- Sale price will be collected at the end of following the second year after sale is made.

(\*\*\*) This amount is the net adjustment made on other fixed assets other than the fixed assets under valuation (the value adjustment made in the depreciation due to the calculation of depreciation based on cost or useful life) and the deferred tax effect taken into account as 20% as of the current period (31 December 2020: 20%).

The corporate tax rate increased from 20% to 22% for the years 2018, 2019 and 2020 within the scope of the "Law on Amendment of Some Tax Laws and Other Laws" numbered 7061, which published in the Official Paper dated December 5, 2017. Temporary differences are calculated with 20% rate for the part that will create tax effect in 2021 and following periods.

With the Law No. 7316 on the Procedure for the Collection of Public Claims and the Law Amending the Laws, published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax Rate amended. Corporate Tax will be applied as 25% for the 2021 calendar year with the written letter. But; 2021/1.The corporate tax rate will be 20% for the provisional tax period and 25% for the 2021 / 2-3 and 4th terms. The rate will be applied as 23% for the corporate earnings for the taxation period of 2022.

## 28. EARNINGS PER SHARE

	<b>1 January 31 March 2021</b>	<b>1 January 31 December 2020</b>
Net Profit for the Period (Parent Shares)	10,979,173	3,329,752
Number of Shares	24,000,000	24,000,000
<b>Earnings/(Loss) per share</b>	<b>0.45737</b>	<b>0.13874</b>

## 29. RELATED PARTY DISCLOSURES

According to IAS 24 – “Related Party Disclosures”; shareholders, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence are considered and expressed as “related parties”.

All transactions with related parties are significant and measurable.

As of March 31, 2021 and December 31, 2020, the summary of balances and transactions between the Company related parties is as follows;

<b>Receivables from Related Parties</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
T.C. Lokman Hekim Üniversitesi SUAM*	7,596,120	-	5,562,881	-
Akgül Grup Gıda Tem. Tur. Rek. Dan. Tic. Ltd. Şti.	75,984	-	-	-
Safi Sağlık Sanayi ve Tic A.Ş.	-	750,000	-	750,000
Other	2,554	-	2,554	-
<b>Total</b>	<b>7,674,658</b>	<b>750,000</b>	<b>5,565,435</b>	<b>750,000</b>
	<b>8,424,658</b>		<b>6,315,435</b>	

(\*) Consist of trade receivables which take shape due to rental of the Lokman Hekim Ankara Hospital.

<b>Prepaid Expenses to Related Parties</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Short Term</b>	<b>Long Term</b>	<b>Short Term</b>	<b>Long Term</b>
Safi Sağlık Sanayi ve Tic. A.Ş.	502,730	-	447,730	-
Van Divan Sağlık Eğitim Tur. San. Tic. A.Ş.	3,286,520	-	3,286,521	-
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti	475,495	-	406,050	-
Pek Sağlık Hizm. San. Ve Tic. Ltd. Şti.	1,692	-	20,000	-
The University of Lokman Hekim	-	-	-	1,238
Sevgi Foundation*	-	19,881,942	-	17,407,119
<b>Total</b>	<b>4,266,437</b>	<b>19,881,942</b>	<b>4,160,301</b>	<b>17,408,357</b>

(\*) Consist of advance payments in the scope of affiliation between Hospitals in Ankara and Lokman Hekim University. Total financial costs related to advances given is TRY 4,818,324 and reflecting to Sevgi Foundation periodically. Collection of the advance is planned to take place in next 3 years. Efficiency and overall service quality of the hospitals are expected to increase due to cooperation.

\* Affiliation: It is a cooperation model put into practice by the Council of Higher Education and the Ministry of Health for the development of education and training between Foundation Universities and private hospitals. With the cooperation made within the framework of this model, there is an invoicing for private hospitals above the pricing specified in the Health Implementation Communiqué (HIC).

<b>Payables to Related Parties</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
	<b>Commercial</b>	<b>Non-Commercial</b>	<b>Commercial</b>	<b>Non-Commercial</b>
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	1,244,184	-	1,528,188	-
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	630,086	-	815,507	-
Afşar Matbaacılık Ofset ve Tipo Tesisleri	47,604	-	118,335	-
Koç Medikal Tıb. Mal. Tic. Ltd. Şti.	65,043	-	-	-
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	15,309	-	-	226,454
T.C. Lokman Hekim Üniversitesi SUAM	283,725	-	821,944	-
Etlik Gayrimenkul Yatırım A.Ş.	-	12,944,760	-	12,944,760
Executive Management	44,787	-	69,979	-
Others	-	-	-	2,929,615
<b>Total</b>	<b>2,330,738</b>	<b>12,944,760</b>	<b>3,353,953</b>	<b>16,100,829</b>
	<b>15,275,498</b>		<b>19,454,782</b>	

Expenses related to benefits provided to key managers are reported under "Benefits provided for the Executive Management".

As of March 31, 2021 and March 31, 2020, income and expense balances with related parties are as follows;

<b>Income/(Expense)</b>	<b>1 January 31 March 2021</b>		<b>1 January 31 December 2020</b>	
	<b>Income</b>	<b>Expense</b>	<b>Income</b>	<b>Expense</b>
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	31,920	-	49,840	-
Koç Medikal Tıb. Mal. Tic. Ltd. Şti.	-	(211,620)	-	(205,359)
Medisina Grup Sağlık Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	-	(315,451)	-	(149,738)
Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti.	-	(1,564,706)	-	(845,459)
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	926	(188,519)	-	(199,455)
Benefits Provided for the Executive Management	-	(822,513)	-	(441,209)
Diğer	-	(403)	-	(68,191)
<b>Total</b>	<b>32,846</b>	<b>(3,103,212)</b>	<b>49,840</b>	<b>(1,909,411)</b>
<b>NET</b>		<b>(3,070,366)</b>		<b>(1,859,571)</b>



**30. LEVELS AND CHARACTERISTICS OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Credit Risk:** The Company's credit risk can arise from its trade receivables. Company management evaluates its trade receivables considering past experiences and current economic situation. Company management does not envision additional risk about trade receivables.

31 March 2021	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
The Maximum Amount of Exposure to Credit Risk as of Reporting Date (A+B)	7,674,658	56,294,135	750,000	1,002,008	1,492,414	4,723,905
- The Amount of Maximum Risk that Have Been Secured with Collaterals, etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	7,674,658	56,294,135	750,000	1,002,008	1,492,414	4,723,905
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	2,925,331	-	837,500	-	-
- Impairment (-)	-	(2,925,331)	-	(837,500)	-	-

31 December 2020	Receivables				Bank Deposits	Other
	Trade Receivables		Other Receivables			
	Related Parties	Other	Related Parties	Other		
The Maximum Amount of Exposure to Credit Risk as of Reporting Date (A+B)	5,565,435	58,586,476	750,000	1,810,589	4,890,106	3,436,381
- The Amount of Maximum Risk that Have Been Secured with Collaterals, etc.	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	5,565,435	58,586,476	750,000	973,089	4,890,106	3,436,381
B. Net Book Value of Impaired Assets	-	-	-	837,500	-	-
- Overdue (Gross Book Value)	-	3,501,755	-	(837,500)	-	-
- Impairment (-)	-	(3,501,755)	-	-	-	-

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**

Notes to the Consolidated Financial Statements for the Interim Period ended March 31, 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

**Liquidity Risk;**

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid markets. In the framework of liquidity risk management, funding sources are being diversified and sufficient cash and cash equivalents are held. Statement that demonstrates the company's current and previous liquidity risk is below.

<b>31 March 2021</b>							
<b>Contractual Maturities</b>	<b>Book Value</b>	<b>Total Cash Outflow According to Contract (VI=I+II+III+IV+V)</b>	<b>Less than 3 Months (I)</b>	<b>3-12 Months (II)</b>	<b>1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>	<b>On Demand (V)</b>
<b>Non-Derivative Financial Liabilities</b>							
Financial Liabilities	119,377,223	121,844,253	15,096,747	40,774,460	65,973,045	-	-
Financial Leasing Liabilities	3,585,782	4,267,827	680,560	872,335	2,714,931	-	-
Operational Leasing Liabilities	35,551,341	101,850,726	2,386,005	7,823,672	52,894,391	38,746,655	-
<b>Expected Maturities</b>	<b>Book Value</b>	<b>Total Cash Outflow According to Contract (VI=I+II+III+IV+V)</b>	<b>Less than 3 Months (I)</b>	<b>3-12 Months (II)</b>	<b>1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>	<b>On Demand (V)</b>
<b>Non-Derivative Financial Liabilities</b>							
Trade Payables	38,800,972	39,381,660	20,124,028	19,178,868	78,764		
Other Payables	13,577,692	13,577,692	-	13,577,692	-	-	-
Tax Liabilities on Period's Profit	867,908	867,908	-	867,908	-	-	-
Debt Provisions	1,546,215	1,546,215	-	1,546,215	-	-	-
Other Liabilities	11,283,620	11,283,732	11,283,732	-	-	-	-
Provisions Related to Employee Benefits	9,889,251	9,889,251	-	-	-	-	9,888,251

**LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.**

Notes to the Consolidated Financial Statements for the Interim Period ended March 31, 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

<b>31 December 2020</b>							
<b>Contractual Maturities</b>	<b>Book Value</b>	<b>Total Cash Outflow According to Contract (VI=I+II+III+IV+V)</b>	<b>Less than 3 Months (I)</b>	<b>3-12 Months (II)</b>	<b>1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>	<b>On Demand (V)</b>
<b>Non-Derivative Financial Liabilities</b>							
Financial Liabilities	119,294,499	134,014,471	15,708,124	50,268,374	68,037,973	-	-
Financial Leasing Liabilities	3,937,928	4,725,613	457,785	1,262,118	3,005,710	-	-
Operational Leasing Liabilities	42,804,243	99,314,287	2,676,371	8,109,046	45,635,870	42,893,000	-
<b>Expected Maturities</b>	<b>Book Value</b>	<b>Total Cash Outflow According to Contract (VI=I+II+III+IV+V)</b>	<b>Less than 3 Months (I)</b>	<b>3-12 Months (II)</b>	<b>1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>	<b>On Demand (V)</b>
<b>Non-Derivative Financial Liabilities</b>							
Trade Payables	40,161,867	41,113,840	21,009,172	20,022,440	82,228		
Other Payables	17,219,270	17,219,270	-	17,219,270	-	-	-
Tax Liabilities on Period's Profit	-	2,265,040	-	2,265,040	-	-	-
Debt Provisions	1,770,560	1,770,560	-	1,770,560	-	-	-
Other Liabilities	13,074,428	13,905,757	13,905,757	-	-	-	-
Provisions Related to Employee Benefits	5,051,409	5,051,409	-	-	-	-	5,051,409

**Currency Risk:**

<b>Foreign Currency Position Table - 31 March 2021</b>	<b>TRY Equivalent (Functional Currency)</b>	<b>USD</b>	<b>EUR</b>
1.Trade Receivables	243,043	2,700	22,566
2a. Monetary Financial Assets (Cash, Bank Accounts Included Etc.)	96,565	11,598	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	2,447,419	258,838	29,909
<b>4.Current Assets (1+2+3)</b>	<b>2,787,027</b>	<b>273,136</b>	<b>52,475</b>
5.Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>2,787,027</b>	<b>273,136</b>	<b>52,475</b>
10. Trade Payables	308,996	37,050	53
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	810,158	72,651	21,001
12b. Other Non-Monetary Liabilities	-	-	-
<b>13.Short-Term Liabilities (10+11+12)</b>	<b>1,119,154</b>	<b>109,701</b>	<b>21,054</b>
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-
<b>17. Long-Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13 +17)</b>	<b>1,119,154</b>	<b>109,701</b>	<b>21,054</b>
<b>19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset/(Liability) Position (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Active-Balance Sheet Foreign Currency Derivative Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Off-Balance Sheet Foreign Currency Derivative Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>1,667,873</b>	<b>163,435</b>	<b>31,421</b>
<b>21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(779,546)</b>	<b>(95,403)</b>	<b>1,512</b>
<b>22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount Of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount Of Currency Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25.Export</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26.Import</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Foreign Currency Position Table – 31 December 2020</b>	<b>TRY Equivalent (Functional Currency)</b>	<b>USD</b>	<b>EUR</b>
1.Trade Receivables	213,435	2,700	21,494
2a, Monetary Financial Assets (Cash, Bank Accounts Included Etc.)	27,740	3,779	-
2b. Non-Monetary Financial Assets	-	-	-
3. Other	1,725,508	206,954	22,909
<b>4.Current Assets (1+2+3)</b>	<b>1,966,683</b>	<b>213,433</b>	<b>44,403</b>
5.Trade Receivables	-	-	-
6a.Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7.Other	-	-	-
<b>8.Non – Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.Total Assets (4+8)</b>	<b>1,966,683</b>	<b>213,433</b>	<b>44,403</b>
10.Trade Payables	135,424	18,390	48
11.Financial Liabilities	-	-	-
12a.Other Monetary Liabilities	273,756	15,080	18,102
12b.Other Non – Monetary Liabilities	-	-	-
<b>13. Short-Term Liabilities (10+11+12)</b>	<b>409,180</b>	<b>33,470</b>	<b>18,150</b>
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a.Other Monetary Liabilities	-	-	-
16b.Other Non-Monetary Liabilities	-	-	-
<b>17.Long-Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18.Total Liabilities (13+17)</b>	<b>409,180</b>	<b>33,470</b>	<b>18,150</b>
<b>19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset/(Liability) Position (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Active-Balance Sheet Foreign Currency Derivative Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Off-Balance Sheet Foreign Currency Derivative Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>1,557,503</b>	<b>179,963</b>	<b>26,253</b>
<b>21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(168,005)</b>	<b>(26,991)</b>	<b>3,344</b>
<b>22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount Of Hedged Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Amount Of Currency Hedged Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25.Export</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26.Import</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Sensitivity Analysis;

Sensitivity analysis made in order to indicate the base scenario that 20% depreciation and appreciation of the Turkish Lira against the exchange rate and assuming that all the variables, including the interest rates, are fixed. (31 December 2020: 20%)

<b>31 March 2021</b>	<b>Gain/(Loss)</b>	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
<b>In case +/- 20% Fluctuation of USD Rate</b>		
1- U.S. Dollar Net Asset/(Liability)	272,152	(272,152)
2- Hedged Portion from U.S. Dollar Risk (-)		
<b>3- U.S. Dollar Net Effect (1 +2)</b>	<b>272,152</b>	<b>(272,152)</b>
<b>In case +/- 20% Fluctuation of EURO Rate</b>		
4- EURO Net Asset/(Liability)	61,422	(61,422)
5- Hedged Portion from EURO Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>61,422</b>	<b>(61,422)</b>
<b>TOTAL (3+6)</b>	<b>333,574</b>	<b>(333,574)</b>

<b>31 December 2020</b>	<b>Gain/(Loss)</b>	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
<b>In case +/- 20% Fluctuation of USD Rate</b>		
1- U.S. Dollar Net Asset/(Liability)	264,204	(264,204)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
<b>3- U.S. Dollar Net Effect (1 +2)</b>	<b>264,204</b>	<b>(264,204)</b>
<b>In case +/- 20% Fluctuation of EURO Rate</b>		
4- EURO Net Asset/(Liability)	47,297	(47,297)
5- Hedged Portion from EURO Risk (-)	-	-
<b>6- EURO Net Effect (4+5)</b>	<b>47,297</b>	<b>(47,297)</b>
<b>TOTAL (3+6)</b>	<b>311,501</b>	<b>(311,501)</b>

### 31. NOTES TO CASH FLOW STATEMENT

Cash flow statement presented with consolidated financial statements.

	<b>Beginning of the Period</b>	<b>Generating Cash Flow</b>	<b>Non-Generating Cash Flow*</b>	<b>End of the Period</b>
Short-Term Bank Borrowings	57,166,031	(6,610,413)	10,586,324	61,141,942
Long-Term Bank Borrowings	62,128,468	7,383,872	(11,277,059)	58,235,281
Leasing Debts (Short-Term)	7,662,220	(2,332,428)	1,668,798	6,998,590
Leasing Debts (Long-Term)	35,142,023	-	(6,589,272)	28,552,751
Financial Leasing Debts (Short-Term)	1,352,155	(457,985)	381,333	1,275,503
Financial Leasing Debts (Long-Term)	2,585,773	-	419,937	3,005,710

(\*) Interest accruals and fair value differences reported in this column.

## **32. FINANCIAL INSTRUMENTS- EXPLANATIONS ON THE FAIR VALUE AND FINANCIAL RISK MANAGEMENT**

### ***Fair Value of Financial Instruments***

Fair value is the amount which can be measurable with closest market price that can be obtained in a sale process except forced sale or liquidation in which there are applicants for both selling and buying. The estimated fair values of financial instruments determined using available market information by the Company, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. While the management of the Company has used available market information in estimating the fair values, the market information may not be fully reflective of the value that could be realized in the current circumstances. The following methods and assumptions are used for the determination of fair values of financial instruments.

### **Financial Assets**

Fair values of cash and cash equivalents, including accrued interest, and other financial assets are assumed to approximate their carrying amounts due to their short-term maturity and being subject to insignificant credit risk. Fair values of trade receivables net of doubtful receivables are assumed to approximate their carrying amounts.

### **Financial Liabilities**

Trade payables and other monetary liabilities are thought that their fair value converges to their real value due to their short-term nature. Bank loans are denoted by rediscounted cost and transaction costs are added into initial residual cost of bank loans. It is predicted that the bank loans are valued by their fair values, since interest rates are updated by taking into consideration the changing market conditions. It is foreseen that the trade payables are close to their fair values after deducting the provision for rediscount.

### ***Fair Value Hierarchy Table***

As of March 31, 2021 and December 31, 2020 the Company has financial assets and liabilities held at fair value in the balance sheet. The company determines and shows the fair value and price, uses the following hierarchy:

Level 1: Identical assets and liabilities quoted in active markets,

Level 2: Direct and indirect observation of inputs that may have a significant effect on the fair value reflected in the financial statements,

Level 3: Determination of inputs that may have a material effect on the fair value reflected in the financial statements without observable market data.

<b>31 March 2021</b>			
<b>Valuation Inputs to Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Biological Assets	-	-	14,916,250
Land and Buildings	-	-	65,673,445
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	6,400,000

<b>31 December 2020</b>			
<b>Valuation Inputs to Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Biological Assets	-	-	13,710,350
Land and Buildings	-	-	65,822,111
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	6,400,000

### **33. SUBSEQUENT EVENTS**

The company is subject to the Capital Markets Board ("CMB") regulations and the Capital Market Legislation; On April 8, 2021, an application was made to the Capital Markets Board for a free capital increase of TRY 12,000,000 at the rate of 50% of the capital of TRY 24,000,000. After the approval of the CMB, its capital will be TRY 36,000,000.

With the official newspaper dated April 28, 2021 and numbered 31468, an amendment was made in the Health Implementation Communiqué of the Social Security Institution, and some transaction prices increased by 10% to 20% with the relevant communiqué.