

**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 2022**



LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK,

TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

1 JANUARY – 31 MARCH 2022

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, 2022, 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.

17 May 2022, Ankara

Vezin Bağımsız Denetim A.Ş.

Member Firm of HLB International

Fatma Zehra KOŞ, Sworn-in CPA

Auditor in Charge

Vezin Bağımsız Denetim A.Ş.

Ankara: Ceyhan Atuf Kansu Caddesi No: 102/A Beycanoğlu İş Merkezi B2 Blok D:8 06520 Balgat / ANKARA Tel: 0 312 473 57 57 (pbx) Fax: 0 312 473 95 96
www.vezin.com.tr info@vezin.com.tr Mersis No: 0925 0494 9580 0016

Vezin Bağımsız Denetim A.Ş. is a member of International A world-wide network of independent accounting firms and business advisers

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LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT A.Ş.
Consolidated Statement of Financial Position for the Interim Period Ended at 31 March 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	31 March 2022	31 December 2021
ASSETS			
Current Assets		187,584,968	122,749,051
Cash and Equivalents	[4]	41,780,502	10,616,227
Trade Receivables		76,688,594	71,968,454
- Related Parties	[29]	5,683,129	6,121,297
- Other	[6]	71,005,465	65,847,157
Other Receivables		25,640,111	2,875,652
- Related Parties	[29]	750,585	755,085
- Other	[7]	24,889,526	2,120,567
Inventories	[8]	23,906,194	20,584,408
Prepaid Expenses		16,879,954	13,727,012
- Related Parties	[29]	4,997,815	4,763,666
- Other	[17]	11,882,139	8,963,346
Current Tax Related Assets	[16]	-	187,621
Other Current Assets	[15]	2,689,613	2,789,677
Non-Current Assets		382,113,425	354,199,148
Other Receivables	[7]	299,429	294,024
Biological Assets	[9]	18,960,833	12,949,950
Investment Property	[12]	7,810,000	7,810,000
Tangible Assets	[10]	219,196,087	211,759,480
- Tangible Assets of which Acquired Through Financial Leasing		6,710,120	6,996,869
-Other Tangible Assets		212,485,967	204,762,611
Right-of-Use Assets	[10]	35,412,716	37,254,197
Intangible Assets	[11]	23,309,523	23,359,845
Prepaid Expenses		24,056,856	20,161,440
- Related Parties	[29]	23,703,782	19,809,945
- Other	[17]	353,074	351,495
Deferred Tax Assets	[27]	53,067,981	40,610,212
Total Assets		569,698,393	476,948,199

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 Financial Position for the Interim Period Ended at 31 March 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES	Notes	31 March 2022	31 December 2021
Short-Term Liabilities		193,967,514	163,051,187
Short-Term Borrowings	[5]	9,281,954	14,323,616
- Bank Loans		1,000,000	5,980,000
- Borrowings from Financial Leasing		951,819	924,065
- Borrowings from Leasing		7,330,135	7,419,551
Short-Term Portions of the Long-Term Borrowings	[5]	55,635,865	48,276,588
Trade Payables		72,535,172	59,029,566
- Related Parties	[29]	4,204,603	5,655,750
- Other	[6]	68,330,569	53,373,816
Payables Related to Employee Benefits	[18]	12,575,048	10,005,033
Other Payables		26,320,218	13,678,241
- Related Parties	[29]	13,094,364	13,039,164
- Other	[7]	13,225,854	639,077
Deferred Income	[17]	4,847,237	3,479,816
Liability for Period Income Tax	[27]	1,382,443	-
Short-Term Provisions	[13]	2,379,973	1,988,337
Other Short-Term Liabilities	[15]	9,009,604	12,269,990
Long-Term Liabilities		143,796,491	92,702,356
Long-Term Borrowings	[5]	108,524,886	73,062,059
- Bank Loans		82,930,890	45,408,659
- Financial Leasing		1,430,509	1,675,080
- Leasing		24,163,487	25,978,320
Deferred Income	[17]	848,410	1,017,562
Long-Term Provisions		32,925,503	16,136,678
- Provision for Employee Benefits	[14]	32,925,503	16,136,678
Liabilities Related to Current Period Tax	[16]	1,497,692	2,486,057
Equity	[19]	231,934,388	221,194,656
Equity Holders of the Parent		191,317,859	182,406,715
Paid-In Share Capital		36,000,000	36,000,000
Repurchased Shares (-)		(11,855,196)	(7,153,976)
Accumulated Other Comprehensive Income And Expenses not to be Reclassified to Profit or Loss		30,440,824	41,363,361
- Measurement of Revaluation Gains / (Losses)		49,500,981	49,500,981
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(19,060,157)	(8,137,620)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		1,298,287	3,482,813
- Currency Translation Differences		1,298,287	3,482,813
Restricted Reserves		18,777,321	14,076,101
Prior Years' Profits / (Losses)		89,937,196	24,418,878
Net Profit (Loss) for the Period		26,719,427	70,219,538
Minority Interest		40,616,529	38,787,941
Total Liabilities and Equity		569,698,393	476,948,199

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

	<u>Notes</u>	<u>1 January 31 March 2022</u>	<u>1 January 31 March 2021</u>
Income Statement			
Revenue	[20]	151,723,992	95,801,657
Cost of Sales (-)	[20]	(111,683,038)	(74,450,674)
Gross Profit/(Loss)		40,040,954	21,350,983
General Administrative Expenses (-)	[21]	(7,429,838)	(4,029,959)
Marketing, Sales and Distribution Expenses (-)	[21]	(2,495,965)	(1,332,637)
Other Operating Income	[22]	458,408	3,858,810
Other Operating Expenses (-)	[23]	(4,635,385)	(3,289,783)
Operating Profit/(Loss)		25,938,174	16,557,414
Income from Investment Activities	[24]	103,265	86,342
Operating Profit/(Loss) Before Financial Expenses		26,041,439	16,643,756
Financial Income	[25]	3,071,108	2,693,777
Financial Expenses (-)	[26]	(8,793,042)	(6,794,708)
Profit/(Loss) Before Tax		20,319,505	12,542,825
Tax Income/(Expenses)	[27]	8,228,510	1,118,778
Period Tax Expense		(1,499,718)	(867,908)
Deferred Tax Income/(Expense)		9,728,228	1,986,686
Net Profit/(Loss) for the Period		28,548,015	13,661,603
Distribution of Profit (Loss)		28,548,015	13,661,603
Minority Interest		1,828,588	2,682,430
Net Income Available for Shareholders		26,719,427	10,979,173
Earnings Per Share	[28]	0.74221	0.45747
Other Comprehensive Income Statement			
Net Profit/(Loss) for the Period		28,548,015	13,661,603
Items not to be Reclassified to Profit or Loss		10,922,537	2,259,599
Gains/(Losses) on Remeasurement of Defined Benefit Plans		13,652,078	2,824,499
Tax Gains/(Loses)		(2,729,541)	(564,900)
Items to be Reclassified to Profit or Loss		2,184,526	888,337
Currency Translation Differences		2,184,526	888,337
Other Comprehensive Income (After Tax)		13,107,063	3,147,936
Total Comprehensive Income		41,655,078	16,809,539
Distribution of Total Comprehensive Income		41,655,078	16,809,539
Minority Interest		1,828,588	2,682,430
Equity Holders of the Parent		39,826,490	14,127,109

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 2022

(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				Total
	Paid-in Share Capital	Repurchased Shares (-)	Tangible Assets Revaluation and Measurement Gain/(Losses)	Gains/ (Losses) on Remeasurement of Defined Benefit Plans	Currency Translation Differences	Restricted Reserves	Prior Years' Profits/(Losses)	Net Profit/(Loss) for the Period	Minority Interest	
1 January 2021	24,000,000	(2,942,181)	22,522,283	(3,387,222)	2,790,957	8,126,027	27,414,449	24,250,988	27,170,094	129,945,395
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)
Tangible Asset Revaluation Differences	-	-	-	-	-	-	-	-	-	-
Tax Income/(Expense)	-	-	-	564,900	-	-	(418,062)	-	-	146,838
Repurchased Shares	-	-	-	-	-	-	-	-	-	-
Cash Dividend Distribution	-	-	-	-	-	-	-	-	-	-
Minority Shareholder	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	10,979,173	2,682,430	13,661,603
31 March 2021	24,000,000	(2,942,181)	22,522,283	(5,646,821)	1,902,620	8,910,230	50,463,172	10,979,173	29,852,524	140,041,000
1 January 2022	36,000,000	(7,153,976)	49,500,981	(8,137,620)	3,482,813	14,076,101	24,418,878	70,219,538	38,787,941	221,194,656
Transfers	-	-	-	-	-	-	70,219,538	(70,219,538)	-	-
Capital Increase	-	-	-	-	-	-	-	-	-	-
Currency Exchange Differences	-	-	-	-	(2,184,526)	-	-	-	-	(2,184,526)
Gains/(Losses) on Remeasurement of Defined Benefit Plans	-	-	-	(13,652,078)	-	-	-	-	-	(13,652,078)
Tangible Asset Revaluation Differences	-	-	-	-	-	-	-	-	-	-
Tax Income/(Expense)	-	-	-	2,729,541	-	-	-	-	-	2,729,541
Repurchased Shares	-	(4,701,220)	-	-	-	4,701,220	(4,701,220)	-	-	(4,701,220)
Cash Dividend Distribution	-	-	-	-	-	-	-	-	-	-
Minority Shareholder	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	26,719,427	1,828,588	28,548,015
31 March 2022	36,000,000	(11,855,196)	49,500,981	(19,060,157)	1,298,287	18,777,321	89,937,196	26,719,427	40,616,529	231,934,388

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 at March 31, 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	1 January 31 March 2022	1 January 31 March 2021
A. Cash Flows From Operating Activities		7,308,270	8,760,825
Profit/(Loss) for the Period		26,719,427	10,979,173
Adjustments to Reconcile Net Profit/(Loss) for the Period		9,567,536	4,538,440
Adjustments to Depreciation and Amortization Expense	[10-11]	7,208,242	5,728,034
Adjustments to Impairment (Cancellation)		20,751	(576,424)
<i>Adjustments to Impairment (Cancellation) in Receivables</i>	[6]	20,751	(576,424)
Adjustments to Provisions		16,788,825	4,837,842
<i>Adjustments to (Cancellation) Provisions related with Employee Benefits</i>	[14]	16,788,825	4,837,842
Adjustments to Interest (Income) Expenses		1,173,676	700,789
<i>Adjustments to Interest Expenses</i>	[26]	1,173,676	700,789
Adjustments to Unrealized Currency Translation Differences	[16]	(2,184,526)	(888,337)
Adjustments to Tax (Income) Expenses	[27]	(12,457,769)	(2,551,586)
Other Adjustments Related to Non-Cash Items		(981,663)	(2,711,878)
Changes in Working Capital		(28,978,693)	(6,756,788)
Adjustments to Increase/(Decrease) in Trade Receivables		(3,761,513)	630,131
<i>Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties</i>	[29]	438,168	(2,109,223)
<i>Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties</i>	[6]	(4,199,681)	2,739,354
Adjustments to Increase/(Decrease) in Other Receivables related with Operations		(22,772,319)	(255,373)
<i>Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related with Operations</i>	[29]	4,500	(251,930)
<i>Adjustments to Increase/(Decrease) in Other Receivables from Third Parties related with Operations</i>	[7]	(22,776,819)	(3,443)
Adjustments to Increase/(Decrease) in Stocks	[8]	(9,332,669)	107,030
Adjustments to Increase/(Decrease) in Prepaid Expenses	[17]	(7,046,779)	(4,250,780)
Adjustments to Increase/(Decrease) in Trade Payables		13,340,648	(1,328,176)
<i>Increase/(Decrease) in Trade Payables to the Related Parties</i>	[29]	(1,451,147)	(1,003,215)
<i>Increase/(Decrease) in Trade Payables to the Third Parties</i>	[6]	14,791,795	(324,961)
Increase/(Decrease) in Payables related to Employee Benefit	[18]	2,572,470	1,992,674
Increase/(Decrease) in Other Payables related with Operations		12,641,977	(3,415,124)
<i>Increase/(Decrease) in Other Payables to the Related Parties related with Operations</i>	[29]	55,200	(2,929,615)
<i>Increase/(Decrease) in Other Payables to the Third Parties related with Operations</i>	[7]	12,586,777	(485,509)
Increase/(Decrease) in Deferred Income	[17]	1,367,421	1,905,954
Adjustments to Increase/(Decrease) in Working Capital		(15,987,929)	(2,143,124)
<i>Increase/(Decrease) in Other Assets related with Operations</i>	[15]	286,106	(358,820)
<i>Increase/(Decrease) in Other Liabilities related with Operations</i>	[15]	(16,274,035)	(1,784,304)
Cash Flows from Operations		7,308,270	8,760,825
B. Cash Flows from Investing Activities		(12,750,761)	(8,969,932)
Cash Inflows from Sale of Tangible and Intangible Assets		11,029	154,123
<i>Cash Inflows from Sale of Tangible Assets</i>	[10]	11,029	154,123
Cash Outflows from Purchasing of Tangible and Intangible Assets		(12,761,790)	(9,124,055)
<i>Cash Outflows from Purchasing of Tangible Assets</i>	[10]	(12,761,790)	(9,098,490)
<i>Cash Outflows from Purchasing of Intangible Assets</i>	[11]	-	(25,565)
C. Cash Flows from Financing Activities		36,606,766	(1,901,061)
Cash Inflows from Borrowings	[5]	58,872,424	25,615,108
- <i>Cash Inflows from Loans</i>		58,872,424	25,615,108
Cash Outflows from Repayments of Borrowings	[5]	(20,361,409)	(25,183,741)
- <i>Cash Outflows from Loan Repayments</i>		(20,361,409)	(25,183,741)
Other Cash Inflows/(Outflows)	[5]	(1,904,249)	(2,332,428)
Net Increase (Decrease) on Cash and Cash Equivalents Before the Effect of Currency Translation Differences		31,164,275	(2,110,168)
Net Increase/(Decrease) on Cash and Cash Equivalents		31,164,275	(2,110,168)
E. Cash and Cash Equivalents at the Beginning of the Period		10,616,227	8,326,487
F. Cash and Cash Equivalents at the End of the Period (A+B+C+D+E)		41,780,502	6,216,319

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 Hizmetleri ve İnşaat Taahhüt A.Ş. ("Parent Company", "Group" or "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 tittle 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 2022		31 December 2021	
	TRY	%	TRY	%
Group A	291,600	0.81	291,600	0.81
Group B	35,708,400	99.19	35,708,400	99.19
Total	36,000,000	100	36,000,000	100

Group A shares are registered and cannot be sold in the stock exchange market. They cannot be transferred partially to third parties. Group A 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 Group A share, in the situation that there is one or more than one Group A shareholder which will take over, shares are transferred equally. When there is no Group A shareholder to take over Group A 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 Group A shares.

There is no granted privilege to Group B 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 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 72.16% as of March 31, 2022 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 2022	31 December 2021
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	-	-
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
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokerage	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.

** Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş. acquired completely by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. because of having 100% with a facilitated merger method, with its assets and liabilities. The transfer transaction was registered on November 12, 2021 and published in the Trade Registry Gazette dated November 16, 2021 and numbered 295.

Lokman Hekim Etlik Hospital

In Etlik district in Ankara, Lokman Hekim Etlik Hospital building 11,900 m² of indoor area has a capacity of 4 operating rooms, 2 delivery rooms, 21 intensive care beds, 6 newborn intensive care beds, 73 patient beds with a total capacity of 100 beds.

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 m² 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 m² total area rented for 15 years and started its operation on August 1, 2016. The hospital has 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 m² 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.

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 m² 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 m² which includes radiology and laboratory units located in the center.

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

Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş., operating in the Haymana and Bala districts of Ankara and producing milk and livestock breeding as an enterprise with European standards and a purity certificate, acquired completely by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. because of having 100% with its assets and liabilities with a facilitated merger method. The transfer transaction was registered on November 12, 2021 and published in the Trade Registry Gazette dated November 16, 2021 and numbered 295.

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 m², 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 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. It is participated at %100 in the formation of the Company.

HYS Sigorta Aracılık Hizmetleri A.Ş.

HYS Sigorta Aracılık Hizmetleri A.Ş.'s (the Company) main field of activity is insurance and brokerage services, with a capital of TRY 300,000 in which Her Yerde Sağlık ve Elektronik Ticaret A.Ş. which is 100% shareholding is a partner in Ankara.

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 and 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:

Position	31 March 2022	31 December 2021
Doctor	226	229
Health Services	712	690
Health Support Services	365	357
Management Support Services	319	308
Managerial Staff	163	144
Veterinary and Laborers	7	6
Total	1,792	1,734

2. PRINCIPLES 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 ("TCC") 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:

Company	Principle Activity	Participation Rate (%)	
		31 March 2022	31 December 2021
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	-	-
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
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokerage	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.

** Hay Süt ve Süt Ürünleri Hayvancılık Gıda İth. İhr. A.Ş. acquired completely by Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. with a facilitated merger method, with its assets and liabilities. The transfer transaction was registered on November 12, 2021 and published in the Trade Registry Gazette dated November 16, 2021 and numbered 295.

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 "Minority Interest" 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 17, 2022**. 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, 2021 and related to its own activity.

• Amendments to IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform Phase 2

Effective from annual periods beginning on or after January 1, 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

• Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient

As of March 2021, this amendment extended till June 2022 and effective from April 1, 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 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.

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities**

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

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16**

It is valid on January 1, 2022 or for annual reporting starting after this date.

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

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

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

- **Amendments to IAS 12- Deferred tax related to assets and liabilities arising from a single transaction**

It is valid on January 1, 2022 or for annual reporting starting after this date. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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.

Stocks:

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 revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

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. Costs 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.

The Company determined useful lives for its intangible assets 3 to 15 years. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are not subject to amortization, but they are tested for impairment.

Impairment 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 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 warrantees.

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.

DTA (Deferred Tax Asset)/(Liability) is the difference between account value and tax value (timing difference). Current tax rate is considered on the calculation of DTA (Deferred Tax Asset). DTL (Deferred Tax Liability) is presented in the financial statements for all taxable or deductible provisional differences, but DTA (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 DTA (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 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, 2019, 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 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" 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 CBTR. 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, 2022 and December 31, 2021 reports are as follows;

	31 March 2022		31 December 2021	
	<u>Buying</u>	<u>Selling</u>	<u>Buying</u>	<u>Selling</u>
USD	14.6371	14.6635	13.3290	13.3530
EUR	16.2855	16.3148	15.0867	15.1139

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 and doctor's progress payments related to the patients whose treatment is ongoing,
- Regarding employee benefits; retirement period, rate of raise, discount rate, severance pay rate,
- 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 "Pandemic 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-13 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; 20% 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 23% for the 2022 period and 20% for the following periods.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

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.

3. OPERATIONAL 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 2022		1 January 31 March 2021	
	Amount	%	Amount	%
	Sales of Healthcare Service	128,659,200	84.80	80,804,645
Sales of Biological Assets and Milk	3,251,780	2.14	1,877,344	1.96
Hospital Rental Income	14,928,802	9.84	9,636,558	10.06
E-Health Income	332,590	0.22	399,368	0.42
Other Incomes	4,551,620	3.00	3,083,742	3.22
Total Sales	151,723,992	100	95,801,657	100

Service Sales/Hospital	1 January 31 March 2022		1 January 31 March 2021	
	Amount	%	Amount	%
	Akay Hospital Service Sales	45,289,294	35	30,414,782
Van Hospital Service Sales	34,895,318	28	22,680,054	28
Etlik Hospital Service Sales	29,764,164	23	14,177,174	18
Hayat Hospital Service Sales	9,003,492	7	7,407,657	9
Demet Tıp Merkezi Service Sales	5,927,443	4	4,104,076	5
Erbil Tanı Merkezi Service Sales	3,779,489	3	2,020,902	2
Total Sales	128,659,200	100	80,804,645	100

Service Sales/Institution	1 January 31 March 2022		1 January 31 March 2021	
	Amount	%	Amount	%
	Sales to SSI *	41,986,346	32	28,819,893
Other Sales	86,672,854	68	51,984,752	64
Total Sales	128,659,200	100	80,804,645	100

Trade Receivables/Institution	31 March 2022		31 December 2021	
	Amount	%	Amount	%
	Receivables from SSI*	56,831,609	74	47,787,021
Other Receivables	19,856,985	26	24,181,433	34
Total	76,688,594	100	71,968,454	100

(*) 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 2022			1 January - 31 March 2021		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	192,776	64,649,498	50.25	165,320	40,302,803	49.88
Inpatient	10,579	64,009,702	49.75	8,920	40,501,842	50.12
Total	203,355	128,659,200	100,00	174,240	80,804,645	100

4. CASH AND EQUIVALENTS

	31 March 2022	31 December 2021
Cash	527,342	284,635
Banks	37,242,601	5,866,887
Debit Card Receivables	4,010,559	4,464,705
Total	41,780,502	10,616,227

Average maturity of credit card receivables is 40 days (31 December 2021: 40 Days).

5. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 March 2022	31 December 2021
Short-Term Bank Borrowings	1,000,000	5,980,000
Short-Term Portion of Long-Term Banks Borrowings	55,635,865	48,276,588
Operational Leasing Debts	7,330,135	7,419,551
Financial Leasing Debts	951,819	924,065
- Financial Leasing Debts	1,177,587	1,176,487
- Deferred Interest Cost	(225,768)	(252,422)
Total	64,917,819	62,600,204

Long-Term Financial Liabilities	31 March 2022	31 December 2021
Long-Term Bank Borrowings	82,930,890	45,408,659
Operational Leasing Debts	24,163,487	25,978,320
Financial Leasing Debts	1,430,509	1,675,080
- Financial Leasing Debts	1,551,818	1,842,596
- Deferred Interest Cost	(121,309)	(167,516)
Total	108,524,886	73,062,059

Details of bank borrowings are as follows;

Bank Borrowings	31 March 2022	31 December 2021
0 - 3 Months	16,031,045	17,961,954
3 - 12 Months	40,604,820	36,294,634
1 - 5 Years	82,930,890	45,408,659
Total	139,566,755	99,665,247

Mortgage amount of TRY 350,881,000 given for bank borrowings (31 December 2021: TRY 164,990,400).

Financial Leasing Debts	31 March 2022	31 December 2021
0 - 3 Months	224,296	231,291
3 - 12 Months	727,523	692,774
1 - 5 Years	1,430,509	1,675,080
Total	2,382,328	2,599,145

Operational Leasing Debts	31 March 2022	31 December 2021
0 - 3 Months	1,852,015	1,904,248
3 - 12 Months	5,478,120	5,515,303
1 - 5 Years	24,163,487	25,978,320
Total	31,493,622	33,397,871

6. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	31 March 2022	31 December 2021
Trade Receivables	62,589,529	58,362,523
Notes Receivables	284,926	435,144
Rediscounts on Notes Receivables (-)	(1,128,028)	(1,230,170)
Doubtful Trade Receivables	2,905,766	2,885,015
Provision for Doubtful Trade Receivables	(2,905,766)	(2,885,015)
Receivables from Related Parties *	5,683,129	6,121,297
Income Accruals **	9,259,038	8,279,660
Total	76,688,594	71,968,454

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

(**) The income accruals made for patients whose treatment continues consists of TRY 9,204,386 (31 December 2021: TRY 8,045,868).

Doubtful Receivables	31 March 2022	31 December 2021
Beginning of the Period	2,885,015	3,501,755
Additions with-in the Period	368,695	158,253
Worthless Receivables Collections/(Cancellations)	(347,944)	(774,993)
Total	2,905,766	2,885,015

Trade Receivables/Institutions	31 March 2022		31 December 2021	
	Amount	%	Amount	%
Receivables from SSI*	56,831,609	74	47,787,021	66
Other Receivables	19,856,985	26	24,181,433	34
Total Receivables	76,688,594	100	71,968,454	100

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

Trade Payables	31 March 2022	31 December 2021
Trade Payables	41,834,189	31,739,941
Notes Payables	25,683,060	20,296,432
Rediscount on Notes Payables (-)	(1,227,223)	(939,870)
Other Trade Payables	982,201	1,383,929
Trade Payables to Related Parties*	4,204,603	5,655,750
Expense Accruals	1,058,342	893,384
Total	72,535,172	59,029,566

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

7. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	31 March 2022	31 December 2021
Other Miscellaneous Receivables**	24,803,738	1,935,825
Other Receivables from Related Parties*	750,585	755,085
Receivabşes from Employees	55,704	58,159
Deposits and Guarantees Given	30,084	126,583
Other Doubtful Receivables	1,237,500	1,237,500
Provision for Other Doubtful Receivables (-)	(1,237,500)	(1,237,500)
Total	25,640,111	2,875,652

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

(**) TRY 24,000,000 of the amount in the account is due to the advance given for the purchase of Adatıp Sağlık Hizmetleri A.Ş.

Other Long-Term Receivables	31 March 2022	31 December 2021
Deposits and Guarantees Given	299,429	294,024
Total	299,429	294,024

Other Payables	31 March 2022	31 December 2021
Other Miscellaneous Payables	13,206,899	620,122
Deposits and guarantees received	18,955	18,955
Other Payables to Related Parties*	13,094,364	13,039,164
Total	26,320,218	13,678,241

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

8. INVENTORIES

Inventories	31 March 2022	31 December 2021
Medical Inventories	15,596,507	12,871,284
Feed Stocks	2,253,772	2,804,403
Other Stocks	6,055,915	4,908,721
Total	23,906,194	20,584,408

9. BIOLOGICAL ASSETS

Biological Assets	31 March 2022	31 December 2021
Book Value	22,289,953	20,262,016
Changes in the Fair Value	(3,329,120)	(7,312,066)
Total	18,960,833	12,949,950

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 increase of TRY 4,778,126 at the fair value for milk and livestock animals (31 December 2021: TRY (3,201,413)).

As of March 31, 2021, the Company has a total of 821 biological assets (31 December 2021: 853).

The total amount of insurance on biological assets is TRY 5,742,800 (31 December 2021: TRY 5,742,800).

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***10. TANGIBLE ASSETS**

Tangible Assets	1 January 2022	Additions	Classification/ Valuation	Disposal	31 March 2022
Lands	12,046,924	-	-	-	12,046,924
Buildings	83,332,548	321,669	-	-	83,654,217
Machinery, Equipment and Installment	32,165,780	248,109	-	-	32,413,889
Vehicles	2,142,802	977,681	-	-	3,120,483
Furniture and Fittings	84,605,888	6,143,554	-	(11,029)	90,738,413
Assets Acquired Through Financial Leases	19,112,561	-	-	-	19,112,561
Special Costs**	58,081,273	1,221,704	-	-	59,302,977
Right of Use Assets ***	68,791,794	-	-	-	68,791,794
Other Tangible Assets	1,115,785	185,000	-	-	1,300,785
Construction in Progress	65,812	3,664,073	-	-	3,729,885
Total	361,461,167	12,761,790	-	(11,029)	374,211,928
Accumulated Depreciation	1 January 2022	Depreciation Expense	Classification	Disposal	31 March 2022
Buildings	(423,666)	(423,835)	-	-	(847,501)
Machinery, Equipment and Installment	(18,312,690)	(763,357)	-	-	(19,076,047)
Vehicles	(935,581)	(88,040)	-	-	(1,023,621)
Furniture and Fittings	(35,500,377)	(2,061,100)	-	2,285	(37,559,192)
Assets Acquired Through Financial Leases	(12,115,692)	(286,750)	-	-	(12,402,442)
Right of Use Assets ***	(31,537,597)	(1,841,481)	-	-	(33,379,078)
Special Costs	(12,693,931)	(1,684,115)	-	-	(14,378,046)
Other Tangible Assets	(927,956)	(9,242)	-	-	(937,198)
Total	(112,447,490)	(7,157,920)	-	2,285	(119,603,125)
Net	249,013,677				254,608,803

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

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

Tangible Assets	1 January 2021	Additions	Classification/ Valuation*	Disposal	31 December 2021
Lands	6,343,750	-	5,703,174	-	12,046,924
Buildings	62,454,482	845,617	20,032,449	-	83,332,548
Machinery, Equipment and Installment	30,280,737	2,225,126	-	(340,083)	32,165,780
Vehicles	1,529,068	791,301	-	(177,567)	2,142,802
Furniture and Fittings	68,267,727	17,864,757	-	(1,526,596)	84,605,888
Assets Acquired Through Financial Leases	19,663,350	-	-	(550,789)	19,112,561
Special Costs**	27,295,403	19,830,221	10,955,649	-	58,081,273
Right of Use Assets ***	71,353,289	1,914,756	-	(4,476,251)	68,791,794
Other Tangible Assets	1,072,920	42,865	-	-	1,115,785
Construction in Progress	10,380,830	640,631	(10,955,649)	-	65,812
Total	298,641,556	44,155,274	25,735,623	(7,071,286)	361,461,167

Accumulated Depreciation	1 January 2021	Depreciation Expense	Classification/ Valuation*	Disposal	31 December 2021
Buildings	(2,976,121)	(1,688,254)	4,240,709	-	(423,666)
Machinery, Equipment and Installment	(15,174,420)	(3,178,010)	-	39,740	(18,312,690)
Vehicles	(649,963)	(330,643)	-	45,025	(935,581)
Furniture and Fittings	(29,052,506)	(7,155,029)	-	707,158	(35,500,377)
Assets Acquired Through Financial Leases	(11,476,237)	(1,190,245)	-	550,790	(12,115,692)
Right of Use Assets ***	(26,883,160)	(7,244,926)	-	2,590,489	(31,537,597)
Special Costs	(8,769,378)	(3,924,553)	-	-	(12,693,931)
Other Tangible Assets	(868,891)	(59,065)	-	-	(927,956)
Total	(95,850,676)	(24,770,725)	4,240,709	3,933,202	(112,447,490)
Net	202,790,880				249,013,677

(*) The lands and buildings of the Company have been valued with the valuation reports of Ege Gayrimenkul Değerleme ve Danışmanlık A.Ş. dated September 28, 2021.

(**) The raise in private cost which emerged from Etlik Hospital is equaled to 6,925,438 and the part of 2,057,150 emerged from logistics operations. The cost of TRY 10,955,649 related to the Etlik hospital followed in the investments in progress account was reclassified to the special costs account during the period.

(***) It is due to the effect of the change in the rent and planned rent increases that the company will pay for the right-of-use assets within the scope of TFRS-16.

Total insurance amount of tangible assets is TRY 236,385,000 (31.12.2021: TRY 236,385,000).

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

Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***11. INTANGIBLE ASSETS**

Intangible Assets	1 January 2022	Additions	Disposal/ Classification	31 March 2022
Rights	1,108,570	-	-	1,108,570
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,997,451	-	-	23,997,451

Accumulated Depreciation	1 January 2022	Depreciation Expense	Disposal/ Classification	31 March 2022
Rights	(637,606)	(50,322)	-	(687,928)
Total	(637,606)	(50,322)	-	(687,928)
NET	23,359,845			23,309,523

Intangible Assets	1 January 2021	Additions	Disposal/ Classification	31 December 2021
Rights	816,559	292,011	-	1,108,570
Doctor Staff and Medical License Fee	22,888,881	-	-	22,888,881
Total	23,705,440	292,011	-	23,997,451

Accumulated Depreciation	1 January 2021	Depreciation Expense	Disposal/ Classification	31 December 2021
Rights	(473,985)	(163,621)	-	(637,606)
Total	(473,985)	(163,621)	-	(637,606)
NET	23,231,455			23,359,845

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

Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***12. INVESTMENTS**

	1 January 2022	Valuation	Classification	Disposal	31 March 2022
Buildings	7,810,000	-	-	-	7,810,000
Total	7,810,000	-	-	-	7,810,000

	1 January 2021	Valuation	Classification	Disposal	31 December 2021
Buildings	6,400,000	1,410,000	-	-	7,810,000
Total	6,400,000	1,410,000	-	-	7,810,000

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 accounted in the financial statements taking into account the last valuation report dated on September 28, 2021.

13. PROVISIONS, STATE CONTINGENT ASSETS AND LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions 31 March 2022	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	29,045,321	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	14,077,282	(2,379,973)
Lawsuits and Provisions 31 December 2021	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	29,079,156	-
Lawsuits to be Filed Against to The Company Related to Labor Payments	15,164,502	(1,988,337)

The company filed 583 cases (31 December 2021: 581) and the total amount of cases is TRY 29,045,321 (31 December 2021: TRY 29,079,158). The 206 cases (31 December 2021: 196) sued against the company, and the total of the cases to be filed against the company is TRY 2,379,973 (31 December 2021: TRY 1,988,337).

CPMs Given by the Company	31 March 2022	31 December 2021
A,. CPM's Given on Behalf of Company's Own Legal Entity	370,830,374	182,693,376
B. CPM's Given on Behalf of the Consolidated Companies	2,088,006	2,744,062
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.	-	-
Total	372,918,380	185,437,438

Contingent Liabilities;

Type	Given To	31 March 2022	31 December 2021
Mortgage Given (Loan)	Banks	350,881,000	164,990,400
Checks of Collaterals Given	Banks	9,200,000	9,200,000
Letter of Collaterals Given	Courts	6,593,536	5,078,217
Letter of Collaterals Given	The Council of Higher Education*	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	4,967,759	3,866,922
Letter of Collaterals Given	Public Tenders	126,085	131,899
Letter of Collaterals Given	Leases	150,000	150,000
Letter of Collaterals Given	Device Supply	-	1,020,000
		372,918,380	185,437,438

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

Type	Given To	31 March 2022	31 December 2021
Checks of Collaterals Received	Client	738,514	738,514
TRY Equivalent		738,514	738,514

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 2022	31 December 2021
Provisions for Termination Indemnity	27,586,381	12,134,469
Provisions for Days Off	5,339,122	4,002,209
Total	32,925,503	16,136,678

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. 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. 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 taken into accounting. This upper limit is TRY 10,848.59 valid from January 1, 2022 (31 December 2021: TRY 8,284.51).

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

	31 March 2022	31 December 2021
Beginning of the Period	11,279,071	3,261,077
Payments	(705,664)	(1,518,445)
Interest Cost	643,706	344,292
Period Expense	1,861,794	3,230,171
Actuarial Gain /(Loss)	13,652,076	5,961,976
End of the Period	26,730,983	11,279,071
Termination Indemnity Liability associated with Akay Hospital*	855,398	855,398
Total	27,586,381	12,134,469

(*) It shows the severance pay burden taken over by the company regarding the Akay Hospital purchase made on July 28, 2016. There is TRY 158,243 severance payment to Akay Hospital Employees in the current period. (31 December 2021: None).

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;

	31 March 2022	31 December 2021
Beginning of the Period	4,002,209	934,934
Additions with-in the Period	1,336,913	3,067,275
End of the Period	5,339,122	4,002,209

15. OTHER CURRENT ASSETS/OTHER SHORT-TERM LIABILITIES

Other Current Assets	31 March 2022	31 December 2021
Deferred VAT	25,934	-
Work Advances	2,655,879	2,781,877
Personnel Advances	7,800	7,800
Total	2,689,613	2,789,677

Other Short-Term Liabilities	31 March 2022	31 December 2021
Taxes and funds payable	3,475,528	5,369,976
Overdue, deferred or restruc. Tax*	4,683,995	6,075,806
Compulsory P.P.S. Checkoff	153,473	127,600
Income from Salary Contracts Promotions for the Following Months	676,608	676,608
Deposits and Guarantees Received	20,000	20,000
Total	9,009,604	12,269,990

(*) 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

Assets Related to Current Period Tax	31 March 2022	31 December 2021
Prepaid Taxes and Funds	-	187,621
Total	-	187,621

Liabilities Related Current Period Tax	31 March 2022	31 December 2021
Deferred or Restructed Taxes (Long-term)*	1,497,692	2,486,057
Total	1,497,692	2,486,057

(*) 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

Prepaid Expenses (Short-Term)	31 March 2022	31 December 2021
Advances Given to Suppliers	11,024,793	8,122,920
Advances Given to Related Parties*	4,997,815	4,763,666
Prepaid Expenses for the Following Months	857,346	840,426
Total	16,879,954	13,727,012

Prepaid Expenses (Long-Term)	31 March 2022	31 December 2021
Expenses for the Following Years	353,074	351,495
Related Party Expenses*	23,703,782	19,809,945
Total	24,056,856	20,161,440

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

Deferred Income (Short-Term)	31 March 2022	31 December 2021
Advances Received	4,847,237	3,479,816
Total	4,847,237	3,479,816

Deferred Income (Long-Term)	31 March 2022	31 December 2021
Income from Salary Contracts Promotion for the Following Years	848,410	1,017,562
Total	848,410	1,017,562

18. PAYABLES UNDER EMPLOYEE BENEFITS

Payables Under Employee Benefits	31 March 2022	31 December 2021
Wage Accruals	9,225,087	7,288,490
Social Security Premiums Payable	3,349,961	2,716,543
Total	12,575,048	10,005,033

19. SHAREHOLDER'S EQUITY

Capital;

	31 March 2022	31 December 2021
Capital	36,000,000	36,000,000
Paid Capital	36,000,000	36,000,000

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

Repurchased Shares;

	31 March 2022	31 December 2021
Repurchased Shares	(11,855,196)	(7,153,976)
Total	(11,855,196)	(7,153,976)

The third buyback program implemented by the company to ensure price stability in stocks approved at the general assembly meeting dated March 27, 2021. The repurchase upper price limit is TRY 30 and it will be able to make repurchase until it reaches a nominal value of TRY 30,000,000 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. (%) :834,581/2.32

Number of shares owned by Lokman Hekim Van A.Ş. / Ratio to Capital (%) :420,186/1.17

Total Purchases Under Repurchase Program / Percentage to Capital (%) : 1,254,767/3.49

Revaluation Funds;

Revaluation Funds	31 March 2022	31 December 2021
Revaluation Fund from Current Assets	55,282,268	55,282,268
Deferred Tax Effect	(5,781,287)	(5,781,287)
Total	49,500,981	49,500,981

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 2021: 10%)

The Company has revaluated buildings and buildings reported in tangible assets in accordance with the report dated September 28, 2021 prepared by Ege Taşınmaz 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));

Defined Benefit Plans Remeasurement Gains/ (Losses)	31 March 2022	31 December 2021
Beginning of the Period	(8,137,620)	(3,387,222)
Additions with-in the Period	(15,861,760)	(6,960,080)
Deferred Tax Effect	4,939,223	2,209,682
Total	(19,060,157)	(8,137,620)

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."

Currency Translation Differences	31 March 2022	31 December 2021
Beginning of the Period	3,482,813	2,790,957
Additions with-in the Period	(2,184,526)	691,856
Total	1,298,287	3,482,813

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:

Restricted Reserves	31 March 2022	31 December 2021
Legal Reserves at the Beginning of the Period	14,076,101	8,126,027
Legal Reserves allocated from Prior Years' Profit	-	1,738,279
Legal Reserves allocated from Repurchased Shares	4,701,220	4,211,795
Total	18,777,321	14,076,101

TRY 11,855,196 of the restricted reserves separated from profit consists of shares bought back (31 December 2021: TRY 7,153,976).

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 89,937,196 (31 December 2021: TRY 24,418,878).

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 TRY 1,975,512 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.

In accordance with the decision taken in the 2020 ordinary General Assembly of the Company, the profit of TRY 8,000,000 to be distributed paid TRY 4,000,000 within the period, and the remaining TRY 4,000,000 will be paid on November 22, 2021.

The company increased its capital by TRY 12,000,000 from previous years' profits and registered on June 7, 2021.

Minority Interest	31 March 2022	31 December 2021
Minority Interest in Equity	1,412,673	1,412,673
Minority Interest in Period's Profit/(Loss)	1,828,588	11,617,847
Cash Dividend Distribution	37,375,268	25,757,421
Total	40,616,529	38,787,941

20. SALES AND COST OF SALES

	1 January 31 March 2022	1 January 31 March 2021
Sales of Healthcare Service	128,659,200	80,804,645
Sales of Biological Assets, Milk and Feed	3,251,780	1,877,344
Hospital Rental Incomes	14,928,802	9,636,558
E-Health Revenues	332,590	399,368
Other Incomes	4,551,620	3,083,742
Total	151,723,992	95,801,657

	1 January 31 March 2022	1 January 31 March 2021
Sales of Healthcare Service	(106,214,354)	(71,292,600)
Sales of Biological Assets, Milk and Feed	(2,419,466)	(1,786,516)
Hospital Rental Incomes	(688,647)	(666,160)
E-Health Costs	(391,565)	(131,448)
Other Incomes	(1,969,006)	(573,950)
Total	(111,683,038)	(74,450,674)
Gross Profit/(Loss)	40,040,954	21,350,983

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 increase of TRY 4,778,126 at the fair value for milk and livestock animals (31 December 2021: TRY (3,201,433)).

Costs of sales based on its type are as follows;

	1 January 31 March 2022	1 January 31 March 2021
Salary and Related Expenses	(57,075,940)	(40,725,499)
Raw Material and Supplies	(32,942,730)	(21,854,580)
Energy, Fuel and Water Expenses	(6,925,368)	(2,294,234)
Maintenance, Service Expenses	(2,337,955)	(1,609,527)
Rental Expenses	(2,645,272)	(1,211,252)
Right-of-use Assets Depreciation Expenses	(1,710,146)	(1,671,863)
Depreciation and Amortization Expenses	(5,144,662)	(3,838,379)
Representation Expenses	(112,897)	(63,744)
Telephone, Internet, Cargo, Mail, Transportation, Insurance, parking Expenses	(333,915)	(241,539)
Consultation Expenses	(901,417)	(395,524)
Stationery, Education, Textil and Fixed Assets	(959,548)	(361,955)
Others	(593,188)	(182,578)
Total	(111,683,038)	(74,450,674)

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

	1 January 31 March 2022	1 January 31 March 2021
General Administrative Expenses (-)	(7,429,838)	(4,029,959)
Marketing, Sales and Distribution Expenses (-)	(2,495,965)	(1,332,637)
Total	(9,925,803)	(5,362,596)

	1 January 31 March 2022	1 January 31 March 2021
General Administrative Expenses		
Expenses related to Salaries	(3,950,720)	(2,386,993)
Representation, Travel and Transportation Expenses	(296,454)	(70,534)
Consultancy, Advisory, Litigation and Notary Expenses	(1,007,263)	(562,273)
Energy, Fuel and Water etc,, Expenses	(149,986)	(49,586)
Maintenance and Repair Expenses	(124,941)	(42,257)
Rental Expenses	(496,957)	(131,779)
Communication Expenses	(173,873)	(44,645)
Depreciation Expenses	(222,099)	(138,656)
Right-of-use Assets Depreciation Expense	(131,335)	(79,136)
General Assembly Expenses	(16,003)	(19,073)
Miscellaneous Expenses	(320,508)	(261,287)
Outsourced Benefits Expenses	(290,317)	(43,344)
Taxes, duties, fees, insurance, bank, license, dues expenses	(249,382)	(200,396)
Total	(7,429,838)	(4,029,959)

Marketing, Sales and Distribution Expenses	1 January 31 March 2022	1 January 31 March 2021
Advertising Expenses	(766,870)	(224,964)
Personnel Expenses	(649,907)	(545,007)
Rental Expenses	(43,200)	(36,766)
Travel and Representation Expenses	(30,123)	(7,496)
Commission Expenses	(877,003)	(431,075)
Other Expenses	(128,862)	(87,329)
Total	(2,495,965)	(1,332,637)

22. OTHER INCOME

	1 January 31 March 2022	1 January 31 March 2021
Provisions No Longer Required	347,944	851,935
Gain on Sale of Non-current Assets	26,852	99,798
Rental Income	81,212	34,920
Remeasurement, Income, Loses *	-	2,866,116
Others	2,400	6,041
Total	458,408	3,858,810

(*) Within the scope of IFRS-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

	1 January 31 March 2022	1 January 31 March 2021
Provision Expenses	(716,259)	(51,166)
Grants and Donations *	(1,000,000)	(1,750,000)
Taxes and Other Penalties	(409,404)	-
Miscellaneous Expenses	(1,014,572)	(1,113,012)
Tax restructuring expenses	(487,213)	(301,806)
Loss on Sale of Asset	(1,007,937)	-
Remeasurement, gains, losses	-	(73,799)
Total	(4,635,385)	(3,289,783)

* The amount of donation made to Sevgi Foundation is TRY 1,000,000.

24. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	1 January 31 March 2022	1 January 31 March 2021
Rental Income	103,265	86,342
Total	103,265	86,342

25. FINANCIAL INCOME

	1 January 31 March 2022	1 January 31 March 2021
Interest Income*	1,261,822	912,126
Foreign Exchange Gains	80,853	145,368
Rediscount Interest Income	1,728,433	1,636,283
Total	3,071,108	2,693,777

(*) 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 1,193,837 calculated (31.12.2021: TRY 894,822).

26. FINANCIAL EXPENSES

	1 January 31 March 2022	1 January 31 March 2021
Right-of-Use Assets Financial Expenses	(274,755)	(354,810)
Interest Expenses	(6,597,370)	(4,679,035)
Foreign Exchange Loss	(581,979)	(37,272)
Rediscount Interest Expenses	(1,338,938)	(1,723,591)
Total	(8,793,042)	(6,794,708)

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. However; 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.

The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Law and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. In the deferred tax calculation based on the cancellation of the revaluation operations made by the Company in accordance with the Tax Procedure Law; The rate accepted is 10% for evaluable real estate and %20 for other assets within the scope of TPL, 5-1/e.

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 10% (31 December 2021: 15%).

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.

Income Tax Liability of the Period	31 March 2022	31 December 2021
Calculated Corporate Tax Provision	6,413,176	4,416,633
Calculated Corporate Tax and Other Liabilities (-)	(5,030,733)	(4,416,633)
Total	1,382,443	-

Tax income/(expense) are as follows;

	1 January	1 January
Tax Income/(Expense) for the Period	31 March 2022	31 March 2021
Tax Expense for the Period	(1,499,718)	(867,908)
Deferred Tax Income/(Expense)	9,728,228	1,986,686
Net	8,228,510	1,118,778

DTA (Deferred Tax Assets) and DTL (Deferred Tax 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 / IFRS and legal financial statements issued by POA.

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.

Deferred Tax – 31 March 2022	Temporary Difference	Tax Assets	Tax Liabilities
Reduced Corporation Tax *	-	37,375,704	-
Revaluation Differences from Biological Assets	4,577,485	-	915,497
Revaluation Fund of Investment Property	4,322,579	-	864,516
Revaluation Increases from Non-Current Assets **	55,282,267	-	5,528,227
Value Adjustments of Non-Current Assets ***	72,896,690	15,362,331	363,691
Doctor Payroll Premiums	1,021,708	204,342	-
Provisions for Benefits Provided to Employees	32,925,503	6,585,101	-
Provisions for Receivables	3,642,425	728,485	-
Financial Loss	2,424,445	484,889	-
Rediscounts on Receivables	1,128,028	225,605	-
Rediscounts on Payables	1,219,432	-	243,886
Provisions for Lawsuits	2,379,973	475,994	-
Currency Translation Differences and Interest Accruals	12,497	2,499	-
Right-of-Use Assets	3,919,094	-	783,819
Inventory Adjustments	1,613,334	322,667	-
Total		61,767,617	8,699,636
NET			53,067,981

Deferred Tax – 31 December 2021	Temporary Difference	Tax Assets	Tax Liabilities
Reduced Corporation Tax *	-	26,130,807	-
Revaluation Differences from Biological Assets	4,354,983	870,997	-
Revaluation Fund of Investment Property	4,322,579	-	864,516
Revaluation Increases from Non-Current Assets **	55,282,267	-	5,528,227
Value Adjustments of Non-Current Assets ***	74,575,190	14,915,038	-
Doctor Payroll Premiums	893,384	178,676	-
Provisions for Benefits Provided to Employees	16,136,678	3,227,335	-
Provisions for Receivables	3,621,674	724,335	-
Financial Loss	4,328,925	865,785	-
Rediscounts on Receivables	1,230,170	246,034	-
Rediscounts on Payables	925,352	-	185,070
Provisions for Lawsuits	1,988,337	397,667	-
Currency Translation Differences and Interest Accruals	399,744	79,949	-
Right-of-Use Assets	3,856,326	-	771,265
Inventory Adjustments	1,613,334	322,667	-
Total		47,959,290	7,349,078
NET			40,610,212

(*) 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 2021: 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 2021: 20%). The Company revalued its tangible and intangible assets in its legal records by indexing them based on the rates determined by the Republic of Turkey Ministry of Treasury and Finance through Article 11 of the Law No. 7326 on Restructuring Certain Receivables and Amending Certain Laws with numbered 1346 the Board of Directors Decision dated July 6, and with reference to the Provisional Article 31 added to the Tax Procedure Law Assets valued in accordance with the Tax Procedure Law differ from the fair value for IFRS based on the market approach. Deferred tax calculated based on the difference between tax value resulting from revaluation operations according to Tax Provision of Law and over the resulting difference in accounting value.

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. However; 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.

For the part of the temporary differences, planning is made with 25% for the 2021 period, 23% for the 2022 period and 20% for the following periods.

28. EARNINGS PER SHARE

	1 January 31 March 2022	1 January 31 March 2021
Net Profit for the Period (Parent Shares)	26,719,427	10,979,173
Number of Shares	36,000,000	24,000,000
Earnings/(Loss) per share	0.74221	0.45747

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, 2022 and December 31, 2021, the summary of balances and transactions between the Company related parties is as follows;

Receivables from Related Parties	31 March 2022		31 December 2021	
	Commercial	Non-Commercial	Commercial	Non-Commercial
T.C. Lokman Hekim Üniversitesi SUAM*	5,671,908	-	6,062,178	-
Akgül Grup Gıda Tem. Tur. Rek. Dan. Tic. Ltd. Şti.	-	-	48,397	-
Safi Sağlık Sanayi ve Tic A.Ş.	-	750,000	-	750,000
Other	11,221	585	10,722	5,085
Total	5,683,129	750,585	6,121,297	755,085
	6,433,714		6,876,382	

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

Prepaid Expenses to Related Parties	31 March 2022		31 December 2021	
	Short Term	Long Term	Short Term	Long Term
Safi Sağlık Sanayi ve Tic. A.Ş.	557,230	-	557,230	-
Van Divan Sağlık Eğitim Tur. San. Tic. A.Ş.	2,528,450	-	3,163,270	-
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	551,486	-	144,463	-
Akgül Grup Gıda Tem. Turz. Rek. Dan Tic. Ltd. Şti.	459,876	-	-	-
Bilgen İnş.Konf.Taah.Tic.ve San.Ltd.Şti.	896,240	-	896,240	-
Sevgi Vakfı*	-	23,703,782	-	19,809,945
Diğer	4,533	-	2,463	-
Total	4,997,815	23,703,782	4,763,666	19,809,945

(*) 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 7,930,327 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).

Payables to Related Parties	31 March 2022		31 December 2021	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	3,254,838	-	4,694,179	-
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	483,113	-	406,856	-
Afşar Matbaacılık Ofset ve Tipo Tesisleri	148,501	-	143,350	-
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	32,539	-	218,820	-
T.C. Lokman Hekim Üniversitesi SUAM	219,739	-	4,505	-
Etlik Gayrimenkul Yatırım A.Ş.	-	13,000,000	-	13,000,000
Obligations to senior management staff from managerial, professional and other activities	29,400	94,364	-	39,164
Others	36,473	-	188,040	-
Total	4,204,603	13,094,364	5,655,750	13,039,164
		17,298,967		18,694,914

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

As of March 31, 2022 and March 31, 2021, income and expense balances with related parties are as follows;

Income/(Expense)	1 January 31 March 2022		1 January 31 December 2021	
	Income	Expense	Income	Expense
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	63,840	(528,557)	31,920	-
Koç Medikal Tıbb. Mal. Tic. Ltd. Şti.	-	(228,662)	-	(211,620)
Medisina Grup Sağlık Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	-	(329,922)	-	(315,451)
Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti.	-	(3,052,050)	-	(1,564,706)
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	-	(224,979)	926	(188,519)
Income/(expenses) to senior management staff from managerial, professional and other activities	-	(823,877)	-	(822,513)
Afşar Medya Mat.San.Ve Tic. A.Ş.	-	(20,685)	-	-
Others	-	-	-	(403)
Total	63,840	(5,208,732)	32,846	(3,103,212)
NET		(5,144,892)		(3,070,366)

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

Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***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 2022	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)	5,683,129	71,005,465	750,585	25,188,955	37,242,601	4,537,901
- <i>The Amount of Maximum Risk that Have Been Secured with Collaterals. Etc.</i>	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	5,683,129	71,005,465	750,585	25,188,955	37,242,601	4,537,901
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
- <i>Overdue (Gross Book Value)</i>	-	2,905,766	-	1,237,500	-	-
- <i>Impairment (-)</i>	-	(2,905,766)	-	(1,237,500)	-	-

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

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

31 December 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)	6,121,297	65,847,157	755,085	2,414,591	5,866,887	4,749,340
<i>- The Amount of Maximum Risk that Have Been Secured with Collaterals. Etc.</i>	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are neither Past Due nor Impaired	6,121,297	65,847,157	755,085	2,414,591	5,866,887	4,749,340
B. Net Book Value of Impaired Assets	-	-	-	-	-	-
<i>- Overdue (Gross Book Value)</i>	-	2,885,015	-	1,237,500	-	-
<i>- Impairment (-)</i>	-	(2,885,015)	-	(1,237,500)	-	-

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

Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

*(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 Equivalents are held, statement that demonstrates the company's current and previous liquidity risk is below.

31 March 2022							
Contractual Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Financial Liabilities	139,566,755	190,028,472	21,028,700	54,859,047	114,140,725	-	-
Financial Leasing Liabilities	2,382,328	2,714,931	290,778	872,335	1,551,818	-	-
Operational Leasing Liabilities	31,493,622	84,844,793	2,895,429	8,995,495	35,348,026	37,605,843	-
Expected Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Trade Payables	72,535,172	73,762,395	37,692,584	36,069,811	-	-	-
Other Payables	26,320,218	26,320,218	-	26,320,218	-	-	-
Tax Liabilities on Period's Profit	1,382,443	1,382,443	-	1,382,443	-	-	-
Debt Provisions	2,379,973	2,379,973	-	2,379,973	-	-	-
Other Liabilities	9,009,604	9,009,604	9,009,604	-	-	-	-
Provisions Related to Employee Benefits	32,925,503	32,925,503	-	-	-	-	32,925,503

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

Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2022

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

31 December 2021							
Contractual Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Financial Liabilities	99,665,248	110,882,536	19,639,672	41,896,633	49,346,231	-	-
Financial Leasing Liabilities	2,599,145	3,587,266	290,778	872,335	2,424,153	-	-
Operational Leasing Liabilities	33,397,871	84,844,793	2,895,429	8,995,495	35,348,026	37,605,843	-
Expected Maturities	Book Value	Total Cash Outflow According to Contract (VI=I+II+III+IV+V)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)	On Demand (V)
Non-Derivative Financial Liabilities							
Trade Payables	59,029,566	59,969,436	30,644,382	29,325,054	-	-	-
Other Payables	13,678,241	13,678,241	-	13,678,241	-	-	-
Tax Liabilities on Period's Profit	-	-	-	-	-	-	-
Debt Provisions	1,988,337	1,988,337	-	1,988,337	-	-	-
Other Liabilities	12,269,990	12,269,990	12,269,990	-	-	-	-
Provisions Related to Employee Benefits	16,136,678	16,136,678	-	-	-	-	16,136,678

Currency Risk:

Foreign Currency Position Table - 31 March 2022	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	54,377	-	3,339
2a. Monetary Financial Assets (Cash, Bank Accounts Included Etc,)	-	-	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	2,682,213	149,869	30,000
4.Current Assets (1+2+3)	2,736,590	149,869	33,339
5.Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-
9. Total Assets (4+8)	2,736,590	149,869	33,339
10. Trade Payables	140,267	9,583	-
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	340,144	5,796	15,677
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	480,411	15,379	15,677
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-
17.Long-Term Liabilities (14+15+16)	-	-	-
18. Total Liabilities (13 +17)	480,411	15,379	15,677
19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset/(Liability) Position (19a-19b)	-	-	-
19a. Active-Balance Sheet Foreign Currency Derivative Assets	-	-	-
19b. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	2,256,179	134,490	17,662
21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(426,034)	(15,379)	(12,338)
22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position	-	-	-
23. Amount Of Hedged Foreign Currency Assets	-	-	-
24. Amount Of Currency Hedged Liabilities	-	-	-
25.Export	-	-	-
26.Import	-	-	-

Foreign Currency Position Table - 31 December 2021	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	66,393	-	4,522
2a. Monetary Financial Assets (Cash, Bank Accounts Included Etc,)	-	-	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	729,418	11,850	39,206
4.Current Assets (1+2+3)	795,811	11,850	43,728
5.Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-
9. Total Assets (4+8)	795,811	11,850	43,728
10. Trade Payables	82,891	6,333	48
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	282,050	10,049	10,328
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	364,941	16,382	10,376
14.Trade Payables	-	-	-
15.Financial Liabilities	-	-	-
16a. Other Monetary Liabilities	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-
17.Long-Term Liabilities (14+15+16)	-	-	-
18. Total Liabilities (13 +17)	364,941	16,382	10,376
19. Off-Balance Sheet Foreign Currency Derivative Instruments Net Asset/(Liability) Position (19a-19b)	-	-	-
19a. Active-Balance Sheet Foreign Currency Derivative Assets	-	-	-
19b. Off-Balance Sheet Foreign Currency Derivative Assets	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	430,870	(4,532)	33,352
21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(298,548)	(16,382)	(5,854)
22. Fair Value Of Financial Instruments Used To Manage Foreign Currency Position	-	-	-
23. Amount Of Hedged Foreign Currency Assets	-	-	-
24. Amount Of Currency Hedged Liabilities	-	-	-
25.Export	-	-	-
26.Import	-	-	-

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 2021: 20%)

31 March 2022	Gain/(Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case +/- 20% Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	393,709	(393,709)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 +2)	393,709	(393,709)
In case +/- 20% Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	57,527	(57,527)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	57,527	(57,527)
TOTAL (3+6)	451,236	(451,236)

31 December 2021	Gain/(Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case +/- 20% Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	(11,763)	11,763
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 +2)	(11,763)	11,763
In case +/- 20% Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	97,937	(97,937)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	97,937	(97,937)
TOTAL (3+6)	86,174	(86,174)

31. NOTES TO CASH FLOW STATEMENT

Cash flow statement presented with consolidated financial statements.

	Beginning of the Period	Generating Cash Flow	Non-Generating Cash Flow*	End of the Period
Short-Term Bank Borrowings	54,256,588	(10,644,726)	13,024,003	56,635,865
Long-Term Bank Borrowings	45,408,659	49,891,096	(12,368,865)	82,930,890
Leasing Debts (Short-Term)	7,419,551	(2,895,429)	2,806,013	7,330,135
Leasing Debts (Long-Term)	25,978,320	-	(1,814,833)	24,163,487
Financial Leasing Debts (Short-Term)	924,065	(290,778)	(163,658)	469,629
Financial Leasing Debts (Long-Term)	1,675,080	-	237,619	1,912,699

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

32. 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 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, 2022 and December 31, 2021 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.

31 March 2022	Level 1	Level 2	Level 3
Valuation Inputs to Fair Value			
Biological Assets	-	-	18,960,833
Land and Buildings	-	-	94,853,640
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	7,810,000

31 December 2021	Level 1	Level 2	Level 3
Valuation Inputs to Fair Value			
Biological Assets	-	-	12,949,950
Land and Buildings	-	-	94,955,806
Goodwill	-	-	-
Doctor Staff and Medical License Fee	-	-	22,888,881
Investment Property	-	-	7,810,000

33. SUBSEQUENT EVENTS

According to the statement made on February 1, 2022, February 21, 2022 and March 28, 2022, the Company acquired 100% shares of Adatıp Sağlık Hizmetleri A.Ş. According to the final share transfer agreement signed for the transfer of 100% shares of Adatıp Sağlık Hizmetleri A.Ş. dated February 18, 2022, net cash paid after the settlement and transfer of the current accounts of the seller and seller party related companies was TRY 36,756,179. Acquired Adatıp Sağlık Hizmetleri A.Ş. and the Company's financial statements will be included in full consolidation in the following reporting period. The company took over the ongoing lease agreement in the real estate where Adatıp Kurtköy Hospital, which is owned by Adatıp Sağlık Hizmetleri A.Ş. In accordance with the decision taken at the general assembly of Adatıp Sağlık Hizmetleri A.Ş. dated February 1, 2022, it was decided to change the new trade name to Lokman Hekim İstanbul Sağlık Yatırımları A.Ş., and to continue the service uninterruptedly under the name of Lokman Hekim İstanbul Hastanesi.

As a result of the application made by the Company to the Ministry of Commerce, it was deemed appropriate for the Company to be included in the TURQUALITY® Brand Support Program with the brand "Lokman Hekim Engürüsağ". In this framework, expenditures and activities to be carried out as of April 26, 2022, which is included in the scope, will be supported.