

**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 2023**

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş.**To the Board of Directors of****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, 2023, 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.

Other Consideration

The consolidated financial statements of the Company for the accounting period ending on 31 December 2022 were audited by another independent auditor and a positive opinion was given on these consolidated financial statements on 2 March 2023.

Ankara, 22.05.2023

Karar Bağımsız Denetim ve Danışmanlık A.Ş.

Member Firm of Abacus WorldWide



Ali Osman EFLATUN

Partner

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

ASSETS	Notes	31 March 2023	31 December 2022
Cash and Cash Equivalents	5	52,547,832	44,865,789
Trade Receivables		161,510,715	145,501,262
-Related Parties	31	2,135,629	15,400,970
-Other	7	159,375,086	130,100,292
Other Receivables		7,979,074	1,709,957
-Related Parties	31	-	585
-Other	8	7,979,074	1,709,372
Inventories	9	68,143,191	54,695,702
Prepaid Expenses		50,252,531	30,078,419
- Related Parties	31	5,493,056	6,387,160
- Other	19	44,759,475	23,691,259
Current Tax Assets	18	11,527	1,054,053
Other Current Assets	17	6,591,570	8,004,597
Current Assets		347,036,440	285,909,779
Other Receivables	8	300,020	373,162
Biological Assets	10	34,850,000	22,584,000
Investment Property	14	7,810,000	7,810,000
Tangible Assets	11	313,579,746	293,249,291
Right-of-Use Assets	12	108,766,809	115,579,841
Intangible Assets	13	61,293,156	61,330,958
Prepaid Expenses		41,632,464	33,129,499
- Related Parties	31	29,920,419	28,846,603
- Other	18	11,712,045	4,282,896
Deferred Tax Assets	29	160,327,704	146,259,613
Non-Current Assets		728,559,899	680,316,364
Total Assets		1,075,596,339	966,226,143

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 Accounting Period Ended at 31 December 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES	Notes	31 March 2023	31 December 2022
Short-Term Liabilities		471,234,054	382,475,518
Short-Term Borrowings	[6]	150,326,911	129,689,247
- Bank Loans		118,182,689	95,585,490
- Finance Lease		4,952,389	5,900,962
- Operating Lease		27,191,833	28,202,795
Short-Term Portions of the Long-Term Borrowings	[6]	66,901,223	66,494,085
Trade Payables		154,918,396	130,878,294
- Related Parties	[31]	14,105,982	3,730,752
- Other	[7]	140,812,414	127,147,542
Employee Benefit Payables	[19]	36,795,748	30,657,779
Other Payables		2,957,998	765,108
- Related Parties	[31]	1,947,086	114,870
- Other	[8]	1,010,912	650,238
Deferred Income	[19]	27,073,327	9,338,135
Short-Term Provisions	[15]	3,185,718	2,843,634
Other Short-Term Liabilities	[17]	29,074,733	11,809,236
Long-Term Liabilities		241,340,372	251,290,954
Long-Term Borrowings	[6]	186,670,582	186,670,582
- Bank Loans		70,789,232	84,866,688
- Finance Lease		11,512,246	13,415,287
- Operating Lease		82,659,546	88,388,607
Deferred Income	[19]	18,949,900	7,322,913
Long-Term Provisions		57,429,448	55,799,767
- Provision for Employee Benefits	[15]	57,429,448	55,799,767
Current Tax Liabilities	[18]	-	1,497,692
Equity	[21]	363,021,913	332,459,671
Equity Holders of the Parent		316,480,893	279,526,679
Paid-in Capital		36,000,000	36,000,000
Repurchased Shares (-)		(9,226,637)	(582,085)
Accumulated Other Comprehensive Income and Expenses not to be Reclassified to Profit or Loss		21,708,564	17,507,504
- Measurement of Revaluation Gains / (Losses)		48,871,888	48,871,888
- Gains / (Losses) on Remeasurement of Defined Benefit Plans		(27,163,324)	(31,364,384)
Accumulated Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss		2,311,946	2,186,871
- Currency Translation Differences		2,311,946	2,186,871
Restricted Reserves		19,545,661	10,901,109
Prior Years' Profits / (Losses)		212,397,902	95,920,310
Net Profit (Loss) for the Period		33,743,457	117,592,970
Minority Interest		46,541,020	52,932,992
Total Liabilities and Equity		1,075,596,339	966,226,143

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 Income at 1 January-31 December 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Dipnotlar	1 January 2023 31 March 2023	1 January 2022 31 March 2022
Revenue	22	306,454,332	151,723,992
Cost of Sales (-)	22	(243,922,018)	(111,683,038)
Gross Profit/(Loss)		62,532,314	40,040,954
General and Administrative Expenses (-)	23	(13,472,452)	(7,429,838)
Marketing, Selling, and Distribution Expenses (-)	23	(6,000,156)	(2,495,965)
Other Operating Income	24	2,733,397	458,408
Other Operating Expenses (-)	25	(7,191,193)	(4,635,385)
Operating Profit/(Loss)		38,601,910	25,938,174
Income from Investment Activities	26	171,420	103,265
Operating Profit/(Loss) Before Financial Expenses		38,773,330	26,041,439
Financial Income	27	3,995,572	3,071,108
Financial Expenses (-)	28	(20,736,117)	(8,793,042)
Profit/(Loss) Before Tax		22,032,785	20,319,505
Period Tax Expense	29	(1,843,148)	(1,499,718)
Deferred Tax Income/(Expense)	29	15,334,926	9,728,228
Net Profit/(Loss) for the Period		35,524,563	28,548,015
Ana ortaklık payları		33,743,457	26,719,427
Kontrol gücü olmayan paylar		1,781,106	1,828,588
Other Comprehensive Income Statement		5,198,992	(13,107,063)
Items not to be Reclassified to Profit or Loss		5,067,334	(10,922,537)
<i>Gains/(Losses) on Remeasurement of Defined Benefit Plans, After Tax</i>		5,067,334	(10,922,537)
Items to be Reclassified to Profit or Loss		131,658	(2,184,526)
<i>Currency Translation Differences</i>		131,658	(2,184,526)
Total Comprehensive Income		40,723,555	15,440,952
Distribution of Total Comprehensive Income			
<i>Equity Holders of the Parent</i>		38,069,592	13,612,364
<i>Minority Interest</i>		2,653,963	1,828,588
Earnings per share (TRY)	30	0.9373	0.7422

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 December 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	Attributable to equity holders of parents	
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	182,406,715	38,787,941	221,194,656
Transfers	-	-	-	-	-	-	70,219,538	(70,219,538)	-	-	-
Repurchased Shares	-	(4,701,220)	-	-	-	4,701,220	(4,701,220)	-	(4,701,220)	-	(4,701,220)
Other Comprehensive Income/ (Expense)	-	-	-	(10,922,537)	(2,184,526)	-	-	-	(13,107,063)	-	(13,107,063)
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	26,719,427	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	191,317,859	40,616,529	231,934,388
1 January 2023	36,000,000	(582,085)	48,871,888	(31,364,384)	2,186,871	10,901,109	95,920,310	117,592,970	279,526,679	52,932,992	332,459,671
Transfers	-	-	-	-	-	-	117,592,970	(117,592,970)	-	-	-
Repurchased Shares	-	(10,161,313)	-	-	-	10,161,313	(10,161,313)	-	(10,161,313)	-	(10,161,313)
changes in non-controlling interests	-	1,516,761	-	(866,274)	(6,583)	(1,516,761)	9,045,935	-	8,173,078	(8,173,078)	-
Other Comprehensive Income/ (Expense)	-	-	-	5,067,334	131,658	-	-	-	5,198,992	-	5,198,992
Net Profit/(Loss) for the Period	-	-	-	-	-	-	-	33,743,457	33,743,457	1,781,106	35,524,563
31 March 2023	36,000,000	(9,226,637)	48,871,888	(27,163,324)	2,311,946	19,545,661	212,397,902	33,743,457	316,480,893	46,541,020	363,021,913

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 Flows for the Accounting Period Ended at 31 December 2022
(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

		1 January 2023	Revised (*)
	Notes	31 March 2023	31 March 2022
A. Cash Flows From Operating Activities		59.539.068	14.407.826
Profit/(Loss) for the Period		35.524.563	28.548.015
Adjustments Related to Reconciliation of Net Profit for the Period		11.531.618	(1.076.414)
Adjustments to Depreciation and Amortization Expense	11-12-13	15.475.590	7.208.242
Adjustments to Impairment (Cancellation)		(225.208)	20.751
<i>Adjustments to Impairment (Cancellation) in Receivables</i>	7	(225.208)	20.751
Adjustments to Provisions		10.515.483	4.234.049
<i>Adjustments to (Cancellation) Provisions related Employee Benefits</i>	16	10.173.399	3.842.413
<i>Adjustments to Regarding Litigation and/or Penalty Provisions (Cancellation)</i>	15	342.084	391.636
Adjustments to Interest (Income) Expenses		12.158.685	3.592.835
<i>Adjustments to Interest Income</i>		(937.093)	(67.985)
<i>Adjustments to Interest Expenses</i>		13.095.778	3.660.820
Adjustments to Unrealized Currency Translation Differences	21	131.658	(2.184.526)
Adjustments for Fair Value Loss (Gains)		(10.651.558)	(4.778.126)
<i>Adjustments for Fair Value Loss (Gains) of Biological Assets or Agricultural Products</i>	10	(10.651.558)	(4.778.126)
Adjustments Regarding Tax (Income) Expense		(15.790.092)	(9.146.531)
Adjustments for Losses (Gains) on Disposal of non-current Assets		(82.940)	(23.108)
<i>Adjustments Related to Losses (Gains) on Disposal of Tangible Assets</i>	11	(82.940)	(23.108)
Changes in Working Capital		14.692.436	(12.358.111)
Adjustments to Increase/(Decrease) in Trade Receivables		(15.784.245)	(4.740.891)
<i>Adjustments to Increase/(Decrease) in Trade Receivables from Related Parties</i>	31	13.265.341	438.168
<i>Adjustments to Increase/(Decrease) in Trade Receivables from Third Parties</i>	7	(29.049.586)	(5.179.059)
Adjustments to Increase/(Decrease) in Other Receivables Related to Operations		(6.195.975)	(22.769.864)
<i>Adjustments to Increase/(Decrease) in Other Receivables from Related Parties related to Operations</i>	31	585	4.500
<i>Adjustments to Increase/(Decrease) in Other Receivables from Third Parties Related to Operations</i>	8	(6.196.560)	(22.774.364)
Adjustments to Increase/(Decrease) in Inventories	9	(13.447.489)	(3.321.786)
Increase/(Decrease) in Biological Assets	10	(1.614.442)	(1.232.757)
Adjustments to Increase/(Decrease) in Prepaid Expenses	19	(28.677.077)	(7.048.358)
Adjustments to Increase/(Decrease) in Trade Payables		24.040.102	13.505.606
<i>Increase/(Decrease) in Trade Payables to the Related Parties</i>	31	10.375.230	(1.451.147)
<i>Increase/(Decrease) in Trade Payables to the Third Parties</i>	7	13.664.872	14.956.753
Increase/(Decrease) in Payables related to Employee Benefit	20	6.137.969	2.570.015
Increase/(Decrease) in Other Payables Related to Operations		2.192.890	12.641.977
<i>Increase/(Decrease) in Other Payables to the Related Parties Related to Operations</i>	31	1.832.216	55.200
<i>Increase/(Decrease) in Other Payables to the Third Parties Related to Operations</i>	8	360.674	12.586.777
Increase/(Decrease) in Deferred Income	19	29.362.179	1.198.269
Adjustments to Increase/(Decrease) in Working Capital		18.678.524	(3.160.322)
<i>Increase/(Decrease) in Other Assets Related to Operations</i>	17	1.413.027	100.064
<i>Increase/(Decrease) in Other Liabilities Related to Operations</i>	17	17.265.497	(3.260.386)
Cash Flows from Operations		61.748.617	15.113.490
Payments made within the scope of provisions for employee benefits	16	(2.209.549)	(705.664)
B. Cash Flows from Investing Activities		(27.935.178)	(12.661.953)
Cash Inflows from Sale of Tangible and Intangible Assets		562.452	31.852
<i>Cash Inflows from Sale of Tangible Assets</i>	11	562.452	31.852
Cash Outflows from Purchasing of Tangible and Intangible Assets		(29.434.723)	(12.761.790)
<i>Cash Outflows from Purchasing of Tangible Assets</i>	11	(29.434.723)	(12.761.790)
interest received	27	937.093	67.985
C. Cash Flows from Financing Activities		(23.921.847)	29.418.402
Cash Outflows Related to Acquisition of Own Shares and Other Equity Instruments of the Entity		(10.161.313)	(4.701.220)
<i>Cash outflows from Sale of Repurchased Shares</i>	21	(10.161.313)	(4.701.220)
Cash Inflows from Borrowings		32.705.952	60.046.100
<i>Cash Inflows from Loans</i>	6	32.705.952	60.046.100
Cash Outflows from Loans		(26.630.685)	(20.361.409)
Cash Outflows from Repayments of Borrowings	6	(26.630.685)	(20.361.409)
Cash Outflows Related to Debt Payments Arising from Rental Agreements	6	(6.740.023)	(1.904.249)
interest paid	28	(13.095.778)	(3.660.820)
Net Increase (Decrease) on Cash and Equivalents Before the Effect of Currency Translation Differences		7.682.043	31.164.275
D. Effect of Foreign Currency Translation Differences on Cash and Equivalents		-	-
Net Increase/(Decrease) on Cash and Equivalents		7.682.043	31.164.275
Cash and Equivalents at the Beginning of the Period		44.865.789	10.616.227
Cash and Equivalents at the End of the Period		52.547.832	41.780.502

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

1. FIELD OF ACTIVITY AND SCOPE OF ORGANIZATION OF THE COMPANY

Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş. ("Parent Company", "Group" or "Company") established in Ankara, 1996. Firstly, it started to sell medical stuff and procure medical equipment.

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

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

The main partnership capital and partnership structure are as follows;

	31 March 2023		31 December 2022	
	TL	%	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 the sale of shares relying on real value (the value set jointly between parties). In the situation of conflict, revaluation of shares will be made during a month by an 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 Group 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 Company 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 Company 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 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 71.67% as of March 31, 2023 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 (%)	
		31.03.2023	31.12.2022
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Healthcare	95	95
Lokman Hekim Tıp Merkezleri A.Ş.*	Healthcare	49	49
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	E-Healthcare Services	100	100
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokerage	100	100
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.**	Healthcare	100	100

(*)The Company has been included in the financial statements by full consolidation method since the Company has 49% of privileged Group A registered shares with a minimum of 66% in management representation, 15 voting rights for each share and 99,99% of dividend rights.

(**)Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.), corresponding to its paid-in capital of TRY 20,000,000, 100% shares were taken over as of April 4, 2022, by the Company.

Özel Lokman Hekim Etlik Hastanesi

In Etlik district in Ankara, Lokman Hekim Etlik Hastanesi building 11,900 m² of the indoor area has a capacity of 4 operating rooms, two delivery rooms, 21 beds for intensive care, six for newborn intensive care, 73 for patients 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 the Ministry of Health. In this scope, the hospital has a Certificate of Baby-Friendly Hospital.

The hospital has a score of 95.81 over 100 due to the inspection of the Health Quality Assessment by the Ministry of Health.

Özel Lokman Hekim Ankara Hastanesi

The hospital building that has eight floors and 17,500 m² indoor areas in the Sincan district in Ankara is the Company's asset. The hospital has six full-fledged operation rooms and one heliport for the air ambulance. The hospital has 51 intensive care rooms, six intensive care units for the cardiology department, one coronary room with four beds and 21 newborn intensive care incubators and 134 patient beds with a total capacity of 216 beds.

Özel Lokman Hekim Ankara Hastanesi leased all its fixed assets, including real estate, to the Lokman Hekim University Health Application and Research Center for three years as of January 1, 2020. Also, all employees transferred to Lokman Hekim University as of December 31, 2019. Due to the end of the 3-year lease term on December 31, 2022, it agreed that the previously agreed commercial conditions would remain in effect and the lease term would be extended for another 3 years as a result of mutual negotiations.

The rent between the "Company" and Lokman Hekim University will be calculated in variable consistency. The criteria considered in the rent calculation is the operating profit served by the

foundation university hospitals but not private hospitals according to the regulations and amount paid by the Social Security Institution to the foundation university.

The hospital license belonging to Lokman Hekim Ankara Hastanesi is 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. The hospital has a score of 100 over 100 due to the inspection of the Health Quality Assessment by the Ministry of Health.

Özel Lokman Hekim Akay Hastanesi

In Çankaya, Ankara, the 11-storey hospital built on an 18,000 m² total area was rented for 15 years and started its operation on August 1, 2016. The hospital has a total capacity of 126 beds, including three beds for internal intensive care, four beds for coronary intensive care, three for surgical intensive care, six for newborn intensive care incubators, nine for KVC intensive care units, and 101 for patients.

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

The hospital has a score of 97.99 over 100 due to the Health Quality Assessment inspection by the Ministry of Health.

Özel Lokman Hekim Van Hastanesi

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 94.76 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Özel Lokman Hekim Hayat Hastanesi

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 94.66 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Engürüsağ Genel Ticaret Ltd. Şti.

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 was 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 were completed, and patient admission started on October 11, 2016.

According to the Regulations Regarding Private Health Establishments Diagnosed and Treated Outside of the Company, the share of the company's capital is limited to 49%. Preemptive right with (49%) Company A shares that the Company have as founder shareholder and (51%) shares that were paid during 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 Teknopark Ankara with a capital of TRY 500,000, and 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, appointments can be prepared and purchased, and real user experiences can be shared. It 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.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) has been taken over by Lokman Hekim Engürüsağ as of April 1, 2022, corresponding to its paid-in capital of TRY 20.000.000. Adatıp Sağlık Hizmetleri A.Ş. was established on January 17, 1990, for the provision of health services in Sakarya province. In accordance with the decision taken at the extraordinary general assembly of Adatıp Sağlık Hizmetleri A.Ş. dated April 1, 2022, the new trade name was changed to Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. It decided that the hospital would continue to provide services uninterruptedly under the name Lokman Hekim İstanbul Hastanesi. The main field of activity of the company is the provision of health services. The company operates Lokman Hekim İstanbul Hastanesi in the Pendik district of İstanbul. The hospital has a capacity of 200 beds in a closed area of 25,000 m² on a land of 17.000 m². The hospital currently has a hospital license with a total of 115 beds. The hospital has got a score of 97.95 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Laboratories

The laboratories located in the hospitals are members of the ONEWORLD ACCURACY. The laboratory instruments' reliability and 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 2023	31 December 2022
Doctor	249	265
Health Services	908	934
Health Support Services	571	555
Management Support Services	399	398
Managerial Staff	198	180
Veterinary and Laborers	10	10
Total	2,335	2,342

2. PRINCIPLES REGARDING TO THE PRESENTATION OF FINANCIAL STATEMENTS

2.1. Main Principles Regarding to the Presentation

Statutory Records and Financial Statements

The Company prepares and keeps its statutory records and legal financial statements in accordance with the Turkish Commercial Code ("TCC") and accounting principles determined by the tax legislation.

The consolidated financial statements of the Company 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 under 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.

With its resolution dated March 17, 2005, CMB announced that all publicly traded entities operating in Turkey were not obliged to apply inflationary accounting effective from January 1, 2005. By 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 fair presentation following 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 (%)	
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Healthcare	51	51
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	100
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.**	Healthcare	100	100

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

(*) 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 full consolidation method.

(**)Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.), corresponding to its paid-in capital of TRY 20,000,000, 100% shares taken over as of April 1, 2022, by the company.

Consolidation Method

- Consolidated balance sheets and income statement items of the partnerships are consolidated by adding up to each other. Book values of the shares owned by the main partnership in consolidated subsidiaries are set off from the shareholders' equity accounts of the subsidiary.
- Receivables and payables, sale of goods 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 the 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 Her Yerde Sağlık ve Elektronik Tic. A.Ş., HYS Sigorta Aracılık Hizmetleri A.Ş., Lokman Hekim Tıp Merkezleri A.Ş.'de ve Lokman Hekim İstanbul Sağlık Yatırımları, which are subsidiary of the company, because the parent company has the right to receive a 100 % share from the profit.
- Cost of acquisition of shares in the capital of the subsidiary by the main partnership as of the date when the partnership within the scope of consolidation becomes a 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 for through the acquisition method. In this method, the acquisition is registered based on cost. The Company, starting from the acquisition date, includes the operating 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 a 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.

Adjustments made in the statement of cash flows due to classification differences and their effects are shown below.

	Prior Period Reported	Adjustments	Revised
	31 March 2022		31 March 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES	7,308,270	7,099,556	14,407,826
B. CASH FLOWS FROM INVESTMENT ACTIVITIES	(12,750,761)	88,808	(12,661,953)
C. CASH FLOWS FROM FINANCING ACTIVITIES	36,606,766	(7,188,364)	29,418,402

Functional Currency:

Functional currency of the the Company 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 the Company have been confirmed by the Board of Directors of the Company as of May 22, 2023. The right to change the attached consolidated financial statements belongs to the General Assembly of the 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 Group 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 accounting policies used in preparing the consolidated financial statements for the accounting period ending as of March 31, 2023, are consistent with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TAS")/IFRS and TMS/IFRS interpretations valid as of January 1, 2023, which are summarized below. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the relevant paragraphs.

New standards effective and the amendments and interpretations to the previously existing standards as of March 31, 2023, are as follows:

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after January 1, 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after January 1, 2023. 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

Standards, amendments and interpretations published but not yet effective as of March 31, 2023:

Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after January 1, 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after January 1, 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale

and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

These changes did not have a significant impact on the financial position and performance of the Group.

Summary of Significant Accounting Policies

Revenue:

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

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

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

Inventories:

Cost of inventories includes all costs of purchase, cost of conversion, and other costs incurred in bring the inventories to their present location and condition. In inventory purchases with interim payments, the differences between the cash value and the forward value are accounted for as finance expense in the period they occur.

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 prorata 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 expected to be used in the business for more than one year are initially recorded at cost. In the following periods, they are valued by using the cost model. Costs of intangible assets purchased before January 1, 2005, are adjusted for the inflation effects.

“Doctor Staff and Medical License Fee” are reported in intangible assets as Rights for Lokman Hekim Akay Hastanesi, Lokman Hekim İstanbul Hastanesi, Lokman Hekim Demet Hastanesi, Lokman Hekim Van Hastanesi and Lokman Hekim Hayat Hastanesi.

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

The Company revalued its tangible and intangible assets in its legal records by indexing them according to the rates determined by the Ministry of Finance under the Provisional Article 31 of Law No. 7326 on Restructuring of Certain Receivables and Amendments on Certain Laws, added to the Tax Procedure Law with Article 11, and the Provisional Article 32 of the Tax Procedure Law, which was added with Article 52 of the Law No. 7338, and the 31st Article of the Law No. 7338, under the "Ç" paragraph of the Repetitive Article 298 of the Tax Procedure Law, which was added to Article 298. The valuation made according to the Tax Procedure Law differs from the fair TFRS value of the assets based on the market approach. The deferred tax is calculated over the difference between the tax value and the accounting value due to the Company's revaluation transactions under the provisions of the Tax Procedure Law.

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 for 3 to 15 years. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are not subject to amortization but are tested for impairment.

Business Combinations

Business acquisitions are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value; the consideration transferred in a business

combination is the sum of the fair values of assets transferred, liabilities incurred, and equity issued by the acquirer to the shareholders of the acquiree. Acquisition-related costs are generally recognized as an expense when incurred.

The identifiable assets purchased and liabilities assumed are accounted for at their fair values at the date of purchase. The following are not accounted for as such:

- Deferred tax assets or liabilities or assets or liabilities related to employee benefits are accounted for in accordance with IAS 12 Income Tax and IAS 19 Employee Benefits standards, respectively.
- Obligations or equity instruments associated with the share-based payment agreements of the acquiree or the share-based payment agreements that the Company has entered into to replace the share-based payment agreements of the acquiree are accounted for following IFRS 2 Share-based Payment Agreements at the acquisition date.
- Assets (or disposal groups) classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are accounted for in accordance with the rules set out in IFRS 5.

Goodwill is the sum of the consideration transferred for the acquisition. If there are any non-controlling shares and a business combination is realized in stages, the fair value of the acquirer's previously held equity interests in the acquiree is calculated as the sum exceeding the net amount of the acquiree's identifiable assets and assumed identifiable liabilities at the acquisition date. After reassessment, if the net amount of identifiable assets and assumed identifiable liabilities of the acquired business at the date of acquisition exceeds the sum of the fair value of the transferred purchase price and the non-controlling interests in the acquired company and, if any, the interests in the acquired business before the acquisition, this amount is recognized directly in profit or loss as a bargain purchase gain.

Non-controlling interests, which represents shareholder interests and gives their owners a certain percentage of the net assets of the business in the event of liquidation, are initially measured either at their fair value or at the amounts of the identifiable net assets of the acquired company recognized at the rate of the non-controlling interests. The measurement basis is determined by each transaction. Other types of non-controlling interest are measured at fair value or, where applicable, using other methods specified in IFRS.

In a business combination, where the consideration transferred by the group includes the contingent consideration, the contingent consideration is measured at the fair value at the acquisition date and included in the consideration transferred in the business combination. If an adjustment to the fair value of the contingent consideration is required due to additional information revealed during the measurement period, this adjustment is retroactively adjusted from goodwill. The measurement period is after the acquisition date, during which the acquirer can adjust the temporary amounts recognized in the business combination. This period cannot be more than one year from the date of purchase.

Subsequent recognition of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments will vary depending on the classification made for the contingent consideration. Contingent consideration classified as equity is not remeasured and the subsequent payment is recognized in equity.

In a business combination realized in stages, the Company's previously held equity interest in the acquired business is remeasured to fair value at the acquisition date (the date the Company takes control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from the share of the acquired business recognized in other comprehensive income before the acquisition date are transferred to profit/loss under the assumption that the said interests are disposed of.

In cases where the acquisition accounting for a business combination cannot be completed at the end of the reporting date at which the combination occurs, the Company reports the provisional amounts for items for which the accounting has not been completed. These provisional reported amounts are

adjusted during the measurement period, or an additional asset or liability is recognized to reflect new information about events and conditions that occurred at that date that may impact the amounts recognized at the acquisition date.

Some assets and liabilities that were not previously recognized as assets and liabilities in the financial statements of the acquired business are recognized. As of the acquisition date, the identifiable assets, identifiable liabilities, and minority interests of the acquired business are accounted for at their fair values. Related calculations are made according to some assumptions and evaluations.

Goodwill

The acquisition method is used in accounting for all business combinations. The following steps are applied in the implementation of the acquisition method:

- a) Identification of the acquiring enterprise,
- b) Determining the cost of the business combination,
- c) Allocating the cost of the business combination to assets acquired, liabilities assumed, and contingent liabilities at the acquisition date.

Goodwill is the difference between the cost of the acquired partnership or the assets acquired at the acquisition date and the fair value of its net assets (for assets purchased). If the purchase price is above the fair value of the net assets purchased, the difference is recognized as goodwill in the balance sheet. If the purchase price is below the fair value of the net assets purchased, the difference is recognized in the income statement as merger profit (negative goodwill).

According to IFRS 3 "Business Combinations", if the recoverable value of goodwill is lower than its book value and there are issues that can be considered as an indication of impairment in the asset, an impairment provision is made for goodwill. If there are significant changes in the activities of the acquired business, there are significant differences between the forward-looking estimates made at the date of acquisition and the actual results, the product, service, or technology of the acquired business is out of use, and if other similar issues are indicating that the book value of the asset is not recoverable, those are considered as indicators of impairment in the asset.

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 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 a decline in the asset's value. Recoverable value is the lesser of the exercise price and market price. The forecasted decline in the value is registered as a loss at the term in which it is determined.

Financial Instruments:

- a) Cash and Cash Equivalents;

The Company's cash assets include cash and bank deposits. Cash equivalents consist of credit card receivables.

Bank balances in foreign currency are valued at the exchange rate set by the Central Bank of the Republic of Turkey on the balance sheet date. The cash in the statement of financial position, the current value of deposits at the bank and credit card receivables are the fair values of these assets.

- b) Trade Receivables, Impairment Loss And Expected Credit Losses;

Trade receivables and trade payables incurred by the Company as a result of providing a service to a buyer or purchasing a product or service from a seller are netted of deferred finance income and expenses.

It is considered that the allowance for doubtful debts, and provisions for discounts on trade receivables are equivalent to the fair value of the assets.

The Company records allowance for doubtful accounts for related trade receivables, if there is an estimation that the amounts of claims will be uncollectible in the future. This provision equals to the amount remaining after deducting the guarantees and assurances received from the book value of the receivable.

If the Company collects some or all of the amount after it has written off the account as uncollectible, the collected amount is deducted from the allowance for doubtful accounts and recorded in other income.

The Company measures the allowance for trade receivables at an amount equal to the "expected lifetime 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.

Employee Benefits and Provisions;

Under the Turkish Labor Law, the company is obliged to pay a severance pay equal to 30-day salary to the employee who quit their job due to retirement after serving at least one year or is terminated by the employer except for immoral, dishonourable or malicious conduct, or other similar behaviour.

Therefore, the Company has to estimate the future payments which represent the total liability, and the estimated payments should be discounted and brought to the net present value. The company reports the discounted net value of its total liability as of the balance sheet date.

The company assumes that all of its staff will retire when they reach their seniority by working 25 years for men and 20 years for women. Severance pay is also considered to be paid on this retirement date. The company aims to determine the employee's expected severance pay liability when they retire or are laid off. The net present value of the portion the personnel are entitled to receive regarding their seniority as of the balance sheet date in this total liability, which is estimated to be paid, is recorded in the statement of financial position as a provision for employment termination benefits. It is assumed that the ratio of the number of personnel who left without receiving any severance pay in the previous periods to the total personnel who left their job will also be repeated in the future. This ratio reduces the total burden.

The difference in the total severance pay burden 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 statement of financial position and equals to the liability amount at the beginning of the period for the employees who are still working multiplied by the discount rate used in that year. The cost of service for the current period is the portion of the severance pay at the time it is going to be paid, which the employees get the right for severance pay for their services at the time of balance sheet through discount rate. All other differences are reflected in actuarial income and loss. Actuarial income/loss are presented in equity, interest cost and cost of services are presented in the comprehensive income statement.

Except from the regular wages, bonuses and other social benefits provided to the employees, there is no contribution plan to be paid in the periods after retirement or leaving the job.

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:

For these financial statements, shareholders, critical management personnel and members of the Board of Directors, their families and companies controlled or affiliated with them, affiliates and partnerships and minority shareholders of subsidiaries are considered and expressed as related parties. Shareholders and principal executives of these companies and members of the Company's board of directors and their families are also included in the scope of related parties. Transactions with related parties were generally carried out following market conditions. Key management personnel are expressed as the related party of the Company.

Borrowing Costs:

Bank loans received against interest are recorded based on the net amount received after deducting the purchase cost. Income or expenses incurred during the redemption process or recording of liabilities are associated with the statement of comprehensive income. Borrowing costs are recognized on an accrual basis, even if they do not become 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

The Company recognizes a right-of-use asset and a lease liability in its financial statements upon lease commencement:

- (a) Initial measurement amount of the lease liability.
- (b) Lease payments made at or before the commencement date, less any lease incentives received,
- (c) Initial direct costs incurred; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

When applying the company cost method, the right-of-use asset;

(a) Accumulated depreciation less accumulated impairment losses; and

(b) at cost adjusted for the remeasurement of the lease liability.

While depreciating the right-of-use asset, the Company applies the depreciation provisions of TAS 16 Tangible Fixed Assets. If the Supplier transfers ownership of the underlying asset to the Company at the end of the lease term, or if the cost of the right-of-use asset indicates that the Company will exercise a call option, the Company depreciates the right-of-use asset from the date the lease actually commences to the end of the useful life of the underlying asset. In other cases, the Company depreciates the right-of-use asset over the shorter of the asset's useful life or the lease term, starting from the actual commencement date of the lease.

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

Payables from Rental Transactions

At the commencement date of the lease, the Company measures the lease liability at the present value of the lease payments not paid at that date. Lease payments are discounted using the implied interest rate in the lease, if that rate can be easily determined. If this rate cannot be easily determined, the company uses its own incremental borrowing interest rate.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments to be made for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease;

(a) the amount obtained by deducting any lease incentive receivables from the fixed payments;

(b) variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;

(c) the exercise price of the call option if the Company is reasonably confident that it will exercise it; and

(d) penalty payments for termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

After the actual commencement of the lease, the Company measures the lease liability as follows;

(a) increase the carrying amount to reflect the interest on the lease liability;

(b) reduce its carrying amount to reflect lease payments made; and

(c) Remeasure book value to reflect reassessments and restructurings or to reflect revised lease payments that are fixed in substance.

The interest on the 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 rate of interest is the implied rate of interest in a lease, if it can be easily determined. If this rate cannot be easily determined, the company uses its own alternative borrowing interest rate.

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

The Company re-measures its lease liability by discounting the revised lease payments at a revised discount rate if one of the following conditions occurs;

(a) There is a change in the lease term. The company determines the revised lease payments based on the revised lease term.

(b) There is a change in the assessment of the option to purchase the underlying asset. The company determines the revised lease payments to reflect the change in the amounts payable under the option to buy.

The Company may use the revised discount rate for the remainder of the lease term, as this rate if the implied interest rate in the lease can be easily determined; If it cannot be determined easily, it is determined as the alternative borrowing interest rate of the Company at the date of reassessment.

The Company re-measures the lease liability by discounting the revised lease payments if one of the following situations occurs;

(a) A change in the amounts expected to be paid under a residual value commitment. The company determines the revised lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.

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

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

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

(a) the restructuring expands the scope of the lease by adding the right to use one or more of the underlying assets; and

(b) the rental price increases by the amount of appropriate adjustments to that stand-alone price to reflect the stand-alone price of the increase in coverage and the terms of the relevant contract.

Earnings (Loss) Per Share:

Earnings (loss) per share is computed by dividing the net profit or loss by the weighted average number of common shares outstanding in the current period.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions determines the weighted-average number of outstanding shares used in this computation.

Events after the Reporting Period:

In case of events requiring adjustment after the reporting period, the amounts included in the financial statements are adjusted by this new situation. If events do not require adjustments but are essential, they are disclosed in the relevant period.

Provisions, Contingent Liabilities and Contingent Assets:

Provisions;

Provisions are recognized only when the Company has a past and present obligation if it is probable that an outflow of resources embodying economic benefits to the Company due to this obligation, and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates of the management.

Conditional Liabilities and Conditional Assets;

Transactions that give rise to commitments and contingent liabilities refer to situations whose realization depends on the outcome of one or more upcoming events. Therefore, some transactions are not included in the statement of financial position in terms of possible future losses, risks or uncertainties. If an estimate is made for possible future liabilities or losses, these liabilities are

considered expenses and liabilities for the Company. However, income and profits that are likely to occur in the future are reflected in the financial statements.

Assets and Liabilities in Terms of Foreign Currency:

Assets denominated in foreign currency in the statement of financial position The Central Bank is converted into Turkish Lira using the foreign exchange buying rate and the debts are converted into Turkish Lira using the foreign exchange selling rate. Foreign currency transactions realized during the period are converted into Turkish Lira using the actual exchange rates on the transaction date. Exchange rate difference income and expenses arising from these transactions are included in the income statements.

The exchange rates taken as basis in the financial statements dated dated March 31, 2023 and December 31, 2022 are as follows;

	31.03.2023		31.12.2022	
	<u>Buying</u>	<u>Selling</u>	<u>Buying</u>	<u>Selling</u>
USD	19.1460	19.1804	18.6983	18.7320
EUR	20.8021	20.8396	19.9349	19.9708

Significant Accounting Policies, Judgements, and Estimates:

The preparation of financial statements requires management to make a number of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the probable liabilities and commitments, and the reported amounts of income and expense during the reported periods. Although management believes these judgements, estimates and assumptions to be reasonably accurate, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The important estimates and assumptions used by the Company while preparing its financial statements are as follows;

- Useful lives of tangible and intangible assets,
- Discount rates applied 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, raise rate, discount rate, severance pay rate,
- Rates used in deferred tax calculation,
- Recognition of assets subject to operating leases.

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 under 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.

Changes and Mistakes in the Accounting Policies

An entity is allowed to change an accounting policy only if the change;

- is required by a standard or an interpretation; or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

Users of financial statements should be able to identify trends in the entity's financial position, performance, and cash flows by studying and analysing the information contained in those statements. Therefore, an entity shall select and apply its accounting policies consistently unless a change in accounting policy meets one of the conditions set out in the paragraph above.

The current period financial statements of the Company are prepared comparatively with the previous period to get insight into the financial situation and performance trends. Comparative amounts are reclassified when necessary to comply with the presentation of items in the current period's financial statement.

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. OPERATING SEGMENTS

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 2023 31 March 2023		1 January 2022 31 March 2022	
	Tutar	%	Tutar	%
Sales of Healthcare Service	272,187,754	88.82	128,659,200	84.80
Sales of Biological Assets and Milk	16,764,817	5.47	3,251,780	2.14
Hospital Rental Income	12,853,923	4.19	14,928,802	9.84
E-Health Income	1,006,556	0.33	332,590	0.22
Other Incomes	3,641,282	1.19	4,551,620	3.00
Total Sales	306,454,332	100	151,723,992	100

Service Sales/Hospital	1 January 2023 31 March 2023		1 January 2022 31 March 2022	
	Amount	%	Amount	%
Akay Hastanesi Service Sales	81,386,291	29.90	45,289,294	35.00
İstanbul Hastanesi Service Sales	60,329,746	22.16	-	-
Van Hastanesi Service Sales	53,156,378	19.53	34,895,318	28.00
Etlik Hastanesi Service Sales	50,299,870	18.48	29,764,164	23.00
Hayat Hastanesi Service Sales	15,116,229	5.55	9,003,492	7.00
Demet Tıp Merkezi Service Sales	7,425,746	2.73	5,927,443	4.00
Erbil Tanı Merkezi Service Sales	4,473,494	1.64	3,779,489	3.0
Total Sales	272,187,754	100	128,659,200	100

Service Sales/Institution	1 January 2023 31 March 2023		1 January 2022 31 March 2022	
	Amount	%	Amount	%
Sales to SSI *	64,402,948	24	41,986,346	32
Other Sales	207,784,806	76	86,672,854	68
Total Sales	272,187,754	100	128,659,200	100

Trade Receivables/Institution	31 March 2023		31 December 2022	
	Amount	%	Amount	%
Receivables from SSI*	90,459,472	56	91,434,067	63
Other Receivables	71,051,243	44	54,067,195	37
Total	161,510,715	100	145,501,262	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 2023			1 January - 31 December 2022		
	Number of Patient	Net Sales	Net Sales (%)	Number of Patient	Net Sales	Net Sales (%)
Outpatient	215,842	141,537,632	52.06	192,776	64,649,498	50.25
Inpatient	12,726	130,650,122	47.94	10,579	64,009,702	49.75
Total	228,568	272,187,754	100%	203,355	128,659,200	100%

4. BUSINESS COMBINATIONS

On April 1, 2022, the Company purchased 100% of the capital of Adatıp Sağlık Hizmetleri A.Ş. for TRY 129,629,178. With this acquisition, the Company expects to significantly contribute to its brand value, turnover and profitability targets, especially in the medical tourism industry, in line with its activities and strategic growth targets.

As of February 18, 2022, the contract was signed with the Company regarding the purchase of 100% shares of Adatıp Sağlık Hizmetleri Anonim Şirketi. The contract included the Competition Board's permission condition as a closing requirement. In this context, the Company applied to the Competition Board on February 21, 2022. With the decision of the Competition Board notified on March 28, 2022, the purchase transaction was authorized.

At the extraordinary general assembly meeting of Adatıp Sağlık Hizmetleri A.Ş. held on April 1, 2022, it decided to accept the resignations of the previous board members to elect Lokman Hekim Engürüsağ A.Ş. and its appointed representatives to the board of directors, and to change the company title to "Lokman Hekim İstanbul Sağlık Yatırımları A.Ş." registered and announced on the same date. The Company had control over Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) on April 1, 2022.

The Company Acquisition accounted for in the consolidated financial statements dated June 30, 2022, within the scope of IFRS 3 "Business Combinations". In the merger transactions dated April 1 2022, the financial statements of Adatıp Sağlık Hizmetleri A.Ş. dated March 31, 2022, were used.

The identifiable assets and liabilities arising from the acquisition and the calculation of goodwill are as follows;

Current Assets	128,423,987
Cash and Cash Equivalents	2,021,612
Receivables	96,004,474
<i>Receivables from Related Parties*</i>	68,985,872
<i>Receivables from Lokman Hekim Engürüsağ A.Ş.**</i>	12,500,000
<i>Receivables from Third Parties</i>	14,518,602
Prepaid Expenses	25,060,851
Other Current Assets	5,337,050
Non-Current Assets	199,103,761
Tangible Assets	45,831,492
Right of Use Assets	94,381,054
Intangible Assets***	38,047,356
Deferred Tax Asset	20,843,859
Short-Term Liabilities	80,195,936
Financial Liabilities	15,338,019
Finance Lease Liabilities	17,929,845
Trade Payables	44,780,744
Other Short-Term Liabilities	2,147,328
Long-Term Liabilities	117,567,684
Financial Liabilities	31,203,302
Finance Lease Liabilities	76,451,209
Other Long Term Liabilities	9,913,173
Total Identifiable Net Assets	129,764,128
Purchased Shares	100%
Fair Value of Share-based Payment	129,629,178
Minus: Identifiable Net Assets	129,764,128
Bargain Purchase Gains	(134,950)

(*) The relevant amount assigned by Lokman Hekim Engürüsağ A.Ş. to be deducted from the share transfer price within the scope of the agreement. Due to the amount, no cash outflow is required. Mutual debit/credit amounts of Lokman Hekim İstanbul Sağlık Hizmetleri and the Company eliminated post-purchase consolidated financial statements.

(**) Consists of cash paid by Lokman Hekim İstanbul Sağlık yatırımları A.Ş.(AdaTıp Sağlık Hizmetleri A.Ş) to the Company between February 18, 2022 and April 1, 2022 (interim period).

(***) Related to Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.'s medical license and staff fees. Fair values have been determined by a valuation firm authorized by the CMB.

The details of cash outflows arising from the acquisition are as follows:

Cash Payment for Share Acquisition	36,756,179
Cash Payments Made in the Interim Period*	24,000,000
Inherited Cash and Cash Equivalents	(2,021,612)
Cash Proceeds in the Interim Period**	(12,500,000)
Total Cash Outflow	46,234,567
Debt Amount***	83,394,611
Purchase Price	129,629,178

(*) Accordance with the share transfer agreement signed on February 18, 2022, consists of advances paid by Lokman Hekim Engürüsağ A.Ş. to Adatıp shareholders to meet the cash needs of Adatıp until the date of the share transfer.

(**) It consists of cash paid by Lokman Hekim Sağlık Yatırımları A.Ş. to Lokman Hekim Engürüsağ A.Ş. between February 18, 2022, and April 1, 2022 (interim period).

(***) Lokman Hekim's debt amount arising from the purchase has been deducted from Adatıp Sağlık Hizmetleri A.Ş.'s receivables from previous partners. An amount of 68,985,872 TL of the relevant amount has been assigned by Lokman Hekim Engürüsağ A.Ş. to be deducted from the share transfer fee within the scope of the share transfer agreement. In the post-acquisition consolidated financial statements, the mutual debt/credit amounts of Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. and the Company were eliminated.

All the shares of Adatıp Sağlık Hizmetleri A.Ş. pledged to Türkiye Vakıflar Bankası on October 30, 2019, to create a guarantee. After Lokman Hekim Engürüsağ A.Ş. took over all of the Adatıp Sağlık Hizmetleri A.Ş. shares on April 1, 2022, the shares remain pledged at Türkiye Vakıflar Bankası to provide collateral for the loans taken over. Details on the subject are explained in Note-15.

The rent agreement of the hospital building, in which Adatıp Sağlık Hizmetleri A.Ş. operates in the Pendik district of Istanbul, was signed before the share transfer date and continues under the same conditions. Details on the subject are included in Note-12.

All possible expenses/income and payments as a result of lawsuits, debts, commitments and legal obligations filed and/or to be filed before Adatıp Sağlık Hizmetleri A.Ş.'s date of entry into the consolidation on April 1, 2022. and their Adamert Sağlık Hizmetleri A.Ş. jointly and severally pledged. Details on the subject are explained in Note-15.

5. CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Cash	559,485	551,318
Banks	42,666,961	38,322,256
Other Current Assets*	9,321,386	5,992,215
Toplam	52,547,832	44,865,789

(*) Average maturity of credit card receivables is 40 days (31 December 2022: 40 Days).

6. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 March 2023	31 December 2022
Short-Term Bank Borrowings	118,182,689	95,585,490
Short-Term Portion of Long-Term Banks Borrowings	66,901,223	66,494,085
Operating Lease Liabilities	27,191,833	28,202,795
Finance Lease Liabilities	4,952,389	5,900,962
- Finance Lease Liabilities	9,807,012	9,729,392
- Deferred Interest	(4,854,623)	(3,828,430)
Total	217,228,134	196,183,332

Long-Term Financial Liabilities	31 March 2023	31 December 2022
Long-Term Bank Borrowings	70,789,232	84,866,688
Operating Lease Liabilities	82,659,546	88,388,607
Finance Lease Liabilities	11,512,246	13,415,287
- Finance Lease Liabilities	18,058,734	22,240,001
- Deferred Interest	(6,546,488)	(8,824,714)
Total	164,961,024	186,670,582

Details of bank loans and Finance Lease Liabilities are as follows;

Bank Loans	31 March 2023	31 December 2022
0 - 3 Months	43,560,104	38,512,405
3 - 12 Months	141,523,808	123,567,170
1 - 5 Year	70,789,232	84,866,688
Total	255,873,144	246,946,263

Mortgages amounting to TRY 638,041,000 is given for the loans (31 December 2022: TRY 581,881,000).

Finance Lease Liabilities	31 March 2023	31 December 2022
0 - 3 Months	2,179,909	1,890,141
3 - 12 Months	2,772,480	4,010,821
1 - 5 Year	11,512,246	13,415,287
Total	16,464,635	19,316,249

Operating Lease Liabilities	31 March 2023	31 December 2022
0 - 3 Months	7,334,503	6,740,023
3 - 12 Months	19,857,330	21,462,772
1 - 5 Years	82,659,546	88,388,607
Total	109,851,379	116,591,402

7. TRADE RECEIVABLES AND PAYABLES

Short-Term Trade Receivables	31 March 2023	31 December 2022
Trade Receivables	119,117,380	101,584,980
Notes Receivables	324,847	383,112
Receivables from Related Parties *	2,135,629	15,400,970
Doubtful Trade Receivables	3,085,981	3,311,189
Provision for Doubtful Trade Receivables	(3,085,981)	(3,311,188)
Accrued maturity difference expense (-)	(1,223,960)	(980,100)
Income Accruals**	41,156,819	29,112,299
Total	161,510,715	145,501,262

(*) Related party transactions are explained in Note-31.

(**) The income accruals made for patients whose treatment continues consists of TRY 27,707,292 (31 December 2022: TRY (24,910,283)).

Doubtful Receivables	1 January 2023 31 March 2023	1 January 2022 31 March 2022
Beginning of the Period	3,311,189	2,885,015
Additions with-in the Period	268,132	608,060
Provisions no Longer Required	(493,340)	(181,886)
Total	3,085,981	3,311,189

Trade Receivables/Institution	31 March 2023		31 December 2022	
	Amount	%	Amount	%
Receivables from SSI*	90,459,472	56	91,434,067	63
Other Receivables	71,051,243	44	54,067,195	37
Total	161,510,715	100	145,501,262	100

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

Short-term Trade Payables	31 March 2023	31 December 2022
Trade Payables	77,716,889	76,248,765
Notes Payables	53,419,643	48,851,754
Trade Payables to Related Parties*	14,105,982	3,730,752
Other Trade Payables	10,890,398	1,688,131
Accrued maturity difference expense (-)	(1,410,048)	(1,063,304)
Accrued Expenses	195,532	1,422,196
Total	154,918,396	130,878,294

(*) Related party transactions are explained in Note-31.

8. OTHER RECEIVABLES AND PAYABLES

Other Short-Term Receivables	31 March 2023	31 December 2022
Other Receivables	6,972,395	1,545,327
Other Receivables from Related Parties*	-	585
Receivables from Employees	964,979	133,961
Deposits and Guarantees Given	41,700	30,084
Other Doubtful Receivables	1,237,500	1,237,500
Provision for Other Doubtful Receivables (-)	(1,237,500)	(1,237,500)
Total	7,979,074	1,709,957

(*) Related party transactions are explained in Note-31.

Other Long-Term Receivables	31 March 2023	31 December 2022
Deposits and Guarantees Given	300,020	373,162
Total	300,020	373,162

Short-Term Other Payables	31 March 2023	31 December 2022
Other Miscellaneous Payables	999,296	650,238
Deposits and Guarantees Received	11,616	-
Other Payables to Related Parties*	1,947,086	114,870
Total	2,957,998	765,108

(*) Related party transactions are explained in Note-31.

9. INVENTORIES

Inventories	31 March 2023	31 December 2022
Medical Inventories	48,290,387	34,500,900
Feed Stocks	6,920,614	8,686,161
Other Stocks	12,932,190	11,508,641
Total	68,143,191	54,695,702

10. BIOLOGICAL ASSETS

Dairy and livestock	31 March 2023	31 December 2022
Book Value	27,073,235	23,809,365
Changes in the Fair Value	7,776,765	(1,225,365)
Total	34,850,000	22,584,000

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 10,651,558 at the fair value for dairy and livestock (31 December 2022: TRY (6,288,651).

As of March 31, 2022, the Company has a total of 533 biological assets (31 December 2022: 551).

The total amount of insurance on biological assets is TRY 4,489,000 (31 December 2021: TRY 4,489,000).

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2023

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

Tangible Assets	1 January 2023	Additions	Classification/ Valuation	Disposal	Consolidation Effect	31 March 2023
Lands	12,046,924	-	-	-	-	12,046,924
Buildings	78,916,584	5,377,239	-	-	-	84,293,823
Machinery, Plant and Equipment	87,204,713	286,764	-	(7,499)	-	87,483,978
Vehicles	4,303,372	-	-	(216,101)	-	4,087,271
Furniture and Fixtures	122,502,738	7,071,273	-	(407,616)	-	129,166,395
Non-Current Assets acquired through Financial Leasing	33,952,579	-	-	-	-	33,952,579
Special Costs	82,754,595	6,667,625	-	-	-	89,422,220
Other Tangible Assets	1,300,786	3,442,492	-	-	-	4,743,278
Investments In Progress	505,477	6,589,330	-	-	-	7,094,807
Total	423,487,768	29,434,723	-	(631,216)	70,054,671	452,291,275
Accumulated Depreciation	1 January 2023	Depreciation Expense	Classification/ Valuation	Disposal	Consolidation Effect	31 March 2023
Buildings	(1,897,358)	(487,699)	-	-	-	(2,385,057)
Machinery, Plant and Equipment	(43,063,306)	(1,540,043)	-	1,750	-	(44,601,599)
Vehicles	(1,515,836)	(123,259)	-	21,610	-	(1,639,095)
Furniture and Fixtures	(50,330,999)	(3,135,667)	-	128,344	-	(53,316,712)
Non-Current Assets acquired through Financial Leasing	(13,106,458)	(567,652)	-	-	-	(13,674,110)
Special Costs	(19,360,447)	(2,628,425)	-	-	-	(21,988,872)
Other Tangible Assets	(964,073)	(142,011)	-	-	-	(1,106,084)
Total	(130,238,477)	(8,624,756)	-	151,704	-	(138,711,529)
Net	293,249,291					313,579,746

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 2023

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

Tangible Assets	1 January 2022	Additions	Classification/Valuation	Disposal	Consolidation Effect	31 December 2022
Lands	12,046,924	-	-	-	-	12,046,924
Buildings	83,332,548	8,531,040	-	(12,947,004)	-	78,916,584
Machinery, Plant and Equipment	32,165,780	1,092,465	-	-	53,946,468	87,204,713
Vehicles	2,142,802	1,772,682	-	-	387,888	4,303,372
Furniture and Fixtures	84,605,888	22,637,213	-	(279,528)	15,539,165	122,502,738
Non-Current Assets acquired through Financial Leasing	19,112,561	15,305,711	-	(465,693)	-	33,952,579
Special Costs	58,081,273	8,732,248	15,759,924	-	181,150	82,754,595
Other Tangible Assets	1,115,785	185,001	-	-	-	1,300,786
Construction in Progress	65,812	16,199,589	(15,759,924)	-	-	505,477
Total	292,669,373	74,455,949	-	(13,692,225)	70,054,671	423,487,768
Accumulated Depreciation	1 January 2022	Depreciation Expense	Classification/Valuation	Disposal	Consolidation Effect	31 December 2022
Buildings	(423,666)	(1,473,692)	-	-	-	(1,897,358)
Machinery, Plant and Equipment	(18,312,690)	(5,758,238)	-	-	(18,992,378)	(43,063,306)
Vehicles	(935,581)	(405,880)	-	-	(174,375)	(1,515,836)
Furniture and Fixtures	(35,500,377)	(10,057,312)	-	251,069	(5,024,379)	(50,330,999)
Non-Current Assets acquired through Financial Leasing	(12,115,692)	(1,386,606)	-	395,840	-	(13,106,458)
Special Costs	(12,693,931)	(6,634,470)	-	-	(32,046)	(19,360,447)
Other Tangible Assets	(927,956)	(36,117)	-	-	-	(964,073)
Total	(80,909,893)	(25,752,315)	-	646,909	(24,223,178)	(130,238,477)
Net	211,759,480					293,249,291

Total insurance amount of tangible assets is TRY 629,657,885 (31 December 2022: TRY 463,859,055). The increase of TRY 227,474,055 in the insurance amount is due to the consolidation effect of Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2023

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***12. RIGHT OF USE ASSET**

Right Of Use Asset	1 January 2023	Additions	Classification/ Valuation	Disposal	Consolidation Effect	31 March 2023
Right of use asset	173,937,979	-	-	-	-	173,937,979
Total	173,937,979	-	-	-	-	173,937,979

Accumulated Depreciation	1 January 2023	Depreciation Expense	Classification/ Valuation	Disposal	Consolidation Effect	31 March 2023
Right of use asset	(58,358,138)	(6,813,032)	-	-	-	(65,171,170)
Total	(58,358,138)	(6,813,032)	-	-	-	(65,171,170)
Net	115,579,841					108,766,809

Right Of Use Asset	1 January 2022	Additions	Classification/ Valuation	Disposal	Consolidation Effect	31 December 2022
Right of use asset*	68,791,794	10,765,130	-	-	94,381,055	173,937,979
Total	68,791,794	10,765,130	-	-	94,381,055	173,937,979

Accumulated Depreciation	1 January 2022	Depreciation Expense	Classification/ Valuation	Disposal	Consolidation Effect	31 December 2022
Right of use asset*	(31,537,597)	(22,533,077)	(4,287,464)	-	-	(58,358,138)
Total	(31,537,597)	(22,533,077)	(4,287,464)	-	-	(58,358,138)
Net	37,254,197					115,579,841

(*) It arises from the effect of the change in the rent to be paid and planned rent increases for Lokman Hekim Istanbul Hastanesi, which was included in the scope of consolidation on 01.04.2022 regarding the right of use assets of the company within the scope of IFRS-16.

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Notes to the Consolidated Financial Statements for the Interim Period Ended at 31 March 2023

*(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)***13. INTANGIBLE ASSETS**

	1 January 2023	Additions	Disposal/ Classification	Consolidation Effect	31 March 2023
Intangible Assets					
Rights	1,880,387	-	-	-	1,880,387
Doctor Staff and Medical License Fee	60,714,973	-	-	-	60,714,973
Total	62,595,360	-	-	-	62,595,360

	1 January 2023	Depreciation Expense	Disposal/ Classification	Consolidation Effect	31 March 2023
Accumulated Depreciation					
Rights	(1,264,402)	(37,802)	-	-	(1,302,204)
Total	(1,264,402)	(37,802)	-	-	(1,302,204)
NET	61,330,958				61,293,156

	1 January 2022	Additions	Disposal/ Classification	Consolidation Effect	31 December 2022
Intangible Assets					
Rights	1,108,570	76,001	-	695,816	1,880,387
Doctor Staff and Medical License Fee*	22,888,881	-	-	37,826,092	60,714,973
Total	23,997,451				62,595,360

	1 January 2022	Depreciation Expense	Disposal/ Classification	Consolidation Effect	31 December 2022
Accumulated Depreciation					
Rights	(637,606)	(152,243)	-	-	(1,264,402)
Total	(637,606)	(152,243)	-	-	(1,264,402)
NET	23,359,845				61,330,958

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 2023

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

(*) Consolidated entry effect amounting to TL 37,826,092 Lokman Hekim İstanbul Sağlık Yatırımlar A.Ş. (Adatıp Sağlık Hizmetleri A.Ş.) is related to the hospital license and physician staff costs, and their fair values have been determined by a valuation firm authorized by the CMB. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are tested for impairment.

14. INVESTMENT PROPERTIES

	1 January 2023	Valuation	Classification	Disposal	31 March 2023
Buildings	7,810,000	-	-	-	7,810,000
Total	7,810,000	-	-	-	7,810,000

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

15. PROVISIONS, STATE CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Lawsuits and Provisions;

Lawsuits and Provisions 31 March 2023	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	37,185,234	-
Lawsuits to be Filed Against to The Company Related to Labor Payments and other receivables	15,638,995	(3,185,718)
Lawsuits and Provisions 31 December 2022	Amount	Provision
Lawsuits to be Filed by The Company and Enforcement Proceedings	35,597,697	-
Lawsuits to be Filed Against to The Company Related to Labor Payments and other receivables	10,500,919	(2,843,634)

The company filed 821 cases (31 December 2022: 821) and the total amount of cases is TRY 37,185,234 (31 December 2022: TRY 35,597,697). The 246 cases (31 December 2022: 210) sued against the company, and the total of the cases to be filed against the company is TRY 3,185,718 (31 December 2022: TRY 2,843,634). Adatıp Sağlık Yatırımları A.Ş. which consolidated on April 1, 2022, filed 12 cases and the total amount of cases is TRY 107,171. The 6 cases sued against the company, and the total of the cases to be filed against the company is TRY 160,300. All possible expenses/income and payments as a result of lawsuits, debts, commitments and legal obligations filed and/or to be filed before the date of consolidation of Adatıp Sağlık Hizmetleri on April 1, 2022 jointly and severally pledged.

CPMs Given by the Company	31 March 2023	31 December 2022
A. CPM's Given on Behalf of Company's Own Legal Entity	692,906,666	590,165,958
B. CPM's Given on Behalf of the Consolidated Companies	50,500,000	22,000,000
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	743,406,666	612,165,958

Contingent Liabilities;

Type	Given To	31 March 2023	31 December 2022
Mortgage Given (Loan)	Banks (*)	638,041,000	581,881,000
Checks of Collaterals Given	Banks	80,381,350	9,200,000
Letter of Collaterals Given	Courts	8,995,496	9,712,114
Letter of Collaterals Given	The Council of Higher Education (**)	1,000,000	1,000,000
Letter of Collaterals Given	Subscription Procedures	14,562,735	9,896,759
Letter of Collaterals Given	Public Tenders	126,085	176,085
Letter of Collaterals Given	Leases	150,000	150,000
Letter of Collaterals Given	Device Supply	150,000	150,000
		743,406,666	612,165,958

(*) Among the mortgages given to the banks, 50.5 million TRY is the real estate owned by the shareholders of the company and 56.1 million TRY is the real estate owned by Van Divan A.Ş.

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

<u>Type</u>	<u>Given To</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Checks of Collaterals Received	Client	738,514	738,514
TRY Equivalent		738,514	738,514

The companies included in the consolidation have cross guarantee 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, İrfan Güvendi and Celil Göçer have personal sureties.

16. EMPLOYEE BENEFITS

	<u>31 March 2023</u>	<u>31 December 2022</u>
Provisions for Severance Pay	46,810,319	48,342,657
Provisions for Days Off	10,619,129	7,457,110
Total	57,429,448	55,799,767

The Company assumes that all its staff leave the job when they fill seniority, 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 following the seniority period at the balance sheet date. The amount of severance pay is subject to an upper limit determined every year for these calculations, the upper limit of the wage base for severance pay taken into account. This upper limit is TRY 19,982.83, valid from January 1, 2023 (December 31, 2021: TRY 15,371.40TL).

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

	<u>1 January 2023</u>	<u>1 January 2022</u>
	<u>31 March 2023</u>	<u>31 December 2022</u>
Beginning of the Period	48,342,657	12,134,469
Service Cost	5,869,285	7,804,977
Interest Cost	1,142,095	1,359,546
Period Expense	(2,209,549)	(4,242,047)
Actuarial Gain /(Loss)	(6,334,169)	29,033,454
Consolidation Effect	-	2,252,258
End of the Period	46,810,319	48,342,657

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, if 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 below;

	1 January 2023 31 March 2023	1 January 2022 31 December 2022
Beginning of the Period	7,457,110	4,002,209
Additions with-in the Period	3,162,019	3,454,901
End of the Period	10,619,129	7,457,110

17. OTHER CURRENT ASSETS/OTHER SHORT-TERM LIABILITIES

Other Current Assets	31 March 2023	31 December 2022
Deferred VAT	502,417	2,526,443
Work Advances	6,081,353	5,470,354
Personnel Advances	7,800	7,800
Total	6,591,570	8,004,597

Other Short-Term Liabilities	31 March 2023	31 December 2022
Taxes and Funds Payable	8,018,581	10,860,956
Overdue, Deferred or Restruc, Tax*	998,461	-
Compulsory P,P,S, Checkoff	322,551	256,098
Income from Salary Contracts Promotions for the Following Months**	19,698,561	672,182
Deposits and Guarantees Received	36,579	20,000
Total	29,074,733	11,809,236

(*) Tax debts that paid in installments within the scope of Law No. 7256.

(**) The amount of TRY 13,921,414 is salary contract promotion for the next month.

18. CURRENT TAX ASSETS / LIABILITIES

Current Tax Assets	31 March 2023	31 December 2022
Prepaid Taxes and Funds	11,527	1,054,053
Total	11,527	1,054,053

Current Tax Liabilities	31 March 2023	31 December 2021
Deferred or Restructured Taxes (Long-term)*	-	1,497,692
Total	-	1,497,692

(*) Tax debts that have been paid in installments within the scope of Law No. 7256.

19. PREPAID EXPENSES AND DEFERRED REVENUES

Prepaid Expenses (Short-Term)	31 March 2023	31 December 2022
Advances Given to Suppliers	28,064,306	18,582,389
Advances Given to Related Parties*	5,493,056	6,387,160
Prepaid Expenses for the Following Months	16,695,169	5,108,870
Total	50,252,531	30,078,419

(*) Further described in "Note – 31 Related Party Disclosures".

Prepaid Expenses (Long-Term)	31 March 2023	31 December 2022
Expenses for the Following Years	11,712,045	4,282,896
Related Party Expenses*	29,920,419	28,846,603
Total	41,632,464	33,129,499

(*) Further described in "Note – 31 Related Party Disclosures".

Deferred Income (Short-Term)	31 March 2023	31 December 2022
Advances Received	27,073,327	9,338,135
Total	27,073,327	9,338,135

Deferred Income (Long-Term)	31 March 2023	31 December 2022
Income from Salary Contracts Promotion for the Following Years	18,949,900	7,322,913
Total	18,949,900	7,322,913

20. EMPLOYEE BENEFIT PAYABLES

Employee Benefit Payables	31 March 2023	31 December 2022
Accrued Wages	27,316,991	18,182,140
Social Security Premiums Payable	9,478,757	12,475,639
Total	36,795,748	30,657,779

21. SHAREHOLDERS' EQUITY

Capital:

	31 March 2023	31 December 2022
Capital	36,000,000	36,000,000
Paid-in 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 2023	31 December 2022
Repurchased Shares	(9.226.637)	(582,085)
Total	(9.226.637)	(582,085)

The third buyback program implemented by the company to ensure price stability in stocks was 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 a repurchase until it reaches a nominal value of TRY 3,600,000, limited to 10% of the capital, including previous purchases. After the capital increase in 2021, the upper price limit, which was TRY 20 after the split effect, was updated to TRY 50. The amount of funds allocated as TRY 30,000,000 for the buyback program has been updated as TRY 100,000,000. 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 a repurchase. The Company's Board of Directors authorized for three years to buy back.

All of the 1,880,455 shares owned by the company and its subsidiaries "Lokman Hekim Van" in terms of the buyback program were sold on November 2, 2022, for TRY 20.10, and the profit amounting to TRY 16,061,820 after the sale is included in the equity item in the statement of financial position on December 31, 2022.

As of the balance sheet date, the Company has bought back 257.779 shares and its subsidiary Lokman Hekim Van Sağlık A.Ş. has bought back 134.000 shares, totalling 391.779 shares.

Revaluation Funds;

	31 March 2023	31 December 2022
Revaluation Fund from non-current Assets	54,590,265	54,590,265
Deferred Tax Effect	(5,718,377)	(5,718,377)
Total	48,871,888	48,871,888

Revaluation fund related to tangible assets includes value increases 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 to calculate the deferred tax effect of value increases. (December 31 2022: 10%)

The Company has revaluated buildings and buildings reported in tangible assets following 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 associated with 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 2023	31 December 2022
Actuarial Gain/(Loss)	(27.163.324)	(31.364.384)
Total	(27,163,324)	(31,364,384)

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. The 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. The service cost in the current accounting period of the severance pay they deserve to be paid for the employees' work in the amount of the discount rate, expected to reach the part resulting from the balance sheet da. Other differences reflect the actuarial gains and losses. Actuarial gains/(losses) recognized in equity and current service and interest costs are recognized in the statement of comprehensive income.

Currency Translation Differences;

The Company's functional currency is the Turkish Lira. Engürüsağ Genel Ticaret Ltd, Şti, (Erbil), which operates in Iraq, prepares its financial statements in U.S. dollars. Related companies' financial statements are translated into 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".

	31 March 2023	31 December 2022
Currency Translation Differences	2,311,946	2,186,871
Total	2,311,946	2,186,871

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

Legal Reserves;

Restricted Reserves from profit	31 March 2023	31 December 2022
Legal Reserves	10,319,024	10,319,024
Legal Reserves Allocated from Repurchased Shares	9,226,637	582,085
Total	19,545,661	10,901,109

Restricted reserves allocated from the profit are those given from the previous period's profit due to obligations arising from law or contract or for 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 212,397,902 (31 December 2022: TRY 95,920,310).

Following 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. Due to the evaluation made by the board of directors, the remaining amount of TRY 2,824,488 was paid on January 4, 2021, and January 6, 2021.

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

Following the decision taken at the company's ordinary general assembly for 2021, TRY 7,000,000 of the profit of TRY 14,000,000 to be distributed was paid on September 28, 2022, and the remaining TRY 7,000,000 will be paid on December 28, 2022.

Non-controlling Interests	31 March 2023	31 December 2022
Beggining of the period	52,932,992	38,787,941
Transfers/additions (Net)	(6,391,972)	14,145,051
Total	46,541,020	52,932,992

22. SALES AND COST OF SALES

Revenues by Operating	1 January -		1 January -	
	31 March 2023	%	31 December 2022	%
Sales of Healthcare Service	272,187,754	88.82	128,659,200	84.80
Sales of Biological Assets, Milk and Feed	16,764,817	5.47	3,251,780	2.14
Hospital Rental Incomes	12,853,923	4.19	14,928,802	9.84
E-Health Revenues	1,006,556	0.33	332,590	0.22
Other Incomes	3,641,282	1.19	4,551,620	3.00
Total	306,454,332	100	151,723,992	100
	1 January -		1 January -	
	31 December 2023		31 December 2022	
Cost of Healthcare Services	(233,583,476)		(106,214,354)	
Cost of Biological Assets, Milk and Feed	(4,680,734)		(2,419,466)	
Hospital Rental Costs	(615,187)		(688,647)	
E-Health Costs	(566,352)		(391,565)	
Other Costs	(4,476,269)		(1,969,006)	
Total	(243,922,018)		(111,683,038)	
Gross Profit/(Loss)	62,532,314		40,040,954	

The biological assets are the 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 an increase of TRY 10,651,558 at the fair value for milk and livestock animals (31 December 2022: TRY (6,288,651).

Costs of sales based on its type are as follows;

	1 January - 31 March 2023	1 January - 31 March 2022
Salaries and equivalents expense	(139,051,895)	(57,075,940)
Raw Material and Supplies Expense	(49,193,895)	(32,942,730)
Utilities Expense	(21,794,980)	(6,925,368)
Repairs and Maintenance Expense	(5,125,109)	(2,337,955)
Rent Expense	(6,320,250)	(2,645,272)
Right-of-use Assets Depreciation Expense	(6,641,463)	(6,876,184)
Depreciation and Amortization Expense	(8,071,944)	(5,144,662)
Representation Expense	(227,749)	(112,897)
Telephone, Internet, Cargo, Mail, Transportation, Insurance, parking Expense	(856,510)	(333,915)
Consulting Expense	(1,371,400)	(901,417)
Stationery, Education, Textil and Fixed Assets	(1,602,937)	(959,548)
Other Expenses	(3,663,886)	(593,188)
Total	(243,922,018)	(111,683,038)

23. MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES

	1 January - 31 March 2023	1 January - 31 March 2022
General and Administrative Expenses (-)	(13,472,452)	(7,429,838)
Marketing, Selling and Distribution Expenses (-)	(6,000,156)	(2,495,965)
Total	(19,472,608)	(9,925,803)

General and Administrative Expenses	1 January - 31 March 2023	1 January - 31 March 2022
Salaries and equivalents expense	(7,719,695)	(3,950,720)
Representation, Travel and Transportation Expenses	(722,089)	(296,454)
Consultancy, Advisory, Litigation and Notary Expenses	(941,034)	(1,007,263)
Utilities Expense	(461,112)	(149,986)
Repairs and Maintenance Expense	(129,145)	(124,941)
Rent Expense	(463,442)	(496,957)
Communication Expense	(198,493)	(173,873)
Depreciation Expense	(590,614)	(222,099)
Right-of-use Assets Depreciation Expense	(171,569)	(131,335)
General Assembly Expense	-	(16,003)
Miscellaneous Expense	(748,984)	(320,508)
Outsourced Benefits Expense	(542,450)	(290,317)
Taxes, Duties, Fees, Insurance, Bank, License, Dues expenses	(783,825)	(249,382)
Total	(13,472,452)	(7,429,838)

Marketing, Selling and Distribution Expenses	1 January - 31 March 2023	1 January - 31 March 2022
Advertising Expenses	(2,064,153)	(766,870)
Personnel Expenses	(1,623,405)	(649,907)
Rental Expenses	(169,937)	(43,200)
Travel and Representation Expenses	(2,889)	(30,123)
Commission Expenses	(1,915,543)	(877,003)
Other Expenses	(224,229)	(128,862)
Total	(6,000,156)	(2,495,965)

24. OTHER INCOME FROM MAIN OPERATIONS

	1 January - 31 March 2023	1 January - 31 March 2022
Provisions No Longer Required	503,745	347,944
Gain on Sale of Non-current Assets	82,940	26,852
Rental Income	411,940	81,212
Miscellaneous Income	1,734,772	2,400
Total	2,733,397	458,408

25. OTHER EXPENSES FROM MAIN OPERATIONS

	1 January - 31 March 2023	1 January - 31 March 2022
Provision Expenses	(620,622)	(716,259)
Grants and Donations	(827,913)	(1,000,000)
Taxes and Other Penalties	(950,251)	(409,404)
Miscellaneous Expenses	(4,743,721)	(2,018,765)
Tax Restructuring Expenses	(48,686)	(487,213)
Loss on Sale of Asset	-	(3,744)
Total	(7,191,193)	(4,635,385)

26. INCOME/(EXPENSE) FROM INVESTING ACTIVITIES

	1 January - 31 March 2023	1 January - 31 March 2022
Rental Income	171,420	103,265
Total	171,420	103,265

27. FINANCIAL INCOME

FINANCIAL INCOME	1 January - 31 March 2023	1 January - 31 March 2022
Participation (Profit) Share Income	937,093	-
Other Financial Income	-	67,985
Allowance Income	1,043,816	1,193,837
Foreign Exchange Gains	11,473	80,853
Rediscount Interest Income	2,003,190	1,728,433
Total	3,995,572	3,071,108

(*) 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 1,043,816 calculated (March 31, 2022: TRY 1,193,837).

28. FINANCIAL EXPENSES

FINANCIAL EXPENSES	1 January - 31 March 2023	1 January - 31 March 2022
Bank loan interest expenses	(7,293,729)	(3,267,547)
Participation (profit) share expenses	(4,547,589)	(320,413)
Right-of-Use Assets Financial Expenses	(2,618,885)	(991,180)
Other financial expenses	(1,541,637)	(1,534,768)
Rediscount Interest Expenses	(1,900,306)	(1,338,938)
Commission expenses	(1,380,149)	(641,103)
Financial leasing expenses	(1,254,460)	(72,860)
Letter of guarantee expenses	(137,566)	(44,254)
Foreign Exchange Losses	(61,796)	(581,979)
Total	(20,736,117)	(8,793,042)

29. TAX REVENUE/(EXPENSE)

Corporate Tax;

The corporate tax rate is 20% applied to the legal tax base to be found by adding the non-deductible expenses following 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 Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated 22.04.2021 and numbered 31462, the Corporate Tax Rate has been amended. With the amendment made, the Corporate Tax Rate for the calendar year 2021 is 25% and the rate is applied as 23% for the corporate earnings for the taxation period of 2022. The tax effect of temporary differences in subsequent periods is calculated with a rate of 20%.

The Company revalued its tangible and intangible assets in its legal records by indexing them according to the rates determined by the Ministry of Finance in accordance with the Provisional Article 31 added to the Tax Procedure Law with Article 11 of the Law No. 7326 on Restructuring of Certain Receivables and Amendments to Certain Laws, the Provisional Article 32 of the Tax Procedure Law added with Article 52

of the Law No. 7338 and the "Ç" paragraph of the Tax Procedure Law Repeated 298 added with Article 31 of the Law No. 7338. The Company revalued its tangible and intangible fixed assets in its legal records by indexing them according to the rates determined by the Ministry of Finance in accordance with paragraph "Ç" of Article 31 of the Law No. 7338. The valuation made in accordance with the Tax Procedure Law differs from the fair value of the assets based on the market approach in accordance with IFRS. Deferred tax is recognised on the difference between the tax value and the accounting value due to the revaluation transactions performed by the Company in accordance with the provisions of the Tax Procedure Law.

Dividend distributions are subject to withholding tax and this withholding tax liability is accrued in the period in which the dividend is paid. Dividend payments other than those made to non-resident corporations which have a place of business or permanent representative in Turkey and resident corporations are subject to withholding tax at the rate of 10%.

In the application of withholding tax rates for profit distributions to non-resident corporations and real persons, the withholding tax rates in the related Double Tax Treaty Agreements are also taken into consideration. Allocation of retained earnings to capital is not considered as profit distribution and therefore is not subject to income tax.

The provisions on transfer pricing are set out in Article 13 of the Corporate Tax Law, under the heading "Disguised Profit Distribution through Transfer Pricing". The 18 November 2007 dated general communiqué on disguised profit distribution through transfer pricing contains provisions on implementation. If a taxpayer trades goods or services with related parties and the prices are not determined in a manner in which both parties are independent and do not dominate each other, the related profits are deemed to be distributed in a disguised manner through transfer pricing. Such hidden profit distributions are not deductible for corporate tax purposes.

Under Turkish tax legislation, tax losses can be carried forward to offset against future taxable income for up to five years. However, tax losses cannot be offset against retained earnings. In Turkey, there is no such practice as reconciliation with the tax administration on taxes payable. Corporate tax returns are filed within four months following the close of the accounting period. Tax authorities may examine tax returns and the underlying accounting records for a period of five years following the accounting period and may make a re-assessment based on their findings.

Income Tax Liability of the Period	31 March 2023	31 December 2022
Calculated Corporate Tax Provision	2,463,418	5,264,091
Calculated Corporate Tax and Other Liabilities (-)	(2,463,418)	(5,264,091)
Total	-	-

Tax income/(expense) are as follows;

Tax Income/(Expense) for the Period	1 January - 31 March 2023	1 January - 31 March 2022
Tax Expense for the Period	(1,843,148)	(1,499,718)
Deferred Tax Income/(Expense)	15,334,926	9,728,228
Net	13,491,778	8,228,510

DTA (Deferred Tax Assets) and DTL (Deferred Tax Liabilities) are calculated by taking into account the effects of temporary differences that arise as a result of the different evaluations between the

financial statements of financial position items prepared in accordance with TAS/IFRS published by POA and their legal financial statements.

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 started on a different system than before; These systems are based on 2009/15199 and 2012/3305 and 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 contribution amount based on the principle of less taxation. The defined contribution amount for each investment until the reduced corporate tax rate is promoted by applying the tax to be charged in the amount of the investment contribution.

Contribution to investment amount reduced corporate tax to be applied for collection with the foregone tax through investments amount is to be covered by the stat., The investment contribution rate is represented by dividing the total contribution amount by the total investment incentive.

	Cumulative Temporary Differences		Deferred Tax Assets/ (Liabilities)	
	2023	2022	2023	2022
Reduced Corporate Tax *	-	-	87,600,366	73,255,722
Increase in valuation of investment properties	4,322,579	4,322,579	(864,516)	(864,516)
Revaluation Increases from Non-Current Assets	54,653,173	54,653,173	(10,930,635)	(5,465,317)
Value Adjustments of Non-Current Assets**	(278,692,382)	(255,890,640)	55,738,476	51,178,128
Revaluation Differences from Biological Assets	10,584,289	5,816,643	(2,116,858)	(1,163,329)
doctor progress payments	(1,286,169)	(1,422,196)	257,234	284,440
Provisions for Benefits Provided to Employees	(57,429,448)	(55,799,770)	11,485,890	11,159,954
Provisions for Receivables	(3,893,666)	(4,057,890)	778,733	811,578
Financial Loss	(84,707,345)	(79,956,495)	16,941,469	15,991,299
Rediscounts on receivables	(1,182,450)	(943,451)	236,490	188,690
Rediscounts on Payables	1,406,381	1,061,739	(281,276)	(212,348)
Provisions for Lawsuits	(3,185,718)	(2,843,634)	637,144	568,727
Currency Translation Differences and Interest Accruals	(191,408)	(8,023)	38,282	1,605
Right-of-Use Assets	(1,084,570)	(1,011,561)	216,914	202,313
Stock impairment	(1,613,334)	(1,613,334)	322,667	322,667
Other	(1,336,617)	-	267,324	-
Deferred Tax Assets/ (Liabilities)			160,327,704	146,259,613

(*) Within the scope of Law No. 6745 on Supporting Investments on Project Basis, Lokman Hekim Ankara Hospitals and Lokman Hekim Van Hospitals and Lokman Hekim Istanbul Hospital, which entered the scope of full consolidation on 01.04.2022, consist of reduced corporate tax within the scope of Investment Incentive Certificates.

(**) This amount is the net adjustment made on other non-current assets other than revalued non-current assets (depreciation due to the value adjustment made in the cost or depreciation calculation according to the useful life) and the deferred tax effect is taken into consideration as 20% as of the current period (31.12.2022: 20%). The Company has revalued its tangible and intangible assets in its statutory records by indexing them according to the rates determined by the Ministry of Finance

in accordance with the Provisional Article 31 added to the Tax Procedure Law with Article 11 of the Law No. 7326 on Restructuring of Certain Receivables and Amendment of Certain Laws. The valuation made in accordance with the Tax Procedure Law differs from the fair value of the assets determined according to the market approach in accordance with IFRS. Deferred tax is recognised on the difference between the tax value and the accounting value due to the revaluation transactions made by the Company in accordance with the provisions of the Tax Procedure Law.

30. EARNINGS PER SHARE

	1 January - 31 March 2023	1 January - 31 March 2022
Net Profit for the Period (Parent Shares)	33,743,457	26,719,427
Number of Shares	36,000,000	36,000,000
Earnings/(Loss) per share	0.9373	0.7422

31. 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, 2023, and December 31, 2022, the summary of balances and transactions between the Company related parties is as follows;

Receivables from Related Parties	31 March 2023		31 December 2022	
	Commercial	Non- Commercial	Commercial	Non- Commercial
T.C. Lokman Hekim Üniversitesi SUAM*	1,818,562	-	15,124,119	-
Akgül Grup Gıda Tem. Tur. Rek. Dan. Tic. Ltd. Şti.	42,185	-	-	-
Other	274,882	-	276,851	585
Total	2,135,629	-	15,400,970	585

(*) Lokman Hekim University's receivable from SUAM consists of commercial receivables (depending on rent invoices) due to the lease of Lokman Hekim Ankara hospital.

Prepaid Expenses to Related Parties	31 March 2023		31 December 2022	
	Short Term	Long Term	Short Term	Long Term
Etlik Gayrimenkul Yatırım A.Ş.	-	-	2,340,320	-
Safi Sağlık Sanayi ve Tic. A.Ş.	327,230	-	327,230	-
Van Divan Sağlık Eğitim Tur. San. Tic. A.Ş.	1,455,008	-	2,073,100	-
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	602,393	-	750,270	-
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	2,209,631	-	-	-
Bilgen İnş.Konf.Taah.Tic.ve San.Ltd.Şti.	896,240	-	896,240	-
Sevgi Vakfı(*)	-	29,920,419	-	28,846,603
Other	2,554	-	-	-
Total	5,493,056	29,920,419	6,387,160	28,846,603

(*) Consist of advance payments in the scope of affiliation* between Hospitals in Ankara and Lokman Hekim University, Total financial costs related to advances given are TRY 14,765,801 and are reflected to Sevgi Foundation periodically. Collection of the advance is planned to take place in the next three years. The 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 to develop 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 2023		31 December 2022	
	Commercial	Non-Commercial	Commercial	Non-Commercial
Lokman Hekim Tıbbi Hizmetler Ltd. Şti.	-	-	2,048,091	-
Medisina Grup Sağ. Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	749,966	-	641,806	-
Afşar Matbaacılık Ofset ve Tipo Tesisleri	133,036	-	169,633	-
Akgül Grup Gıda Tem.Turz.Rek.Dan.Tic.Ltd.Şti.	215,115	-	636,730	-
T.C. Lokman Hekim Üniversitesi SUAM	125,699	1,810,414	114,038	-
Etlik Gayrimenkul Yatırım A.Ş.	12,548,692	-	-	-
Obligations to senior management staff from managerial, professional and other activities	-	136,672	14,700	114,870
Payables to shareholders	136,880	-	97,970	-
Others	196,594	-	7,784	-
Total	14,105,982	1,947,086	3,730,752	114,870

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

As of March 31, 2023 and December 31, 2022, income and expense balances with related parties are as follows;

Income/(Expense)	1 January – 31 March 2023		1 January – 31 December 2022	
	Income	Expense	Income	Expense
Akgül Grup Gıda Tem. Turz. Rek. Dan. Tic. Ltd. Şti.	411,940	(1,218,073)	63,840	(528,557)
Koç Medikal Tıbbi Mal. Tic. Ltd. Şti.	-	(177,433)	-	(228,662)
Medisina Grup Sağlık Dan. Eğt. İnş. Tem. Tic. Ltd. Şti.	-	(345,899)	-	(329,922)
Lokman Hekim Tıbbi Hizmetler Tic. Ltd. Şti.	109,504	(3,880,967)	-	(3,052,050)
Pozitron Sağlık Hiz. San. ve Tic. Ltd. Şti.	-	(136,924)	-	(224,979)
Üst yönetim kadrosuna yöneticilik, mesleki ve diğer faaliyetlerden gelir/(giderler)	-	(1,425,938)	-	(823,877)
Afşar Medya Mat.San.Ve Tic.A.Ş.	-	(43,269)	-	(20,685)
Other	-	(225,680)	-	-
Total	521,444	(7,454,183)	63,840	(5,208,732)

32. NATURE AND EXTENT 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 2023	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)	2,135,629	159,375,086	-	8,279,094	42,666,961	9,880,871
- The Amount of Maximum Risk that Have Been Secured with Collaterals, Etc,	-	-	-	-	-	-
A, Net Book Value of Financial Assets that are neither Past Due nor Impaired	2,135,629	159,375,086	-	8,279,094	42,666,961	9,880,871
B, Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	3,085,981	-	1,237,500	-	-
- Impairment (-)	-	(3,085,981)	-	(1,237,500)	-	-

31 December 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)	15,400,970	130,100,292	585	2,082,534	38,322,256	6,543,533
- The Amount of Maximum Risk that Have Been Secured with Collaterals, Etc,	-	-	-	-	-	-
A, Net Book Value of Financial Assets that are neither Past Due nor Impaired	15,400,970	130,100,292	585	2,082,534	38,322,256	6,543,533
B, Net Book Value of Impaired Assets	-	-	-	-	-	-
- Overdue (Gross Book Value)	-	3,311,189	-	1,237,500	-	-
- Impairment (-)	-	(3,311,189)	-	(1,237,500)	-	-

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

Notes to the Consolidated Financial Statements for the Accounting Period Ended at 31 December 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 2023							
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							
Bank Loans	255,873,144	298,631,279	47,818,507	157,602,349	93,210,423	-	-
Finance Lease Liabilities	16,464,635	27,694,903	3,345,364	6,290,805	18,058,734	-	-
Operating Lease Liabilities	109,851,379	219,731,439	10,370,795	29,689,630	140,816,920	38,854,094	-
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	154,918,396	156,328,444	79,883,835	76,444,609	-	-	-
Other Payables	2,957,998	2,957,998	-	2,957,998	-	-	-
Debt Provisions	3,185,718	3,185,718	-	3,185,718	-	-	-
Other Liabilities	29,074,733	29,074,733	29,074,733	-	-	-	-
Provisions for Employee Benefits	57,429,448	57,429,448	10,619,129	-	-	-	46,810,319

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Notes to the Consolidated Financial Statements for the Accounting Period Ended at 31 December 2022

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

31 December 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							
Bank Loans	246,946,263	294,806,288	43,919,488	138,531,131	112,355,669	-	-
Finance Lease Liabilities	19,316,249	31,784,459	2,004,755	7,539,703	22,240,001	-	-
Operating Lease Liabilities	116,591,402	209,530,983	8,128,522	26,554,622	142,623,412	32,224,427	-
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	130,878,294	131,941,598	67,422,157	64,519,441	-	-	-
Other Payables	765,108	765,108	-	765,108	-	-	-
Debt Provisions	2,843,634	2,843,634	-	2,843,634	-	-	-
Other Liabilities	11,809,236	11,809,236	11,809,236	-	-	-	-
Provisions for Employee Benefits	55,799,767	55,799,767	7,457,110	-	-	-	48,342,657

Foreign Exchange Rate Risk:

Foreign Currency Position Table - 31 March 2023	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	-	-	-
2a. Monetary Financial Assets (Cash. Bank Accounts Included Etc.)	94,658	2,934	1,850
2b. Non-Monetary Financial Assets	-	-	-
3.Other	5,239,954	273,684	-
4.Current Assets (1+2+3)	5,334,612	276,618	1,850
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)	5,334,612	276,618	1,850
10. Trade Payables	143,614	7,501	-
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	143,614	7,501	-
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)	143,614	7,501	-
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)	5,190,998	269,117	1,850
21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(48,956)	(4,567)	1,850
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 2022	TRY Equivalent (Functional Currency)	USD	EUR
1.Trade Receivables	-	-	-
2a. Monetary Financial Assets (Cash. Bank Accounts Included Etc.)	-	-	-
2b. Non-Monetary Financial Assets	-	-	-
3.Other	4,713,262	252,069	-
4.Current Assets (1+2+3)	4,713,262	252,069	-
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)	4,713,262	252,069	-
10. Trade Payables	454,969	12,885	10,737
11. Financial Liabilities	-	-	-
12a. Other Monetary Liabilities	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-
13.Short-Term Liabilities (10+11+12)	454,969	12,885	10,737
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)	454,969	12,885	10,737
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)	4,258,293	239,184	(10,737)
21. Monetary Accounts Net Foreign Currency Asset/(Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(454,969)	(12,885)	(10,737)
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 Exchange Risk 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 2022: 20%)

31 March 2023	Gain/(Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case +/- 20% Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	1,030,503	(1,030,503)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 +2)	1,030,503	(1,030,503)
In case +/- 20% Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	7,697	(7,697)
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	7,697	(7,697)
TOTAL (3+6)	1,038,200	(1,038,200)

31 December 2022	Gain/(Loss)	
	Foreign Exchange Appreciation	Foreign Exchange Depreciation
In case +/- 20% Fluctuation of USD Rate		
1- U.S. Dollar Net Asset/(Liability)	894,467	(894,467)
2- Hedged Portion from U.S. Dollar Risk (-)	-	-
3- U.S. Dollar Net Effect (1 +2)	894,467	(894,467)
In case +/- 20% Fluctuation of EURO Rate		
4- EURO Net Asset/(Liability)	(42,808)	42,808
5- Hedged Portion from EURO Risk (-)	-	-
6- EURO Net Effect (4+5)	(42,808)	42,808
TOTAL (3+6)	851,659	(851,659)

33. 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 Loans	162,079,575	6,811,971	(41,071,189)	127,820,357
Long-Term Bank Loans	84,866,688	1,929,975	(16,007,431)	70,789,232
Leasing Debts (Short-Term)	28,202,795	(6,740,023)	5,729,061	27,191,833
Leasing Debts (Long-Term)	88,388,607	-	(5,729,061)	82,659,546
Finance Lease Liabilities (Short-Term)	5,900,962	(2,666,679)	1,548,762	4,783,045
Finance Lease Liabilities (Long-Term)	13,415,287	-	(1,903,041)	11,512,246

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

34. FAIR VALUE AND FINANCIAL RISK MANAGEMENT

Fair Value of Financial Instruments

Fair value is the amount which can be measurable with the closest market price that can be obtained in a sale process except for forced sale or liquidation in which there are applicants for both selling and buying. The estimated fair values of financial instruments are determined using available market information by the Company, using appropriate valuation methodologies. However, judgment is necessary 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 fully reflect the value that could be realized in the current circumstances. The following methods and assumptions are used to determine fair values of financial instruments.

Financial Assets

Fair values of Cash and Cash Equivalents, including accrued interest and other financial assets, are assumed to approximate their carrying amounts due to their short-term maturity and being subject to insignificant credit risk. Fair values of trade receivables net of doubtful receivables are assumed as approximate to 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 costs, and transaction costs are added to the initial residual cost of bank loans. Banks loans are predicted to be valued by their fair values since interest rates are updated by considering 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 December 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 using the following hierarchy:

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

Level 2: Direct and indirect observation of inputs that may significantly affect 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 2023			
Valuation Inputs to Fair Value	Level 1	Level 2	Level 3
Biological Assets	-	-	34,850,000
Land and Buildings	-	-	93,955,690
Doctor Staff and Medical License Fee	-	-	60,714,973
Investment Property	-	-	7,810,000

31 December 2022			
Valuation Inputs to Fair Value	Level 1	Level 2	Level 3
Biological Assets	-	-	22,584,000
Land and Buildings	-	-	89,066,150
Doctor Staff and Medical License Fee	-	-	60,714,973
Investment Property	-	-	7,810,000

35. EVENTS AFTER THE REPORTING PERIOD

For electricity generation based on solar energy, the Company and its subsidiary Lokman Hekim Van A.Ş. As a result of the approval of the applications made on behalf of the company, 220,534 m2 of marginal land was purchased for 12,616,894 TL in the Seyitgazi district of Eskişehir province.

The ordinary general assembly of the Company for 2022 was held on 21.05.2023. In accordance with the decision taken at the general assembly, it was decided to distribute TL 16,500,000 cash dividend.

As of the date of the report, the total number of shares purchased by the Company and its subsidiaries within the scope of the buy-back programme reached 817,463 shares with a total share of 2.27% in the Company's capital.