

MLPCARE



MLP SAĞLIK HİZMETLERİ A.Ş.

**Interim Report of the Board of Directors for the Three Months Ended
as of March 31, 2022**

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1. Overview:

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

2. Corporate Structure:**2.1 Shareholder Structure:**

Shareholder Name	Ownership Interest (%)	Ownership Interest (thousand TL)
Lightyear Healthcare B.V. (*)	34.67%	72,131
Sancak İnşaat Turizm Nakliyat ve Dış Ticaret A.Ş.	15.35%	31,943
Usta Group - Elbaşı Group	14.97%	31,130
Publicly Traded (**)	35.01%	72,833
Total	100.00%	208,037

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

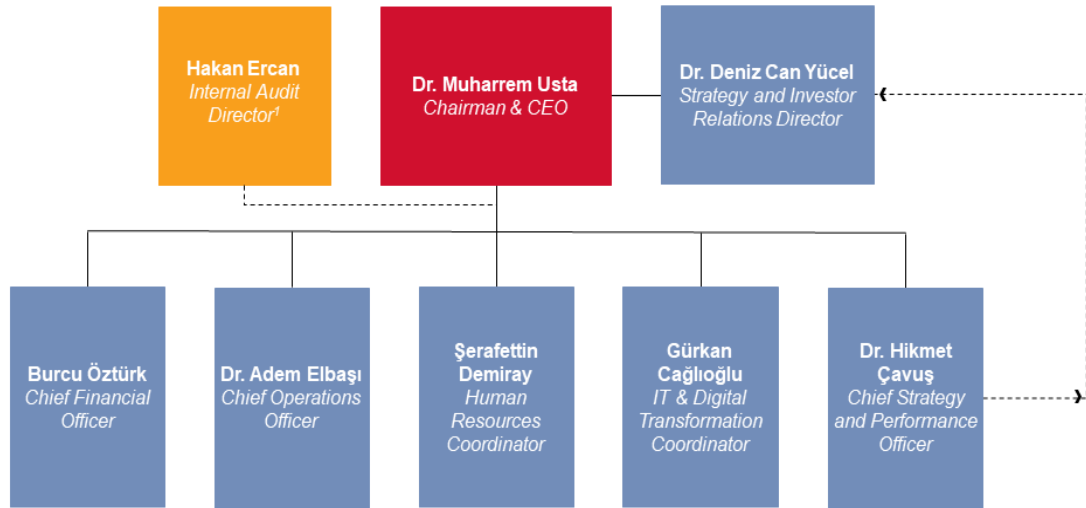
(**) The shareholders of the Group purchased 6,827 thousand shares from the publicly traded portion of the capital. Distribution of the shares purchased is as follows; 3,224 thousand shares representing 4.43% of the publicly traded portion were purchased by Lightyear, 1,613 thousand shares representing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

2.2 Major Participations (as of March 31, 2022):

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

MA Group Sağlık ve Danışmanlık Hizmetleri Ticaret A.Ş. ("MA Grup")	51.00%
BTR Sağlık Hizmetleri A.Ş. ("BTR Sağlık")	100.00%
İstanbul Meditime Sağlık Hizmetleri Ticaret Ltd. Şti. ("Meditime Sağlık")	100.00%
MLP Gaziantep Sağlık Hizmetleri Anonim Şirketi ("MLP Gaziantep Sağlık")	60.00%
Sotte Sağlık Temizlik Yemek Medikal Turizm İnşaat San. ve Tic. A.Ş. ("Sotte Sağlık Temizlik Yemek")	100.00%
Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. ("Kuzey")	100.00%
Artimed Medikal Sanayi ve Ticaret Ltd. Şti. ("Artimed")	100.00%
21. Yüzyıl Anadolu Vakfı ("21.Yüzyıl Anadolu Vakfı")	100.00%
BTN Sigorta Aracılık Hizmetleri A.Ş. ("BTN Sigorta")	100.00%
Endmed Endüstri Medikal Malzeme Cihazlar San. Tic. Ltd. Şti. ve Kuzey Medikal Pazarlama İnşaat Taşımacılık San. ve Tic. Ltd. Şti. İş Ortaklığı ("Kuzey Hastaneler Birliği" ya da "KHB")	99.90%
BTN Asistans Sağlık Hizmetleri A.Ş. ("BTN Asistans")	100.00%

2.3 Organizational Chart:



¹ Independent directorate reporting to the Board

3. Developments During the Period:

– Result of the Investigation by the Competition Board (March 3, 2022 Dated Announcement)

In our special case announcement made on November 11, 2020 mentioned that the Competition Board, after conducting the preliminary inquiry on some companies including our Company and its subsidiary Samsun Medikal Grup Özel Sağlık Hizmetleri A.Ş. ("Samsun Medikal"), had decided to initiate an investigation as per its decision dated October 15, 2020 and numbered 20-46/624-M, in order to determine whether there is a violation of The Act on the Protection of Competition No.4054 pursuant to Article 4 of the Law No.4054 and within this context had invited us to put forward our defence.

The relevant investigation was concluded and according to the decision, a total of TL 58.0 million administrative fine was imposed on 18 private health institutions and an enterprise union.

Based on this decision, a total administrative fine of TL 10.8 million to Samsun Medikal, an affiliate 80% of which owned by our Company, and of TL 18.7 million to our Company was imposed.

The Competition Board fine is stated to be paid within 30 days by taking advantage of a 25% early payment discount by preserving the right of all kinds of objections and lawsuits.

– **Sustainability Report (March 10, 2022 Dated Announcement)**

With its experience of more than a quarter of a century and the mission of ensuring that all people live healthy lives, MLP Care, which has Medical Park and Liv Hospital brands, works to meet individual health needs. Addition to its contributions to the protection and improvement of public health according to the needs of the evolving world, the Company published the first sustainability report of the healthcare sector in Turkey.

In this report, MLP Care disclosed its material topics in the fields of environment, health, social, and governance and explained the contribution to the United Nations Sustainable Development Goals with its good practices, in line with its material topics.

During the fight against the COVID-19, MLP Care aimed to minimize the risks for its guests, employees and employees' families, as well as the effective use of resources with digitalization. The Company drew attention to the fact that it has developed a more efficient business model in terms of efficient use of the resources and time with the help of digital transformation projects.

MLP Care takes as its duty that protecting the environment and eliminating the negative effects of human activities on environment, as well as protecting and healing human health. In the report, the Company explained its studies aiming to reduce the environmental impacts to fight with the climate crisis which is one of the most serious threats that the world is facing.

MLP Care attributes a meaning to this report as both a responsibility and an opportunity to explain its efforts for a sustainable life to its stakeholders. The Company is proud to be the first hospital group to publish a sustainability report in Turkey and aims to continue inspiring projects with the support of its stakeholders.

MLP Care 2020 Sustainability Report is accessible on the Company's website: <https://investor.mlpcare.com/en/>.

– **Hospital Transfer Transactions (March 16, 2022 Dated Announcement)**

MLP Care signed a share transfer agreement regarding two of its subsidiaries with MP Sağlık Hizmetleri A.Ş. ("MP Sağlık") in March 16, 2022. According to this share transfer agreement, MLP Care will transfer its 56% shares in Sentez Sağlık Hizmetleri A.Ş. ("Sentez"), one of its subsidiaries, to MP Sağlık which is a 44% minority shareholder. MLP Care will increase its shareholding percentage from 75% to 100% by purchasing 25% of minority shareholders' shares in MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık"), one of its subsidiaries from MP Sağlık.

The aforementioned share transfer agreement is a conditional/forward agreement, and if the Competition Board's permission is obtained and certain commercial conditions are fulfilled, the share transfers will be realized mutually.

In the event that the closing procedures are carried out pursuant to the share transfer agreement, all shares of our Company in Sentez Sağlık will be transferred to the buyer, MP Sağlık. Our shareholding percentage in MS Sağlık will be increased from 75% to 100%, which makes our Company the sole shareholder.

Under the subsidiary of Sentez three hospitals (İzmir, Gaziantep and Batman) are operated. Under MS Sağlık, which is the other subsidiary subject to the transfer, Liv Hospital Ankara is operated.

– **JCR Eurasia Rating Action (April 25, 2022 Dated Announcement)**

Following its periodic annual review of the corporate credit rating, JCR Eurasia Rating rated the consolidated structure of MLP Care in the high investment grade category at national level and upgraded the ratings as “A (Tr)” from “A- (Tr)” on the Long-Term National Scale and assigned the Short-Term National Scale at “J1 (Tr)” with “Stable” outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as “BB/Stable” which are capped with the sovereign ratings and outlooks of Republic of Turkey.

The rating upgrade was driven by the MLP Care’s leading position nationally in the private healthcare industry supported by established brand-names and concepts, maintenance of strong revenue and EBITDA growth, continuation of upward trend in profit margins with improvement in operational performance, low level of net financial debt underpinned by asset light expansion strategy and successful ramp-up of acquired and newly opened hospitals, diversification of income stream supporting predictable cash flow generation, competitive advantage across the sector owing to listed structure and established track record in the domestic debt issuance market, and well managed business.

4. Corporate Governance Compliance Report:

4.1 Corporate Governance Principles Compliance Report:

In accordance with the resolution No. 2/49 made by the Capital Markets Board of the Prime Ministry of the Republic of Turkey on January 10, 2019, the Company disclosed the “Compliance Report Format (CRF)” which indicates the compliance status of the Company with the principles of voluntary compliance and the “Corporate Governance Information Form (CGIF)” which indicates the existing corporate governance practices, on the Public Disclosure Platform (KAP) in March 11, 2022. The aforementioned announcements can be reached through <https://www.kap.org.tr/en/Bildirim/1010155> and <https://www.kap.org.tr/en/Bildirim/1010156> links, respectively.

4.2 Strategy and Investor Relations Department:

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

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

Dr. Deniz Can Yücel

Strategy and Investor Relations Director

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Licenses: CMB Advanced and CMB Corporate Governance Rating Specialist Licenses

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Strategy and Investor Relations Specialist

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During the first three months period of 2022, in order to inform shareholders and investors IR Department attended a total of 31 meetings, including domestic and abroad roadshows and conferences, which were organized with both domestic and foreign corporate and individual investors, shareholders and analysts to discuss about Company's operational results, performance and other developments.

4.2.1 Stock Information

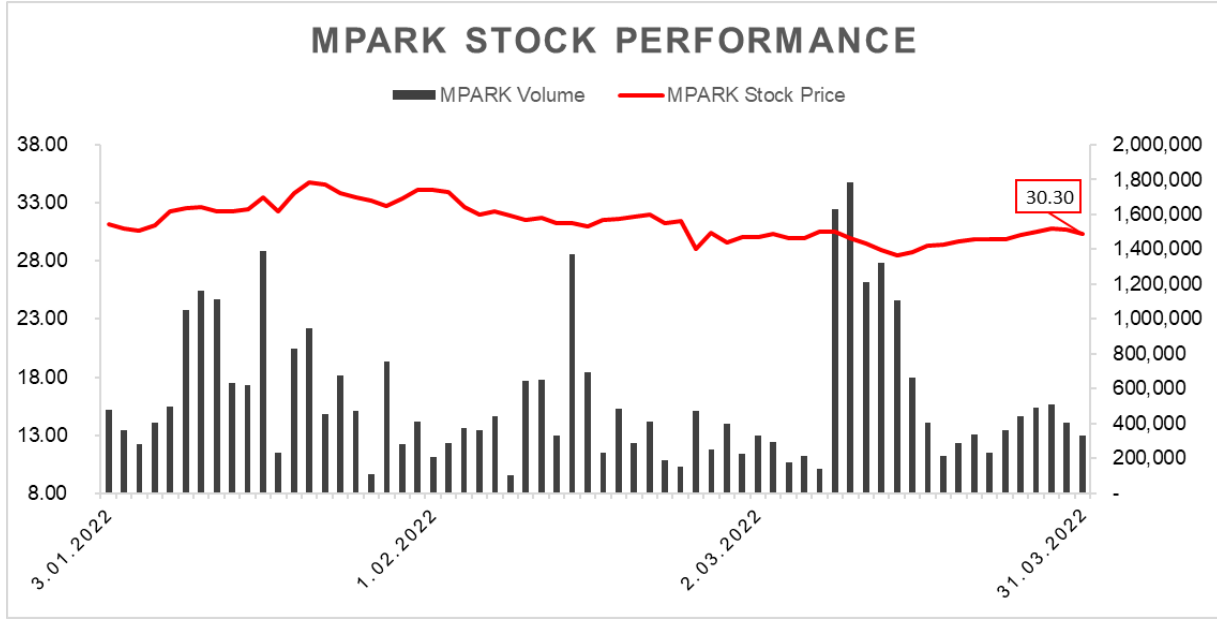
Number of Shares: 208,037,202 (each with a nominal value of TL 1.00 per share)

Date of IPO: February 13, 2018

Public: 35.01% (TFRS Report)

Stock Performance in Q1 2022:

January 1 – March 31, 2022	Lowest	Highest	Average	March 31, 2022
Stock Price (TL)	28.52	34.80	31.38	30.30
Market Value (million USD)	404	542	469	430

Stock Performance:**Independent Auditor:**

In our General Assembly Meeting held on April 27, 2022, **PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.** has been selected as the independent auditor to audit our Company's financial reports for the year 2022 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations.

4.3 General Assembly Meetings:**Annual Ordinary General Assembly Meeting for the year 2021**

According to the Article 18 "General Assembly Meetings" of the Articles of Association, the process of the General Assembly Meeting has been regulated by an internal directive. The aforementioned "Internal Directive on Working Principles and Procedures of the General Assembly" entered into force in 2013. Therefore, MLP Care's Annual Ordinary General Assembly Meeting for the year 2021 has been arranged in accordance with this directive.

In its meeting dated April 1, 2022, our Board of Directors resolved by majority of votes to hold the Annual Ordinary General Assembly Meeting for the year 2021, on April 27, 2022 Wednesday at 10:00 a.m. at the address "İstinye Üniversitesi Topkapı Kampüsü, Kongre Merkezi – Maltepe Mahallesi, Teyyareci Sami Sokak, No.3 Zeytinburnu, İstanbul" with the agenda below, to make the related announcements and to take all the necessary actions required by the Turkish Commercial Code, the Articles of Association as well as other related regulations to materialize and finalize the meeting.

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

Agenda

1. Opening of the meeting and establishment of the Board of the General Assembly,
2. Authorization of the Board of the General Assembly to sign the Meeting Minutes and the List of Attendees,
3. Reading out and discussion of the Annual Report of the Board of Directors for the year 2021,
4. Reading out the report of the Independent Audit Company for the fiscal year 2021,
5. Reading out, discussion and approval of the Financial Statements for the fiscal year 2021 prepared in accordance with the regulations of CMB,
6. Acquittal of the members of the Board of Directors separately regarding their operations and transactions in 2021,
7. Discussion and approval of the proposal of the Board of Directors on profit distribution,
8. Selection of the Independent Audit Company for the audit of the financial statements and reports for the year 2022 in accordance with the Article 399 of the Turkish Commercial Code numbered 6102, Capital Markets Law numbered 6362 and Article 24 of the Company's Articles of Association,
9. Informing the shareholders on the donations made by the Company in 2021 in accordance with the regulations laid down by the Capital Markets Board and Article 4 of the Company's Articles of Association and discussion and approval of the Board of Directors' proposal on the ceiling of donations to be made in 2022,
10. According to the regulations laid down by the Capital Markets Board, informing the shareholders on any income and benefits obtained by the Company by granting collaterals, pledges and mortgages in favor of third persons,
11. Informing the General Assembly of the transactions, if any, within the context of Article 1.3.6. of the Corporate Governance Communique (II-17.1.) of the Capital Markets Board,
12. Authorization of the members of the Board of Directors about the transactions and operations in the context of the Articles 395 and 396 of the Turkish Commercial Code,
13. Petitions and requests.

Briefing About Resolutions Approved at the Annual Ordinary General Assembly Meeting for the year 2021

- Annual Report of the Board of Directors and the Report of the Independent Audit Company as well as the Consolidated Financial Statements for calendar year 2021 have been discussed and approved.
- The shareholders were informed about the donations made by the Company in 2021 and the Board of Directors' proposal to determine the ceiling of donations to be made in 2022 as TL 10mn was approved by the General Assembly.

- The selection of the PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for the audit of the financial statements and reports for the year 2022 was approved.
- In order to strengthen the financial structure of the Company and further increase its financial flexibility, it was approved not to distribute any dividends for the period of January 1, 2021 – December 31, 2021.

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

Company's Board of Directors comprises of six members:

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

4.5 Working Principles of the Board of Directors:

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

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

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

In its meeting held on April 30, 2021, the Board of Directors resolved to appoint the members of the Committees in accordance with the provisions of the Corporate Governance Communiqué numbered II-17.1 of the Capital Markets Board,

- a) Appoint Tayfun Bayazıt as the Chairman of the Audit Committee; Meral Kurdaş as the member of the Audit Committee,
- b) Appoint Tayfun Bayazıt as the Chairman of the Corporate Governance Committee and Meral Kurdaş, Hatice Hale Özsoy Bıyıklı, and Deniz Can Yücel as the members of the Corporate Governance Committee,
- c) Appoint Meral Kurdaş as the Chairman of the Early Detection of Risk Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Early Detection of Risk Committee.
- d) Appoint Meral Kurdaş as the Chairman of the Nomination and Remuneration Committee and Tayfun Bayazıt and Hatice Hale Özsoy Bıyıklı as the members of the Nomination and Remuneration Committee.

There is no change in the committee structures and memberships in this year.

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

In 2022, the Audit Committee held three meetings on January 19, March 3, and April 28, 2022. On the other hand, the Corporate Governance Committee and Early Detection of Risk Committee held two meetings on February 24 and April 28, 2022. In the following period, they will continue to meet and perform their duties as often as their charters require.

5. Q1 2022 Earnings Release

Summary Financials

(TL million)	Q1 2022	Q1 2021	Change
Revenues	2,187	1,211	80.5%
EBITDA¹	501	291	71.9%
EBITDA margin (%) ¹	22.9%	24.0%	(114bps)
Net Profit/(Loss) Before Tax	210	115	82.8%
Net Profit/(Loss)	200	80	150.3%
Net Profit/(Loss) equity holders of the parent	170	66	159.0%
Free Cash Flow	254	159	59.6%
Capital Expenditure	105	43	142.0%
Net Debt	1,984	2,050	(3.2%)
Net Debt / EBITDA	1.3x	2.0x	

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

Financial Highlights

- ✓ In Q1 2022, total revenues increased by 81% to TL 2,187 million (Q1 2021: TL 1,211 million). The continued robust uptick in all revenue groups were effective in this high performance.
- ✓ In Q1 2022, EBITDA increased by 72% to TL 501 million, while EBITDA margin decreased by 114 bps to 22.9% due to the cost pressure mainly driven by the sharp increase in utility expenses.
- ✓ Net profit increased to TL 200 million in Q1 2022 (Q1 2021: TL 80 million). Net profit allocated to equity holders of the parent increased to TL 170 million in Q1 2022 (Q1 2021: TL 66 million). Net profit improved on the back of robust EBITDA growth compared to last year and deferred tax income generated from the investment incentives.
- ✓ Net debt/EBITDA ratio was successfully decreased to 1.3x in Q1 2022 from 1.5x in 2021 on the back of strong EBITDA, high operational cash conversion, and reduction in overall debt service.

Operating Highlights

- ✓ In Q1 2022, private medical insurance business grew by 103%, on the back of the increasing penetration of top-up insurance. The demand for private medical insurance has increased after the pandemic.
- ✓ In Q1 2022, Foreign Medical Tourism (FMT) revenues grew by 198%; circa 89% of this came from the appreciation of FX against TL and the rest from volume/price growth on the back of the normalization in international flights.
- ✓ There has been an upward revision in the SSI price tariff effective from February 8, 2022. SSI price increases will be fully effective starting from Q2 2022.

- ✓ MLP Care signed a share transfer agreement regarding two of its subsidiaries with MP Sağlık Hizmetleri A.Ş. ("MP Sağlık") in March 16, 2022. According to this share transfer agreement;
 - MLP Care will transfer its 56% shares in Sentez Sağlık Hizmetleri A.Ş. ("Sentez"), one of its subsidiaries, to MP Sağlık which is a 44% minority shareholder. Under the subsidiary of Sentez three hospitals (İzmir, Gaziantep, and Batman) are operated.
 - MLP Care will increase its shareholding percentage from 75% to 100% by purchasing 25% of minority shareholders' shares in MS Sağlık Hizmetleri Ticaret A.Ş. ("MS Sağlık"), one of its subsidiaries from MP Sağlık. Under MS Sağlık Liv Hospital Ankara is operated.
 - The cash proceeds from the transaction will be used for capacity expansion in existing facilities as well as new add-ons in target cities.

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

"In the first quarter of 2022, we managed to improve our domestic revenue significantly above the inflation and we tripled our foreign medical tourism revenue on the back of our successful marketing activities. We paid down borrowings and therefore decreased our net debt/EBITDA ratio down to 1.3x leveraging our strong EBITDA growth and high cash conversion.

We are proud to announce that we became the first hospital group in Turkey that published a sustainability report. Climate crisis and sustainable energy supply have become more important than ever as we come out of the pandemic. We accelerated our sustainability efforts and plan to integrate our sustainability actions in our financial reports soon.

In the remainder of the year, we will elaborate our sustainability goals and develop action plans to achieve our strategic targets. We will be very happy to share our progress with all of our stakeholders."

Revenues

	Q1 2022	Q1 2021	Change
Total Revenues (TL million)	2,187	1,211	80.5%
Domestic Patient Revenues	1,771	1,068	65.8%
Inpatient Revenues	1,000	636	57.3%
Outpatient Revenues	770	432	78.4%
Foreign Medical Tourism Revenues	325	109	197.7%
Other Ancillary Business	91	34	165.5%

Domestic Patient Revenues: Revenues from domestic patients increased by 65.8% in Q1 2022 due to increased patient numbers and average prices. The inpatient and outpatient revenues grew by 57.3% and 78.4%, respectively. SSI price revisions in June 2021 and February 2022 also supported this growth.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 197.7% in TL terms and 57.6% in USD terms in Q1 2022. FMT revenues as a percentage of the total revenues was 14.9% (Q1 2021: 9.0%). FMT revenues increased to USD 23 million in Q1 2022 from USD 20 million in Q1 2019 (without pandemic impact).

Other Ancillary Business: Revenues from other ancillary business increased by 165.5% in Q1 2022 due to management consultancy revenues from university hospitals. The consultancy revenues increased by 171.6% to TL 48 million in Q1 2022 (Currently, we have 7 university hospitals, of which 3 have management service contracts with us).

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

	Q1 2022	Q1 2021	Change (bps)
(% of Revenues)	77.1%	76.0%	114
Material	18.6%	19.9%	(136)
Doctor	21.3%	21.7%	(43)
Personnel	16.9%	16.2%	71
Rent	0.9%	0.9%	(2)
Outsourced services purchases	7.7%	8.6%	(84)
All other expenses	11.8%	8.7%	308

Material consumption as a percentage of total revenue decreased by 136 bps in Q1 2022 due to effective inventory management.

Doctor costs as a percentage of total revenue decreased by 43 bps in Q1 2022 due to strong hospital revenue growth and optimization efforts.

Personnel expenses as a percentage of total revenue increased by 71 bps to 16.9% in Q1 2022 due to the end of the last year's government's Short-time Work Program subsidy, new hospital opening, new personnel recruited for the increasing capacity utilization of the existing hospitals, and salary increases.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 84 bps to 7.7% in Q1 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 308 bps to 11.8% in Q1 2022 primarily due to the increasing utility expenses and increase in the marketing expenses related to FMT revenues.

EBITDA

EBITDA number increased by 71.9% to TL 501 million in Q1 2022. EBITDA margin decreased by 114 bps to 22.9% due to the increasing utility expenses, increase in the marketing expenses related to FMT revenues, and personnel expenses.

Cash Flow

The operating cash flow increased by 74.7% to TL 363 million in Q1 2022 (Q1 2021: TL 208 million). Therefore, the operating cash flow/EBITDA ratio increased to 72.6% in Q1 2022 (Q1 2021: 71.4%).

In Q1 2022, free cash flow grew by 59.6% and reached TL 254 million (Q1 2021: TL 159 million) due to the improvement in net working capital to revenue ratio from 3.4% in 2021 to 2.5%. Therefore, free cash flow/EBITDA ratio was at 50.8% in Q1 2022 (Q1 2021: 54.7%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.8% in Q1 2022 (Q1 2021: 2.0%). Total capital expenditures as a percentage of revenues was at 4.8% in Q1 2022 (Q1 2021: 3.6%).

Profit/(Loss) for the Period

In Q1 2022, a net profit of TL 200 million was generated on the back of robust EBITDA growth compared to last year and deferred tax income generated from the investment incentives.

Net profit allocated to non-controlling interest was TL 30 million due to profitable subsidiaries (Q1 2021: TL 14 million). Therefore, in Q1 2022, net profit allocated to equity holders of the parent increased to TL 170 million (Q1 2021: TL 66 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2022	Vertical %	2021	Vertical %	Change
TL	1,011	51%	1,364	66%	(25.8%)
USD + Euro (*)	8	0%	(187)	(9%)	n.m.
Total loan, financial leasing	1,019	51%	1,176	57%	(13.4%)
TL (IFRS 16)	879	44%	813	39%	8.2%
USD + Euro (IFRS 16)	87	4%	80	4%	7.9%
Total lease liabilities (IFRS16)	965	49%	893	43%	8.1%
Total net debt	1,984	100%	2,069	100%	(4.1%)

(*) A Currency Protected Deposit transaction amounting to TL 102.8 million (EUR 6.6 million) was made in February 2022. As the related EUR balance was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position.

The net debt/EBITDA ratio was successfully decreased to 1.3x in Q1 2022 from 1.5x in 2021 on the back of strong operating performance.

In Q1 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 157 million to TL 1,019 million (2021: TL 1,176 million).

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 85 million to TL 1,984 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	Q1 2022	Q1 2021	Change (%)
Revenue	2,187	1,211	80.5%
Cost of service	(1,596)	(908)	75.7%
Gross profit	591	303	94.9%
General administrative expenses (-)	(198)	(85)	133.3%
Depreciation and amortization expenses (Cost of service)	101	68	48.1%
Depreciation and amortization expenses (General administrative expenses)	7	5	41.2%
EBITDA¹	501	291	71.9%
EBITDA margin (%)¹	22.9%	24.0%	(114bps)

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited Q1 2022	Unaudited Q1 2021	Change (%)
Revenue	2,187	1,211	80.5%
Cost of service (-)	(1,596)	(908)	75.7%
Gross profit	591	303	94.9%
General administration expenses (-)	(198)	(85)	133.3%
Other income from operations	137	85	61.4%
Other expenses from operations (-)	(148)	(57)	159.6%
Operating profit/(loss)	382	246	55.2%
Income from investing activities	17	0	100.0%
Expense from investing activities (-)	(6)	(0)	100.0%
EBIT	393	246	59.7%
<i>EBIT margin</i>	<i>18.0%</i>	<i>20.3%</i>	<i>(234bps)</i>
Interest expenses (-)	(161)	(123)	31.5%
Net foreign exchange profit / (loss) (including hedging cost)	(23)	(9)	148.8%
Net profit / (loss) before tax	210	115	82.8%
Tax income / (expense) from operations	(10)	(35)	(71.9%)
Net profit / (loss)	200	80	150.3%
Net profit / (loss) non-controlling interest	30	14	110.2%
Net profit / (loss) equity holders of the parent	170	66	159.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2022	Audited December 31, 2021
Cash and cash equivalents	650	680
Trade receivables	1,634	1,318
Inventory	342	285
Short term other assets	476	458
Current assets	3,102	2,741
Tangible and intangible fixed assets	1,757	1,716
Right of use assets	606	539
Deferred tax assets	445	422
Long term other assets	357	329
Non-current assets	3,164	3,007
Total assets	6,266	5,748
Trade payables	1,785	1,546
Short term other liabilities	703	498
Short term financial liabilities (incl. financial and operational leases)	1,259	1,274
Current liabilities	3,747	3,318
Long term other liabilities	152	149
Deferred tax liabilities	129	136
Long term financial liabilities (incl. financial and operational leases)	1,375	1,475
Non-current liabilities	1,656	1,761
Shareholders' equity	703	539
Non-controlling interest	160	131
Equity	864	669
Total liabilities & equity	6,266	5,748

Appendix – 1 Independence Statements of the Independent Board Members

In the context of the Article 4.3.6. of the Corporate Governance Communique (II-17.1.), I hereby declare that I comply with the independency criterias stated below with respect to MLP Sağlık Hizmetleri A.Ş. and this compliance will continue for the remainder of my 3-year independent membership of the Board of Directors (until April 2024).

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,
- I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated December 31, 1960, numbered 193,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

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

Name Surname: Meral Kurdaş, Tayfun Bayazıt

Date: April 1, 2022