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

01 January– 31 December 2023

CONSOLIDATED FINANCIAL STATEMENTS

ABACUS
WORLDWIDE

INDEPENDENT AUDITOR'S REPORT

LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT ANONİM ŞİRKETİ
To the General Assembly of

A) REPORT ON THE AUDİT OF THE CONSOLİDATED FİNANCİAL STATEMENTS

Opinion

We have audited the consolidated financial statements of LOKMAN HEKİM ENGÜRÜSAĞ SAĞLIK, TURİZM, EĞİTİM HİZMETLERİ VE İNŞAAT TAAHHÜT ANONİM ŞİRKET. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing issued by Capital Markets Board and the Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Matter was Addressed in the Audit
TMS-29 "Financial Reporting in High Inflation Economies" Application	
According to TMS 29, financial statements must be rearranged according to the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period have been restated to reflect purchasing power as of December 31, 2023. The implementation of TMS 29 causes comprehensive and significant changes in many items in the Company's financial statement. The impact of TMS 29 depends on the complex calculations and various management judgments used in restating many balance sheet items and current period transactions throughout the year. Many complex procedures are required to prepare financial statements using current purchasing power. Due to the management judgments applied during the reorganization process, the complexity of the calculations and the risk of incomplete or inaccurate data used, the application of TMS 29 has been determined by us as a key audit matter.	Our audit procedures for TMS 29 "Financial Reporting in High Inflation Economies" include the following: - - The Company's current processes and accounting policies were examined. - - Detailed lists of non-monetary items were obtained, their initial dates and amounts were checked, and it was checked whether appropriate indexes were used. - - It has been checked whether the distinction between monetary and non-monetary items made by the Group is made in accordance with TFRS. - - By checking the general price index rates with the method used; The preparation of non-monetary items, income statement and cash flow statement was tested for inflation effects.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of "material misstatement" of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going

- concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- • Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

B) REPORT ON OTHER LEGAL AND REGULATORY REQUİREMENTS

1) In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 27.02.2024

2) In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Group's articles of association in relation to financial reporting.

3) In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

Ankara, 65.03.2024

KARAR BAĞIMSIZ DENETİM VE DANIŞMANLIK A.Ş.
Member Firm of Abacus

ALİ OSMAN EFLATUN
Partner

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	Notes Number	31.12.2023	31.12.2022
ASSETS			
Current Assets			
Cash and cash equivalents	[4]	37.615.066	73.926.670
Trade receivables	[6]	307.917.819	236.676.475
• Trade receivables due from related parties		*25.413.248*	*25.376.627*
• Trade receivables due from unrelated parties		*282.504.571*	*211.299.848*
Other receivables	[7]	93.845.751	51.497.548
• Other receivables due from related parties		*60.223.712*	*47.532.498*
• Other receivables due from unrelated parties		*33.622.039*	*3.965.050*
Inventories	[9]	100.896.668	95.161.812
Prepayments	[10]	32.887.361	54.262.954
• Prepayments to related parties		*15.360.197*	*10.524.310*
• Prepayments to unrelated parties		*17.527.164*	*43.738.644*
Current tax assets	[12]	9.318.612	10.731.453
Other current assets	[13]	10.370.907	13.243.151
Total Current Assets		**592.852.184**	**535.500.063**
Non-Current Assets			
Other receivables	[7]	308.021	614.870
Biological assets	[14]	50.695.000	37.212.316
Investment property	[15]	21.139.469	21.139.469
Property, plant and equipment	[16]	930.877.703	857.647.648
Right of use assets	[17]	346.377.769	434.877.622
Intangible assets and goodwill	[18]	210.874.521	165.496.551
Prepayments	[10]	8.167.971	2.355.095
Deferred tax asset	[12]	125.565.954	89.327.754
Total Non-Current Assets		**1.694.006.408**	**1.608.671.325**
TOTAL ASSETS		**2.286.858.592**	**2.144.171.388**

	Notes Number	31.12.2023	31.12.2022
LIABILITIES			
Current Liabilities			
Current borrowings	[5]	231.448.632	157.499.002
Current portion of non-current borrowings	[5]	88.980.404	119.287.431
Other financial liabilities	[5]	23.363.596	46.470.569
Trade payables	[6]	160.079.725	214.533.234
• Trade payables to related parties		*1.074.348*	*5.948.688*
• Trade payables to unrelated parties		*159.005.377*	*208.584.546*
Employee benefit obligations	[8]	56.298.928	50.704.993
Other payables	[7]	653.628	1.071.417
Deferred income	[10]	41.114.889	25.027.349
Current tax liabilities, current	[12]	16.765.607	9.469.696
Current provisions	[11]	12.407.407	16.972.837
• Current provisions for employee benefits		*8.809.414*	*12.287.298*
• Other current provisions		*3.597.993*	*4.685.539*
Other current liabilities	[13]	16.949.669	20.982.151
Total Current Liabilities		**648.062.485**	**662.018.679**
Non-Current Liabilities			
Long term borrowings	[5]	118.801.685	161.942.079
Other financial liabilities	[5]	65.025.012	145.640.487
Other payables	[7]	–	*2.500.746*
Deferred income	[10]	*15.251.178*	*6.747.379*
Non-current provisions	[11]	*112.083.862*	*79.655.607*
Total Non-Current Liabilities		**311.161.737**	**396.486.298**
TOTAL LIABILITIES		**959.224.222**	**1.058.504.977**
Equity			
Equity attributable to owners of parent		**1.243.881.109**	**989.974.408**
Issued capital	[20]	36.000.000	36.000.000
Inflation adjustments on capital	[20]	274.804.653	274.804.653
Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss	[21]	-66.725.152	-31.245.669
Other accumulated comprehensive income (loss) that will be reclassified in profit or loss		14.808.316	2.077.527
• Exchange differences on translation		14.808.316	2.077.527
Restricted reserves appropriated from profits	[22]	44.801.940	42.619.806
Prior years' profits or losses		618.019.444	348.777.702
Current period net profit or loss		322.171.908	316.940.389
Non-controlling interests		**83.753.261**	**95.692.003**
TOTAL EQUITY		**1.327.634.370**	**1.085.666.411**
TOTAL LIABILITIES AND EQUITY		**2.286.858.592**	**2.144.171.388**

	Notes Number	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Revenue	[23]	1.895.545.623	1.658.705.387
Cost of sales (-)	[23]	-1.631.420.496	-1.453.973.002
GROSS PROFIT/LOSS		**264.125.127**	**204.732.385**
General administrative expenses	[24]	-100.160.355	-74.609.559
Marketing expenses	[25]	-41.664.128	-33.697.789
Other operating ıncome	[26]	94.381.261	95.602.231
Other operating expenses	[26]	-39.185.434	-66.051.465
OPERATING PROFIT/LOSS		**177.496.471**	**125.975.803**
Investment activity income	[27]	1.359.071	680.609
Investment activity expenses	[27]	-226.224	-1.036.577
PROFIT/LOSS BEFORE FINANCING EXPENSE		**178.629.318**	**125.619.835**
Finance income	[28]	1.376.191	185.694
Finance costs	[28]	-144.744.548	-174.509.774
Gains (losses) on net monetary position		256.471.952	342.827.962
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**291.732.913**	**294.123.717**
Tax expense/ıncome from continuing operations	**[12]**	**40.456.182**	**11.828.445**
• Current period tax expense (ıncome)		*-16.282.582*	*-8.118.526*
• Deferred tax expense (ıncome)		*56.738.764*	*19.946.971*
PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**332.189.095**	**305.952.162**
PROFIT/LOSS FROM DISCONTINUED OPERATIONS		**–**	**–**
CURRENT YEAR PROFIT / LOSS		**332.189.095**	**305.952.162**
Current Year Net Profit/Lossof Attributable to:		**332.189.095**	**305.952.162**
Minority interests		10.017.187	-10.988.227
Parent company shares		322.171.908	316.940.389
Earnings Per Share	**[29]**	**8,95**	**8,80**
Components of other comprehensive income that will not be reclassified to profit or		**-35.479.483**	**-31.245.669**
Gains (losses) on remeasurements of defined benefit plans	[11]	-47.362.598	-39.057.085
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		11.883.115	7.811.416
• Deferred Tax (Expense) Income	[12]	11.883.115	7.811.416
Components of other comprehensive income that will be reclassified to profit or loss		**5.802.508**	**-1.231.145**
Exchange Differences on Translation		5.802.508	-1.231.145
• Gains (losses) on exchange differences on translation		5.802.508	-1.231.145
OTHER COMPREHENSIVE INCOME		**-29.676.975**	**-32.476.814**
TOTAL COMPREHENSIVE INCOME		**302.512.120**	**273.475.348**
Total Comprehensive Income Attributable to:		**302.512.120**	**273.475.348**
Minority interests		-429.374	-15.252.124
Parent company shares		302.941.494	288.727.472

	Issued capital	Inflation adjustments on capital	Other accumulated comprehensive income (loss) that will not be reclassified in profit or loss: - Gains (losses) on remeasurements of defined benefit plans	Other accumulated comprehensive income (loss) that will be reclassified in profit or loss: • Exchange differences on translation	Restricted reserves appropriated from profits	Prior years' profits or losses	Current period net profit or loss	**Equity attributable to owners of parent**	Non-controlling interests	**TOTAL EQUITY**
01.01.2022	**36.000.000**	**274.804.653**	**–**	**3.308.672**	**36.860.956**	**220.132.716**	**168.777.473**	**739.884.470**	**125.537.830**	**865.422.300**
Transfers	–		–	–	5.758.850	163.018.623	-168.777.473	**–**	-18.857.600	**-18.857.600**
Total Comprehensive Income (Exp	–	–	-31.245.669	-1.231.145	–	–	316.940.389	**284.463.575**	-10.988.227	**273.475.348**
Period Profit (Loss)	–	–			–	–	*316.940.389*	***316.940.389***	*-10.988.227*	***305.952.162***
Other Comprehensive Income (Expense)	–	–	*-31.245.669*	*-1.231.145*	–	–	–	***-32.476.814***	–	***-32.476.814***
Dividend payments	–	–	–	–	–	*-34.373.637*	–	**-34.373.637**	–	**-34.373.637**
31.12.2022	**36.000.000**	**274.804.653**	**-31.245.669**	**2.077.527**	**42.619.806**	**348.777.702**	**316.940.389**	**989.974.408**	**95.692.003**	**1.085.666.411**
01.01.2023	**36.000.000**	**274.804.653**	**-31.245.669**	**2.077.527**	**42.619.806**	**348.777.702**	**316.940.389**	**989.974.408**	**95.692.003**	**1.085.666.411**
Transfers	–	–	–	–	2.182.134	285.741.709	-316.940.389	**-29.016.546**	-21.955.929	**-50.972.475**
Total Comprehensive Income (Exp	–	–	-35.479.483	12.730.789	–	–	322.171.908	**299.423.214**	10.017.187	**309.440.401**
Period Profit (Loss)	–	–	–	–	–	–	322.171.908	***322.171.908***	*10.017.187*	***332.189.095***
Other Comprehensive Income (Expense)	–	–	*-35.479.483*	*12.730.789*	–	–	–	***-22.748.694***	–	***-22.748.694***
Dividend payments	–	–	–	–	–	-16.499.967	–	**-16.499.967**		**-16.499.967**
31.12.2023	**36.000.000**	**274.804.653**	**-66.725.152**	**14.808.316**	**44.801.940**	**618.019.444**	**322.171.908**	**1.243.881.109**	**83.753.261**	**1.327.634.370**

	Notes Number	01.01.2023 31.12.2023	01.01.2022 31.12.2022
A. Cash Flows Arising from Operating Activities		**319.006.441**	**231.876.382**
Profit (loss)		**322.171.908**	**316.940.389**
Profit loss from continuing operations for cash flow statement		322.171.908	316.940.389
• Adjustments to reconcile profit (loss)		**205.606.406**	**172.609.812**
Adjustments for depreciation and amortisation expense	*[24,25]*	237.025.863	206.219.182
Adjustments for provisions	*[11]*	-20.127.533	8.437.306
• Adjustments for reversal of provisions related with employee benefits		*-18.412.227*	*9.208.381*
• Adjustments for reversal of lawsuit and or penalty provisions		*-1.087.546*	*-696.329*
• Adjustments for reversal of other provisions		*-627.760*	*-74.746*
Adjustments for interest income and expenses	*[6]*	-257.416	768.160
Adjustments for income tax expense		-8.072.503	-39.507.325
Adjustments for losses gains on disposal of non-current assets	*[17,18,19]*	-1.132.847	355.968
Other adjustments to reconcile profit loss		-1.829.158	-3.663.479
Changes in Working Capital		**-134.795.263**	**-156.017.097**
Decrease increase in financial investments			5.709.061
Adjustments for decrease increase in trade account receivable	*[6]*	-70.204.173	-77.485.395
Adjustments for decrease increase in other receivables related with	*[7]*	-15.588.831	-32.000.656
Adjustments for decrease increase in inventories	*[9]*	-5.734.856	-34.582.690
Adjustments for increase decrease in trade account payable	*[6]*	-54.229.048	50.157.220
Adjustments for increase decrease in other operating payables	*[13]*	10.961.645	-67.814.637
Net Cash Flows From (Used in) Operations		**392.983.051**	**333.533.104**
Gains (losses) on net monetary position		-77.923.266	-98.465.180
Income taxes paid refund classified as operating activities	[12]	-8.986.671	-11.948.079
Other inflows outflows of cash classified as operating activities		12.933.327	8.756.537
B. Cash Flows Arising from Investing Activities		**-231.615.651**	**-276.085.098**
• Proceeds from sales of property plant equipment and intangible assets classified as investing activities	[17,18,19]	40.604.369	28.559.223
Purchase of property plant equipment and intangible assets classified as investing activities	[17,18,19]	-272.220.020	-304.644.321
C. Cash Flows Arising from Financing Activities		**-85.972.071**	**107.868.322**
Proceeds from borrowings classified as financing activities	[5]	73.949.630	158.241.708
Re payments of borrowings classified as financing activities	[5]	-110.415.292	-21.106.870
Increase in other payables to related parties classified as financing activities		144	29.961.130
Payments of finance lease liabilities classified as financing activities	[5]	-33.006.586	-24.854.009
Dividends paid classified as financing activities		-16.499.967	-34.373.637
Net Increase /Decrease in Cash and Cash Equivalents Before Effect of Exchange Rate Changes		**1.418.719**	**63.659.606**
D. Effect of Exchange Rate Changes on Cash and Cash Equivalents			
Net Increase /Decrease in Cash and Cash Equivalents		**1.418.719**	**63.659.606**
E. Cash and Cash Equivalents at Beginning of Period	**[4]**	**73.926.670**	**28.735.135**
Nakit üzerindeki parasal kayıp etkisi		**-47.882.304**	**-18.468.071**
Cash and Cash Equivalents at End of Period	**[4]**	**27.463.085**	**73.926.670**

1. ORGANIZATION AND FIELD OF ACTIVITY OF THE COMPANY

Lokman Hekim Engürüsağ Health, Tourism, Education Services and Construction Contracting Inc. ("Parent Partnership", "Group" or "Company") established in Ankara in 1996. It started to operate sale stuff and procurement of medical equipment

Company amended the main contract in the meeting which conducted on May 23, 2010 after the 2009

Ordinary General Assembly Meeting, Company's tittle of "Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." changed as "Lokman Hekim Engürüsağ Sağlık, Turizm, Eğitim Hizmetleri ve İnşaat Taahhüt A.Ş." relying on this amendment.

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

The main partnership capital and partnership structure is;

	31.12.2023		31.12.2022	
Shareholder	Amount-TL	Rate-%	Amount-TL	Rate-%
Group A	291.600	0,8	291.600	0,8
Group B	35.708.400	99,2	35.708.400	99,2
Total	**36.000.000**	**100**	**36.000.000**	**100**

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

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

There is no granted privilege to Group B shares.

The Group has an agreement with the Social Security Institution of Turkey (the "SSI") which includes service commitment in all branches disclosed in the Operations Approval Document. SSI is a state enterprise which pays the healthcare expenditures of the citizens of Turkey who are members of the social security system based on the law numbered 5510 and manages social security premiums and short and long term insurance expenses. According to the agreement, the Group is obliged to provide the healthcare services and to issue invoices to the SSI and patients in line with the Communiqué of Health Services published by the SSI. This transaction is performed through Medula, a web based software system, by assessing the right of the patient and obtaining provisions. As a result of the assessment the expenses relating to patients with no SSI, coverage is not charged to SSI. The healthcare expenses provided to the patients are invoiced based on the terms of the Communiqué of Health Services. In this Communiqué SSI determined a price list based on the treatments provided.

Invoices are issued based on the price list announced by the Communiqué. SSI has the right not to pay the invoice or make a deduction if the treatments provided are not in compliance with the terms. The Company is registered to the Capital Markets Board ("CMB") and its shares quoted on the Borsa İstanbul A.Ş. ("BİAŞ or "Stok Exchange" or "BİST") since February 01, 2011. According to the records of Central Registry Agency (CRA); shares representing 71.67% as of December 31, 2023 are accepted as "in circulation".

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

		Participation Rate	
Company	Subject of Activity	31.12.2023	31.12.2022
Lokman Hekim Van Sağlık Hiz. ve İnş. Taah. A.Ş.	Health care	51,0	51,0
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	Health care	95,0	95,0
Lokman Hekim Tıp Merkezleri A.Ş.*	Health care	49,0	49,0
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	E-Health Service	100,0	100,0
HYS Sigorta Aracılık Hizmetleri A.Ş.	Insurance and Brokera	100,0	100,0
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.**	Health care	100,0	100,0
Lokman Hekim Lojistik A.Ş.***	Logistics Service	100,0	–

(*) Due to privileged Group A registered shares that offer the minimum 66 % representation rights in management, and 15 vote rights for each share, and right in getting 99,99 % profit distribution, the company has consolidated this company's financial statements despite of 49 % partnership rate.

(**) The company has acquired Lokman Hekim Sağlık Yatırımları A.Ş.(Adatıp Sağlık Hizmeteleri A.Ş.)'s shares corresponding to its paid-in capital of 20.000.000 TL (Adatıp Sağlık Hizmetleri A.Ş.) as of 1.2.2022.

(***) Having 100 % shares, Şirket established Lokman Hekim Lojistik A.Ş: with a capital of 1.000.000 TL. The purpose of Lokman Hekim Lojistik is to carry out the logistics activities of all companies within the group. The establishment and registration procedures of the company were carried out on 28.07.2023.

Private Lokman Hekim Etlik Hospital;

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

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

The hospital has got a score of 95.81 over 100 as a result of inspection of Health Quality Assessment by Ministry of Health.

Private Lokman Hekim Ankara Hospital;

Hospital building that has 8 floors and 17,500 m² indoor areas in Sincan district in Ankara is the Company's own asset. The hospital has 6 full-fledged operation rooms and one heliport for air ambulance, The hospital has 51 intensive care rooms, 6 intensive care units for cardiology department, 1 coronary room with 4 beds and 21 newborn intensive care incubators and 134 patient beds with a total capacity of 216 beds.

As of 01.01.2020, Lokman Hekim Ankara Hospital has leased all its fixed assets, including real estate, to Lokman Hekim University Health Application and Research Center for 3 years, and all its employees have been transferred to Lokman Hekim University as of 31.12.2019. Due to the end of the 3-year lease period on 31.12.2022, as a result of mutual negotiations, it was agreed that the previously agreed commercial conditions including the variable rental fee calculation would remain in force and the lease period would be extended for another 3 years.

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

The hospital license of Lokman Hekim Ankara Hospital has been conditionally donated to Lokman Hekim University as long as the operation of the University hospital continues, and Lokman Hekim Ankara Hospital is operated by Lokman Hekim University with the title of Lokman Hekim University Health Application and Research Center as of 01.01.2020. As a result of the latest Health Quality Assessment (SKS) audit conducted by the Ministry of Health, it received 100 points out of 100.

Private Lokman Hekim Akay Hospital

The 11-storey hospital building, built on a closed area of approximately 18,000 m2 in Ankara's Çankaya district, was rented for 15 years and started providing health services as of 01.08.2016. The hospital has a 3-bed internal intensive care unit, a 4-bed coronary intensive care unit, a 3-bed surgical intensive care unit, a 6- bed neonatal intensive care unit, a 9-bed CVD intensive care unit and 101 patient beds, with a total capacity of 126 beds.

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

As a result of the latest Health Quality Assessment (SKS) audit conducted by the Ministry of Health, it received 97.99 points out of 100.

Private Lokman Hekim Van Hospital

In Van city center the 9-storey hospital building with 12,500 m² indoor area, the hospital has 5 fullyfledged 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.

As a result of the latest Health Quality Assessment (HCS) audit conducted by the Ministry of Health, the hospital received 94.76 points out of 100.

Private Lokman Hekim Hayat Hospital

The 5-storey hospital, built on a closed area of approximately 4,500 m2 in the center of Van, has 2 operating rooms, a 13-bed internal and surgical intensive care unit, a neonatal intensive care unit with 26 incubators and 30 patient beds, with a total capacity of 69 beds.

As a result of the latest Health Quality Assessment (HCS) audit conducted by the Ministry of Health, the hospital received 94.66 points out of 100.

Engürüsağ General Trading Limited Company (Erbil)

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.

Lokman Hekim Demet Medical Centers Inc. ;

It was established on 12.04.2016 with a capital of 50,000 TL to provide outpatient treatment and healthcare services in a 2,400 m² closed area in the Demetevler district of Ankara's Yenimahalle district, and started accepting patients on 11.10.2016.

According to the Regulation on Private Health Institutions that Provide Outpatient Diagnosis and Treatment, the share in the company's capital is limited to 49%. The share ratio is 100%, including the shares owned by the parent company (49%) and paid for during establishment (51%), with pre-emption rights. The entire profit share belongs to the parent 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 500,000 TL. It will operate on digital transformation and marketing in health. HYSET is designed as a platform where the content, presentation form and prices of the services provided by the contracted health service providers can be compared, appointment could be prepared and purchased and real user experiences are shared. It is participated at %100 in the formation of the Company.

HYS Sigorta Aracılık Hizmetleri A.Ş.

HYS Sigorta Aracılık Hizmetleri A.Ş.'s (the Company) main field of activity is insurance and brokerage

services, with a capital of TRY 300,000 in which Her Yerde Sağlık ve Elektronik Ticaret A.Ş. which is 100%

shareholding is a partner in Ankara.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.

Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.' s (Adatıp Sağlık Hizmetleri A.Ş.) 100% shares, corresponding to its paid-in capital of 20,000,000 TL, were acquired by Lokman Hekim Engürüsağ as of 01.04.2022. By the decision taken at the extraordinary general assembly of Adatıp Sağlık Hizmetleri A.Ş. dated 01.04.2022, the new commercial name will be Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. It was decided that the hospital would continue to provide service uninterruptedly under the name of Lokman Hekim Istanbul Hospital. The main activity of the company is the provision of health services. The company operates Lokman Hekim Istanbul Hospital in the Pendik district of Istanbul. 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 capacity of 115 beds.

As a result of the latest Health Quality Assessment (HCS) audit conducted by the Ministry of Health, it received 97.95 points out of 100.

Livestock and Milk Production

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.

Laboratories

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

Medical Units

Anesthesia re-animation, nutrition and dietetics, brain and neurosurgery, child health and diseases, neonatal, 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.

The Group's personnel structure is as follows;

Title	31.12.2023	31.12.2022
Doctor	264	265
Health Service	970	934
Health Support Services	489	555
Administrative Support Services	437	398
Administrative staff	186	180
Veterinarians and Workers	14	10
Total	**2.360**	**2.342**

2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Basic Principles of Presentation

2.1.1. Declaration of conformity

The attached financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" ("Communiqué") of the Capital Markets Board ("CMB"), Series II, No. 14.1, published in the Official Gazette No. 28676 dated 13 June 2013. and is based on the Turkish Financial Reporting Standards ("TFRS") and their annexes and interpretations put into effect by the Public Oversight Accounting and Auditing Standards Authority ("KGK") pursuant to Article 5 of the Communiqué.

In addition, the financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on October 4, 2022 and in the Financial Statement Samples and User Guide published by the CMB.

Financial statements are prepared on the historical cost basis, except for financial investments measured at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as basis.

The company's financial statements for the period ending on December 31, 2023, within the framework of the CMB's communiqué No. Series: II–14.1 and the announcements clarifying this communiqué. Financial statements and notes are presented in accordance with the formats recommended by the CMB and include the required information. The company keeps its accounting records in accordance with the Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Laws and prepares its legal financial statements in TL accordingly.

2.1.2. Approval of Consolidated Financial Statements

The attached financial statements of the Group were approved by the Group's board of directors on 05.03.2024 . The Group's general assembly and/or legal authorities have the authority to change the accompanying financial statements.

2.1.3. Currency Measurement Unit and Reporting Unit

The currency used in the consolidated financial statements and footnotes is " TL" (Turkish Lira) .

2.1.4. Netting/Offsetting

Financial assets and liabilities are shown net in cases where there is a necessary legal right, there is an intention to evaluate the assets and liabilities on a net basis, or when the acquisition of assets and the fulfillment of obligations follow each other.

2.1.5. Preparation of Financial Statements in an Inflationary Environment

With the statement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on 23 November 2023, entities applying TFRS have started to restate their financial statements for the periods on and after December 31, 2023 in accordance with in accordance with TMS 29 Financial Reporting Standard in High Inflation Economies (TMS 29).

TMS 29 applies to the financial statements, including consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

The accompanying financial statements are prepared on a historical cost basis, except for biological assets that are measured at fair value before inflation adjustment. The financial statements in question and all comparative amounts from previous periods have been adjusted according to the changes in the general purchasing power of the Turkish lira in accordance with TMS 29 and are finally expressed in terms of the purchasing power of the Turkish lira as of December 31, 2023.

Adjustments made for inflation are calculated based on the coefficients found using the Consumer Price Index ("CPI") in Turkey published by TURKSTAT. Since January 1, 2005, when the definition of the Turkish lira as the currency of a high-inflation economy was discontinued, the CPI and the corresponding adjustment coefficients for the current and previous periods are as follows:

Year	TÜFE	Correction Factor
2004	113,86	16,33
2005	122,65	15,16
2006	134,49	13,83
2007	145,77	12,76
2008	160,44	11,59
2009	170,91	10,88
2010	181,85	10,22
2011	200,85	9,26
2012	213,23	8,72
2013	229,01	8,12
2014	247,72	7,51
2015	269,54	6,90
2016	292,54	6,36
2017	327,41	5,68
2018	393,88	4,72
2019	440,5	4,22
2020	504,81	3,68
2021	686,95	2,71
2022	1128,45	1,65
2023	1859,38	1,00

The adjustment made by the Company in accordance with TMS 29 is essentially as follows;

- Monetary assets and liabilities are not adjusted because they are expressed in terms of current purchasing power at the date of the statement of financial position. Comparative amounts for previous periods are expressed according to the current measurement unit at the end of the reporting period.
- Non-monetary assets and liabilities and equity items are adjusted using the relevant correction coefficients.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.
- Income and expense accounts are adjusted by indexing them as of the date they are created.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.

2.1.6. Principles of Consolidation

Control is considered to exist if the parent company directly or indirectly controls more than half of the voting rights in a partnership and has the authority to manage the financial and operating policies of the entity.

In the consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses, are eliminated. Financial statements are prepared by applying consistent accounting policies for similar transactions and accounts.

Financial statements of subsidiaries are prepared for the same accounting period as the parent company.

Share ratios and control details of subsidiaries subject to consolidation are as follows;

	Participation Rate	
Company	31.12.2023	31.12.2022
Engürüsağ Genel Ticaret Ltd. Şti. (Erbil)	95,0	95,0
Lokman Hekim Tıp Merkezleri A.Ş.*	49,0	49,0
Her Yerde Sağlık ve Elektronik Tic. A.Ş.	100,0	100,0
HYS Sigorta Aracılık Hizmetleri A.Ş.	100,0	100,0
Lokman Hekim İstanbul Sağlık Yatırımları A.Ş.**	100,0	100,0
Lokman Hekim Lojistik A.Ş.***	100,0	–
Lokman Hekim Lojistik A.Ş.***	100,0	–

(*) The company has been included in the financial statements with the full consolidation method since it owns 49% privileged Group A registered shares, a minimum of 66% in management representation, 15 voting rights for each share, and 99.99% entitlement to dividends.

(**) By the company, Lokman Hekim İstanbul Sağlık Yatırımları A.Ş. ' s (Adatıp Sağlık Hizmetleri A.Ş.) 100% shares corresponding to its paid-in capital of 20,000,000 TL have been acquired as of 01.04.2022.

(***) According to the decision taken by the Board of Directors of the Company, Lokman Hekim Lojistik A.Ş. was established with a capital of 1,000,000 TL, 100% of the capital belonging to the company, and for the purpose of carrying out the logistics works of all facilities within the group. It has been decided to establish a company named 'A.Ş.', and the establishment and registration procedures of the company were carried out on 28.07.2023.

Consolidation Method

- The statements of financial position and statement of comprehensive income of the consolidated partnerships have been consolidated by adding them together. The book value of the shares held by the Parent Company in its consolidated subsidiaries has been mutually offset with the equity capital accounts of the subsidiary.
- The receivables and debts of the partnerships included in the consolidation process and the income and expense items arising from the sales of goods and services and other transactions that occurred between partnerships included in the consolidation process have been mutually offset with each other.
- The current and fixed assets purchased from each other by the partnerships subject to the consolidation process are shown in the consolidated statement of financial position at their amounts by making adjustments to ensure that these assets are shown at their acquisition costs to the partnerships included in the consolidation.
- Amounts corresponding to shares other than the parent company and subsidiaries are deducted from all equity account group items, including paid/issued capital, of the subsidiaries within the scope of consolidation and are shown under the name of the "Non-Controlling Interests" account group, before the equity account group of the consolidated statement of financial position.
- Despite the share of 49 %, Lokman Hekim Medical Centers is consolidated. Because the share of 49 % is a privileged Group A share and offers a minimum of 66% in management representation, 15 voting rights for each share, and 99.99% entitlement to dividends. Since the right to receive a 100% profit share belongs to the parent company, minority share has not been calculated.
- As of the date when the partnership within the scope of consolidation becomes a subsidiary and for once only in subsequent share purchases, the acquisition cost of the parent company's shares in the capital of the subsidiary is deducted from the value these shares represent in the equity capital of the subsidiary in the statement of financial position, which is valued at fair value as of the acquisition date.
- Acquisitions by the company are accounted for using the purchase method. In this method, the acquisition is reflected in the records based on cost. The company includes the operating results of the acquired business in its consolidated statement of comprehensive income, starting from the date of acquisition. On this date, it includes each identifiable asset and liability of the acquired entity in the statement of financial position, as well as any goodwill or negative goodwill resulting from the acquisition, if any.

2.1.7. Preparation of Comparative Information and Prior Period Financial Statements

Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period financial statements.

2.1.8. Continuity of Business

The Group has prepared its financial statements according to the going concern principle.

2.1.9. Financial Statements of Subsidiaries Operating in Foreign Countries

The financial statements of subsidiaries, associates and joint ventures operating in foreign countries have been prepared in accordance with the legislation in force in the countries in which they operate and have been prepared by reflecting the necessary corrections and classifications in order to comply with the Company's accounting policies. If the functional currency of the Company's companies is different from the reporting currency, it is converted to the reporting currency as follows;

- All assets and liabilities in the statement of financial position are translated using the exchange rate at the balance sheet date.
- Income and expenses in the statement of comprehensive income are translated using the exchange rate at the date of the transaction, and the resulting exchange rate translation differences are shown as a separate item (foreign currency translation differences) in equity and in the statement of comprehensive income.

2.1.10. Changes in Türkiye Reporting Standards

The accounting policies used in the preparation of financial statements for the accounting period ending as of 31 December 2023 have been applied consistently with those used in the previous year, except for the new and amended Turkish Accounting Standards TMS/TFRS and TAS/TFRS interpretations valid as of 1 January 2023, 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 in force as of December 31, 2023, and amendments and interpretations to existing previous standards:

- **Narrow-scope amendments to TMS 1, Application Statement 2 and TMS 8** ; It is valid for annual reporting periods beginning on or after January 1, 2023. These changes are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. This change does not have a significant impact on the financial position and performance of the Company.
- **TMS 12, Amendment regarding deferred tax on assets and liabilities arising from a single transaction** ; It is valid for annual reporting periods beginning on or after January 1, 2023. These changes require companies to recognize deferred tax on transactions that cause taxable and deductible temporary differences to occur in equal amounts when first recognized in the financial statements. This change does not have a significant impact on the financial position and performance of the Company.
- **Amendment to TMS 12, International tax reform** ; The temporary exception is effective for year-end December 2023, with disclosure requirements applicable to accounting periods beginning January 1, 2023, with early application permitted. These changes provide companies with temporary relief in accounting for deferred taxes arising from the Minimum Tax Implementation Guidelines international tax reform. The changes also include disclosure requirements for affected companies. This change does not have a significant impact on the financial position and performance of the Company.

Standards, amendments and interpretations that have been published but have not yet entered into force as of December 31, 2023:

- **TMS 1, Amendment regarding long-term liabilities with contractual conditions** ; It is valid for annual reporting periods beginning on or after January 1, 2024. These changes clarify how the requirements that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information the entity provides regarding obligations subject to these conditions. This change has no impact on the financial position and performance of the Company. This change does not have a significant impact on the financial position and performance of the Company.

- **TFRS 16, Sale and leaseback transactions** ; It is valid for annual reporting periods beginning on or after January 1, 2024. These changes include the sale and leaseback provisions in TFRS 16, which explain how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected. This change does not have a significant impact on the financial position and performance of the Company.
- **Changes regarding supplier financing agreements in TMS 7 and TFRS 7** ; It is valid for annual reporting periods beginning on or after January 1, 2024. These changes require disclosure to increase transparency around supplier financing agreements and their impact on businesses' liabilities, cash flows and liquidity risks. Disclosure requirements are the IASB 's response to investors' concerns that some companies' supplier finance agreements are not sufficiently clear and hinder investors' analysis. This change does not have a significant impact on the financial position and performance of the Company.
- **TMS 21 Lack of Interchangeability** ; It is valid for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose. A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction; occurs through a market or exchange mechanism that creates enforceable rights and obligations. This change does not have a significant impact on the financial position and performance of the Company.
- **TSRS 1, "General Requirements for Disclosure of Sustainability-related Financial Information"** ; It is valid for annual reporting periods beginning on or after January 1, 2024. This standard contains the basic framework for disclosing all serious risks and opportunities a company is exposed to regarding sustainability within its value chain.
- **TSRS 2, "Climate-related Disclosures"** ; It is valid for annual reporting periods beginning on or after January 1, 2024. This standard is the first to establish disclosure requirements for companies about climate-related risks and opportunities.

The Company has not yet determined the effects that may occur on its financial statements as a result of the application of these standards, other than those stated above, and does not expect such differences to have a significant impact on its financial statements.

2.2. Changes and Errors in Accounting Policies and Accounting Estimates

2.2.1. Changes in Accounting Policies

An entity can only use its accounting policies; It can change in the following cases:

a) If it is required by a TMS/TFRS or

b) If it is of a nature that will enable the effects of transactions and events on the financial position, performance or cash flows of the enterprise to be presented in the financial statements in a more appropriate and reliable manner.

When an accounting policy is changed, the total amount of adjustment for earlier periods than presented in the financial statements is taken to retained earnings in the next period. Other information regarding previous periods is also restated. When changes in accounting policies have an impact on the operating results of the current period, previous periods or successive periods; The reasons for the change, the correction amount for the current period and previous periods, the correction amounts for periods earlier than those presented, and the fact that the comparative information has been rearranged or that this application has not been made because it requires an excessive cost are disclosed to the public.

2.2.2. Changes in Accounting Estimates

Many financial statement items cannot be measured exactly due to inherent uncertainties in business operations, but they can be estimated. Estimates are made based on the most current and reliable information.

Changes in an accounting estimate are applied prospectively in the current period in which the change is made and in the future period.

2.2.3. Errors

Errors that occur during the recognition, measurement, presentation and disclosure of financial statement items are corrected retrospectively in the first set of financial statements to be approved after they are noticed.

Correction process:

a) By rearranging the comparative amounts for the period in which the error was made, or
b) If the error occurred before the oldest financial statement period presented, it must be corrected by rearranging the opening amounts of assets, liabilities and equity for the previous period in question.

Where the cumulative effect of all previous periods relating to the error cannot be calculated for the beginning of the current period, the entity shall restate prospectively from the beginning of the most recent period for which it is possible to apply comparative information.

2.3. Summary of Significant Accounting Policies

2.3.1. Revenues

The company records revenue in its financial statements when or as it fulfills its performance obligation by transferring a promised good or service to its customer. The asset is transferred when the control of it is passed to the customer. The company records revenue in its financial statements in line with the following basic principles:

a) Identify the contract
b) Identify separate performance obligations
c) Determine the transaction price
d) Allocate transaction price to performance obligations
e) Recognise revenue when each performance obligation is satisfied

Accordingly, first of all, the goods or services promised in each contract with customers are evaluated and each commitment to transfer the goods or services in question is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a specific moment. If the company transfers control of a good or service over time and therefore fulfills its performance obligations regarding the relevant sales over time, it measures the progress towards the full fulfillment of the performance obligations in question and records the revenue over time in the financial statements. Revenue related to performance obligations , which are commitments to transfer goods or services, is recognized when control of the goods or services is taken over by the customers.

The company recognizes a contract with its customer as revenue if all of the following conditions are met:

a) The parties to the contract have approved the contract (in writing, oral, or in accordance with other customary business practices) and are committed to perform their respective obligations,
b) The entity can identify each party's rights regarding the goods or services to be transferred;
c) The entity can identify the payment terms for the goods or services to be transferred;
d) The contract is commercial substance,
e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

If an uncertainty arises regarding the collectability of the revenue amount previously reflected in the financial statements, the amount that cannot be collected or is no longer likely to be collected is reflected in the financial statements as an expense instead of correcting the initially recognized revenue.

The company reports the income accruals of patients whose treatment continues at the end of the period within healthcare sales revenues.

2.3.2. Inventory

Cost of Inventory; It includes all purchasing costs, conversion costs and other costs incurred in bringing the inventories to their current condition and location. when inventory is purchased on credit, differences between cash amount, and amount on due date are accounted as financial expenses in the period in which they occur.

Inventory costs are the weighted average cost method.

Inventories are valued at the lower of cost and net realizable value. Net realizable value refers to the amount obtained by deducting the total of the estimated cost of completion and the estimated sales expenses necessary to make the sale from the estimated sales price in the ordinary course of business.

2.3.3. 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.

2.3.4. Tangible Assets

Tangible assets that are expected to be used in the business for more than one year are recorded at cost for the first time. Fixed assets are valued based on the cost model. Assets are adjusted in accordance with TMS 29 by using the month index of the date of acquisition.

The company calculates pro rata depreciation for its fixed assets according to the straight-line depreciation method.

When determining the depreciation life of tangible fixed assets, the Company takes the useful life of the asset as basis.

The useful lives used by the Company for its fixed assets are as follows;

Buildings	50 years
Machinery, facilities and devices	5 – 20 years
Vehicles	5 years
fixed assets	2 – 20 years
Assets purchased under financial lease	5 – 20 years
Other intangible assets	5 – 20 years

2.3.5. Intangible Assets

Intangible assets that are expected to be used in the business for more than one year are recorded at cost for the first time. In later periods, it is evaluated based on the cost model. Assets are adjusted in accordance with TMS 29 by using the month index of the date of acquisition.

"Doctor staff fees and hospital licenses purchased for Lokman Hekim Akay Hospital, Lokman Hekim Demet Medical Center, Lokman Hekim Van Hospital, Lokman Hekim Hayat Hospital and Lokman Hekim Istanbul Hospital are reported under the Intangible Assets account.

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

When determining the depreciation life of intangible assets, the Company takes the useful life of the asset as basis.

The company has determined useful lives of 3 to 15 years for its intangible assets. Intangible assets with indefinite useful lives (doctor staff fees and hospital licenses) are not depreciated. They are subject to impairment testing.

2.3.6. Impairment of Assets

If it is determined that the carrying values of fixed assets fall below the realizable or future values that can be obtained from that asset in the face of various events and situations, tangible and intangible assets are tested for loss of value. If the book value of the tangible or intangible fixed asset remains above its realizable value or the value that can be obtained in the future from the acquisition of that asset, a provision for impairment of fixed asset value is made.

2.3.7. Borrowing Costs

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

2.3.8. Leases

At the beginning of a contract, the Group evaluates whether the contract is a lease agreement or contains a lease transaction. If the contract transfers the right to control the use of the identified asset for a certain period of time in exchange for a consideration, the contract is a lease or includes a lease transaction. The Group considers the following conditions when assessing whether a contract transfers the right to control the use of an identified asset for a specified period of time:

a) The contract contains the defined asset. An asset is usually identified by express or implied specification in the contract.

b) A functional part of the asset that is physically separate or represents substantially all of the asset's capacity. An asset is not identified if the supplier has a substantive right to substitute the asset and derives economic benefit from it.

c) Having the right to obtain almost all of the economic benefits to be obtained from the use of the identified asset,

d) Having the right to direct the use of the identified asset. The Group considers that it has the right to use the asset if decisions on how and for what purpose it will be used have been determined in advance. The Group has the right to manage the use of the asset in the following cases:

   i. The Group has the right to operate the asset (or direct others to operate the asset as it determines) throughout the period of use and the supplier does not have the right to change these operating instructions, or

   ii. The Group has designed the asset (or certain features of the asset) in a way that determines in advance how and for what purpose the asset will be used throughout its useful life.

The Group reflects a right-of-use asset and a lease liability in its financial statements on the date the lease actually begins.

Right-of-use Assets

The right-of-use asset is initially recognized at cost and includes:

a) Initial measurement amount of the lease liability,

b) The amount obtained by deducting all lease incentives received from all lease payments made on or before the date the lease actually begins,

c) All initial direct costs incurred by the Group and

d) Costs incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease (excluding costs incurred to produce inventory).

When applying the group cost method, the right-of-use asset:

a) Accumulated depreciation and accumulated impairment losses are deducted and

b) Measures at cost adjusted for re-measurement of the lease liability.

While depreciating the right-of-use asset, the Group applies the depreciation provisions in TMS 16, "Tangible Fixed Assets" standard.

TMS 36 applies the "Impairment of Assets" standard to determine whether the right-of-use asset is impaired and to recognize any impairment loss identified.

Lease obligation

At the actual commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that have not been made at that date. Lease payments are made if the interest rate implicit in the lease can be easily determined, using this rate; If the implied interest rate cannot be easily determined, it is discounted using the tenant's alternative borrowing interest cost. Alternative borrowing cost was determined by taking into account the borrowing rates of the Group companies on the contract dates.

Lease payments that are included in the measurement of the Group's lease liability and have not been realized on the date when the lease actually commences consist of the following:

a) The amount obtained by deducting all kinds of rental incentive receivables from fixed payments,

b) Lease payments based on an index or rate, the first measurement of which is made using an index or rate on the date when the lease actually begins,

c) Penalty payments for termination of the lease if the lease term indicates that the lessee will exercise an option to terminate the lease.

After the actual start date of the lease, the Group measures the lease liability as follows:

a) Increases the book value to reflect the interest on the lease obligation

b) Reduces the book value to reflect any lease payments made and

c) Re-measures the book value to reflect any revaluations and restructurings. The Group reflects the re-measurement amount of the lease liability in its financial statements as an adjustment to the right of use asset.

2.3.9. Taxation

General Corporate Tax rate in Turkey is 25%. This rate, which was 20% as of the balance sheet date, was adopted on 14 July 2023 with the "Law on the Establishment of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes that Occurred on 6/2/2023 and on Amendments to Certain Laws and the Decree Law No. 375". The rate has been increased to 25%.

Taxable profit is the profit calculated after adding legally unacceptable expenses to the profit in legal records and deducting tax exemptions (investment income exemption) and tax deductions (investment incentive discounts). Unless there is a profit distribution, no other taxes are paid.

Provisional tax is calculated for income earned quarterly. The calculated and paid amounts can be offset against the final tax amount at the end of the year, or the Corporate Tax paid before accrual can also be offset against other debts to the state.

25% of the profits from the sale of fixed assets and financial assets held for two years or more are exempt from the corporate tax.

With the Law No. 7316 dated 22 April 2021, temporary articles were added to the Corporate Tax Law No. 5520 dated 13.06.2006. According to this; The 20% tax rate in the Corporate Tax Law will be applied as 25% for corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. These rates will be applied to corporate earnings for accounting periods starting in the relevant year for institutions with a special accounting period.

According to Turkish tax legislation, tax losses shown on the tax declaration form can be deducted from the period corporate income for a period not exceeding 5 years. However, tax losses cannot be offset from last year's profits.

2.3.10. Deferred Tax

Deferred taxes are calculated on temporary differences between the deductible tax base of assets and liabilities and their recorded amounts in the financial statements. Temporary differences arise from the accounting of income and expenses in different financial statement periods according to tax laws. While deferred tax liability is calculated for all taxable temporary differences, deferred tax receivables arising from deductible temporary differences are calculated with the assumption that there will be taxable profits in future periods.

The company bases its deferred tax application on 25%.

2.3.11. Financial Instruments

Cash and cash equivalents

Cash and cash equivalents include cash in cash and deposits in banks. It is shown as the sum of cash and cash equivalent acquisition costs and accrued interest. The money in the safe consists of Turkish Lira and foreign currency balances. Turkish Lira balances are shown at their registered value, and foreign currency balances are valued at the Turkish Central Bank's foreign exchange buying rate on the balance sheet date.

Bank deposits consist of time and demand deposits and the interests of these deposits. Turkish Lira deposits are shown at their cost values, and foreign currency deposit accounts are shown at their values converted to Turkish Lira using the Central Bank's foreign exchange buying rate on the balance sheet date.

Since liquid assets denominated in foreign currencies have been converted into Turkish Lira at the exchange rates valid on the balance sheet date, it is accepted that the fair values of these assets are equivalent to their registered values.

Bank deposits are assumed to be the same as their fair value, as these assets are disposed of in short terms and there is no risk of impairment.

Fair value; It is the amount that should arise when an asset changes hands or a debt is paid between knowledgeable and willing companies in a mutual market environment.

Receivables and Payables

Trade receivables and trade payables arising as a result of the Group providing a product or service to a customer or purchasing a product or service from a seller are recognized net of deferred finance income and expenses. After the deferred financing income and expenses are netted, trade receivables and trade payables are calculated by discounting the amounts of receivables and payables recorded in the following periods from the original invoice value with the effective interest method. Short-term receivables without a determined interest rate are recognized at their invoice value unless the effect of the original effective interest rate is significant.

Even if the time taken to convert trade receivables/payables into cash is longer than 12 months, it is considered within the normal operating cycle of the business and such receivables are classified in current assets. In calculating expected credit losses, the Company takes into account past credit loss experiences as well as future estimates.

Provision for Doubtful Receivables

The Group allocates a provision for doubtful receivables for the relevant trade receivables if there is an objective finding that there is no possibility of collection. The amount of this provision is the amount remaining after deducting the guarantees and guarantees received from the registered value of the receivable.

Following the provision for the doubtful receivable amount, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and recorded in other income.

2.3.12. Employee Benefits / Severance Pay

Defined benefit plan:

In accordance with the applicable laws, the Group is obliged to pay severance pay to employees whose employment is terminated due to reasons other than retirement or resignation and behavior specified in the Labor Law. Provision for severance pay is calculated based on the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and is reflected in the financial statements. The actuarial gain/loss determined regarding defined benefit plans is recognized in the other comprehensive income statement within the scope of the amendments made to TMS 19 "Employee benefits" standard.

Defined contribution plans:

The Group compulsorily pays social insurance premiums to the Social Security Institution. As long as the Group pays these premiums, it has no other obligations. These premiums are recognized in personnel expenses in the period they are accrued.

2.3.13. Earnings/(Loss) Per Share

Earnings / (loss) per share stated in the Profit or Loss Statement are calculated by dividing the net profit / (loss) by the weighted average number of shares in the market during the period.

The weighted average number of shares of common stock refers to the number of common shares at the beginning of the period adjusted by the number of ordinary shares issued during the period multiplied by the time weighting factor (the number of days in which shares are outstanding divided by the total number of days in the period).

In Turkey, companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the Earnings Per Share calculation, such Bonus Share distributions are regarded as stock dividends. Thus, the weighted average number of ordinary shares is calculated for the bonus shares retrospectively.

2.3.14. Other Balance Sheet Items

Other balance sheet items are reported essentially at their carrying values.

2.3.15. Events After the Balance Sheet Date

If an event requiring correction occurs in the financial statements between the balance sheet date and the authorization date of the balance sheet, the necessary adjustments are made to the financial statements, and in cases that do not require correction, the relevant event is explained in the balance sheet footnotes.

2.3.16. Assets and Liabilities in Foreign Currency

Foreign currency transactions are accounted for at the exchange rate current at the transaction date. Asset and liability accounts recorded in foreign currencies are evaluated based on the exchange rates at the end of the period . Exchange differences arising from the valuation process are reflected in the income statement as foreign exchange gain or loss.

The exchange rates used at the end of the period are as follows:

Currency type	31.12.2023	31.12.2022
USD	29.4382	18.6983
EUR	32.5739	19.9349
GBP	37.4417816	22.4892

2.3.17. Accounting Estimates

Preparation of financial statements requires management to make decisions, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions underlying the estimates are constantly reviewed.

a) Useful lives of tangible and intangible assets,

b) Discount rates applied for trade receivables and payables,

c) Provision rates allocated for receivables from SGK,

d) Income accruals and doctor's payments for patients whose treatment continues,

e) Regarding the benefits provided to employees; retirement period, raise rate, discount rate, severance pay rate,

f) Rates used in deferred tax calculation,

g) Accounting for assets subject to operating leases.

2.3.18. Related Parties

a) A person or a member of that person's family is considered to be associated with the company if that person:

- Has control or joint control over the company,
- Has a significant impact on the company,
- is a member of the key management personnel of the company or a parent of the company.

b) A company is deemed to be related to the company if any of the following conditions are present:

- The company members of the same group,
- One company is an associate or joint venture of the other company
- If the company is a subsidiary or joint venture of the other company (or a member of a group of which the other company is also a member),
- If both Institutions are a business partnership of the same third party,
- If one of the companies is a joint venture of a third company and the other company is a subsidiary of the third company in question,
- If the company has post-employment benefit plans for the employees of the company or a company affiliated with the company (if the company itself has such a plan, the sponsoring employers are also related to the Institution),
- If the company is controlled or jointly controlled by a person defined in clause (a),
- A person identified in (a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

3. REPORTING FINANCIAL INFORMATION BY SEGMENTS

As operating segments, the company prepares its sales on a hospital basis, large buyers basis, activity type basis and outpatient-inpatient basis.

Revenues by Activities

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Health income	1.674.228.737	1.472.482.532
Biological assets, milk, feed sales	46.373.883	27.727.667
Hospital rental income	124.498.902	128.982.359
E-Health revenues	4.574.259	7.986.996
Logistics revenues	39.997.993	16.577.293
Other	5.871.849	4.948.540
Total	**1.895.545.623**	**1.658.705.387**

Health Revenues by Institution

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Sales to SGK	429.648.339	392.272.076
Sales to other persons and organizations	1.244.580.398	1.080.210.456
Total	**1.674.228.737**	**1.472.482.532**

Trade Receivables by Institution

	31.12.2023	31.12.2022
Receivables from SGK	156.806.502	150.658.581
Receivables from other persons and organizations	151.111.317	86.017.894
Total	**307.917.819**	**236.676.475**

4. CASH AND CASH EQUIVALENTS

Details of cash and equivalents are as follows;

	31.12.2023	31.12.2022
Cash	1.268.317	908.423
Banks	24.945.163	63.144.700
Other liquid assets	11.401.586	9.873.547
Total	**37.615.066**	**73.926.670**

(*) The average maturity of credit card receivables is 40 days (31.12.2022: 40 days).

The maturity structure of bank accounts is as follows;

	31.12.2023	31.12.2022
Demand deposit	24.945.163	63.144.700
Total	**24.945.163**	**63.144.700**

The foreign exchange position of cash and cash equivalents is as follows;

	31.12.2023	31.12.2022
USD	1.643.035	594
EUR	620.357	–
Total	**2.263.391**	**594**

5. FINANCIAL DEBTS

Details of short-term financial debts are as follows;

	31.12.2023	31.12.2022
Bank loans	231.448.632	157.499.002
Total	**231.448.632**	**157.499.002**

Details of short-term parts of long-term financial debts are as follows:

	31.12.2023	31.12.2022
Bank loans	60.744.380	109.564.244
Leasing payables (net)	28.236.024	9.723.187
• *Leasing payables*	*48.763.073*	*16.031.403*
• *Interest payables of deferred lease costs*	*-20.527.049*	*-6.308.216*
Right of use leases	23.363.596	46.470.569
Total	**112.344.000**	**165.758.000**

Details of long-term financial debts are as follows;

	31.12.2023	31.12.2022
Bank loans	78.241.891	139.837.319
Leasing payables (net)	40.559.794	22.104.760
• *Leasing payables*	*51.045.799*	*36.645.499*
• *Interest payables of deferred lease costs*	*-10.486.005*	*-14.540.739*
Right of use leases	65.025.012	145.640.487
Total	**183.826.697**	**307.582.566**

A mortgage amounting to 11.604.402.000 TL was given for loans (31.12.2022: 958 765,324 TL).

The amounts and effective interest rates of financial debts are as follows;

	31.12.2023		31.12.2022	
	Amount	Effective Interest Rate	Amount	Effective Interest Rate
TL loans	370.434.903	34,36%	406.900.565	35,33%
Total	**370.434.903**		**406.900.565**	

Liquidities of financial debts in accordance with the contract are as follows;

	31.12.2023	31.12.2022
Bank loans	398.813.872	482.902.108
• 0-3 months	*39.011.462*	*55.854.798*
• 3-12 months	*271.702.599*	*237.144.702*
• 1-5 years	*88.099.812*	*189.902.609*
Leasing payables	101.013.436	81.041.018
• 0-3 months	*12.612.817*	*3.436.728*
• 3-12 months	*37.354.820*	*17.230.516*
• 1-5 years	*51.045.799*	*60.373.775*
Other financial liabilities	74.612.807	150.513.251
• 0-3 months	*2.282.758*	*6.510.802*
• 3-12 months	*6.525.010*	*20.131.002*
• 1-5 years	*65.805.040*	*123.871.447*
Total	**574.440.115**	**714.456.377**

6. TRADE RECEIVABLES / TRADE PAYABLES

Details of trade receivables are as follows;

	31.12.2023	31.12.2022
Customers	281.518.888	212.259.784
Customers [Related parties]	23.225.606	25.376.627
Notes receivables	1.101.719	631.265
Notes receivables [related parties]	2.161.737	–
Rediscount of notes receivables	-90.131	-1.591.201
Doubtful trade receivables	4.428.350	5.455.943
Provisions for doubtful trade receivables (-)	-4.428.350	-5.455.943
Total	**307.917.819**	**236.676.475**

The change in doubtful trade receivables during the period is as follows;

	31.12.2023	31.12.2022
Balance at the beginning of the period	3.311.189	3.080.014
Additions	1.117.161	426.174
Current period TMS 29 presentation impact	–	1.949.755
Doubtful trade receivables	**4.428.350**	**5.455.943**
Secured part	–	–
Provisions for doubtful trade receivables	**4.428.350**	**5.455.943**

(**) 84.0378.945 TL consists of income accruals for patients whose treatment continues (31.12.2022: 41.0442 TL).

The average interest rate used in the calculation of accrued interest expenses is 53% . (31.12.2022: 9.2%).

Details of trade payables are as follows;

	31.12.2023	31.12.2022
Suppliers	89.842.524	126.860.947
Trade payables [Related parties]	1.074.348	5.948.688
Notes payable	45.669.492	80.494.460
Rediscount on notes payables	-2.008.440	-1.751.024
Other trade payables	25.501.801	2.980.163
Total	**160.079.725**	**214.533.234**

The average interest rate used in the calculation of accrued interest income is 53%. (31.12.2022: 9.2%)

Trade payables according to their expected maturities are as follows:

	31.12.2023	31.12.2022
Suppliers	162.088.165	216.284.258
• *0-3 months*	162.088.165	216.284.258
Total	**162.088.165**	**216.284.258**

7. OTHER RECEIVABLES / OTHER PAYABLES

Details of other receivables are as follows;

	31.12.2023	31.12.2022
Other receivables-short term	**93.845.751**	**51.497.548**
Deposits and guarantees given	39.994	49.570
Other receivables	33.582.045	3.915.480
Other receivables [Related parties]	60.223.712	47.532.498
Other doubtful receivables	1.237.500	2.039.065
Provision for other doubtful receivables	-1.237.500	-2.039.065
Other receivables-long term	**308.021**	**614.870**
Deposits and guarantees given	308.021	614.870
Total	**94.153.772**	**52.112.418**

(**) 60.223.712 TL (31.12.2022: 47.532.354 TL) of other miscellaneous receivables consist of receivables from Sevgi Foundation.

The changes in other doubtful receivables during the period are as follows;

	31.12.2023	31.12.2022
Balance at the beginning of the period	1.237.500	1.237.500
Current period TMS 29 presentation impact	–	801.565
Other doubtful receivables	**1.237.500**	**2.039.065**
Secured part	–	–
Provision for other doubtful receivables	**1.237.500**	**2.039.065**

Of other debts are as follows;

	31.12.2023	31.12.2022
Other liabilities-short term	**653.628**	**1.071.417**
Deposits and guarantees taken	14.000	–
Other liabilities	639.628	1.071.417
Other liabilities-long term	**–**	**2.500.746**
Deposits and guarantees taken	–	32.955
Deferred or restructed debts of public sector	–	2.467.791
Total	**653.628**	**3.572.163**

The liquidity of other debts according to their expected maturities is as follows:

	31.12.2023	31.12.2022
Other liabilities	653.628	1.071.417
• 3-12 months	*653.628*	*1.071.417*
• 1-5 years	–	–
Total	**653.628**	**1.071.417**

8. LIABILITIES WITHIN THE SCOPE OF EMPLOYEE BENEFITS

Details of debts within the scope of employee benefits are as follows;

	31.12.2023	31.12.2022
Due to personnel	31.348.642	29.959.242
Social security premiums payable	24.785.117	20.556.476
Due to personnel [Related parties]	165.169	189.275
Total	**56.298.928**	**50.704.993**

9. INVENTORY

Details of the inventory are as follows;

	31.12.2023	31.12.2022
Raw materials and supplies	86.868.972	75.462.381
Trade goods	122.307	37.741
Other inventories	13.905.389	19.661.690
Total	**100.896.668**	**95.161.812**

10. PREPAID EXPENSES / DEFERRED REVENUES

Details of prepaid expenses are as follows;

	31.12.2023	31.12.2022
Prepayments-short term	**32.887.361**	**54.262.954**
Advances given to suppliers	5.725.954	30.618.651
Advances given to suppliers [Related parties]	15.360.197	10.524.310
Prepaid expense for the following months	11.801.210	13.119.993
Prepayments-long term	**8.167.971**	**2.355.095**
Prepaid expense for the following months	8.167.971	2.355.095
Total	**41.055.332**	**56.618.049**

Details of deferred revenues are as follows;

	31.12.2023	31.12.2022
Deferred income-short term	**41.114.889**	**25.027.349**
Advances received	27.044.730	15.386.718
Short term deferred income	14.070.159	9.640.631
Deferred income-long term	**15.251.178**	**6.747.379**
Long term deferred income	15.251.178	6.747.379
Total	**56.366.067**	**31.774.728**

(*) Income for the coming months consists of salary promotion income.

11. PROVISIONS

Details of short-term provisions are as follows;

	31.12.2023	31.12.2022
Current provisions for employee benefits	8.809.414	12.287.298
Unused leave provision	8.809.414	12.287.298
Other short term provisions	3.597.993	4.685.539
Lawsuit provisions	3.597.993	4.685.539
Total	**12.407.407**	**16.972.837**

The lawsuit provisions consist entirely of labor lawsuits filed against the company.

Joint and several guarantees were received from previous partners of Adatıp Sağlık Hizmetleri A.Ş and current partners of Adamert Sağlık Hizmetleri A.Ş for all possible expenses/income and payments as a result of lawsuits, debts, commitments, and legal obligations filed and/or to be filed before April 1, 2022 which is the first consolidated date of Adatıp Sağlık Hizmetleri A.Ş.

The change in litigation provisions during the period is as follows;

	31.12.2023	31.12.2022
Beginning of term	2.843.634	3.071.166
Cancellations	–	-227.532
Additions	754.359	–
Current period TMS 29 presentation impact	–	1.841.905
End of term	**3.597.993**	**4.685.539**

According to the labor law in force in Turkey, if the employment contract is terminated for any reason, the Company is obliged to pay its employees or their beneficiaries the wages for the annual leave periods that they are entitled to but do not use, based on their wages on the date of termination of the contract.

The change in personnel leave provisions during the period is as follows;

	31.12.2023	31.12.2022
Beginning of term	7.457.110	4.002.209
Cancellations	-468.094	–
Additions	1.820.398	3.227.540
Current period TMS 29 presentation impact	–	5.057.549
End of term	**8.809.414**	**12.287.298**

Long- term provisions are as follows;

	31.12.2023	31.12.2022
Current provisions for employee benefits	112.083.862	79.655.607
Provision for severance pay	112.083.862	79.655.607
Total	**112.083.862**	**79.655.607**

The assumptions used in calculating severance pay are as follows;

	31.12.2023	31.12.2022
Operation time	Retirement date	Retirement date
Raise rate	50,00%	7,30%
Discount rate	52,73%	9,45%
Rate of those who left without receiving compensatior	7%	7%
Severance pay cap	23.490	15.371

Changes in severance pay during the period are as follows;

	31.12.2023	31.12.2022
Severance pay at the beginning of the term	48.342.657	14.386.726
Payments	-21.820.888	-4.242.045
Current service cost	22.535.524	7.804.975
Interest cost	4.568.382	1.359.545
Actuarial gains and losses	58.458.187	29.033.454
Current period TMS 29 presentation impact	–	31.312.952
End of Term Severance Pay	**112.083.862**	**79.655.607**

12. TAXATION

Details of period profit tax liabilities are as follows;

	31.12.2023	31.12.2022
Current tax liabilities, current	16.765.607	9.469.696
Prepaid taxes and funds	-9.318.612	-10.731.453
Total	**7.446.995**	**-1.261.757**

Corporation tax;

The corporate tax rate is 25%, which is applied to the legal tax base calculated by adding the expenses that are not deductible in accordance with the tax laws to the commercial profits of the institutions and deducting the exemptions in the tax laws.
The Company complies with the Provisional Article 31 of the Tax Procedure Law, which was added to the Tax Procedural Law with the Article 11 of the Law No. 7326 on Restructuring of Certain Receivables and Amendments to Certain Laws, the Provisional Article 32 of the Tax Procedural Law, which was added with the Article 52 of the Law No. 7338, and the 31st Article of the Law No. 7338. It 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 paragraph "C" of Article 298 Bis of the Tax Procedure Law, which was added with the article. Valuation made in accordance with the Tax Procedure Law differs from the fair TFRS value of assets based on the market approach. Deferred tax has been calculated based on the difference between the tax value and the accounting value due to the revaluation transactions carried out by the Company in accordance with the provisions of the Tax Procedure Law.
There is a withholding tax liability on dividend distributions, and this withholding tax liability is accrued in the period in which the dividend payment is made. Dividend payments other than those made to non-resident taxpayer institutions that generate income through a workplace or permanent representative in Turkey and to institutions resident in Turkey are subject to 10% withholding tax.
In the application of withholding tax rates regarding profit distributions made to non-resident taxpayer institutions and natural persons, the withholding tax rates included in the relevant Double Taxation Avoidance 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.
Provisions regarding transfer pricing are stated in Article 13 of the Corporate Tax Law, under the title "Disguised Profit Distribution Through Transfer Pricing". The general communiqué on disguised profit distribution by transfer, dated 18 November 2007, contains provisions regarding the implementation. If a taxpayer purchases or sells goods or services with related entities and the prices are not determined in a way that both parties are independent and do not dominate each other, it is assumed that the relevant profits are distributed confidentially through transfer pricing. Such hidden profit distributions cannot be tax deducted in corporate tax calculations.

According to Turkish tax legislation, tax losses can be carried forward for five years to be offset against future corporate profits. However, tax losses cannot be offset from last year's profits.

Deferred Tax

Details of tax expense/income are as follows;

	31.12.2023	**31.12.2022**
Current period tax provision	-16.282.582	-8.118.526
Deferred tax income/expense	56.738.764	19.946.971
• Deferred tax at the beginning of the period	*-54.212.643*	*-63.566.273*
• End-of-period deferred tax	*125.565.954*	*54.212.643*
• Recognized in other comprehensive income	*-15.347.296*	*-5.806.690*
• Current period TMS 29 presentation impact	*732.749*	*35.107.291*
Total	**40.456.182**	**11.828.445**

The Group applies deferred tax; It is based on the rate of 25% (31.12.2022: 20%). Deferred tax calculation details are as follows;

31.12.2023	**Temporary Difference**	**Assets**	**Liabilities**
Fixed asset adjustments	178.889.365	–	44.722.342
Doubtful trade receivables	-3.878.525	969.632	–
Other doubtful receivables	-1.237.500	309.375	–
Provisions for lawsuits	3.596.393	899.098	–
Provision for severance pay	112.083.862	28.020.966	–
Provision for unused paid leave	8.809.414	2.202.353	–
Investment discount	454.933.064	113.733.266	–
Financial debt adjustments	89.037.075	22.259.270	–
Financial Damage	-8.867.533	2.216.884	–
Other fixes	-127.800	31.950	–
Stock corrections	2.105.357	–	526.340
Prepaid expense adjustments	1.638.261	–	409.564
Salary promotion adjustments	220.284	55.071	–
Other receivable adjustment differences	-707.173	176.792	–
Doctor's progress premium adjustment	1.398.177	349.543	–
Total	**837.892.721**	**171.224.200**	**45.658.246**
NET		**125.565.954**	

31.12.2022	Temporary Difference	Assets	Liabilities
Fixed asset adjustments	341.948.843	–	68.389.769
Tangible asset valuations	90.053.628	–	9.005.363
Doubtful trade receivables	-6.686.304	1.337.261	–
Provisions for lawsuits	4.685.539	937.108	–
Provision for severance pay	79.655.607	15.931.122	–
Provision for unused paid leave	12.287.298	2.457.461	–
Receivables rediscounts	-1.443.228	310.909	–
Debt rediscounts	-1.697.209	–	349.893
Investment discount	603.527.957	120.705.591	–
Financial debt adjustments	1.126.996	185.195	
Financial Damage	120.658.179	26.349.330	–
Exchange rate adjustments	13.220	2.644	–
Other fixes	2.543.245	–	508.649
stock corrections	1.717.366	252.893	
Salary promotion adjustments	2.800.426	560.085	–
Doctor's progress premium adjustment	2.343.394	468.680	–
Biological asset valuation differences	9.584.252	–	1.916.851
Total	**1.263.119.208**	**169.498.279**	**80.170.525**
NET		**89.327.754**	

13. OTHER CURRENT - FIXED ASSETS / OTHER SHORT-LONG TERM LIABILITIES

Details of other current assets are as follows;

	31.12.2023	31.12.2022
Income accruals	381.475	3.106.660
Deferred vat	4.329.411	4.162.893
Work advance	5.660.021	5.960.746
Advance given to personnel	–	12.852
Total	**10.370.907**	**13.243.151**

Details of other short-term liabilities are as follows;

	31.12.2023	31.12.2022
Taxes and funds payables	14.839.887	18.216.778
Other liabilities payable	394.149	421.980
Expense accruals	1.715.633	2.343.393
Total	**16.949.669**	**20.982.151**

14. BIOLOGICAL ASSETS

Details of biological assets are as follows;

	31.12.2023	31.12.2022
Biological Assets	50.695.000	37.212.316
Total	**50.695.000**	**37.212.316**

The changes in biological assets during the period are as follows;

	31.12.2023	31.12.2022
Beginning of period value	22.584.000	12.949.950
Purchases	33.026.298	12.477.145
Sales	-15.922.839	-808.865
Valuation	11.007.541	-2.034.230
TMS 29 current measurement effect	–	14.628.316
Total	**50.695.000**	**37.212.316**

Biological assets are first recorded at cost. They are valued at fair value at the end of each reporting period.

15. INVESTMENT PROPERTIES

Details of investment properties are as follows;

Assets	01.01.2023	Additional	Disposal	31.12.2023
Bulding	21.139.469	–	–	21.139.469
NET	**21.139.469**	**–**	**–**	**21.139.469**

Assets	01.01.2022	Additional	Disposal	31.12.2022
Bulding	21.139.469	–	–	21.139.469
NET	**21.139.469**	**–**	**–**	**21.139.469**

It consists of independent sections rented to the Company's Higher Education Credit and Dormitories Institution located in Bağlıca Etimesgut Ankara.

16. TANGIBLE FIXED ASSETS

Details of tangible fixed assets are as follows;

Assets	01.01.2023	Additional	Disposal	31.12.2023
Land	32.607.627	20.699.105	–	53.306.732
Buildings	205.506.732	13.035.398	–	218.542.130
Machinery equipment and installations	532.088.946	2.965.198	-4.985.811	530.068.333
Motor vehicles	15.377.704	2.652.329	-526.467	17.503.566
Furniture and fixtures	570.795.600	96.090.358	-3.748.563	663.137.395
Leasehold improvements	246.828.053	77.278.167	–	324.106.220
Construction in progress	832.890	7.002.894	-787	7.834.997
Total	**1.604.037.552**	**219.723.449**	**-9.261.628**	**1.814.499.373**

Depreciation	01.01.2023	Additional	Disposal	31.12.2023
Buildings	-3.989.306	-4.401.655	397.187	-7.993.774
Machinery equipment and installations	-282.725.185	-32.751.212	1.946.814	-313.529.583
Motor vehicles	-8.286.664	-1.890.201	52.647	-10.124.218
Furniture and fixtures	-351.235.692	-74.805.901	1.778.995	-424.262.598
Leasehold improvements	-100.153.057	-27.558.440	–	-127.711.497
Total	**-746.389.904**	**-141.407.409**	**4.175.643**	**-883.621.670**
NET	**857.647.648**	**78.316.040**	**-5.085.985**	**930.877.703**

Assets	01.01.2022	Additional	Disposal	31.12.2022
Land	32.607.627	–	–	32.607.627
Buildings	225.557.719	14.992.903	-35.043.890	205.506.732
Machinery equipment and installations	530.028.061	2.060.885	–	532.088.946
Motor vehicles	11.696.033	3.681.671	–	15.377.704
Furniture and fixtures	528.654.179	45.388.859	-3.247.438	570.795.600
Leasehold improvements	230.127.313	16.700.740	–	246.828.053
Construction in progress	178.135	654.755	–	832.890
Total	**1.558.849.067**	**83.479.813**	**-38.291.328**	**1.604.037.552**

Depreciation	01.01.2022	Additional	Disposal	31.12.2022
Buildings	–	-3.989.306	–	-3.989.306
Machinery equipment and installations	-244.550.206	-38.174.979	–	-282.725.185
Motor vehicles	-6.326.151	-1.960.513	–	-8.286.664
Furniture and fixtures	-310.120.369	-44.091.099	2.975.776	-351.235.692
Leasehold improvements	-75.108.781	-25.044.276	–	-100.153.057
Total	**-636.105.507**	**-113.260.173**	**2.975.776**	**-746.389.904**
NET	**922.743.560**	**-29.780.360**	**-35.315.552**	**857.647.648**

The Company's applications for solar energy-based electricity generation were approved and 269.117 m2 of land was purchased within the scope of the Solar Power Plants Project on 12.05.2023.

17. RIGHT-OF-USED ASSETS

Details of right-of-used assets are as follows;

Assets	**01.01.2023**	**Additional**	**Disposal**	**31.12.2023**
Right of use assets	850.401.779	–	–	850.401.779
Total	**850.401.779**	**–**	**–**	**850.401.779**

Depreciation	**01.01.2023**	**Additional**	**Disposal**	**31.12.2023**
Right of use assets	-415.524.157	-88.499.853	–	-504.024.010
Total	**-415.524.157**	**-88.499.853**	**–**	**-504.024.010**
NET	**434.877.622**	**-88.499.853**	**–**	**346.377.769**

Assets	**01.01.2022**	**Additional**	**Disposal**	**31.12.2022**
Right of use assets	633.171.931	221.164.508	-3.934.660	850.401.779
Total	**633.171.931**	**221.164.508**	**-3.934.660**	**850.401.779**

Depreciation	**01.01.2022**	**Additional**	**Disposal**	**31.12.2022**
Right of use assets	-325.361.028	-91.868.148	1.705.019	-415.524.157
Total	**-325.361.028**	**-91.868.148**	**1.705.019**	**-415.524.157**
NET	**307.810.903**	**129.296.360**	**-2.229.641**	**434.877.622**

18. INTANGIBLE ASSETS

Assets	**01.01.2023**	**Additional**	**Disposal**	**31.12.2023**
Rights	9.126.487	47.761.988	–	56.888.475
Doctor staff and hospital license	118.431.638	–	–	118.431.638
Other intangible assets	54.145.430	4.734.583	–	58.880.013
Total	**181.703.555**	**52.496.571**	**–**	**234.200.126**

Depreciation	**01.01.2023**	**Additional**	**Disposal**	**31.12.2023**
Rights	-7.148.731	-5.870.320	–	-13.019.051
Doctor staff and hospital license	-486.295	-8.828	–	-495.123
Other intangible assets	-8.571.978	-1.239.453	–	-9.811.431
Total	**-16.207.004**	**-7.118.601**	**–**	**-23.325.605**
NET	**165.496.551**	**45.377.970**	**–**	**210.874.521**

Assets	**01.01.2022**	**Additional**	**Disposal**	**31.12.2022**
Rights	8.742.384	384.103	–	9.126.487
Doctor staff and hospital license	118.431.638	–	–	118.431.638
Other intangible assets	53.694.733	450.697	–	54.145.430
	180.868.755	**834.800**	**–**	**181.703.555**

Depreciation	**01.01.2022**	**Additional**	**Disposal**	**31.12.2022**
Rights	-6.292.830	-855.901	–	-7.148.731
Doctor staff and hospital license	-473.110	-13.185	–	-486.295
Other intangible assets	-8.350.203	-221.775	–	-8.571.978
Total	**-15.116.143**	**-1.090.861**	**–**	**-16.207.004**
NET	**165.752.612**	**-256.061**	**–**	**165.496.551**

19. CONTINGENT ASSETS AND LIABILITIES

Details of contingent assets and liabilities are as follows,

	31.12.2023	31.12.2022
A. CPM's given in the name of own legal personality	1.741.015.600	973.924.164
B. CPM's given on behalf of the fully consolidated companies	27.827.042	34.741.685
C. CPM's given on behalf of third parties for ordinary course of business	–	–
D. Total amount of other CPM's given	–	–
i. Total amount of CPM's given on behalf of the main shareholder	–	–
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	–	–
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	–	–
Total	**1.768.842.642**	**1.008.665.849**

Contingent Liabilities	**31.12.2023**	**31.12.2022**
Mortgages granted	1.604.402.000	958.765.324
Guarantee checks and promissory notes given	136.613.600	15.158.840
Letters of guarantee given	27.827.042	34.741.685
Total	**1.768.842.642**	**1.008.665.849**

Companies included in the scope of consolidation have cross guarantees given to each other for bank loans. In all loan and leasing agreements used, there are personal guarantees of at least two of the Chairman of the Board of Directors, Mustafa Sarıoğlu, and the members of the Board of Directors, Mehmet Altuğ, İrfan Güvendi and Celil Göçer.

20. CAPITAL

	31.12.2023		31.12.2022	
Shareholder	**Amount**	**%**	**Amount**	**%**
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**

Positive distinction from share capital adjustment	274.804.653	274.804.653
Total	**310.804.653**	**310.804.653**

The company is subject to the registered capital system and applied to the CMB to increase the registered capital system ceiling to 1,000,000,000 TL for the years 2024 - 2028 and received approval on 15.02.2024.

21. ACCUMULATED OTHER COMPREHENSIVE INCOME (EXPENSE) THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS

	31.12.2023	**31.12.2022**
Gains (losses) on remeasurements of defined benefit plans	-86.419.683	-39.057.085
Gains (losses) on remeasurements of defined benefit plans [deferred tax effect]	19.694.531	7.811.416
Total	**-66.725.152**	**-31.245.669**

22. RESTRICTED RESERVES ALLOCATED FROM PROFIT

	31.12.2023	**31.12.2022**
Legal reserves	44.801.940	42.619.806
Total	**44.801.940**	**42.619.806**

23. REVENUE - COST OF SALES

Details of the revenue are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Domestic sales	1.926.187.567	1.687.548.060
Health income	*1.721.750.071*	*1.502.921.885*
Hospital rental income	*124.498.902*	*128.982.359*
E-Health revenues	*4.574.259*	*7.986.996*
Biological asset sales	*35.366.342*	*31.079.527*
Logistics revenues	*39.997.993*	*16.577.293*
Other sales	5.871.859	4.964.429
Sales returns	-47.521.344	-30.439.353
Change in fair value of biological assets	11.007.541	-3.351.860
Other discounts	–	-15.889
Total	**1.895.545.623**	**1.658.705.387**

Cost of sales consists of the following items;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Cost of goods sold (product)	-7.965.564	-5.279.534
Cost of trade goods sold	-13.780.626	-17.925.639
Cost of services sold	-1.609.674.306	-1.430.767.829
Total	**-1.631.420.496**	**-1.453.973.002**

Details of the cost of sales are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Personnel expenses	-716.765.066	-537.112.030
Outsourced medical services	-256.964.944	-191.131.638
Depreciation expense and amortization	-135.611.531	-112.592.731
Right of use depreciation expenses	-88.499.853	-91.868.148
Raw material and material expenses	-189.520.527	-236.880.939
Outsourced services	-71.627.123	-63.839.095
Merchandise cost	-13.780.626	-17.925.639
Energy expenses	-80.004.931	-127.960.759
Rental expenses	-23.631.500	-27.570.117
Maintenance and repair expenses	-28.750.949	-27.075.248
Communication expenses	-7.701.413	-6.898.523
Fuel expenses	-2.856.832	-3.165.906
Insurance expenses	-1.779.280	-2.449.272
Travel accommodation expenses	-479.483	-343.849
Taxes, duties and fees	-790.090	-467.299
Other expenses	-12.656.348	-6.691.809
Total	**-1.631.420.496**	**-1.453.973.002**

24. GENERAL AND ADMINISTRATIVE EXPENSES

Details of general administrative expenses are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Personnel expenses	-47.187.967	-41.439.108
Consultancy expenses	-15.443.949	-13.040.882
Depreciation expense and amortization	-12.914.479	-1.758.303
Maintenance and repair expenses	-1.164.650	-1.012.693
Rental expenses	-4.204.299	-2.028.703
Communication expenses	-940.604	-1.176.202
Outsourced services	-7.531.000	-6.411.168
Taxes, duties and charges	-1.151.323	-2.140.190
Energy expenses	-1.294.010	-1.310.123
Travel accommodation expenses	-1.726.318	-1.570.471
Representation hosting expenses	-2.353.965	-886.966
Insurance expenses	-168.763	-219.757
Othe expenses	-4.079.028	-1.614.993
Total	**-100.160.355**	**-74.609.559**

25. MARKETING EXPENSES

Details of marketing expenses are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Personnel expenses	-9.773.643	-8.614.993
Advertising, promotion, sponsorship expenses	-16.658.062	-13.555.228
Sales commission expenses	-11.891.720	-9.030.388
Rental expenses	-1.015.555	-552.530
Exhibition and fair expenses	-164.255	-191.150
Travel expenses	-336.893	-88.901
Taxes, duties and charges	–	-4.698
Other expenses	-1.824.000	-1.659.901
Total	**-41.664.128**	**-33.697.789**

26. OTHER INCOME FROM OPERATING ACTIVITIES OTHER EXPENSES FROM OPERATING ACTIVITIES

Details of other income from main activities are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Interest income [from customers]	34.232.779	26.036.958
Promotion revenues	27.503.285	675.348
Incentive revenues	13.558.934	2.742.357
foreign exchange profit	6.399.224	698.349
Rediscount interest income	2.951.891	2.575.317
Insurance proceeds	1.688.353	–
Fiduciary right income	–	53.998.755
Provisions that are off topic	3.586	803.550
Miscellaneous income	8.043.209	8.071.597
Total	**94.381.261**	**95.602.231**

Details of other expenses from main activities are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Donations and aid	-19.702.323	-18.054.567
Account reconciliation	–	-17.460.174
Taxes and other penalties	-10.335.079	-7.045.082
Provision for doubtful receivables	-1.877.125	-1.025.790
Rediscount interest expenses	-1.151.870	-1.929.319
Foreign exchange losses	-198.778	-2.923.664
Other income	-5.920.259	-17.612.869
Total	**-39.185.434**	**-66.051.465**

27. INCOME FROM INVESTING ACTIVITIES / EXPENSES FROM INVESTING ACTIVITIES

Details of income from investment activities are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Fixed asset sales profits	1.359.071	680.609
Total	**1.359.071**	**680.609**

Details of expenses from investment activities are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Fixed asset sales losses	-226.224	-1.036.577
Total	**-226.224**	**-1.036.577**

28. FINANCIAL INCOME / FINANCIAL EXPENSES

Details of financial income are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Foreign exchange gain [Cash and cash equivalents]	211.328	–
Interest income [Cash and cash equivalents]	1.164.863	185.694
Total	**1.376.191**	**185.694**

Details of financial expenses are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Short-term borrowing expenses	-140.065.642	-172.039.541
Long-term borrowing expenses	-117.582	-1.121.400
Severance payment interest expenses	-4.561.324	-1.348.833
Total	**-144.744.548**	**-174.509.774**

29. EARNINGS PER SHARE

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Net income (Loss)	322.171.908	316.940.389
Shares	36.000.000	36.000.000
Earnings Per Share	**8,95**	**8,80**

Earnings per share is calculated by dividing the weighted average number of shares trading to the profit for the period. Companies in Turkey has the right to increase their capital through the distribution of bonus shares to be re-paid from retained earnings or the valuation increase fund. When calculating earnings per share, increments have been accepted as distributed dividends the same as the dividend distribution of share capital. Therefore they are considered to be in circulation throughout the year when calculating the average number of shares. Therefore, the weighted average of shares used to calculate earnings per share is determined by considering the retrospective effects.

30. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDIT AGENCY

The Company's explanation regarding the fees for the services rendered by the independent auditing firms, which was prepared by the KGK pursuant to the Board's decision published in the Official Gazette on March 30, 2021, and the preparation principles of which were based on the letter of the KGK dated August 19, 2021 are as follows;

	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Independent audit service	430.842	451.533
Total	**430.842**	**451.533**

31. RELATED PARTY DISCLOSURES

Details of debts and receivables from related parties are as follows;

	31.12.2023	31.12.2022
Trade receivables:		
Lokman Hekim Üniversitesi (SUAM)	25.412.663	24.920.011
Other	585	456.616
Prepayments:		
Lokman Hekim Tıbbi Hizmetler	14.495.178	–
Management parties	785.329	
Lokman Hekim Üniversitesi (SUAM)	79.690	–
Etlik Gayrimenkul	–	3.856.145
Safi Sağlık Sanayi	–	539.177
Van Divan Sağlık Eğitim	–	3.415.847
Pozitron Sağlık Hizmetleri	–	1.236.220
Bilgen İnşaat	–	1.476.921
Other receivables:		
Sevgi Vakfı	60.223.712	47.532.498
Total	**100.997.157**	**83.433.435**

	31.12.2023	31.12.2022
Trade payables:		
Afşar Medya Matbaacılık	588.301	279.504
Lokman Hekim Tıbbi Hizmetler	–	3.374.640
Akgül Grup	–	1.049.140
Lokman Hekim Üniversitesi (SUAM)	–	187.900
Management parties	486.047	1.057.504
Total	**1.074.348**	**5.948.688**

Details of income and expenses obtained from related parties are as follows;

31.12.2023	**Goods and services sales**	**Procurement of goods and services**
Afşar Medya Matbaacılık	–	-1.726.244
Lokman Hekim Tıbbi Hizmetler	723.915	-36.225.445
Lokman Hekim Üniversitesi (SUAM)	124.498.902	-1.286.292
Income/(expense) to the top management team from managerial, professional and other activities	784	-23.066.757
Total	**125.223.601**	**-62.304.738**

31.12.2022	**Goods and services sales**	**Procurement of goods and services**
Akgül Grup	286.214	-7.187.027
Lokman Hekim Tıbbi Hizmetler	564.722	-18.568.870
Lokman Hekim Üniversitesi (SUAM)	128.982.359	–
Koç medikal	–	-1.528.227
Pozitron Sağlık Hizmetleri	–	-1.647.475
Income/(expense) to the top management team from managerial, professional and other activities	–	-11.317.433
Total	**129.833.295**	**-40.249.031**

32. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT

Credit risk ;There is no risk arising from the counterparty's failure to fulfill its contractual obligations, since the Group does not have any loans extended.

31.12.2023	**Receivables**				**Cash at banks**	**Other**
	Trade receivables		**Other receivables**			
Credit risks exposed through types of financial instruments	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**		
Maximum credit risk exposed as of balance sheet date (*) (A+B+C+D+E)	25.413.248	282.504.571	60.223.712	33.930.060	36.346.749	1.268.317
– The part of maximum risk under guarantee with collaterals etc.	–	–	–	–	–	–
A. Net book value of financial assets that are neither past due not impaired	25.413.248	282.504.571	60.223.712	33.930.060	36.346.749	1.268.317
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	–	–	–	–	–	–
– The part of maximum risk under guarantee with collaterals etc.	–	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	–	–	–	–	–
D. Net book value of impaired assets	–	–	–	–	–	–
– Past due (gross carrying amount)	–	4.428.350	–	–	–	–
– Impairment (-)	–	-4.428.350	–	–	–	–
– The part under guarantee with collaterals, etc.	–	–	–	–	–	–
– Not past due (gross carrying amount)	–	1.237.500	–	–	–	–
– Impairment (-)	–	-1.237.500	–	–	–	–
– The part under guarantee with collaterals, etc.	–	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–	–

31.12.2022	**Receivables**				**Cash at banks**	**Other**
	Trade receivables		**Other receivables**			
Credit risks exposed through types of financial instruments	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**		
Maximum credit risk exposed as of balance sheet date (*) (A+B+C+D+E)	25.376.627	211.299.848	47.532.498	4.579.920	73.018.247	908.423
– The part of maximum risk under guarantee with collaterals etc.	–	–	–	–	–	–
A. Net book value of financial assets that are neither past due not impaired	25.376.627	211.299.848	47.532.498	4.579.920	73.018.247	908.423
B. Net book of financial assets that are renegotiated, if not that will be accepted as part due or impaired	–	–	–	–	–	–
– The part of maximum risk under guarantee with collaterals etc.	–	–	–	–	–	–
C. Carrying value of financial assets that are past due but not impaired	–	–	–	–	–	–
D. Net book value of impaired assets	–	–	–	–	–	–
– Past due (gross carrying amount)	–	5.455.943	–	–	–	–
– Impairment (-)	–	-5.455.943	–	–	–	–
– The part under guarantee with collaterals, etc.	–	–	–	–	–	–
– Not past due (gross carrying amount)	–	–	–	–	–	–
– Impairment (-)	–	2.039.065	–	–	–	–
– The part under guarantee with collaterals, etc.	–	-2.039.065	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–	–

Liquidity risk ; Liquidity risk is the possibility that the Group will not meet its net funding obligations. The occurrence of events that result in a decrease in fund resources, such as deterioration in the markets or a decrease in the credit score, causes the formation of liquidity risk. The Group management manages the liquidity risk by allocating funds and holding sufficient cash and similar resources to fulfill its current and potential liabilities. The table showing the liquidity risk of the Company is as follows;

31.12.2023	**Book Value**	**Total cash outflows**	**0-3 years**	**3-12 years**	**1-5 years**	**5- years**
Non-derivative Financial Liabilities	**527.619.329**	**574.440.115**	**53.907.036**	**315.582.428**	**204.950.650**	**–**
Financial liabilities	527.619.329	574.440.115	53.907.036	315.582.428	204.950.650	–

31.12.2023	**Book Value**	**Total cash outflows**	**0-3 years**	**3-12 years**	**1-5 years**	**5- years**
Non-derivative Financial Liabilities	**160.733.353**	**162.741.793**	**162.741.793**	**–**	**–**	**–**
Trade payables	160.079.725	162.088.165	162.088.165	–	–	–
Other payables	653.628	653.628	653.628	–	–	–

31.12.2022	**Book Value**	**Total cash outflows**	**0-3 years**	**3-12 years**	**1-5 years**	**5- years**
Non-derivative Financial Liabilities	**630.839.568**	**714.456.377**	**65.802.327**	**274.506.220**	**374.147.830**	**–**
Financial liabilities	630.839.568	714.456.377	65.802.327	274.506.220	374.147.830	–

31.12.2022	**Book Value**	**Total cash outflows**	**0-3 years**	**3-12 years**	**1-5 years**	**5- years**
Non-derivative Financial Liabilities	**215.604.651**	**217.355.675**	**217.355.675**	**–**	**–**	**–**
Trade payables	214.533.234	216.284.258	216.284.258	–	–	–
Other payables	1.071.417	1.071.417	1.071.417	–	–	–

Currency risk; The foreign currency position of the company is as follows:

31.12.2023	**TL Karşılığı**	**USD**	**EUR**
Trade receivables			
Monetary financial assets (Cash, bank accounts included)	2.263.391	55.813	19.045
Current Assets	**2.263.391**	**55.813**	**19.045**
Non-current Assets	**–**	**–**	**–**
Total Assets	**2.263.391**	**55.813**	**19.045**
Current Liabilities	**–**	**–**	**–**
Non-current Liabilities	**–**	**–**	**–**
Total Liabilities	**–**	**–**	**–**
Net foreign currency position	**2.263.391**	**55.813**	**19.045**
Monetary items net foreign currency asset/ liability position	**2.263.391**	**55.813**	**19.045**

31.12.2022	**TL Karşılığı (Taşınmış)**	**USD**	**EUR**
Other	7.766.042	252.069	
Current Assets	**7.766.042**	**252.069**	**–**
Non-current Assets	**–**	**–**	**–**
Total Assets	**7.766.042**	**252.069**	**–**
Trade payables	749.652	12.885	10.737
Current Liabilities	**749.652**	**12.885**	**10.737**
Non-current Liabilities	**–**	**–**	**–**
Total Liabilities	**749.652**	**12.885**	**10.737**
Net foreign currency position	**7.016.389**	**239.184**	**-10.737**
Monetary items net foreign currency asset/ liability position	**-749.652**	**-12.885**	**-10.737**

Sensitivity Analysis

It is made with the assumption that all variables, including interest rates, are constant in cases where the Turkish Lira depreciates by 10% against the exchange rates and gains 10% in value as of the balance sheet date.

31.12.2023	**Kar/Zarar**	
	Değer kazanması	Değer kaybetmesi
Change of USD Against TRY by 10%		
USD Denominated Net Assets / Liabilities	226.339	-226.339
Hedged Amount Against USD Risk(-)		0
Net Effect of USD	**226.339**	**-226.339**
Total	**226.339**	**-226.339**

31.12.2022	**Kar/Zarar**	
	Değer kazanması	Değer kaybetmesi
Change of USD Against TRY by 10%		
USD Denominated Net Assets / Liabilities	447.233	-447.233
Hedged Amount Against USD Risk(-)		0
Net Effect of USD	**447.233**	**-447.233**
Change of EUR Against TRY by 10%		
EUR Denominated Net Assets / Liabilities	-21.404	21.404
Hedged Amount Against EUR Risk(-)		
Net Effect of EUR (4+5)	**-21.404**	**21.404**
Total	**425.829**	**-425.829**

33. EVENTS AFTER THE BALANCE SHEET DATE

The company is subject to the registered capital system and applied to the CMB to increase the registered capital ceiling for the years 2024 - 2028 to 1,000,000,000 TL and to amend articles 6, 8, 9, 11, 12, 13 and 16 of the articles of association and on 15.02.2024. has received approval.

As a result of the evaluation made by the independent credit rating agency JCR Avrasya, the company received a Long-Term Credit Rating of A- (Stable) on 28.02.2024.